



pecoSM

AN EXELON COMPANY

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PECO
2301 Market Street
S15
Philadelphia, PA 19103

October 16, 2024

Via E-Filing

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

Re: Securities Certificate of PECO Energy Company in respect of up to \$3,500,000,000 principal amount of PECO Energy Company Senior Secured Debt in the form of First and Refunding Mortgage Bonds, Securities Certificate No. S-

Dear Secretary Chiavetta,

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

This filing contains the following Exhibits: A-G-1, M-S. Exhibits G2-L will be filed later as described on page 10 of the Securities Certificate.

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

PECO's Check Number 0010141757 for the required filing fee is being filed under separate cover.

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

Sincerely,

Cc: P. T. Diskin, Director – Bureau of Technical Utility Services (via e-mail)

BEFORE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

IN RE:	Securities Certificate of PECO Energy	:	
	Company in respect of up to	:	Securities
	\$3,500,000,000 principal amount of	:	Certificate No.
	PECO Energy Company Senior Secured	:	
	Debt in the form of First and Refunding	:	
	Mortgage Bonds	:	

TO PENNSYLVANIA PUBLIC UTILITY COMMISSION:

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

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

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

Jack R. Garfinkle, Esquire
2301 Market Street
P.O. Box 8699
Philadelphia, PA 19101

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

3. PECO Energy Company (the “Company”) is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal office in Philadelphia, Pennsylvania. The Company provides electric delivery service to approximately 1.7 million customers and natural gas delivery service to approximately 600,000 customers in southeastern Pennsylvania. The Company furnishes electric services within its authorized service territory in Bucks, Chester, Delaware, Montgomery and York Counties and the City of Philadelphia. The Company is a “public utility,” as defined in 66 Pa.C.S. § 2803.
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4. Control of the Company:

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

5. The Company is filing this Securities Certificate and three related Securities Certificates in order to obtain authorization from the Commission to issue up to an aggregate of \$3.5 billion of long-term debt on or prior to December 31, 2027. The four Securities Certificates filed by the Company relate to the four types of long-term debt securities that the Company may issue, namely, (i) senior secured debt consisting of first and refunding mortgage bonds (“First Mortgage Bonds”), (ii) senior unsecured debt (“Senior Unsecured Debt”), (iii) debt collateralized by the Company’s First Mortgage Bonds (“Collateralized Notes”) and (iv) subordinated unsecured debt (“Subordinated Debt”) (collectively, the First Mortgage Bonds, the Senior Unsecured Debt, the Collateralized Notes and the Subordinated Debt are hereinafter referred to as the “Debt Securities”). The First Mortgage Bonds will be issued by the Company under its indenture dated May 1, 1923 and will be secured by a first lien on substantially all of the Company’s property. The Senior Unsecured Debt may be issued in the form of bank loans, which may be evidenced by notes, or notes issued through public offerings or private placements. The Collateralized Notes will be notes secured by the Company’s First Mortgage Bonds and may be issued as bank loans or through public offerings or private placements, including medium-term note programs. The Subordinated Debt may be issued directly to investors through private placements or public offerings or to financing trusts or other financing entities formed by the Company or a subsidiary of the Company for the purpose of issuing trust preferred securities or other pass-through type securities.

The four Securities Certificates will replace four Securities Certificates registered by the Commission by Orders dated December 2, 2021 pertaining to \$2.5 billion aggregate principal amount of Debt Securities (See Securities Certificates Nos. S-2021-3029168, S-2021-3029169, S-2021-3029176 and S-2021-3029179). Under the terms of the Prior Securities Certificates registered on December 2, 2021, the authority to issue debt securities thereunder expires on December 31, 2024. Therefore, the Company hereby requests orders from the Commission canceling the remaining unused capacity under the Prior Securities Certificates and registering

this Securities Certificate and the three Securities Certificates filed concurrently herewith, authorizing the issuance of up to \$3.5 billion aggregate principal amount of Debt Securities as more fully described below.

The four separate Securities Certificates are being filed to register the Debt Securities that may be offered by the Company. The aggregate principal amount of funds raised by the Company plus long-term bank commitments for revolving credit facilities under which borrowings may be paid and re-borrowed under these Securities Certificates will not exceed \$3.5 billion, and the principal amount of the Debt Securities to be issued and outstanding from time to time by the Company pursuant to the Securities Certificates will not exceed \$3.5 billion plus the principal amount of Mortgage Bonds issued as collateral for Collateralized Notes and the principal amount of any bank loans relating to a liquidity or credit facility with respect to Collateralized Notes issued as remarketed notes.

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

The key to taking advantage of this flexibility is for the Company to be able to move quickly when a favorable market opportunity arises. Accordingly, it is proposed that up to \$3.5 billion of Debt Securities be authorized by the Commission for issuance by the Company in one or more sales or issuances of Debt Securities, from time to time over a period of three years from the date of entry of the order by the Commission in various amounts and with various interest rates, terms and maturities. Therefore, the Company requests orders from the Commission

registering this Securities Certificate and the Securities Certificates filed concurrently herewith, pursuant to which the Company would sell or issue each issue or series of Debt Securities.

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

EXACT TITLE OF ISSUE:

The Mortgage Bonds will be designated as PECO Energy Company First and Refunding Mortgage Bonds, ___% Series due ___ in the case of Mortgage Bonds offered directly and PECO Energy Company First and Refunding Mortgage Bonds, ___% Collateralized Series due ___ in the case of Mortgage Bonds issued as collateral for Collateralized Notes. For additional information concerning the terms of the Mortgage Bonds to be issued as collateral for Collateralized Notes, see the Securities Certificate filed concurrently herewith with respect to the Collateralized Notes. The Mortgage Bonds will be issued as definitive fully registered bonds without coupons under one or more supplemental indentures to the Mortgage. The Mortgage Bonds will rank equally with all series of mortgage bonds presently outstanding under the Mortgage and will be secured by the Mortgage, which is a first lien on substantially all of the Company's property except securities which are not required to be pledged under the Mortgage. As of the date hereof, approximately \$5.7 billion of Mortgage Bonds are outstanding under the Mortgage. A copy of any Underwriting Agreement, Purchase Agreement or Agency Agreement pertaining to the Mortgage Bonds will be filed as Exhibit L.

For a more complete description of any series of Mortgage Bonds, reference is made to the supplemental indenture pertaining to such Mortgage Bonds that will be filed as Exhibit J-1.

AGGREGATE PRINCIPAL AMOUNT TO BE ISSUED:

The aggregate principal amount of Mortgage Bonds to be issued pursuant to this Securities Certificate will not be more than \$3.5 billion, less amounts issued pursuant to the other Securities Certificates being filed concurrently with this Securities Certificate. See explanation beginning on page 2.

NOMINAL DATE OF ISSUE:

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

DATE OF MATURITY:

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

FEES PAYABLE IN CONNECTION WITH OFFERING OF MORTGAGE BONDS:

The Company will pay customary underwriting fees in connection with the offering of the Mortgage Bonds.

INTEREST RATE AND PAYMENT DATES:

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

EXTENT TO WHICH TAXES ON MORTGAGE BONDS ARE ASSUMED BY THE ISSUER:

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

CALLABILITY AND CONVERSION PROVISIONS:

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

SINKING FUND PROVISIONS:

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

NAME AND ADDRESS OF TRUSTEE:

U.S. Bank National Association
Two Liberty Place
50 South 16th Street, Suite 2000
Philadelphia, PA 19109

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

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

6. (A) OFFERING OF THE SECURITIES

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

6 (B) PROCEEDS TO COMPANY

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

will depend primarily upon market conditions at the time of the sale for the type of Debt Securities ultimately sold and the Company's credit ratings for such Debt Securities. Senior Unsecured Debt issued pursuant to bank borrowings will be at negotiated fixed rates or at the floating rates based on the banks' prime rate, certificates of deposit, secured overnight financing rate or a commercial paper rate applicable to a bank's asset-backed commercial paper program.

6 (C) EXPENSES OF FINANCING

Assuming, for the purpose of illustration only, that the Debt Securities to be sold are comprised of \$2.5 billion of Mortgage Bonds sold through four separate public offerings, \$400 million of Collateralized Notes and \$600 million of bank commitments under bank credit facilities (excluding bank commitment fees), the issuance expenses to be incurred are estimated as follows:

Filing Fees	\$ 100,000
Legal Services	800,000
Accounting Services	300,000
Trustee Services	100,000
Printing	150,000
Rating Agencies	2,000,000
Recording of Indenture	100,000
Miscellaneous	200,000
Total Estimated Expenses	<u>\$3,750,000</u>

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

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

7. PURPOSE OF ISSUE:

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

corporate purposes. Capital expenditures may include other investments related to the Company's strategy. Specifically, the Company currently expects projected capital spending of \$1.575 billion in new and replacement electric distribution plant in 2024. Refinancings are expected to include the refinancing of a \$350 million first mortgage bond issue maturing in 2025. Other refinancings will depend on market conditions.

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

8. REGISTRATION STATEMENT

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

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

9. SUPPORTING INFORMATION

There is appended hereto and made part hereof the following:

- | | |
|-----------|---|
| Exhibit A | Balance Sheet of PECO Energy Company and Subsidiary Companies at December 31, 2023 and June 30, 2024 |
| Exhibit B | Income and Retained Earnings Statement of PECO Energy Company and Subsidiary Companies at December 31, 2023 and June 30, 2024 |

Exhibit C	Statement in respect of the Company's Utility plant at December 31, 2023 and June 30, 2024
Exhibit D	Statement of securities of other corporations owned by PECO Energy Company at December 31, 2023 and June 30, 2024
Exhibit E	Statement showing status of the Company's funded debt outstanding at December 31, 2023 and June 30, 2024
Exhibit F	Company's Consolidated Statement of Changes in Shareholders' Equity at December 31, 2023 and June 30, 2024
Exhibit G-1	Registration Statement No. 333-277223
Exhibit G-2	Copy of the Registration Statement and any amendments filed by the Company with the SEC in respect of the proposed issuance of Debt Securities (to be provided to the Commission in connection with the issuance of the related Debt Securities through public offerings)
Exhibit I	Copy of the resolution of the Board of Directors of PECO Energy Company authorizing the issuance of the Debt Securities (to be filed later)
Exhibit J	Form of supplemental indenture under which the proposed Debt Securities are to be issued (to be provided to the Commission in connection with the issuance of the related Debt Securities)
Exhibit K	Statement showing, in journal entry form, all charges and credits to be made on the books of account of the Company as a result of the issuance of the Debt Securities (to be filed later)
Exhibit L	Copy of Underwriting Agreement, Purchase Agreement or Agency Agreement (to be provided to the Commission in connection with the issuance of the related Debt Securities)
Exhibit M	Computation of Ratio of Net Earnings to Interest (Mortgage method) for the 12 months ended December 31, 2023 and June 30, 2024
Exhibit N	Computation of Ratio of Earnings to Fixed Charges (SEC method) for the 12 months ended December 31, 2023 and June 30, 2024
Exhibit O	Annualized Interest on Mortgage Bonds as of December 31, 2023 and June 30, 2024
Exhibit P	Computation of Ratio of Earnings to Fixed Charges and Preferred Dividends Combined (Articles of Incorporation Method) for the 12 months ended December 31, 2023 and June 30, 2024
Exhibit Q	Annualized Preferred Dividends as of December 31, 2023 and June 30, 2024

- Exhibit R Computation of Ratio of Earnings to Fixed Charges and Preferred Dividends Combined (SEC method) for the 12 months ended December 31, 2023 and June 30, 2024
- Exhibit S Notes to Consolidated Financial Statements for the year ended December 31, 2023 and June 30, 2024

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

PECO ENERGY COMPANY

By:  _____
Ryan Brown
Assistant Treasurer

VERIFICATION

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

Date: October 15, 2024



Ryan Brown
Assistant Treasurer

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

<u>(In millions)</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 19	\$ 42
Restricted cash and cash equivalents	9	9
Accounts receivable		
Customer accounts receivable	578	527
Customer allowance for credit losses	(112)	(95)
Customer accounts receivable, net	466	432
Other accounts receivable	143	117
Other allowance for credit losses	(20)	(8)
Other accounts receivable, net	123	109
Receivables from affiliates	1	2
Inventories, net		
Fossil fuel	27	50
Materials and supplies	77	67
Prepaid utility taxes	90	2
Regulatory assets	115	127
Other	93	63
Total current assets	<u>1,020</u>	<u>903</u>
Property, plant, and equipment (net of accumulated depreciation and amortization of \$4,189 and \$4,097 as of June 30, 2024 and December 31, 2023, respectively)	13,699	13,128
Deferred debits and other assets		
Regulatory assets	861	793
Receivable related to Regulatory Agreement Units	274	278
Investments	37	35
Prepaid pension asset	433	429
Other	30	29
Total deferred debits and other assets	<u>1,635</u>	<u>1,564</u>
Total assets	<u>\$ 16,354</u>	<u>\$ 15,595</u>

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	June 30, 2024	December 31, 2023
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	\$ 260	\$ 165
Accounts payable	522	512
Accrued expenses	184	236
Payables to affiliates	39	39
Customer deposits	78	79
Renewable energy credit obligation	72	36
Regulatory liabilities	79	92
Other	34	23
Total current liabilities	1,268	1,182
Long-term debt	5,135	5,134
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,367	2,321
Regulatory liabilities	311	314
Asset retirement obligations	27	26
Non-pension postretirement benefits obligations	287	286
Other	87	79
Total deferred credits and other liabilities	3,079	3,026
Total liabilities	9,666	9,526
Commitments and contingencies		
Shareholder's equity		
Common stock	4,630	4,050
Retained earnings	2,058	2,019
Total shareholder's equity	6,688	6,069
Total liabilities and shareholder's equity	\$ 16,354	\$ 15,595

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating revenues				
Electric operating revenues	\$ 795	\$ 723	\$ 1,576	\$ 1,521
Natural gas operating revenues	94	108	367	425
Revenues from alternative revenue programs	—	(5)	(2)	(10)
Operating revenues from affiliates	2	2	4	4
Total operating revenues	891	828	1,945	1,940
Operating expenses				
Purchased power	298	267	604	597
Purchased fuel	25	35	123	189
Operating and maintenance	209	186	444	405
Operating and maintenance from affiliates	61	53	119	105
Depreciation and amortization	107	99	210	197
Taxes other than income taxes	52	47	103	97
Total operating expenses	752	687	1,603	1,590
Gain on sales of assets	2	—	4	—
Operating income	141	141	346	350
Other income and (deductions)				
Interest expense, net	(54)	(45)	(106)	(90)
Interest expense to affiliates	(3)	(3)	(6)	(7)
Other, net	9	6	18	15
Total other income and (deductions)	(48)	(42)	(94)	(82)
Income before income taxes	93	99	252	268
Income taxes	3	2	13	5
Net income	\$ 90	\$ 97	\$ 239	\$ 263
Comprehensive income	\$ 90	\$ 97	\$ 239	\$ 263

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	For the Years Ended December 31,		
	2023	2022	2021
Operating revenues			
Electric operating revenues	\$ 3,202	\$ 3,156	\$ 2,613
Natural gas operating revenues	690	738	538
Revenues from alternative revenue programs	(7)	2	26
Operating revenues from affiliates	9	7	21
Total operating revenues	3,894	3,903	3,198
Operating expenses			
Purchased power	1,270	1,160	699
Purchased fuel	274	342	188
Purchased power from affiliates	—	33	194
Operating and maintenance	786	791	757
Operating and maintenance from affiliates	217	201	177
Depreciation and amortization	397	373	348
Taxes other than income taxes	202	202	184
Total operating expenses	3,146	3,102	2,547
Operating income	748	801	651
Other income and (deductions)			
Interest expense, net	(192)	(165)	(149)
Interest expense to affiliates, net	(9)	(12)	(12)
Other, net	36	31	26
Total other income and (deductions)	(165)	(146)	(135)
Income before income taxes	583	655	516
Income taxes	20	79	12
Net income	\$ 563	\$ 576	\$ 504
Comprehensive income	\$ 563	\$ 576	\$ 504

See the Combined Notes to Consolidated Financial Statements

PECO Energy Company and Subsidiary Companies
Statement of Utility Plant
June 30, 2024 and December 31, 2023

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
ELECTRIC		
Plant in Service		
Intangible	264,136,385	163,484,636
Transmission	2,033,696,963	1,957,569,898
Distribution	9,185,005,137	8,859,033,727
General	327,058,597	321,685,061
Construction Work in Progress	617,287,314	655,528,878
Plant Held for Future Use	42,508,796	41,829,197
Total	<u>12,469,693,193</u>	<u>11,999,131,397</u>
 GAS		
Plant in Service		
Intangible	52,896,843	19,975,671
Manufactured Gas Production	15,559,111	15,559,111
Storage Plant	130,250,851	132,368,213
Distribution	3,814,538,835	3,702,793,765
General	36,747,155	34,634,246
Construction Work in Progress	129,423,024	140,411,791
Plant Held for Future Use	1,858,000	1,858,000
Total	<u>4,181,273,819</u>	<u>4,047,600,798</u>
 Common		
Plant in Service	1,100,162,386	1,108,759,664
Construction Work in Progress	78,623,221	88,651,386
Plant Held for Future Use	12,472,923	4,518,085
Total	<u>1,191,258,530</u>	<u>1,201,929,135</u>
 NON-UTILITY PLANT		
	<u>13,257,077</u>	<u>13,257,077</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	17,855,482,619	17,261,918,407
ACCUMULATED DEPRECIATION AND AMORTIZATION	(4,205,338,586)	(4,110,238,370)
PROPERTY, PLANT AND EQUIPMENT, NET	<u>13,650,144,033</u>	<u>13,151,680,037</u>

PECO Energy Company and Subsidiary Companies
Statement of Securities Of Other Corporations Owned by PECO
As of June 30, 2024 and December 31, 2023

EXHIBIT D

Name of Issuer	Type of Security	Amounts Owned Shares or Percentages	June 30, 2024	December 31, 2023
			Book Value	
Nonconsolidated Subsidiaries				
PECO Energy Capital Trust IV	Common Capital Stock	1,000 shares/100%	3,668,859	3,700,480
PECO Energy Capital Corporation and Subsidiary	Common Capital Stock	1,000 shares/100%	3,441,272	3,468,294
Total Investments			<u>7,110,131</u>	<u>7,168,774</u>

Description of Obligation	Interest Rate	Date Issued	Term (Years)	Maturity Date	June 30, 2024	December 31, 2023
					Debt Outstanding	Debt Outstanding
First and Refunding Mortgage Bonds						
<i>Fixed Rates:</i>						
FRMB	5.900%	05/01/04	30	05/01/34	75,000,000	75,000,000
FRMB	4.800%	09/23/13	30	10/15/43	250,000,000	250,000,000
FRMB	5.950%	09/25/06	30	10/01/36	300,000,000	300,000,000
FRMB	5.700%	03/19/07	30	03/15/37	175,000,000	175,000,000
FRMB	4.150%	09/15/14	30	10/01/44	300,000,000	300,000,000
FRMB	3.150%	10/05/15	10	10/15/25	350,000,000	350,000,000
FRMB	3.700%	09/18/17	30	09/15/47	325,000,000	325,000,000
FRMB	3.900%	02/23/18	30	03/01/48	325,000,000	325,000,000
FRMB	3.900%	09/11/18	30	09/11/48	325,000,000	325,000,000
FRMB	3.000%	09/10/19	30	09/15/49	325,000,000	325,000,000
FRMB	2.800%	06/08/20	30	06/15/50	350,000,000	350,000,000
FRMB	3.050%	03/08/21	30	03/15/51	375,000,000	375,000,000
FRMB	2.850%	09/15/21	30	09/15/51	375,000,000	375,000,000
FRMB	4.600%	05/15/22	30	05/15/52	350,000,000	350,000,000
FRMB	4.375%	08/15/22	30	08/15/52	425,000,000	425,000,000
FRMB	4.900%	06/15/23	10	06/15/33	575,000,000	575,000,000
Total First and Refunding Mortgage Bonds					<u>5,200,000,000</u>	<u>5,200,000,000</u>
Other Obligations:						
PIDC					-	-
Total Other Obligations					<u>-</u>	<u>-</u>
Debt to Affiliates						
Subordinated Debentures to PECO Energy Capital L.P. ***	7.380%	04/01/98	30	04/06/28	80,520,619	80,520,619
Demand note to PECO Energy Capital Corp.	Variable	04/01/98	30	04/06/28	805,206	805,206
Subordinated Debentures to PECO Energy Capital Trust IV	5.750%	06/01/03	30	06/15/33	103,092,784	103,092,784
Total Debt to Affiliates					<u>184,418,609</u>	<u>184,418,609</u>
Unamortized Debt Discount and Premium					(23,926,996)	(24,352,422)
Unamortized Debt Issuance Costs related to LTD					<u>(41,258,286)</u>	<u>(42,129,210)</u>
Total Unamortized Debt					<u>(65,185,282)</u>	<u>(66,481,631)</u>
Total Funded Debt Outstanding					<u>5,319,233,327</u>	<u>5,317,936,978</u>

***Subsidiary of Peco Energy Capital Corporation

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

(In millions)	Six Months Ended June 30, 2024		
	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2023	\$ 4,050	\$ 2,019	\$ 6,069
Net income	—	149	149
Common stock dividends	—	(100)	(100)
Contributions from parent	580	—	580
Balance at March 31, 2024	\$ 4,630	\$ 2,068	\$ 6,698
Net income	—	90	90
Common stock dividends	—	(100)	(100)
Balance at June 30, 2024	\$ 4,630	\$ 2,058	\$ 6,688
	Six Months Ended June 30, 2023		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2022	\$ 3,702	\$ 1,861	\$ 5,563
Net income	—	166	166
Common stock dividends	—	(101)	(101)
Contributions from parent	330	—	330
Balance at March 31, 2023	\$ 4,032	\$ 1,926	\$ 5,958
Net income	—	97	97
Common stock dividends	—	(101)	(101)
Balance at June 30, 2023	\$ 4,032	\$ 1,922	\$ 5,954

See the Combined Notes to Consolidated Financial Statements

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

<u>(In millions)</u>	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2020	\$ 3,014	\$ 1,519	\$ 4,533
Net income	—	504	504
Common stock dividends	—	(339)	(339)
Contributions from parent	414	—	414
Balance at December 31, 2021	<u>\$ 3,428</u>	<u>\$ 1,684</u>	<u>\$ 5,112</u>
Net income	—	576	576
Common stock dividends	—	(399)	(399)
Contributions from parent	274	—	274
Balance at December 31, 2022	<u>\$ 3,702</u>	<u>\$ 1,861</u>	<u>\$ 5,563</u>
Net income	—	563	563
Common stock dividends	—	(405)	(405)
Contributions from parent	348	—	348
Balance at December 31, 2023	<u><u>\$ 4,050</u></u>	<u><u>\$ 2,019</u></u>	<u><u>\$ 6,069</u></u>

See the Combined Notes to Consolidated Financial Statements

As filed with the Securities and Exchange Commission on February 21, 2024

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

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

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

Baltimore Gas and Electric Company

(Exact name of registrant as specified in its Charter)

Maryland

(State or other jurisdiction of incorporation or organization)

52-0280210

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

**2 Center Plaza
110 West Fayette Street,
Baltimore, Maryland 21201
401-234-5000**

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

PECO Energy Company

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation or organization)

23-0970240

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

**P.O. Box 8699
2301 Market Street
Philadelphia, PA 19101
215-841-4000**

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

**Jeanne M. Jones
Executive Vice President and Chief Financial Officer
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603
800-483-3220
<http://www.exeloncorp.com>**

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

With copies to:

**Joel C. Beauvais
Senior Vice President and Deputy General
Counsel
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603
800-483-3220**

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

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

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

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

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

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

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

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

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

PECO Energy Company Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company Emerging Growth Company
Baltimore Gas and Electric Company Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company Emerging Growth Company

PECO ENERGY COMPANY
Debt Securities

BALTIMORE GAS AND ELECTRIC COMPANY
Debt Securities

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

- debt securities

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

- debt securities

PECO and BGE sometimes refer to the securities listed above as the “Securities.”

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

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

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

The date of this prospectus is February 21, 2024.

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ABOUT THIS PROSPECTUS

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

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

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

- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

Neither of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

This prospectus contains certain forward-looking statements within the meaning of Federal Securities laws, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by PECO and BGE include those factors discussed herein, as well as the items discussed in (1) the registrants’ 2023 Annual Report on Form 10-K of PECO and BGE in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial

Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 18, Commitments and Contingencies; and (3) other factors discussed in filings with the SEC by each of the registrants.

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

RISK FACTORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in (a) the combined Annual Report on Form 10-K of PECO and BGE for the year ended December 31, 2023, filed with the SEC on February 21, 2024. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

PECO ENERGY COMPANY

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

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

BALTIMORE GAS AND ELECTRIC COMPANY

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

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

USE OF PROCEEDS

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

DESCRIPTION OF SECURITIES

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

PLAN OF DISTRIBUTION

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

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

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

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

By Agents

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

By Underwriters or Dealers

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

securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

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

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

Direct Sales

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

General Information

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

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

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market. We may elect to list any securities on an exchange but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales.

Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

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

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time.

These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

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

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

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

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

LEGAL MATTERS

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

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

EXPERTS

The financial statements incorporated in this Prospectus by reference to PECO Energy Company's, and Baltimore Gas and Electric Company's [Annual Report on Form 10-K for the year ended December 31, 2023](#) have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at <http://www.sec.gov>. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street — 54th Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The

registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

- PECO's [Annual Report on Form 10-K for the year ended December 31, 2023](#);

Baltimore Gas and Electric Company (Exchange Act File No. 001-1910)

- BGE's [Annual Report on Form 10-K for the year ended December 31, 2023](#);

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

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

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

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

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

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

PECO Energy Company

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

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

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

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

PECO's Bylaws provide that it is obligated to indemnify any present or former director or officer who is made, or threatened to be made, a party to a proceeding by reason of his or her service in that capacity or by reason of service, while a director or officer of the Company and at the request of the Company, as a director or officer of another company, corporation, limited liability company, partnership, trust, employee benefit plan or other enterprise, and the Company shall pay or reimburse reasonable expenses incurred in advance of final disposition of the proceeding, in each case to the fullest extent permitted by the laws of the Commonwealth of Pennsylvania.

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

Baltimore Gas and Electric Company

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

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

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

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

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

Article V of BGE's Charter reads as follows:

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

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

BGE's Bylaws provide that it is obligated to indemnify any present or former director or officer who is made, or threatened to be made, a party to a proceeding by reason of his or her service in that capacity or by reason of service, while a director or officer of the Company and at the request of the Company, as a director or officer of another company, corporation, limited liability company, partnership, trust, employee benefit plan or other enterprise, and the Company shall pay or reimburse reasonable expenses incurred in advance of final disposition of the proceeding, in each case to the fullest extent permitted by the laws of the State of Maryland.

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

ITEM 16. EXHIBITS.

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

ITEM 17. UNDERTAKINGS.

(a) Each of the undersigned registrants hereby undertakes:

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

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

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

maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Philadelphia, Commonwealth of Pennsylvania, on this 21st day of February, 2024.

PECO ENERGY COMPANY

By: /s/ Michael A. Innocenzo

Michael A. Innocenzo
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Marissa Humphrey

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

By: /s/ Caroline Fulginiti

Caroline Fulginiti
Director, Accounting
(Principal Accounting Officer)

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

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

Signature	Title	Date
<u>/s/ Nicholas Bertram</u> Nicholas Bertram	Director	February 21, 2024
<u>/s/ Calvin G. Butler, Jr.</u> Calvin G. Butler, Jr.	Director and Chair	February 21, 2024
<u>/s/ Sharmaine Matlock-Turner</u> Sharmaine Matlock-Turner	Director	February 21, 2024
<u>/s/ John S. Grady, Jr.</u> John Grady, Jr.	Director	February 21, 2024
<u>/s/ Michael Nutter</u> Michael Nutter	Director	February 21, 2024
<u>/s/ Michelle Hong</u> Michelle Hong	Director	February 21, 2024

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Baltimore Gas and Electric Company, a registrant, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Baltimore, State of Maryland on this 21st day of February, 2024.

BALTIMORE GAS AND ELECTRIC COMPANY

By: /s/ Carim V. Khouzami

Carim V. Khouzami
Chief Executive Officer
(Principal Executive Officer)

By: /s/ David M. Vahos

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

By: /s/ Jason T. Jones

Jason T. Jones
Director, Accounting
(Principal Accounting Officer)

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

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Keith Lee</u> Keith Lee	Director	February 21, 2024
<u>/s/ Rachel Garbow Monroe</u> Rachel Garbow Monroe	Director	February 21, 2024
<u>/s/ Calvin G. Butler, Jr,</u> Calvin G. Butler, Jr.	Director and Chair	February 21, 2024
<u>/s/ Byron Marchant</u> Byron Marchant	Director	February 21, 2024
<u>/s/ James R. Curtiss</u> James R. Curtiss	Director	February 21, 2024
<u>/s/ Tim Regan</u> Tim Regan	Director	February 21, 2024
<u>/s/ Amy Seto</u> Amy Seto	Director	February 21, 2024
<u>/s/ Maria Harris Tildon</u> Maria Harris Tildon	Director	February 21, 2024

INDEX TO EXHIBITS

Exhibit No.	Description
1.1*	Form of Underwriting Agreement with respect to Securities.
3.1	<u>Charter of Baltimore Gas and Electric Company, restated as of August 16, 1996 (incorporated by reference to Exhibit 3 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, File No. 1-1910).</u>
3.2	<u>Articles of Amendment to the Charter of Baltimore Gas and Electric Company as of February 2, 2010. (incorporated by reference to Exhibit No. 3.1 to the Current Report on Form 8-K dated February 4, 2010, File No. 1-1910.)</u>
3.3	<u>Amended and Restated Bylaws of Baltimore Gas and Electric Company dated August 3, 2020 (File No. 001-01910, Form 10-Q dated August 4, 2020, Exhibit 3.4).</u>
3.4	<u>Amended and Restated Articles of Incorporation for PECO Energy Company (incorporated by reference to File No. 1-01401, 2000 Form 10-K, Exhibit 3-3).</u>
3.5	<u>PECO Energy Company Amended and Restated Bylaws dated August 3, 2020 (File 000-16844, Form 10-Q dated August 4, 2020, Exhibit 3.3).</u>
4.1	<u>Indenture, dated as of September 1, 2019, between Baltimore Gas and Electric Company and U.S. Bank, National Association, as trustee (File No. 001-01910, Form 8-K dated September 12, 2019, Exhibit 4.1).</u>
4.2	First and Refunding Mortgage, dated as of May 1, 1923, between The Counties Gas and Electric Company (predecessor to PECO Energy Company) and Fidelity Trust Company, as Trustee (U.S. National Association, as current successor trustee), (Registration No. 2-2281, Exhibit B-1). ^(a)
5.1	<u>Opinion of Ballard Spahr LLP regarding the legality of the Securities.</u>
23.1	<u>Consent of PricewaterhouseCoopers LLP for PECO.</u>
23.2	<u>Consent of PricewaterhouseCoopers LLP for BGE.</u>
23.3	<u>Consent of Ballard Spahr LLP (included in Exhibit 5.1).</u>
24.1	<u>Powers of Attorney for PECO (included on signature page).</u>
24.2	<u>Powers of Attorney for BGE (included on signature page).</u>
25.1	<u>Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of U.S. Bank Trust Company, National Association, as successor trustee under the Indenture, dated as of September 1, 2019, between Baltimore Gas and Electric Company and U.S. Bank National Association, as trustee.</u>
25.2	<u>Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of U.S. Bank National Association, as trustee under the First and Refunding Mortgage, dated May 1, 1923, between The Counties Gas and Electric Company (predecessor to PECO Energy Company) and Fidelity Trust Company, as Trustee (U.S. National Association, as current successor trustee).</u>
107+	<u>Filing Fee Table.</u>

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

(a) These filings are not available electronically on the SEC website as they were filed in paper previous to the electronic system that is currently in place.

PECO Energy Company and Subsidiary Companies
 Computation of Ratio of Net Earnings to Interest
 Mortgage Provision Method (\$000)
 As of June 30, 2024 and December 31, 2023

EXHIBIT M

	6 Months Ended 06/30/2024	12 Months Ended 12/31/2023
Net Income on Common Stock	239,064	562,668
Plus:		
-Interest Applicable to Debt (excluding AFUDC)	(112,514)	(211,592)
-Income Taxes	12,934	19,692
Less:		
-Allowance for Funds Used During Construction	7,707	15,265
-Gain (loss) on Sale of Real Estate	(3,783)	-
Net Earnings	135,560	355,503
Annualized Interest		
-On Mortgage Bonds Outstanding	81,438	196,182
-On Debt to Affiliates Outstanding	5,977	11,951
-On Other Loans	0	469
Total Interest	87,415	208,603
Ratio of Net Earnings to Interest	1.55	1.70

PECO Energy Company and Subsidiary Companies
 Computation of Ratio of Earnings to Fixed Charges
 SEC Method (\$000)
 As of June 30, 2024 and December 31, 2023

EXHIBIT N

Earnings: (in thousands)	6 Months Ended 06/30/2024	12 Months Ended 12/31/2023
Pre-Tax income from continuing operations before adjustments for income or loss from equity inv	251,836	582,047
Plus:		
(Income) or loss from equity investees	-	-
Less:		
Interest capitalized/AFUDC	7,707	15,265
Pre-Tax income from continuing operations after adjustments	244,129	566,782
Fixed Charges:		
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	(102,037)	(184,439)
Interest component of rental expense	4	8
Total Fixed Charges	(102,033)	(184,431)
Pre-Tax income from continuing operations after adjustments plus fixed charges	142,096	382,351
Ratio of Earnings to Fixed Charges	(1.39)	(2.07)

PECO Energy Company and Subsidiary Companies
 Annualized Interest on First and Refunding Mortgage Bonds
 As of June 30, 2024 and December 31, 2023

EXHIBIT O

Series	Type	Maturity Date	December 31,		June 30, 2024	December 31,
			June 30, 2024	2023	June 30, 2024	2023
			Debt	Debt	Annualized	Annualized
			Outstanding (\$000)	Outstanding (\$000)	Interest (\$000)	Interest (\$000)
5.900% FRMB		05/01/34	75,000	75,000	2,213	4,425
4.800% FRMB		10/15/43	250,000	250,000	6,000	12,000
5.950% FRMB		10/01/36	300,000	300,000	8,925	17,850
5.700% FRMB		03/15/37	175,000	175,000	4,988	9,975
4.150% FRMB		10/01/44	300,000	300,000	6,225	12,450
3.150% FRMB		10/15/25	350,000	350,000	5,513	11,025
3.700% FRMB		09/15/47	325,000	325,000	6,013	12,025
3.900% FRMB		03/01/48	325,000	325,000	6,338	12,675
3.900% FRMB		09/11/48	325,000	325,000	6,338	12,675
3.000% FRMB		09/15/49	325,000	325,000	4,875	9,750
2.800% FRMB		06/15/50	350,000	350,000	4,900	9,800
3.050% FRMB		03/15/51	375,000	375,000	5,719	11,438
2.850% FRMB		09/15/51	375,000	375,000	5,344	10,688
4.600% FRMB		05/15/52	350,000	350,000	8,050	16,100
4.375% FRMB		08/15/52	425,000	425,000	9,297	18,594
4.900% FRMB		06/15/33	575,000	575,000	14,088	14,714
			5,200,000	5,200,000	104,822	196,182
2.000% PIDC		06/20/23			-	469
7.380% Trust III		04/06/28	80,521	80,521	2,971	5,942
Variable Trust III		04/06/28	805	805	42	81
5.750% Trust IV		06/15/33	103,093	103,093	2,964	5,928
			184,419	184,419	5,977	12,421

FRMB - First and Refunding Mortgage Bonds

PECO Energy Company and Subsidiary Companies

EXHIBIT P

Computation of Ratio of Earnings to Fixed Charges and Preferred Dividends Combined (\$000)

Articles of Incorporation Method

As of June 30, 2024 and December 31, 2023

	6 Months Ended 06/30/2024	12 Months Ended 12/31/2023
Net Income	239,064	562,668
<i>Plus:</i>		
-Interest Applicable to Debt (including AFUDC)	(104,808)	(196,327)
Earnings for Coverage	134,256	366,341
Annualized Interest		
-First Mortgage Bonds	104,822	196,182
-Long-term debt due to Financing Trusts	5,977	11,951
-PIDC Loan	0	469
Total Annualized Interest	110,799	208,603
Annualized Dividends on Outstanding Preferred Stock	-	-
Preferred Dividends and Interest Combined	110,799	208,603
Ratio of Earnings to Preferred Dividends & Interest	1.21	1.76

**PECO Energy Company and Subsidiary Companies
Annual Dividend Requirements of Preferred Stock
As of June 30, 2024 and December 31, 2023**

EXHIBIT Q

None to Report

PECO Energy Company and Subsidiary Companies

EXHIBIT R

Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements (\$000)

As of June 30, 2024 and December 31, 2023

Earnings: (in thousands)	6 Months Ended 06/30/2024	12 Months Ended 12/31/2023
Pre-Tax income from continuing operations before adjustments for income or loss from equity investees	251,836	582,047
Plus: (Income) or loss from equity investees	-	-
Less: Interest capitalized/AFUDC	7,707	15,265
Preference security dividend requirements	-	-
Adjustments to Preferred Stock Dividends*	-	-
Pre-Tax income from continuing operations after adjustments	244,129	566,782
Fixed Charges: Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	(102,037)	(184,439)
Interest component of rental expense	4	8
Total Fixed Charges	(102,033)	(184,431)
Preferred stock dividends: Dividends on Preferred Stock	-	-
Adjustments to Preferred Stock Dividends*	-	-
Total combined fixed charges and preferred stock dividends	(102,033)	(184,431)
Pre-Tax income from continuing operations after adjustments plus fixed charges	142,096	382,351
Ratio of earnings to combined fixed charges and preferred stock dividends	(1.39)	(2.07)

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

**FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

**FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

NOTES TO FINANCIAL STATEMENTS (Continued)

1. Use this space to paste the disclosure required by instruction 1 of Page 122.

2. Use this space to paste the disclosure required by instruction 2 of Page 122.

3. Use this space to paste the disclosure required by instruction 3 of Page 122.

4. Use this space to paste the disclosure required by instruction 4 of Page 122.

5. Use this space to paste the disclosure required by instruction 5 of Page 122.

6. Use this space to paste the disclosure required by instruction 6 of Page 122.

7. Use this space to paste the disclosure required by instruction 7 of Page 122.

8. Use this space to paste the disclosure required by instruction 8 of Page 122.

9. If the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, paste those disclosures here and delete the other points that are not applicable.

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

The notes provided herein were derived from the notes disclosed in the Quarterly Report of Exelon Corporation (Exelon) on Form 10-Q for the period ending June 30, 2024. The notes presented herein were modified to include information relevant to PECO Energy Company (PECO). All amounts presented within the footnotes are rounded in millions unless otherwise noted.

1. Significant Accounting Policies

Description of Business

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

Basis of Presentation

PECO is a principal indirect subsidiary of Exelon, which indirectly owns 100% of PECO's common stock.

The accompanying financial statements as of June 30, 2024 and for the three and six months ended June 30, 2024 and 2023 are unaudited, and in the opinion of PECO management, include all adjustments that are considered necessary for a fair presentation of PECO's financial statements in accordance with the Uniform System of Accounts (USOA). All adjustments are of a normal and recurring nature, except as otherwise disclosed. These notes should be read in conjunction with the Notes to Financial Statements of PECO in the December 31, 2023 audited Federal Energy Regulatory Commission (FERC) Form No.1 "Annual Report of Major Electric Utilities, Licensees and Others" (FERC Form No. 1).

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

New Accounting Standards

New Accounting Standards Issued and Not Yet Adopted as of June 30, 2024: The following new authoritative accounting guidance issued by the FASB has not yet been adopted and reflected by PECO in their consolidated financial statements as of June 30, 2024. Unless otherwise indicated, PECO is currently assessing the impacts such guidance may have (which could be material) in their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures, as well as the potential to early adopt where applicable. PECO has assessed other FASB issuances of new standards which are not listed below given the current expectation that such standards will not significantly impact PECO's financial reporting.

Improvement to Income Tax Disclosures (Issued December 2023). Provides additional disclosure requirements related to the effective tax rate reconciliation and income taxes paid. Under the revised guidance for the effective tax reconciliations, entities would be required to disclose: (1) eight specific categories in the effective tax rate reconciliation in both percentages and reporting currency amount, (2) additional information for reconciling items over a certain threshold, (3) explanation of individual reconciling items disclosed, and (4) provide a qualitative description of the state and local jurisdictions that contribute to the majority of the state income tax expense. For each annual period presented, the new standard requires disclosure of the year-to-date amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign. It also requires additional disaggregated information on income taxes paid (net of refunds received) to an individual jurisdiction equal to or greater than 5% of total income taxes paid (net of refunds received). The standard is effective January 1, 2025, with early adoption permitted.

2. Regulatory Matters

Except for the matters noted below, the disclosures set forth in Note 2 of the Notes to Financial Statement within PECO's 2023 FERC Form No. 1, reflect, in all material respects, the current status of regulatory and legislative proceedings of PECO. The following is an update to that discussion.

Distribution Base Rate Case Proceeding

The following table shows the pending distribution base rate case proceeding in 2024.

Pending Distribution Base Rate Case Proceedings

Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Requested ROE	Expected Approval Date
Pennsylvania ^(a)	March 28, 2024	Electric ^(a)	\$ 464	10.95%	Fourth quarter of 2024
Pennsylvania	March 28, 2024	Natural Gas	\$ 111	11.15%	Fourth quarter of 2024

(a) PECO requested an annual electric revenue requirement increase of \$464 million, which is partially offset by a one-time credit of \$64 million in 2025.

Transmission Formula Rates

PECO's transmission rates are established based on a FERC-approved formula. PECO is required to file an annual update to the FERC-approved formula on or before May 31, with the resulting rates effective on June 1 of the same year. The annual update for PECO is based on prior year actual costs and current year projected capital additions, accumulated depreciation and accumulated deferred income taxes. The update also reconciles any differences between the actual costs and actual revenues for the calendar year (annual reconciliation).

For 2024, the following increases were included in PECO's electric transmission formula rate update.

Filing Date ^(a)	Initial Revenue Requirement Increase	Annual Reconciliation Increase	Total Revenue Requirement Increase	Allowed Return on Rate Base ^(b)	Allowed ROE ^(c)
5/30/2024	\$ 2	\$ 3	\$ 5	7.45 %	10.35 %

(a) Rate is effective June 1, 2024 - May 31, 2025, subject to review by interested parties pursuant to review protocols of PECO's tariffs.

(b) Represents the weighted average debt and equity return on transmission rate bases. The common equity component of the ratio used to calculate the weighted average debt and equity return on the transmission formula rate base is currently capped at 55.75%.

(c) The rate of return on common equity includes a 50-basis-point incentive adder for being a member of an RTO (Regional Transmission Organization).

Regulatory Assets and Liabilities

Regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

For additional information on the specific regulatory assets and liabilities, refer to pages 232 and 278.

3. Accounts Receivable

Accumulated Provision for Uncollectible Accounts (Account 144)

The following tables present the rollforward of Accumulated Provision for Uncollectible Accounts on Customer Accounts Receivable.

	Three Months Ended June 30, 2024
Balance at March 31, 2024	\$ 107
Plus: Current period provision for uncollectible accounts ^(a)	11
Less: Write-offs, net of recoveries ^(b)	6
Balance at June 30, 2024	<u>\$ 112</u>
	Three Months Ended June 30, 2023
Balance at March 31, 2023	\$ 130
Plus: Current period benefit for uncollectible accounts	(20)
Less: Write-offs, net of recoveries	9
Balance at June 30, 2023	<u>\$ 101</u>
	Six Months Ended June 30, 2024
Balance at December 31, 2023	\$ 95
Plus: Current period provision for uncollectible accounts ^(a)	34
Less: Write-offs, net ^(c) of recoveries ^(b)	17
Balance at June 30, 2024	<u>\$ 112</u>
	Six Months Ended June 30, 2023
Balance at December 31, 2022	\$ 105
Plus: Current period provision for uncollectible accounts	18
Less: Write-offs, net of recoveries	22
Balance at June 30, 2023	<u>\$ 101</u>

(a) The increase is primarily a result of increased aging of receivables.

(b) Recoveries were not material to the Registrants.

(c) The decrease is primarily a result of decreased disconnection activities.

The following tables represent the rollforward of Accumulated Provision for Uncollectible Accounts on Other Accounts Receivable.

	Three Months Ended June 30, 2024
Balance at March 31, 2024	\$ 13
Plus: Current period provision for uncollectible accounts ^(a)	9
Less: Write-offs, net of recoveries ^(b)	2
Balance at June 30, 2024	<u>\$ 20</u>
	Three Months Ended June 30, 2023
Balance at March 31, 2023	\$ 11
Plus: Current period provision for uncollectible accounts	(2)
Less: Write-offs, net of recoveries	1
Balance at June 30, 2023	<u>\$ 8</u>

	<u>Six Months Ended June 30, 2024</u>
Balance at December 31, 2023	\$ 8
Plus: Current period provision for uncollectible accounts ^(a)	15
Less: Write-offs, net of recoveries ^(b)	3
Balance at June 30, 2024	<u>\$ 20</u>
	<u>Six Months Ended June 30, 2023</u>
Balance at December 31, 2022	\$ 9
Plus: Current period provision for uncollectible accounts	1
Less: Write-offs, net of recoveries	2
Balance at June 30, 2023	<u>\$ 8</u>

(a) The increase is primarily a result of increased aging of receivables.

(b) Recoveries were not material to PECO.

Accrued Utility Revenues

PECO accrued \$204 million million and \$185 million of unbilled revenues as of June 30, 2024 and December 31, 2023, respectively, in account 173, Accrued Utility Revenues.

Purchase of Customer and Other Accounts Receivable

PECO is required under legislation and regulations in Pennsylvania to purchase certain receivables from alternative retail electric and natural gas suppliers that participate in its consolidated billing. The following table presents the total receivables PECO purchased:

	<u>Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Total receivables purchased	\$ 527	\$ 546

4. Income Taxes

Rate Reconciliation

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

	Three Months Ended June 30, ^(a)	
	2024 ^(b)	2023
U.S. Federal statutory rate	21.0 %	21.0 %
(Decrease) Increase due to:		
State income taxes, net of Federal income tax benefit	(1.5)	(1.4)
Plant basis differences	(14.9)	(18.0)
Excess Deferred Tax Amortization	(2.7)	(2.8)
Equity in loss of subsidiary companies	(11.3)	(10.5)
Other	(0.9)	0.3
Effective income tax rate	<u>(10.3)%</u>	<u>(11.4)%</u>

	Six Months Ended June 30, ^(a)	
	2024 ^(b)	2023 ^(b)
U.S. Federal statutory rate	21.0 %	21.0 %
Increase (decrease) due to:		
State income taxes, net of Federal income tax benefit	(1.0)	(1.4)
Plant basis differences	(13.9)	(16.9)
Excess Deferred Tax Amortization	(2.6)	(2.7)
Equity in loss of subsidiary companies	(8.0)	(7.5)
Other	(0.2)	0.2
Effective income tax rate	<u>(4.7)%</u>	<u>(7.3)%</u>

(a) Positive percentages represent income tax expense. Negative percentages represent income tax benefit.

(b) Lower effective tax rate is primarily related to plant basis differences attributable to tax repair deductions.

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

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

Unrecognized Tax Benefits

PECO's unrecognized tax benefits are not material as of June 30, 2024 and December 31, 2023.

Other Income Tax Matters

Corporate Alternative Minimum Tax

On August 16, 2022, the IRA was signed into law and implements a new corporate alternative minimum tax (CAMT) that imposes a 15% tax on modified GAAP net income. Corporations are entitled to a tax credit (minimum tax credit) to the extent the CAMT liability exceeds the regular tax liability. This amount can be carried forward indefinitely and used in future years when regular tax exceeds the CAMT.

Beginning in 2023, based on the existing statute, PECO will be subject to and will report the CAMT on a separate Registrant basis. The deferred tax asset related to the minimum tax credit carryforward will be realized to the extent PECO's deferred tax liabilities exceed the minimum tax credit carryforward. PECO's deferred tax liabilities are expected to exceed the minimum tax credit carryforward for the foreseeable future and thus no valuation allowance is required. PECO is continuing to assess the financial statement impacts of the IRA and will update estimates based on future guidance issued by the U.S. Treasury.

Allocation of Income Taxes to Regulated Utilities

In Q2 2024, the IRS issued a series of private letter rulings (PLR), to another taxpayer, providing guidance with respect to the application of the tax normalization rules to the allocation of consolidated tax benefits among the members of a consolidated group associated with NOLC (Tax Net Operating Loss Carryforward), for ratemaking purposes. The rulings provide that for ratemaking purposes the tax benefit of NOLC should be reflected on a separate company basis not taking into consideration any payments received for the utilization of losses by other affiliates under a tax sharing agreement.

For PECO, the impact of these PLRs could result in a material reduction of the regulatory liability established for EDITs (Excess Deferred Income Taxes), arising from the TCJA (Tax Cuts and Jobs Act), corporate tax rate change that are being amortized and flowed through to customers as well as a reduction in the accumulated deferred income taxes that reduce rate base for ratemaking purposes.

A PLR issued to another taxpayer may not be relied on as precedent. However, Management is analyzing this guidance and plans to work collaboratively with Exelon's regulatory commissions to address potential impacts. PECO will record the impact, if any, after either obtaining approval from their regulatory commissions or upon receiving their own PLRs from the IRS.

5. Retirement Benefits

Defined Benefit Pension and OPEB

The amounts below represent PECO's allocated pension and Other Postretirement Employee Benefits (OPEB) costs. Since PECO applies multi-employer accounting, the service cost and non-service cost components are included in Operating Expenses within PECO's Statements of Income and Utility Plant within PECO's Balance Sheets for the three and six months ended June 30, 2024 and 2023.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Pension and OPEB Costs (Benefit) \$	—	\$ (4)	—	\$ (7)

Defined Contribution Savings Plan

PECO participates in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allows employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. PECO matches a percentage of the employee contributions up to certain limits. The following table presents the employer contributions and employer matching contributions to the savings plans for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Savings plan employer contributions \$	5	\$ 4	8	\$ 7

6. Derivative Financial Instruments

PECO uses derivative instruments to manage commodity price risk related to ongoing business operations. PECO does not execute derivatives for speculative or proprietary trading purposes.

Authoritative guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings immediately. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchases and normal sales (NPNS), cash flow hedges and fair value hedges. For all NPNS derivative instruments, accounts receivable or accounts payable are recorded when derivatives settle and revenue or expense is recognized in earnings as the underlying physical commodity is sold or consumed.

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

Commodity Price Risk

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

Commodity	Accounting Treatment	Hedging Instrument
Electricity	NPNS	Fixed price contracts for default supply requirements through full requirements contracts.
Natural gas	NPNS	Fixed price contracts to cover about 10% of planned natural gas purchases in support of projected firm sales.

Credit Risk

PECO would be exposed to credit-related losses in the event of non-performance by counterparties on executed derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. PECO has contracts to procure electric and natural gas supply that provide suppliers with a certain amount of unsecured credit. If the exposure on the supply contract exceeds the amount of unsecured credit, the suppliers may be required to post collateral. The net credit exposure is mitigated primarily by the ability to recover procurement costs through customer rates. As of June 30, 2024 and December 31, 2023, PECO's counterparty credit risk with suppliers were not material.

PECO's electric supply procurement contracts do not contain provisions that would require them to post collateral. PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral in the form of cash or credit support, which vary by contract and counterparty, with thresholds contingent upon PECO's credit rating. As of June 30, 2024, PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of June 30, 2024, PECO could have been required to post approximately \$27 million of collateral to its counterparties.

7. Debt and Credit Agreements

Short-Term Borrowings

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

Commercial Paper

The following table reflects PECO's commercial paper programs supported by the revolving credit agreements:

Outstanding Commercial paper at:		Average Interest Rate on Commercial paper for the period ended:	
June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
\$ 260	\$ 165	5.43 %	5.57 %

Revolving Credit Agreements

PECO has a 5-year revolving credit facility. The credit agreement has an aggregate bank commitment of \$600 million and an interest rate of Secured Overnight Financing Rate (SOFR) plus 0.900%. PECO had no outstanding amounts on the revolving credit facilities as of June 30, 2024.

PECO has credit facility agreements, arranged at minority and community banks, which are solely utilized to issue letters of credit. The facility agreements have an aggregate commitment of \$40 million. These facilities expire on October 4, 2024.

Long Term Debt

Issuance of Long-Term Debt

PECO did not issue any long-term debt during the six months ended June 30, 2024.

Debt Covenants

As of June 30, 2024, PECO is in compliance with debt covenants.

8. Fair Value of Financial Assets and Liabilities

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

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

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

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

Fair Value of Financial Liabilities Recorded at Amortized Cost

The following table presents the carrying amounts and fair values of PECO's long-term debt and trust preferred securities (long-term debt to financing trusts) as of June 30, 2024 and December 31, 2023. PECO has no financial liabilities measured using the Net Asset Value ("NAV") practical expedient.

	June 30, 2024					December 31, 2023				
	Carrying Amount	Fair Value				Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Long-Term Debt, (Accounts 221 and 226)^(a)	\$ 5,176	\$ —	\$ 4,289	\$ —	\$ 4,289	\$ 5,176	\$ —	\$ 4,562	\$ —	\$ 4,562
Long-Term Debt to Financing Trusts (Account 223)	184	—	—	187	187	184	—	—	182	182

(a) The carrying amounts of PECO's short-term liabilities as presented on PECO's Balance Sheet are representative of their fair value (Level 2) because of the short-term nature of these instruments.

Recurring Fair Value Measurements

The following table presents assets and liabilities measured and recorded at fair value on PECO's Balance Sheet on a recurring basis and their level within the fair value hierarchy as of June 30, 2024 and December 31, 2023. PECO has no financial assets or liabilities measured using the NAV practical expedient.

<u>June 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Cash equivalents ^(a)	\$ 11	\$ —	\$ —	\$ 11
Rabbi trust investments				
Mutual funds	10	—	—	10
Life insurance contracts	—	19	—	19
Rabbi trust investments subtotal	<u>10</u>	<u>19</u>	<u>—</u>	<u>29</u>
Total assets	<u>21</u>	<u>19</u>	<u>—</u>	<u>40</u>
Liabilities				
Deferred compensation obligation	—	(7)	—	(7)
Total liabilities	<u>—</u>	<u>(7)</u>	<u>—</u>	<u>(7)</u>
Total net assets	<u>\$ 21</u>	<u>\$ 12</u>	<u>\$ —</u>	<u>\$ 33</u>
<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Cash equivalents ^(a)	\$ 9	\$ —	\$ —	\$ 9
Rabbit trust investments				
Mutual funds	9	—	—	9
Life insurance contracts	—	18	—	18
Rabbi trust investments subtotal	<u>9</u>	<u>18</u>	<u>—</u>	<u>27</u>
Total assets	<u>18</u>	<u>18</u>	<u>—</u>	<u>36</u>
Liabilities				
Deferred compensation obligation	—	(8)	—	(8)
Total liabilities	<u>—</u>	<u>(8)</u>	<u>—</u>	<u>(8)</u>
Total net assets	<u>\$ 18</u>	<u>\$ 10</u>	<u>\$ —</u>	<u>\$ 28</u>

(a) PECO excludes cash of \$17 million and \$42 million as of June 30, 2024 and December 31, 2023, respectively.

9. Commitments and Contingencies

For information regarding commitments and contingencies at December 31, 2023, see Note 11 — Commitments and Contingencies of the Notes to the Financial Statements within PECO's 2023 FERC Form No. 1.

Commercial Commitments

PECO's commercial commitments as of June 30, 2024, representing commitments potentially triggered by future events, were as follows:

	<u>Total</u>	<u>Expiration Within</u>					<u>2029 and beyond</u>
		<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	
Letters of credit ^(a)	\$ 2	\$ —	\$ 2	\$ —	\$ —	\$ —	\$ —
Surety bonds ^(b)	2	1	1	—	—	—	—
Financing trust guarantees ^(c)	178	—	—	—	—	78	100
Total commercial commitments	<u>\$ 182</u>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 78</u>	<u>\$ 100</u>

(a) PECO maintains non-debt letters of credit to provide credit support for certain transactions as requested by third parties.

(b) Surety bonds — Guarantees issued related to contract and commercial agreements, excluding bid bonds. Historically, payments under the guarantees have not been made and the likelihood of payments being made is remote.

(c) Reflects guarantee of PECO securities held by PECO Trust III, and PECO Trust IV.

Environmental Remediation Matters

General. PECO's operations have in the past, and may in the future, require substantial expenditures to comply with environmental laws. Additionally, under federal and state environmental laws, PECO is generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them.

PECO owns or leases a number of real estate parcels, including parcels on which its operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, PECO is currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future. Unless otherwise disclosed, PECO cannot reasonably estimate whether it will incur significant liabilities for additional investigation and remediation costs at these or additional sites identified by PECO, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers. Additional costs could have a material, unfavorable impact on PECO's financial statements.

MGP Sites. PECO has identified sites where former Manufactured Gas Plant (MGP) or gas purification activities have or may have resulted in actual site contamination. For some sites, there are additional potentially responsible parties that may share responsibility for the ultimate remediation of each location. PECO has 6 sites that are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2025.

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

PECO, pursuant to a PAPUC order, is currently recovering environmental costs for the remediation of former MGP facility sites through customer rates.

At June 30, 2024 and December 31, 2023, PECO has accrued the following undiscounted amounts for environmental liabilities in Account 228.4, Accumulated Miscellaneous Operating Provisions in its Balance Sheet:

	Environmental Liabilities	
	June 30, 2024	December 31, 2023
Total environmental investigation and remediation liabilities	\$ 27	\$ 27
Portion of total related to MGP investigation and remediation	25	25

Litigation Matters

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

10. Supplemental Financial Information

Supplemental Statement of Income Information

The following table provides additional information about PECO's Statements of Income for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Taxes other than income (Accounts 408.1 and 408.2)				
Utility ^(a)	\$ 42	\$ 38	\$ 83	\$ 78
Property	5	4	9	8
Payroll	4	4	9	9

(a) PECO utility taxes represent municipal and state utility taxes and gross receipts taxes related to its operating revenues. The offsetting collection of utility taxes from customers is recorded in revenues in PECO's Statements of Income.

Supplemental Statement of Cash Flows Information

The following table provides additional information about PECO's Statements of Cash Flows for the six months ended June 30, 2024 and 2023:

	Six Months Ended June 30,	
	2024	2023
Non-cash investing activities		
Increase in capital expenditures not paid	\$ 21	\$ 3

11. Related Party Transactions

Service Company Costs for Corporate Support

PECO receives a variety of corporate services from Exelon's Business Services Corporation (BSC). The following table presents the service company costs allocated to PECO.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating and maintenance from affiliate	\$ 61	\$ 54	\$ 119	\$ 105
Capitalized costs	29	30	58	60

Current Payables to affiliates

The following table presents PECO's current Payables to affiliates:

	As of June 30,	As of December 31,
	2024	2023
BSC	\$ 35	\$ 36
Other	4	3
Total	\$ 39	\$ 39

Current Receivables from affiliates

The following table presents PECO's current Receivables from affiliates:

	As of June 30,	As of December 31,
	2024	2023
ComEd	\$ 1	\$ —
DPL	—	1
ACE	—	1
Total	\$ —	\$ 2

Borrowings from Exelon intercompany money pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing Exelon operates an intercompany money pool. PECO participates in the Exelon intercompany money pool.

Long-term debt to financing trusts

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

	<u>As of June 30,</u>	<u>As of December 31,</u>
	<u>2024</u>	<u>2023</u>
PECO Trust III	\$ 81	\$ 81
PECO Trust IV	103	103
Total	<u>\$ 184</u>	<u>\$ 184</u>

Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
PECO Energy Company	(1) <input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	End of 2023/Q4
	(2) <input type="checkbox"/> A Resubmission	3/22/2024	
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1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

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The notes presented herein were derived from the notes disclosed within the Annual Report of Exelon Corporation (Exelon) on Form 10-K for the fiscal year ended December 31, 2023. The notes presented herein were modified to include information relevant to PECO Energy Company (PECO). All amounts presented within the footnotes are rounded in millions unless otherwise noted.

1. Significant Accounting Policies

Description of Business

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

Basis of Presentation

PECO is a principal indirect subsidiary of Exelon Corporation (Exelon), which indirectly owns 100% of PECO's common stock. As of December 31, 2023 and 2022, PECO's common stock without par value consisted of 500,000,000 shares authorized and 170,478,507 shares outstanding.

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

The accompanying financial statements as of December 31, 2023 and 2022 are audited, and in the opinion of the management of PECO, include all adjustments that are considered necessary for a fair presentation of PECO's financial statements in accordance with the Uniform System of Accounts (USOA). All adjustments are of a normal and recurring nature, except as otherwise disclosed. The December 31, 2022 Balance Sheets were derived from audited financial statements. These notes should be read in conjunction with the Notes to Financial Statements of PECO in the December 31, 2022 FERC Form No. 1 "Annual Report of Major Electric Utilities, Licensees and Others" (FERC Form No. 1).

COVID-19

PECO has taken steps to mitigate the potential risk posed by the global outbreak (pandemic) of the 2019 novel coronavirus (COVID-19). PECO provides a critical service to their customers and has taken measures to keep employees who operate the business safe and minimize unnecessary risk of exposure to the virus, including extra precautions for employees who work in the field. PECO has implemented work from home policies where appropriate.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and accompanying notes, and the amounts of revenues and expenses reported during the periods covered by those financial statements and accompanying notes. As of December 31, 2023 and 2022, and through the date of this report, management assessed certain accounting matters that require consideration of forecasted financial information, including, but not limited to, our accumulated provision for uncollectible accounts, the carry value of long-lived assets, in context with the information reasonably available to and the

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unknown future impacts of COVID-19. PECO's future assessment of the magnitude and duration of COVID-19, as well as other factors, could result in material impacts to their consolidated financial statements in future reporting periods.

Use of Estimates

The preparation of financial statements of each of the Registrants in conformity with USOA requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Areas in which significant estimates have been made include, but are not limited to, the accounting for pension and Other Postretirement Employee Benefits (OPEB), unbilled energy revenues, allowance for credit losses, inventory reserves, goodwill and long-lived asset impairment assessments, derivative instruments, unamortized energy contracts, fixed asset depreciation, environmental costs and other loss contingencies, Assets Retirement Obligations (AROs), and taxes. Actual results could differ from those estimates.

Regulatory Accounting

For its regulated electric and gas operations, PECO reflects the effects of cost-based rate regulation in their financial statements, which is required for entities with regulated operations that meet the following criteria: (1) rates are established or approved by a third-party regulator; (2) rates are designed to recover the entities' cost of providing services or products; and (3) there is a reasonable expectation that rates designed to recover costs can be charged to and collected from customers. PECO accounts for its regulated operations in accordance with regulatory and legislative guidance from the regulatory authorities having jurisdiction, principally the PAPUC, under state public utility laws and the FERC under various Federal laws. Regulatory assets and liabilities are amortized and the related expense or revenue is recognized in the Statements of Income consistent with the recovery or refund included in customer rates. PECO's regulatory assets and liabilities as of the balance sheet date are probable of being recovered or settled in future rates. If a separable portion of PECO's business was no longer able to meet the criteria discussed above, the affected entities would be required to eliminate from its financial statements the effects of regulation for that portion, which could have a material impact on their financial statements. See Note 2—Regulatory Matters for additional information.

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

Revenues

Operating Revenues. PECO's operating revenues generally consist of revenues from contracts with customers involving the sale and delivery of power and natural gas and utility revenues from alternative revenue programs (ARP). PECO recognizes revenue from contracts with customers to depict the transfer of goods or services to customers in an amount that the entities expect to be entitled to in exchange for those goods or services. PECO's primary sources of revenue include regulated electric and natural gas tariff sales, distribution and transmission services. At the end of each month, PECO accrues an estimate for the unbilled amount of energy delivered or services provided to customers.

PECO records ARP revenue for its best estimate of the transmission revenue impacts resulting from future changes in rates that they believe are probable of approval by FERC in accordance with their formula rate mechanisms. PECO recognizes all ARP revenues that will be collected within 24 months of the end of the annual period in which they are recorded. See Note 2 —Regulatory Matters for additional information.

Taxes Directly Imposed on Revenue-Producing Transactions. PECO collects certain taxes from customers such as sales and gross receipts taxes, along with other taxes, surcharges and fees, that are levied by state or local governments on the sale or distribution of gas and electricity. Some of these taxes are imposed on the customer, but paid by PECO, while others are imposed on PECO. Where these taxes are imposed on the customer, such as sales taxes, they are reported on a net basis with no impact to the Statements of Income. However, where these taxes are imposed on PECO, such as gross receipts taxes or other surcharges or fees, they are reported on a gross basis. Accordingly, revenues are recognized for the taxes collected from customers along with an offsetting expense. See Note 13 — Supplemental Financial Information for PECO's utility taxes that are presented on a gross basis.

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Income Taxes

Deferred federal and state income taxes are recorded on significant temporary differences between the book and tax basis of assets and liabilities and for tax benefits carried forward. Investment tax credits have been deferred in PECO's Balance Sheets and are recognized in book income over the life of the related property. PECO accounts for uncertain income tax positions using a benefit recognition model with a two-step approach; a more-likely-than-not recognition criterion; and a measurement approach that measures the position as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. If it is not more-likely-than-not that the benefit of the tax position will be sustained on its technical merits, no benefit is recorded. Uncertain tax positions that relate only to timing of when an item is included on a tax return are considered to have met the recognition threshold. PECO recognizes accrued interest related to unrecognized tax benefits as interest expense or interest income in Other interest expense and Interest and dividend income, respectively on its Statement of Income.

Cash and Cash Equivalents

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

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents recorded in Account 134 represent restricted funds to satisfy designated current liabilities. As of December 31, 2023 and 2022, PECO's restricted cash and cash equivalents primarily represented funds from the sales of assets that were subject to PECO's mortgage indenture.

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

Accumulated Provision for Uncollectible Accounts on Accounts Receivables

The accumulated provision for uncollectible accounts reflects PECO's best estimate of losses on the customers' accounts receivable balances based on historical experience, current information, and reasonable and supportable forecasts.

The accumulated provision for uncollectible accounts for PECO's customers is developed by applying PECO's loss rates, based on historical loss experience, current conditions, and forward-looking risk factors, to the outstanding receivable balance by customer risk segment. PECO's customer accounts are written off consistent with approved regulatory requirements. Adjustments to the accumulated provision for uncollectible accounts are primarily recorded to Operating and maintenance expense on PECO's Statement of Income or Regulatory assets and liabilities on PECO's Balance Sheet.

PECO has certain non-customer receivables in Other deferred debits and other assets which primarily are with governmental agencies and other high-quality counterparties with no history of default. As such, the accumulated provision for uncollectible accounts related to these receivables is not material. PECO monitors these balances and will record an allowance if there are indicators of a decline in credit quality. See Note 3 - Accounts Receivable for additional information.

Inventories

Inventory is recorded at the lower of weighted average cost or net realizable value. Provisions are recorded for excess and obsolete inventory. Fossil fuel and materials and supplies are generally included in inventory when purchased. Fossil fuel is expensed to Purchased power and fuel expense when used or sold. Materials and supplies generally includes transmission and distribution materials and are expensed to Operating and maintenance or capitalized to Property, plant and equipment, as appropriate, when installed or used.

Property, Plant and Equipment

Property, plant and equipment is recorded at original cost. Original cost includes construction-related direct labor and material costs and indirect construction costs including labor and related costs of departments associated with supporting construction activities. When appropriate, original cost also includes Allowance for Funds Used During Construction (AFUDC) for regulated property. The cost of repairs and maintenance and minor replacements of property, is charged to Operating and maintenance expense as incurred.

Third parties reimburse PECO for all or a portion of expenditures for certain capital projects. Such contributions in aid of construction costs (CIAC) are recorded as a reduction to Property, plant and equipment, net.

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

Capitalized Software. Certain costs, such as design, coding, and testing incurred during the application development stage of software projects that are internally developed or purchased for operational use are capitalized within Property, plant and equipment. Similar costs incurred for cloud-based solutions treated as service arrangements are capitalized within Property, plant and equipment. Such capitalized amounts are amortized ratably over the expected lives of the projects when they become operational, generally not to exceed five years. Certain other capitalized software costs are being amortized over longer lives based on the expected life or pursuant to prescribed regulatory requirements.

Allowance for Funds Used During Construction (AFUDC). AFUDC is the cost, during the period of construction, of debt and equity funds used to finance construction projects for regulated operations. AFUDC is recorded to construction work in progress and as a non-cash credit to an allowance that is included in interest expense for debt-related funds and other income and deductions for equity-related funds. The rates used for capitalizing AFUDC are computed under a method prescribed by regulatory authorities.

See Note 4—Property, Plant, and Equipment for additional information.

Depreciation and Amortization

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

Amortization of regulatory assets and liabilities are recorded over the recovery or refund period specified in the related legislation or regulatory order or agreement. When the recovery or refund period is less than one year, amortization is recorded to the line item in which the deferred cost or income would have originally been recorded in PECO's Statement of Income. Amortization of PECO's transmission formula rate regulatory asset is recorded to Operating revenues.

Amortization of income tax related regulatory assets and liabilities is generally recorded to Income tax expense (Account 409.1) in PECO's Statement of Income. Except for the regulatory assets and liabilities discussed above, amortization is generally recorded to Depreciation and amortization (Account 403) in PECO's Statement of Income when the recovery period is more than one year.

See Note 2—Regulatory Matters for additional information regarding the amortization of PECO's regulatory assets and liabilities.

Asset Retirement Obligations (AROs)

PECO estimates and recognizes a liability for their legal obligation to perform asset retirement activities even though the timing and/or methods of settlement may be conditional on future events. PECO updates their AROs either annually or on a rotational basis at least once every three years, based on a risk profile, unless circumstances warrant more frequent updates. The updates factor in new cost estimates, credit-adjusted, risk-free rates (CARFR) and escalation rates, and the timing of cash flows. AROs are accreted throughout each year to reflect the time value of money for these present value obligations through an increase to regulatory assets. See Note 5—Asset Retirement Obligations for additional information.

Guarantees

If necessary, PECO recognizes a liability at the time of issuance, of a guarantee, for the fair value of the obligations it has undertaken by issuing the guarantee. The liability is reduced or eliminated as PECO is released from risk under the guarantee. Depending on the nature of the guarantee, PECO's release from risk may be recognized only upon the expiration or settlement of the guarantee or by a systematic and rational amortization method over the term of the guarantee. See Note 11—Commitments and Contingencies for additional information.

Asset Impairments

Long-Lived Assets. PECO evaluates the carrying value of its long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying value of those assets may not be recoverable. Indicators of impairment

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may include specific regulatory disallowance, abandonment, or plans to dispose of a long-lived asset significantly before the end of its useful life. When the estimated undiscounted future cash flows attributable to the long-lived asset may not be recoverable, the amount of the impairment loss is determined by measuring the excess of the carrying amount of the long-lived asset over its fair value.

Derivative Financial Instruments

Derivatives are recognized on the balance sheet at their fair value unless they qualify for certain exceptions, including NPNS. For derivatives that qualify and are designated as cash flow hedges, changes in fair value each period are initially recorded in AOCI and recognized in earnings when the underlying hedged transaction affects earnings. Amounts recognized in earnings are recorded in Interest expense, net on the Statement of Income based on the activity the transaction is economically hedging. Cash inflows and outflows related to derivative instruments designated as cash flow hedges are included as a component of operating, investing, or financing cash flows in the Statement of Cash Flows, depending on the nature of each transaction.

For derivatives intended to serve as economic hedges, which are not designated for hedge accounting, changes in fair value each period are recognized in earnings or as a regulatory asset or liability each period. Amounts recognized in earnings are recorded in Electric operating revenues, Purchased power and fuel, or Interest expense in the Statement of Income based on the activity the transaction is economically hedging. Changes in fair value are also recorded as a regulatory asset or liability when there is an ability to recover or return the associated costs or benefits in accordance with regulatory requirements. Cash inflows and outflows related to derivative instruments are included as a component of operating, investing, or financing cash flows in the Statement of Cash Flows, depending on the nature of the hedged item. See Note 2 - Regulatory Matters and Note 8—Derivative Financial Instruments for additional information.

Retirement Benefits

PECO participates in Exelon’s defined benefit pension plans and other postretirement plans. The plan obligations and costs of providing benefits under these plans are measured as of December 31. The measurement involves various factors, assumptions and accounting elections. The assumptions are reviewed annually and at any interim remeasurement of the plan obligations. The impact of assumption changes or experience different from that assumed on pension and other postretirement benefit obligations is recognized over time rather than immediately recognized in the Statement of Income. Gains or losses in excess of the greater of ten percent of the projected benefit obligation or the market related value (MRV) of plan assets are amortized over the expected average remaining service period of plan participants. See Note 7—Retirement Benefits for additional information.

New Accounting Pronouncements

New Accounting Standards Issued and Not Yet Adopted as of December 31, 2023

The following new authoritative accounting guidance issued by the Financial Accounting Standards Board (FASB) has not yet been adopted and reflected by PECO in their financial statements as of December 31, 2023. Unless otherwise indicated, PECO is currently assessing the impacts such guidance may have (which could be material) in their Balance Sheet, Statement of Income, Statement of Cash Flows and disclosures, as well as the potential to early adopt where applicable. PECO has assessed other FASB issuances of new standards which are not listed below given the current expectation that such standards will not significantly impact PECO's financial reporting.

Improvement to Income Tax Disclosures (Issued December 2023). Provides additional disclosure requirements related to the effective tax rate reconciliation and income taxes paid. Under the revised guidance for the effective tax reconciliations, entities would be required to disclose: (1) eight specific categories in the effective tax rate reconciliation in both percentages and reporting currency amount, (2) additional information for reconciling items over a certain threshold, (3) explanation of individual reconciling items disclosed, and (4) provide a qualitative description of the state and local jurisdictions that contribute to the majority of the state income tax expense. For each annual period presented, the new standard requires disclosure of the year-to-date amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign. It also requires additional disaggregated information on income taxes paid (net of refunds received) to an individual jurisdiction equal to or greater than 5% of total income taxes paid (net of refunds received). The standard is effective January 1, 2025, with early adoption permitted.

2. Regulatory Matters

The following matters below discuss the status of material regulatory and legislative proceedings of PECO.

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Completed Distribution Base Rate Case Proceedings

Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Approved Revenue Requirement Increase	Approved ROE	Approval Date	Rate Effective Date
Pennsylvania	March 31, 2022	Natural Gas	\$ 82	\$ 55	N/A ^(a)	October 27, 2022	January 1, 2023

(a) The PECO electric and natural gas base rate case proceedings were resolved through settlement agreements, which did not specify an approved ROE.

Transmission Formula Rates

PECO's transmission rates are established based on a FERC-approved formula. PECO is required to file an annual update to the FERC-approved formula on or before May 31, with the resulting rates effective on June 1 of the same year. The annual update is based on prior year actual costs and current year projected capital additions, accumulated depreciation, and accumulated deferred income taxes. The update also reconciles any differences between the actual costs and actual revenues for the calendar year (annual reconciliation).

For 2023, the following total increases were included in the Utility Registrants' electric transmission formula rate updates:

Initial Requested Revenue Requirement Increase	Annual Reconciliation Increase ^(a)	Total Revenue Requirement Increase	Allowed Return on Rate Base ^(b)	Allowed ROE ^(c)
\$ 24	\$ 23	\$ 47	7.41 %	10.35 %

(a) All rates are effective June 1, 2023 - May 31, 2024, subject to review by interested parties pursuant to review protocols of PECO's tariff.

(b) Represents the weighted average debt and equity return on transmission rate bases. The common equity component of the ratio used to calculate the weighted average debt and equity return on the transmission formula rate is currently capped 55.75%.

(c) The rate of return on common equity includes a 50-basis-point incentive adder for being a member of a Regional Transmission Organization (RTO).

Regulatory Assets and Liabilities

Regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have

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been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

The following tables provide information about the regulatory assets and liabilities of PECO as of December 31, 2023 and 2022:

Regulatory Assets (Account 182.3):	December 31, 2023	December 31, 2022
Asset retirement obligations	\$ 22	\$ 22
COVID-19	11	17
Deferred income taxes	748	595
Electric energy and natural gas costs	1	15
Energy efficiency and demand response programs	23	—
MGP remediation costs	15	13
Transmission formula rate annual reconciliations	9	16
Universal service fund charge under-recovery - Electric	59	19
Other	32	34
Total regulatory assets	<u>\$ 920</u>	<u>\$ 731</u>

Regulatory Liabilities (Account 254):	December 31, 2023	December 31, 2022
Decommissioning the Regulatory Agreement Units	\$ 278	\$ 237
Electric energy and natural gas costs	93	65
Energy efficiency and demand response programs	1	15
Other	34	27
Total regulatory liabilities	<u>\$ 406</u>	<u>\$ 344</u>

Descriptions of the regulatory assets and liabilities included in the tables above are summarized below, including their recovery and amortization periods.

Line Item	Description	End Date of Remaining Recovery/Refund Period	Return
Asset retirement obligations	Represents future legally required removal costs associated with existing AROs.	Over the life of the related assets.	Yes, once the removal activities have been performed.
COVID-19	Incremental credit losses and direct costs related to COVID-19 incurred primarily in 2020 at PECO. Direct costs consisted primarily of costs to acquire personal protective equipment, costs for cleaning supplies and services, and costs to hire healthcare professionals to monitor the health of employees.	2024	No
Decommissioning the Regulatory Agreement Units	Represents estimated excess funds at the end of decommissioning the Regulatory Agreement Units. See below regarding Decommissioning the Regulatory Agreement Units for additional information.	Not currently being refunded	No

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Deferred income taxes	Represents deferred income taxes that are recoverable or refundable through customer rates, primarily associated with accelerated depreciation, the equity component of AFUDC, and the effects of income tax rate changes, including those resulting from the TCJA.		Amounts are recoverable over the period in which the related deferred income taxes reverse, which is generally based on the expected life of the underlying assets. For TCJA, generally refunded over the remaining depreciable life of the underlying assets, except in certain jurisdictions where the commissions have approved a shorter refund period for certain assets not subject to IRS normalization rules.	No
Electric energy and natural gas costs	Represents under (over)-recoveries related to energy and gas supply related costs recoverable (refundable) under approved rate riders.	2025		No
Energy efficiency and demand response programs	Includes under (over)-recoveries of costs incurred related to energy efficiency programs and demand response programs and recoverable costs associated with customer direct load control and energy efficiency and conservation programs that are being recovered from customers.	2025		Yes, on capital investment recovered through this mechanism
MGP remediation costs	Represents environmental remediation costs for Manufactured Gas Plant (MGP) sites.		Over the expected remediation period. See Note 11 - Commitments and Contingencies for additional information.	No
Transmission formula rate annual reconciliations	Represents under (over)-recoveries related to transmission service costs recoverable through the Utility Registrants' FERC formula rates, which are updated annually with rates effective each June 1st.	2025		Yes
Universal service fund charge under-recovery - Electric	Represents under-recovery of electric supply and distribution revenue shortfalls net of base rate recovery related to Universal Service programs, which are designed to provide affordable bills for electric service to low-income, residential customers based on individual household needs.		To be determined in the annual adjustment and reconciliation as approved by the PAPUC.	No

Decommissioning the Regulatory Agreement Units

The regulatory agreements with the PAPUC dictate obligations related to the shortfall or excess of NDT funds necessary for decommissioning the former PECO units in total.

For the former PECO units, given the symmetric settlement provisions that allow for continued recovery of decommissioning costs from PECO customers in the event of a shortfall and the obligation for Constellation Energy Corporation to ultimately return excess funds to PECO customers (on an aggregate basis for all seven units), decommissioning-related activities prior to separation on February 1, 2022 were generally offset in Exelon's Statement of Income with an offsetting adjustment to the regulatory liabilities or regulatory assets and an equal noncurrent affiliate receivable from or payable to Constellation Energy Generation, LLC (formerly Exelon Generation Company, LLC, a subsidiary of Exelon as of December 31, 2021 prior to separation on February 1, 2022) at PECO. Following the separation, decommissioning-related activities result in an adjustment

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to the Miscellaneous Deferred Debits (Account 186) and an equal adjustment to the regulatory liabilities or regulatory assets at PECO.

3. Accounts Receivable

Accumulated Provision for Uncollectible Accounts

The following tables presents the rollforward of Accumulated Provision for Uncollectible Accounts on Customer Accounts Receivable (Account 144).

	Year Ended December 31, 2023
Balance at December 31, 2022	\$ 105
Plus: Current period provision for uncollectible accounts	48
Less: Write-offs ^(a) , net of recoveries ^(b)	58
Balance at December 31, 2023	<u>\$ 95</u>
	Year Ended December 31, 2022
Balance at December 31, 2021	\$ 105
Plus: Current period provision for uncollectible accounts	52
Less: Write-offs, net of recoveries	52
Balance at December 31, 2022	<u>\$ 105</u>

(a) The change in write-offs is primarily a result of increased disconnection activities.

(b) Recoveries were not material to PECO.

The following tables present the rollforward of Accumulated Provision for Uncollectible Accounts on Other Accounts Receivable (Account 144).

	Year Ended December 31, 2023
Balance at December 31, 2022	\$ 9
Plus: Current period provision for uncollectible accounts	4
Less: Write-offs, net of recoveries ^(a)	5
Balance at December 31, 2023	<u>\$ 8</u>
	Year Ended December 31, 2022
Balance at December 31, 2021	\$ 7
Plus: Current period provision for uncollectible accounts	6
Less: Write-offs, net of recoveries	4
Balance at December 31, 2022	<u>\$ 9</u>

(a) Recoveries were not material to PECO.

Accrued Utility Revenues

PECO accrued \$185 million and \$219 million of unbilled revenues as of December 31, 2023 and 2022, respectively, in Account 173, Accrued Utility Revenues.

Purchase of Customer and Other Accounts Receivable

PECO is required under legislation and regulations in Pennsylvania to purchase certain receivables from alternative retail electric and natural gas suppliers that participate in its consolidated billing. The following table presents the total receivables PECO purchased:

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PECO Energy Company	(1) <input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	End of 2023/Q4
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NOTES TO FINANCIAL STATEMENTS (Continued)			

	For the Years Ended December 31,	
	2023	2022
Total receivables purchased	\$ 1,099	\$ 1,081

4. Property, Plant, and Equipment

The following table presents the average service life for each asset category in number of years as of December 31, 2023:

Asset Category	Average Service Life (years)
Electric - transmission and distribution	5 - 70
Gas - transportation and distribution	5 - 70
Common - electric and natural gas	5 - 55
Other property, plant and equipment	50

The following table presents the annual depreciation rates for each asset category:

Asset Category	Average Service Life Percentage	
	2023	2022
Electric - transmission and distribution	2.30 %	2.30 %
Gas - transportation and distribution	1.85 %	1.87 %
Common - electric and natural gas	6.87 %	6.50 %

The credits to AFUDC debt and equity were \$46 million and \$42 million for the years ended December 31, 2023 and 2022, respectively.

PECO's undivided ownership interests in jointly owned transmission facilities with non-affiliated utilities as of December 31, 2023 and 2022 were as follows:

Operator	PSEG	
PECO's share at December 31, 2023	DE/NJ ^(a)	
Plant in service	\$	67
Accumulated depreciation		38
<hr/>		
PECO's share at December 31, 2022	DE/NJ ^(a)	
Plant in service	\$	66
Accumulated depreciation		39

(a) PECO owns a 42.55% share in 151.3 miles of 500 kV lines located in New Jersey and in the Salem generating plant substation. PECO also owns a 42.55% share in 2.5 miles of 500 kV lines located over the Delaware River.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Certain facilities are fully owned by Exelon through its 100% ownership in PECO and other wholly owned subsidiaries. These facilities are operated by Exelon wholly owned subsidiaries. PECO's material undivided ownership interests in Exelon owned facilities as of December 31, 2023 and 2022 were as follows:

Ownership interest	56 %
PECO's share at December 31, 2023	
Plant in service	\$ 7
Accumulated depreciation	—
Construction work in progress	70
PECO's share at December 31, 2022	
Plant in service	\$ 7
Accumulated depreciation	—
Construction work in progress	41

PECO's undivided ownership interests in jointly owned plants presented in the tables above, are financed with their funds and all operations are accounted for as if such participating interests were wholly owned facilities. PECO's share of direct expenses is included in operating and maintenance expenses on PECO's Statements of Income.

See Note 1—Significant Accounting Policies for additional information regarding property, plant and equipment policies. See Note 9— Debt and Credit Agreements for additional information regarding PECO's property, plant and equipment subject to mortgage liens.

5. Asset Retirement Obligations

Asset Retirement Obligations (AROs)

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

The following table provides a rollforward of the AROs (Account 230) reflected on PECO's Comparative Balance Sheet from January 1, 2022 to December 31, 2023:

AROs at January 1, 2021 (Account 230)	\$ 29
Revisions in estimates of cash flows	(1)
Accretion expense ^(a)	1
Payments	(1)
AROs at December 31, 2022 (Account 230)	28
Revisions in estimates of cash flows	(1)
Accretion expense ^(a)	1
Payments	(1)
AROs at December 31, 2023 (Account 230)	\$ 27

(a) The majority of the accretion is recorded as an increase to a regulatory asset due to the associated regulatory treatment.

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	(2) <input type="checkbox"/> A Resubmission	3/22/2024	
NOTES TO FINANCIAL STATEMENTS (Continued)			

6. Income Taxes

Components of Income Tax Expense or Benefit

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

	For the Years Ended December 31,	
	2023	2022
Included in operations:		
Federal		
Current	\$ 21	\$ (34)
Deferred	(41)	19
State		
Current	—	(4)
Deferred	(7)	52
Total	<u>\$ (27)</u>	<u>\$ 33</u>

Rate Reconciliation

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

	For the Years Ended December 31, ^(a)	
	2023 ^(b)	2022 ^(c)
U.S. Federal statutory rate	21.0 %	21.0 %
Decrease (increase) due to:		
State income taxes, net of federal income tax benefit	(1.1)	6.3
Plant basis differences	(15.7)	(12.8)
Excess deferred tax amortization	(2.6)	(3.2)
Equity in losses of subsidiary companies	(6.9)	(6.1)
Other	0.3	0.3
Effective income tax rate	<u>(5.0)%</u>	<u>5.5 %</u>

(a) Positive percentages represent income tax expense. Negative percentages represent income tax benefit.

(b) For PECO, the lower effective tax rate is primarily related to plant basis differences attributable to tax repair deductions.

(c) The lower effective tax rate is primarily related to plant basis differences attributable to tax repair deductions partially offset by higher state income taxes, net of federal income tax benefit, related to a one-time expense of \$38 million attributable to the change in the Pennsylvania corporate income tax rate.

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

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

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Tax Differences and Carryforwards

The tax effects of temporary differences, which give rise to significant portions of the deferred tax assets (liabilities), as of December 31, 2023 and 2022 are presented below:

	As of December 31,	
	2023	2022
Deferred tax liabilities:		
Plant basis differences	\$ (2,264)	\$ (2,124)
Deferred pension and postretirement obligation	(36)	(31)
Regulatory assets and liabilities	(208)	(168)
Tax loss carryforward, net of valuation allowances	47	34
Corporate Alternative Minimum Tax	82	—
Other	58	72
Deferred income tax liabilities (Accounts 190, 282, and 283)	(2,321)	(2,217)
Unamortized investment tax credits (Account 255)	—	—
Total deferred income tax liabilities, net and unamortized investment tax credits	<u>\$ (2,321)</u>	<u>\$ (2,217)</u>

The following table provides PECO's carryforwards, which are presented on a post-apportioned basis, as of December 31, 2023. Note, there were no Federal carryforwards.

	As of December 31, 2023
Federal	
Corporate Alternative Minimum Tax credit carryforward ^(a)	\$ 82
State	
State net operating losses and other carryforwards	1,286
Deferred taxes on state tax attributes (net of federal taxes)	51
Valuation allowance on state tax attributes (net of federal taxes) ^(b)	4
Year in which net operating loss or credit carryforwards will begin to expire	2032

(a) The Corporate Alternative Minimum Tax credit carryforward has an indefinite carryforward period.

(b) For PECO, a valuation allowance has been recorded against certain Pennsylvania net operating losses that are expected to expire before realization.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Tabular Reconciliation of Unrecognized Tax Benefits

The following table presents changes in unrecognized tax benefits for PECO:

Balance at December 31, 2021	\$	10
Change to positions that only affect timing		(1)
Balance at December 31, 2022		9
Change to positions that only affect timing		(6)
Increases based on tax positions related to 2023		1
Balance at December 31, 2023	\$	4

Recognition of unrecognized tax benefits

As of December 31, 2023 and 2022, PECO does not have any unrecognized tax benefits that, if recognized, would decrease the effective tax rate.

Total amounts of interest and penalties recognized

As of December 31, 2023 and 2022, PECO had accrued interest of \$0.5 million and \$0.6 million, respectively, and no penalties related to income tax positions.

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

	<u>Open Years</u>
Federal income tax returns	2010-2022
Pennsylvania separate company returns	2020-2022

Other Tax Matters

Corporate Alternative Minimum Tax

On August 16, 2022, the IRA was signed into law and implemented a new corporate alternative minimum tax (CAMT) that imposes a 15% tax on modified GAAP net income. Corporations are entitled to a tax credit (minimum tax credit) to the extent the CAMT liability exceeds the regular tax liability. This amount can be carried forward indefinitely and used in future years when regular tax exceeds the CAMT.

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

Long-Term Marginal State Income Tax Rate

Quarterly, Exelon reviews and updates its marginal state income tax rates for changes in state laws and state apportionment. PECO remeasures its existing deferred income tax balances to reflect the changes in marginal rates, which results in either an increase or a decrease to its net deferred income tax liability balances. PECO records corresponding regulatory liabilities or assets to the extent such amounts are probable of settlement or recovery through customer rates and an adjustment to income tax expense for all other amounts.

Pennsylvania Corporate Income Tax Rate Change

On July 8, 2022, Pennsylvania enacted House Bill 1342, which will permanently reduce the corporate income tax rate from 9.99% to 4.99%. The tax rate will be reduced to 8.99% for the 2023 tax year. Starting with the 2024 tax year, the rate is reduced by 0.50% annually until it reaches 4.99% in 2031. As a result of the rate change, in the third quarter of 2022, PECO recorded an estimated one-time decrease to deferred income taxes of \$390 million with a corresponding decrease to the deferred income taxes regulatory asset of \$428 million for the amounts that are expected to be settled through future customer rates and an increase to income tax expense of \$38 million (net of federal taxes). The tax rate decrease is not expected to

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NOTES TO FINANCIAL STATEMENTS (Continued)			

have a material ongoing impact to PECO's financial statements. PECO did not update its marginal state income tax rates for the years ended December 31, 2022 and 2021.

Allocation of Tax Benefits

PECO is party to an agreement with Exelon and other subsidiaries of Exelon that provides for the allocation of consolidated tax liabilities and benefits (Tax Sharing Agreement). The Tax Sharing Agreement provides that each party is allocated an amount of tax similar to that which would be owed had the party been separately subject to tax. In addition, any net benefit attributable to the parent is reallocated to the other members. That allocation is treated as a contribution to the party receiving the benefit. PECO did not record a federal tax benefit allocation from Exelon under the Tax Sharing Agreement during the years ended December 31, 2023 and 2022.

7. Retirement Benefits

Defined Benefit Pension and Other Postretirement Employee Benefits

Exelon sponsors defined benefits pension and OPEB plans. Effective February 1, 2022, in connection with the separation, pension and Other Postretirement Employee Benefits (OPEB) obligations and assets for current and former employees of the Constellation business and certain other former employees of Exelon and its subsidiaries transferred to pension and OPEB plans and trusts maintained by Constellation or its subsidiaries.

As a result of the separation, Exelon restructured certain of its qualified pension plans. Pension obligations and assets for current and former employees continuing with Exelon and who were participants in the Exelon Employee Pension Plan for Clinton, TMI, and Oyster Creek were merged into the Pension Plan of Constellation Energy Group, Inc, which was subsequently renamed, Exelon Pension Plan (EPP). Exelon employees who participated in these plans prior to the separation now participate in the EPP. The merging of the plans did not change the benefits offered to the plan participants and, thus, had no impact on Exelon's pension obligations.

PECO participates in the following defined benefit pension plans and OPEB plans sponsored by Exelon as of December 31, 2023:

Name of Plan^(a):

Qualified Pension Plans:

- Exelon Corporation Retirement Program (ECRP)
- Exelon Pension Plan (EPP)
- Pepco Holdings LLC Retirement Plan (PHI Qualified)

Non-Qualified Pension Plans:

- Exelon Corporation Supplemental Pension Benefit Plan and 2000 Excess Benefit Plan (SPBP)
- Exelon Corporation Supplemental Management Retirement Plan (SMRP)
- Constellation Energy Group, Inc. Benefits Restoration Plan
- Baltimore Gas & Electric Company Manager Benefit Plan

OPEB Plans:

- PECO Energy Company Retiree Medical Plan (East)
- Exelon Corporation Health Care Program (West)
- Exelon Corporation Employees' Life Insurance Plan
- Exelon Corporation Health Reimbursement Arrangement Plan
- BGE Retiree Medical Plan
- Pepco Holdings LLC Welfare Plan for Retirees

(a) Employees generally remain in their legacy benefit plans when transferring between operating companies.

Allocation to PECO

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NOTES TO FINANCIAL STATEMENTS (Continued)			

PECO accounts for its participation in Exelon's pension and OPEB plans by applying multi-employer accounting. Components of pension and OPEB costs (benefits) and contributions have been, and will continue to be, allocated to PECO based on both active and retired employee participation for each plan.

The amounts below represent ACE's allocated portion of the pension and OPEB plan costs, which were included in Operating Expenses within PECO's Statements of Income and Utility Plant within PECO's Balance Sheet for the years ended December 31, 2023 and 2022.

	2023	2022
Pension and OPEB	\$ (14)	\$ (9)

Contributions

The following table provide PECO's contributions to the pension and OPEB plans for the years ended December 31, 2023 and 2022.

	2023	2022
Pension	\$ 1	\$ 15
OPEB	—	3

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

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

The following table provides PECO's planned contributions to the qualified pension plans, planned benefit payments to non-qualified pension plans, and planned contributions to OPEB plans in 2024.

	Qualified Pension Plans	Non-Qualified Pension Plans	OPEB
2024	\$ 2	\$ 1	\$ 1

Defined Contribution Savings Plan

PECO participates in a 401(k) defined contribution savings plans that are sponsored by Exelon. The plan is qualified under applicable sections of the IRC and allows employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. PECO matches a percentage of the employee contribution up to certain limits. The following table presents the employer contributions and employer matching contributions to the savings plans during the years ended December 31, 2023 and 2022.

	2023	2022
Savings Plan Matching Contributions	\$ 15	\$ 13

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NOTES TO FINANCIAL STATEMENTS (Continued)			

8. Derivative Financial Instruments

PECO uses derivative instruments to manage commodity price risk and interest rate risk related to ongoing business operations. PECO does not execute derivatives for speculative or proprietary trading purposes.

Authoritative guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings immediately. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchases and normal sales (NPNS), cash flow hedges and fair value hedges. For all NPNS derivative instruments, accounts receivable or accounts payable are recorded when derivatives settle and revenue or expense is recognized in earnings as the underlying physical commodity is sold or consumed.

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

Commodity Price Risk

PECO employs established policies and procedures to manage their risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, which are determined to be non-derivative. PECO procures electric and natural gas supply through a competitive procurement process approved by the PAPUC. PECO's hedging programs are intended to reduce exposure to energy and natural gas price volatility and have no direct earnings impact as the costs are fully recovered from customers through regulatory-approved recovery mechanisms. The following table provides a summary of PECO's primary derivative hedging instruments, listed by commodity and accounting treatment.

Commodity	Accounting Treatment	Hedging Instrument
Electricity	NPNS	Fixed price contracts for default supply requirements through full requirements contracts.
Natural gas	NPNS	Fixed price contracts to cover about 10% of planned natural gas purchases in support of projected firm sales.

Credit Risk

PECO would be exposed to credit-related losses in the event of non-performance by counterparties on executed derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. PECO has contracts to procure electric and natural gas supply that provide suppliers with a certain amount of unsecured credit. If the exposure on the supply contract exceeds the amount of unsecured credit, the suppliers may be required to post collateral. The net credit exposure is mitigated primarily by the ability to recover procurement costs through customer rates. As of December 31, 2023 and 2022, PECO's counterparty credit risk with suppliers were not material.

PECO's electric supply procurement contracts do not contain provisions that would require them to post collateral. PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral in the form of cash or credit support, which vary by contract and counterparty, with thresholds contingent upon PECO's credit rating. As of December 31, 2023, PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of December 31, 2023, PECO could have been required to post approximately \$25 million of collateral to its counterparties.

9. Debt and Credit Agreements

Short-Term Borrowings

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

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Commercial Paper

The following table reflects PECO's commercial paper programs supported by the revolving credit agreements as of December 31, 2023 and 2022:

Credit Facility Size as of December 31,		Outstanding Commercial Paper as of December 31,		Average Interest Rate on Commercial Paper Borrowings as of December 31,	
2023 ^(a)	2022 ^(a)	2023	2022	2023	2022
\$ 600	\$ 600	\$ 165	\$ 239	5.57 %	4.71 %

(a) Excludes credit facility agreements arranged at minority and community banks. See below for additional information.

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

As of December 31, 2023, PECO had the following aggregate bank commitments, credit facility borrowings and available capacity under its syndicated revolving credit facility:

Aggregate Bank Commitment ^{(a)(b)}	Facility Draws	Outstanding Letters of Credit	Available Capacity at December 31, 2023	
			Actual	To Support Additional Commercial Paper
\$ 600	\$ —	\$ —	\$ 600	\$ 435

(a) On February 1, 2022, PECO's syndicated revolving credit facility was replaced with a new 5-year revolving credit facility.

(b) Excludes credit facility agreements arranged at minority and community banks. See below for additional information.

The following table reflects PECO's credit facility agreements arranged at minority and community banks as of December 31, 2023 and 2022. These are excluded from the Maximum Program Size and Aggregate Bank Commitment amounts within the two tables above and the facilities are solely used to issue letters of credit.

Aggregate Bank Commitments		Outstanding Letters of Credit	
2023 ^(a)	2022	2023	2022
\$ 40	\$ 40	\$ 1	\$ 1

(a) This facility was entered into on October 6, 2023 and expires on October 4, 2024.

Revolving Credit Agreements

On February 1, 2022, PECO entered into a new 5-year revolving credit facility that replaced its existing syndicated revolving credit facility. The credit agreement has an aggregate bank commitment of \$600 million and an interest rate of Secured Overnight Financing Rate (SOFR) plus 0.900%.

Borrowings under PECO's revolving credit agreements bear interest at a rate based upon either the prime rate or a SOFR-based rate, plus an adder based upon PECO's credit rating. The adders for PECO for the prime based borrowings and SOFR-based borrowings were 0.0 and 90.0, respectively

If PECO loses its investment grade rating, the maximum adders for prime rate borrowings and SOFR-based rate borrowings would be 65 basis points and 165 basis points, respectively. The credit agreements also require PECO to pay a facility fee based upon the aggregate commitments. The fee varies depending upon the credit rating of PECO.

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PECO Energy Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 3/22/2024	End of 2023/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

Long-Term Debt

The following table presents the outstanding long-term debt at PECO as of December 31, 2023 and 2022:

	Rates	Maturity Date	December 31,	
			2023	2022
Long-term debt				
First Mortgage Bonds (Accounts 221) ^(a)	2.80% - 5.95%	2025 - 2052	\$ 5,200	\$ 4,625
Loan Agreement	2.00%	2023	—	50
Total long-term debt			5,200	4,675
Unamortized debt discount and premium, net (Account 225 and 226)			(24)	(24)
Long-term debt			<u>\$ 5,176</u>	<u>\$ 4,651</u>
Long-term debt to financing trusts (Account 223)^(b)				
Subordinated debentures to PECO Trust III	7.38% - 10.5%	2028	\$ 81	\$ 81
Subordinated debentures to PECO Trust IV	5.75%	2033	103	103
Total long-term debt to financing trusts			<u>\$ 184</u>	<u>\$ 184</u>

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

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

Long-term debt maturities at PECO in the periods 2024 through 2028 and thereafter are as follows:

Year	
2024	\$ —
2025	—
2026	350
2027	—
2028	81
Thereafter ^(a)	4,953
Total	<u>\$ 5,384</u>

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

Debt Covenants

As of December 31, 2023, PECO is in compliance with debt covenants.

10. Fair Value of Financial Assets and Liabilities

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

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

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

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

Fair Value of Financial Liabilities Recorded at the Carrying Amount

Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
PECO Energy Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 3/22/2024	End of 2023/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

The following table presents the carrying amounts and fair values of PECO's long-term debt and trust preferred securities (long-term debt to financing trusts) as of December 31, 2023 and 2022. PECO has no financial liabilities measured using the Net Asset Value ("NAV") practical expedient.

	December 31, 2023					December 31, 2022				
	Carrying Amount	Fair Value				Carrying Amount	Fair Value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Long-Term Debt, (Accounts 221 and 226)^(a)	\$ 5,176	\$ —	\$ 4,562	\$ —	\$ 4,562	\$ 4,651	\$ —	\$ 3,864	\$ 50	\$ 3,914
Long-Term Debt to Financing Trusts (Account 223)	184	—	—	182	182	184	—	—	180	180

(a) Includes unamortized debt discount and premium, net, and purchase accounting fair value adjustments which are not fair valued. Refer to Note 7 -Debt and Credit Agreements.

PECO uses the following methods and assumptions to estimate fair value of financial liabilities recorded at carrying cost:

Type	Level	Valuation
Long-term debt, including amounts due within one year		
Taxable Debt Securities	2	The fair value is determined by a valuation model that is based on a conventional discounted cash flow methodology and utilizes assumptions of current market pricing curves. PECO obtains credit spreads based on trades of existing PECO debt securities as well as other issuers in the utility sector with similar credit ratings. The yields are then converted into discount rates of various tenors that are used for discounting the respective cash flows of the same tenor for each bond or note.
Long-Term Debt to Financing Trusts		
Long Term Debt to Financing Trusts	3	Fair value is based on publicly traded securities issued by the financing trusts. Due to low trading volume of these securities and qualitative factors, such as market conditions, investor demand, and circumstances related to each issue, this debt is classified as Level 3.

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	(2) <input type="checkbox"/> A Resubmission	3/22/2024	
NOTES TO FINANCIAL STATEMENTS (Continued)			

Recurring Fair Value Measurements

The following table presents assets and liabilities measured and recorded at fair value on PECO's Balance Sheet on a recurring basis and their level within the fair value hierarchy as of December 31, 2023 and 2022. PECO has no financial assets or liabilities measured using the NAV practical expedient:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Assets			
Cash equivalents (Accounts 132-134, 136) ^(a)	\$ 9	\$ —	\$ 9
Rabbi trust investments (Account 124)			
Mutual funds	9	—	9
Life insurance contracts	—	18	18
Rabbi trust investments subtotal	<u>9</u>	<u>18</u>	<u>27</u>
Total assets	<u>18</u>	<u>18</u>	<u>36</u>
Liabilities			
Deferred compensation obligation (228.3, 242)	—	(8)	(8)
Total liabilities	<u>—</u>	<u>(8)</u>	<u>(8)</u>
Total net assets	<u>\$ 18</u>	<u>\$ 10</u>	<u>\$ 28</u>
<u>December 31, 2022</u>			
Assets			
Cash equivalents (Accounts 132-134, 136) ^(a)	\$ 10	\$ —	\$ 10
Rabbi trust investments (Account 124)			
Mutual funds	7	—	7
Life insurance contracts	—	15	15
Rabbi trust investments subtotal	<u>7</u>	<u>15</u>	<u>22</u>
Total assets	<u>17</u>	<u>15</u>	<u>32</u>
Liabilities			
Deferred compensation obligation (228.3, 242)	—	(7)	(7)
Total liabilities	<u>—</u>	<u>(7)</u>	<u>(7)</u>
Total net assets	<u>\$ 17</u>	<u>\$ 8</u>	<u>\$ 25</u>

(a) Excludes cash of \$42 million and \$58 million as of December 31, 2023 and 2022.

PECO had no Level 3 assets or liabilities measured at fair value on a recurring basis for the years ended December 31, 2023 and 2022.

Valuation Techniques Used to Determine Fair Value

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

Cash Equivalents. Investments with original maturities of three months or less when purchased, including mutual and money market funds, are considered cash equivalents. The fair values are based on observable market prices and, therefore, are included in the recurring fair value measurements hierarchy as Level 1.

Rabbi Trust Investments. The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of PECO's executive management and directors. The Rabbi trusts' assets are included in investments in PECO's Balance Sheets and consist primarily of money market funds, mutual funds, fixed income securities and life insurance policies. Money market funds and mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices. The fair values of fixed income securities are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The life insurance policies are valued using the cash surrender value of the policies, net of loans against those policies, which is provided by a third-party. Certain life insurance policies, which consist primarily of mutual funds that are priced based on observable market data, have been categorized as Level 2 because the life insurance policies can be liquidated at the reporting date for the value of the underlying assets. Life insurance policies that are valued using unobservable inputs have been categorized as Level 3, where the fair value is determined based on the cash surrender value

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of the policy, which contains unobservable inputs and assumptions. Because PECO relies on its third-party insurance provider to develop the inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to PECO. Therefore, PECO has not disclosed such inputs.

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

The value of certain employment agreement obligations (which are included with the Deferred Compensation Obligation in the tables above) are based on a known and certain stream of payments to be made over time and are categorized as Level 2 within the fair value hierarchy.

11. Commitments and Contingencies

Commercial Commitments

PECO's commercial commitments as of December 31, 2023, representing commitments potentially triggered by future events, were as follows:

	Total	Expiration within					2029 and beyond
		2024	2025	2026	2027	2028	
Letters of credit ^(a)	\$ 1	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —
Surety bonds ^(b)	2	2	—	—	—	—	—
Financing trust guarantees ^(c)	178	—	—	—	—	78	100
Total commercial commitments	\$ 181	\$ 3	\$ —	\$ —	\$ —	\$ 78	\$ 100

(a) PECO maintains non-debt letters of credit to provide credit support for certain transactions as requested by third parties.

(b) Surety bonds-Guarantees issued related to contract and commercial agreements, excluding bid bonds. Historically, payments under the guarantees have not been made and the likelihood of payments being required is remote.

(c) Reflects guarantee PECO securities held by PECO Trust III, and PECO Trust IV.

Leases

PECO's minimum future operating lease payments for operating and office equipment, as of December 31, 2023 were less than \$1 million.

Environmental Remediation Matters

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

Manufactured Gas Plant (MGP) Sites. PECO has identified sites where former Manufactured Gas Plant or gas purification activities have or may have resulted in actual site contamination. For some sites, there are additional potentially responsible parties that may share responsibility for the ultimate remediation of each location. PECO has 6 sites that are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2025.

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

Pursuant to a PAPUC order, PECO is currently recovering environmental costs for the remediation of former MGP facility sites through customer rates.

In 2023, PECO completed an annual study of its future estimated MGP remediation requirements. The study did not result in a material change to the environmental liability for PECO.

As of December 31, 2023 and 2022, PECO had accrued the following undiscounted amounts for environmental liabilities in Account 228.4, Accumulated Miscellaneous Operating Provisions within its Balance Sheet:

	As of December 31,	
	2023	2022
Total environmental investigation and remediation reserve	\$ 27	\$ 25
Portion of total related to MGP investigation and remediation	25	23

Litigation and Regulatory Matters

Fund Transfer Restrictions. Under applicable law, PECO can pay dividends only from retained, undistributed or current earnings. A significant loss recorded at PECO may limit the dividends that these companies can distribute to Exelon.

PECO has agreed in connection with financings arranged through PEC L.P. and PECO Trust IV that PECO will not declare dividends on any shares of its capital stock in the event that: (1) it exercises its right to extend the interest payment periods on the subordinated debentures, which were issued to PEC L.P. or PECO Trust IV; (2) it defaults on its guarantee of the payment of distributions on the Series D Preferred Securities of PEC L.P. or the preferred trust securities of PECO Trust IV; or (3) an event of default occurs under the Indenture under which the subordinated debentures are issued. No such event has occurred.

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

12. Shareholders' Equity

Common Stock (Account 201) and Preference Securities (Account 204)

As of December 31, 2023 and 2022, PECO's common stock without par value consisted of 500,000,000 shares authorized and 170,478,507 shares outstanding. As of December 31, 2023 and 2022, PECO has 15,000,000 shares of preferred securities authorized, none of which are outstanding.

13. Supplemental Financial Information

Supplemental Statement of Income Information

The following table provides additional information about material items recorded in PECO's Statement of Income for the years ended December 31, 2023 and 2022:

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	For the Years Ended December 31,	
	2023	2022
Taxes other than income (Accounts 408.1 and 408.2)		
Utility ^(a)	\$ 166	\$ 166
Property	16	17
Payroll	17	16

(a) PECO utility taxes represent municipal and state utility taxes and gross receipts taxes related to its operating revenues. The offsetting collection of utility taxes from customers is recorded in revenues in PECO's Statement of Income.

Supplemental Cash Flows Information

The following table provides additional information about PECO's Statement of Cash Flows for the years ended December 31, 2023 and 2022:

	For the Years Ended December 31,	
	2023	2022
Cash paid (refunded) during the year		
Interest (net of amount capitalized)	\$ 200	\$ 166
Income taxes (net of refunds)	(24)	31
Non-cash investing activities		
(Decrease) increase in capital expenditures not paid	(56)	9

14. Related Party Transactions

Expenses with Generation

PECO incurred expenses from transactions with the Generation affiliate as described in the footnote to the table below prior to separation on February 1, 2022. Such expenses were primarily recorded as Purchased power from affiliates and an immaterial amount recorded as Operating and maintenance expense from affiliates at PECO:

	At December 31, 2022
Expenses from Generation ^(a)	\$ 33

(a) PECO received electric supply from Generation under contracts executed through PECO's competitive procurement process. In addition, PECO had a ten-year agreement with Generation to sell solar Alternative Energy Credits (AECs).

Service Company Costs for Corporate Support

PECO receives a variety of corporate services from Exelon's Business Services Corporation (BSC). PECO had operating and maintenance costs from BSC of \$213 million and \$197 million for the years ended December 31, 2023 and 2022, respectively. PECO had capitalized costs from affiliates of \$120 million and \$115 million as of December 31, 2023 and 2022, respectively.

Current Receivables from/Payables to affiliates

PECO had \$2 million and \$4 million in current Receivables from affiliates as of December 31, 2023 and December 31, 2022, respectively, primarily from DPL and ACE. The following table presents PECO's current Payables to affiliates:

	As of December 31,	
	2023	2022
BSC	\$ 36	\$ 39
Other	3	3
Total	\$ 39	\$ 42

Borrowings from Exelon intercompany money pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing Exelon operates an intercompany money pool. PECO participates in the Exelon money pool.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Long-term debt to financing trusts

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

	As of December 31,	
	2023	2022
PECO Trust III	\$ 81	\$ 81
PECO Trust IV	103	103
Total	<u>\$ 184</u>	<u>\$ 184</u>