

EXELON CORP
Form 10-Q
October 29, 2014
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**
For the Quarterly Period Ended September 30, 2014

or

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

	Name of Registrant; State of Incorporation;	
Commission	Address of Principal Executive Offices; and	IRS Employer
File Number	Telephone Number	Identification
1-16169	EXELON CORPORATION (a Pennsylvania corporation)	23-2990190
	10 South Dearborn Street	
	P.O. Box 805379	
	Chicago, Illinois 60680-5379	
	(312) 394-7398	
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company)	23-3064219
	300 Exelon Way	
	Kennett Square, Pennsylvania 19348-2473	
	(610) 765-5959	
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation)	36-0938600
	440 South LaSalle Street	

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Chicago, Illinois 60605-1028

(312) 394-4321

000-16844

PECO ENERGY COMPANY
(a Pennsylvania corporation)

23-0970240

P.O. Box 8699

2301 Market Street

Philadelphia, Pennsylvania 19101-8699

(215) 841-4000

1-1910

BALTIMORE GAS AND ELECTRIC COMPANY
(a Maryland corporation)

52-0280210

2 Center Plaza

110 West Fayette Street

Baltimore, Maryland 21201-3708

(410) 234-5000

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

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

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

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company
Exelon Corporation	x			
Exelon Generation Company, LLC			x	
Commonwealth Edison Company			x	
PECO Energy Company			x	
Baltimore Gas and Electric Company			x	

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

The number of shares outstanding of each registrant's common stock as of September 30, 2014 was:

Exelon Corporation Common Stock, without par value	859,464,772
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, \$12.50 par value	127,016,934
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

<i>Exelon</i>	Exelon Corporation
<i>Generation</i>	Exelon Generation Company, LLC
<i>ComEd</i>	Commonwealth Edison Company
<i>PECO</i>	PECO Energy Company
<i>BGE</i>	Baltimore Gas and Electric Company
<i>BSC</i>	Exelon Business Services Company, LLC
<i>Exelon Corporate</i>	Exelon in its corporate capacity as a holding company
<i>CENG</i>	Constellation Energy Nuclear Group, LLC
<i>Constellation</i>	Constellation Energy Group, Inc.
<i>Antelope Valley</i>	Antelope Valley Solar Ranch One
<i>Exelon Transmission Company</i>	Exelon Transmission Company, LLC
<i>Exelon Wind</i>	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
<i>Ventures</i>	Exelon Ventures Company, LLC
<i>AmerGen</i>	AmerGen Energy Company, LLC
<i>BondCo</i>	RSB BondCo LLC
<i>PEC L.P.</i>	PECO Energy Capital, L.P.
<i>PECO Trust III</i>	PECO Capital Trust III
<i>PECO Trust IV</i>	PECO Energy Capital Trust IV
<i>PETT</i>	PECO Energy Transition Trust
<i>Registrants</i>	Exelon, Generation, ComEd, PECO and BGE, collectively

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

<i>Note</i>	<i>of the Exelon 2013 Form 10-K</i>	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2013 Annual Report on Form 10-K
<i>1998 restructuring settlement</i>		PECO's 1998 settlement of its restructuring case mandated by the Competition Act
<i>Act 11</i>		Pennsylvania Act 11 of 2012
<i>Act 129</i>		Pennsylvania Act 129 of 2008
<i>AEC</i>		Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source
<i>AEPS</i>		Pennsylvania Alternative Energy Portfolio Standards
<i>AEPS Act</i>		Pennsylvania Alternative Energy Portfolio Standards Act of 2004, as amended
<i>AESO</i>		Alberta Electric Systems Operator
<i>AFUDC</i>		Allowance for Funds Used During Construction
<i>ALJ</i>		Administrative Law Judge
<i>AMI</i>		Advanced Metering Infrastructure
<i>AMP</i>		Advanced Metering Program
<i>ARC</i>		Asset Retirement Cost
<i>ARO</i>		Asset Retirement Obligation
<i>ARP</i>		Title IV Acid Rain Program
<i>ARRA of 2009</i>		American Recovery and Reinvestment Act of 2009
<i>Block contracts</i>		Forward Purchase Energy Block Contracts
<i>CAIR</i>		Clean Air Interstate Rule
<i>CAISO</i>		California ISO
<i>CAMR</i>		Federal Clean Air Mercury Rule

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<i>CERCLA</i>	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
<i>CFL</i>	Compact Fluorescent Light
<i>Clean Air Act</i>	Clean Air Act of 1963, as amended
<i>Clean Water Act</i>	Federal Water Pollution Control Amendments of 1972, as amended
<i>Competition Act</i>	Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996
<i>CPI</i>	Consumer Price Index
<i>CPUC</i>	California Public Utilities Commission
<i>CSAPR</i>	Cross-State Air Pollution Rule
<i>CTC</i>	Competitive Transition Charge
<i>D.C. Circuit Court</i>	United States Court of Appeals for the District of Columbia Circuit
<i>DOE</i>	United States Department of Energy
<i>DOJ</i>	United States Department of Justice
<i>DSP</i>	Default Service Provider
<i>DSP Program</i>	Default Service Provider Program
<i>EDF</i>	Electricite de France SA
<i>EE&C</i>	Energy Efficiency and Conservation/Demand Response
<i>EGS</i>	Electric Generation Supplier
<i>EGTP</i>	ExGen Texas Power, LLC
<i>EIMA</i>	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
<i>EPA</i>	United States Environmental Protection Agency
<i>ERCOT</i>	Electric Reliability Council of Texas
<i>ERISA</i>	Employee Retirement Income Security Act of 1974, as amended
<i>EROA</i>	Expected Rate of Return on Assets
<i>ESPP</i>	Employee Stock Purchase Plan
<i>FASB</i>	Financial Accounting Standards Board
<i>FERC</i>	Federal Energy Regulatory Commission
<i>FRCC</i>	Florida Reliability Coordinating Council
<i>FTC</i>	Federal Trade Commission
<i>GAAP</i>	Generally Accepted Accounting Principles in the United States
<i>GHG</i>	Greenhouse Gas
<i>GRT</i>	Gross Receipts Tax
<i>GSA</i>	Generation Supply Adjustment
<i>GWh</i>	Gigawatt hour
<i>HAP</i>	Hazardous air pollutants
<i>Health Care Reform Acts</i>	Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010
<i>IBEW</i>	International Brotherhood of Electrical Workers
<i>ICC</i>	Illinois Commerce Commission
<i>ICE</i>	Intercontinental Exchange
<i>Illinois Act</i>	Illinois Electric Service Customer Choice and Rate Relief Law of 1997
<i>Illinois EPA</i>	Illinois Environmental Protection Agency
<i>Illinois Settlement Legislation</i>	Legislation enacted in 2007 affecting electric utilities in Illinois
<i>IPA</i>	Illinois Power Agency
<i>IRC</i>	Internal Revenue Code
<i>IRS</i>	Internal Revenue Service
<i>ISO</i>	Independent System Operator

Table of Contents**GLOSSARY OF TERMS AND ABBREVIATIONS****Other Terms and Abbreviations**

<i>ISO-NE</i>	ISO New England Inc.
<i>ISO-NY</i>	ISO New York
<i>kV</i>	Kilovolt
<i>kW</i>	Kilowatt
<i>kWh</i>	Kilowatt-hour
<i>LIBOR</i>	London Interbank Offered Rate
<i>LILO</i>	Lease-In, Lease-Out
<i>LLRW</i>	Low-Level Radioactive Waste
<i>LTIP</i>	Long-Term Incentive Plan
<i>MATS</i>	U.S. EPA Mercury and Air Toxics Rule
<i>MBR</i>	Market Based Rates Incentive
<i>MDE</i>	Maryland Department of the Environment
<i>MDPSC</i>	Maryland Public Service Commission
<i>MGP</i>	Manufactured Gas Plant
<i>MISO</i>	Midcontinent Independent System Operator, Inc.
<i>mmcf</i>	Million Cubic Feet
<i>Moody's</i>	Moody's Investor Service
<i>MOPR</i>	Minimum Offer Price Rule
<i>MRV</i>	Market-Related Value
<i>MW</i>	Megawatt
<i>MWh</i>	Megawatt hour
<i>NAAQS</i>	National Ambient Air Quality Standards
<i>n.m.</i>	not meaningful
<i>NAV</i>	Net Asset Value
<i>NDT</i>	Nuclear Decommissioning Trust
<i>NEIL</i>	Nuclear Electric Insurance Limited
<i>NERC</i>	North American Electric Reliability Corporation
<i>NGS</i>	Natural Gas Supplier
<i>NJDEP</i>	New Jersey Department of Environmental Protection
<i>Non-Regulatory Agreements Units</i>	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
<i>NOV</i>	Notice of Violation
<i>NPDES</i>	National Pollutant Discharge Elimination System
<i>NRC</i>	Nuclear Regulatory Commission
<i>NSPS</i>	New Source Performance Standards
<i>NWPA</i>	Nuclear Waste Policy Act of 1982
<i>NYMEX</i>	New York Mercantile Exchange
<i>OCI</i>	Other Comprehensive Income
<i>OIESO</i>	Ontario Independent Electricity System Operator
<i>OPEB</i>	Other Postretirement Employee Benefits
<i>PA DEP</i>	Pennsylvania Department of Environmental Protection
<i>PAPUC</i>	Pennsylvania Public Utility Commission
<i>PGC</i>	Purchased Gas Cost Clause
<i>PHI</i>	Pepco Holdings, Inc.
<i>PJM</i>	PJM Interconnection, LLC
<i>POLR</i>	Provider of Last Resort
<i>POR</i>	Purchase of Receivables
<i>PPA</i>	Power Purchase Agreement

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

<i>Price-Anderson Act</i>	Price-Anderson Nuclear Industries Indemnity Act of 1957
<i>PRP</i>	Potentially Responsible Parties
<i>PSEG</i>	Public Service Enterprise Group Incorporated
<i>PURTA</i>	Pennsylvania Public Realty Tax Act
<i>PV</i>	Photovoltaic
<i>RCRA</i>	Resource Conservation and Recovery Act of 1976, as amended
<i>REC</i>	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
<i>Regulatory Agreement Units</i>	Nuclear generating units whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
<i>RES</i>	Retail Electric Suppliers
<i>RFP</i>	Request for Proposal
<i>Rider</i>	Reconcilable Surcharge Recovery Mechanism
<i>RGGI</i>	Regional Greenhouse Gas Initiative
<i>RMC</i>	Risk Management Committee
<i>RPM</i>	PJM Reliability Pricing Model
<i>RPS</i>	Renewable Energy Portfolio Standards
<i>RTEP</i>	Regional Transmission Expansion Plan
<i>RTO</i>	Regional Transmission Organization
<i>S&P</i>	Standard & Poor's Ratings Services
<i>SEC</i>	United States Securities and Exchange Commission
<i>Senate Bill 1</i>	Maryland Senate Bill 1
<i>SERC</i>	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
<i>SERP</i>	Supplemental Employee Retirement Plan
<i>SGIG</i>	Smart Grid Investment Grant
<i>SGIP</i>	Smart Grid Initiative Program
<i>SILO</i>	Sale-In, Lease-Out
<i>SMPPI</i>	Smart Meter Procurement and Installation Plan
<i>SNF</i>	Spent Nuclear Fuel
<i>SOS</i>	Standard Offer Service
<i>SPP</i>	Southwest Power Pool
<i>Tax Relief Act of 2010</i>	Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010
<i>Upstream</i>	Natural gas exploration and production activities
<i>VIE</i>	Variable Interest Entity
<i>WECC</i>	Western Electric Coordinating Council

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FILING FORMAT

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

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) Exelon's 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; (2) this Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors, (b) Part I, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 18; and (3) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants' websites at www.exeloncorp.com. Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

(In millions, except per share data)	Three Months Ended		Nine Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Operating revenues	\$ 6,912	\$ 6,502	\$ 20,173	\$ 18,725
Operating expenses				
Purchased power and fuel	2,591	2,404	8,943	7,199
Purchased power and fuel from affiliates	57	339	456	944
Operating and maintenance	1,982	1,735	6,005	5,391
Depreciation and amortization	577	530	1,732	1,606
Taxes other than income	306	277	887	825
Total operating expenses	5,513	5,285	18,023	15,965
Equity in earnings (loss) of unconsolidated affiliates	1	37	(20)	7
Gain on consolidation of CENG			261	
Operating income	1,400	1,254	2,391	2,767
Other income and (deductions)				
Interest expense, net	(247)	(228)	(691)	(1,091)
Interest expense to affiliates, net	(11)	(6)	(31)	(19)
Other, net	354	155	702	311
Total other income and (deductions)	96	(79)	(20)	(799)
Income before income taxes	1,496	1,175	2,371	1,968
Income taxes	422	439	646	733
Net income	1,074	736	1,725	1,235
Net income (loss) attributable to noncontrolling interest, preferred security dividends and redemption and preference stock dividends	81	(2)	121	11
Net income attributable to common shareholders	993	738	1,604	1,224
Comprehensive income, net of income taxes				
Net income	1,074	736	1,725	1,235
Other comprehensive income (loss), net of income taxes				
Pension and non-pension postretirement benefit plans:				
Prior service (benefit) cost reclassified to periodic benefit cost	(11)	1	(18)	
Actuarial loss reclassified to periodic cost	38	49	109	151
Pension and non-pension postretirement benefit plans valuation adjustment	(8)	(8)	240	69
Deferred compensation unit valuation adjustment				10
Unrealized (loss) on cash flow hedges	(19)	(46)	(92)	(169)
Unrealized gain (loss) on equity investments	(3)	16	8	51
Unrealized (loss) on foreign currency translation	(5)		(6)	(5)
Unrealized (loss) on marketable securities	(3)		(2)	(1)
Reversal of CENG equity method AOCI			(116)	

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Other comprehensive income (loss)	(11)	12	123	106
Comprehensive income	\$ 1,063	\$ 748	\$ 1,848	\$ 1,341
Average shares of common stock outstanding:				
Basic	861	857	860	856
Diluted	863	860	863	860
Earnings per average common share:				
Basic	\$ 1.15	\$ 0.86	\$ 1.87	\$ 1.43
Diluted	\$ 1.15	\$ 0.86	\$ 1.86	\$ 1.42
Dividends per common share	\$ 0.31	\$ 0.31	\$ 0.93	\$ 1.15

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Nine Months Ended September 30,	
	2014	2013
Cash flows from operating activities		
Net income	\$ 1,725	\$ 1,235
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	2,856	2,844
Impairment of long-lived assets	162	171
Gain on consolidation of CENG	(268)	
Gain on sale of assets	(356)	(17)
Deferred income taxes and amortization of investment tax credits	459	(164)
Net fair value changes related to derivatives	522	(229)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(141)	(95)
Other non-cash operating activities	698	584
Changes in assets and liabilities:		
Accounts receivable	198	54
Inventories	(316)	(103)
Accounts payable, accrued expenses and other current liabilities	(322)	(243)
Option premiums received (paid), net	21	(38)
Counterparty collateral posted, net	(615)	(73)
Income taxes	72	863
Pension and non-pension postretirement benefit contributions	(516)	(360)
Other assets and liabilities	(536)	(35)
Net cash flows provided by operating activities	3,643	4,394
Cash flows from investing activities		
Capital expenditures	(4,114)	(3,887)
Proceeds from nuclear decommissioning trust fund sales	5,464	3,344
Investment in nuclear decommissioning trust funds	(5,550)	(3,518)
Acquisition of businesses	(67)	
Proceeds from sale of long-lived assets	660	32
Proceeds from termination of direct financing lease investment	335	
Proceeds from sale of investments	7	20
Purchases of investments	(3)	(3)
Cash consolidated from CENG	129	
Change in restricted cash	(151)	(23)
Other investing activities	(86)	65
Net cash flows used in investing activities	(3,376)	(3,970)
Cash flows from financing activities		
Payment of accounts receivable agreement		(210)
Changes in short-term borrowings	236	205
Issuance of long-term debt	3,212	2,031
Retirement of long-term debt	(1,214)	(1,156)
Redemption of preferred securities		(93)
Distributions to noncontrolling interest of consolidated VIE	(415)	
Dividends paid on common stock	(799)	(981)

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Proceeds from employee stock plans	25	40
Other financing activities	(158)	(102)
Net cash flows provided by (used in) financing activities	887	(266)
Increase in cash and cash equivalents	1,154	158
Cash and cash equivalents at beginning of period	1,609	1,486
Cash and cash equivalents at end of period	\$ 2,763	\$ 1,644

See the Combined Notes to Consolidated Financial Statements

Table of Contents**EXELON CORPORATION AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,763	\$ 1,609
Restricted cash and cash equivalents	318	167
Accounts receivable, net		
Customer	2,815	2,981
Other	898	1,175
Mark-to-market derivative assets	744	727
Unamortized energy contract assets	225	374
Inventories, net		
Fossil fuel	546	276
Materials and supplies	1,045	829
Deferred income taxes	38	573
Regulatory assets	774	760
Assets held for sale	649	14
Other	1,022	652
Total current assets	11,837	10,137
Property, plant and equipment, net	51,630	47,330
Deferred debits and other assets		
Regulatory assets	5,589	5,910
Nuclear decommissioning trust funds	10,349	8,071
Investments	562	1,165
Investments in affiliates	26	22
Investment in CENG		1,925
Goodwill	2,672	2,625
Mark-to-market derivative assets	524	607
Unamortized energy contracts assets	571	710
Pledged assets for Zion Station decommissioning	365	458
Other	1,139	964
Total deferred debits and other assets	21,797	22,457
Total assets^(a)	\$ 85,264	\$ 79,924

See the Combined Notes to Consolidated Financial Statements

Table of Contents**EXELON CORPORATION AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Short-term borrowings	\$ 562	\$ 341
Long-term debt due within one year	2,064	1,509
Accounts payable	2,502	2,484
Accrued expenses	1,462	1,633
Payables to affiliates	22	116
Deferred income taxes	26	40
Regulatory liabilities	364	327
Mark-to-market derivative liabilities	249	159
Unamortized energy contract liabilities	195	261
Other	985	858
Total current liabilities	8,431	7,728
Long-term debt	19,200	17,623
Long-term debt to financing trusts	648	648
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	13,181	12,905
Asset retirement obligations	7,003	5,194
Pension obligations	1,809	1,876
Non-pension postretirement benefit obligations	1,459	2,190
Spent nuclear fuel obligation	1,021	1,021
Regulatory liabilities	4,593	4,388
Mark-to-market derivative liabilities	291	300
Unamortized energy contract liabilities	214	266
Payable for Zion Station decommissioning	260	305
Other	2,104	2,540
Total deferred credits and other liabilities	31,935	30,985
Total liabilities^(a)	60,214	56,984
Commitments and contingencies		
Shareholders equity		
Common stock (No par value, 2,000 shares authorized, 859 shares and 857 shares outstanding at September 30, 2014 and December 31, 2013, respectively)	16,679	16,741
Treasury stock, at cost (35 shares at both September 30, 2014 and December 31, 2013)	(2,327)	(2,327)
Retained earnings	11,160	10,358
Accumulated other comprehensive loss, net	(1,917)	(2,040)
Total shareholders equity	23,595	22,732
BGE preference stock not subject to mandatory redemption	193	193
Noncontrolling interest	1,262	15

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Total equity	25,050	22,940
Total liabilities and shareholders equity	\$ 85,264	\$ 79,924

- (a) Exelon's consolidated assets include \$7,773 million and \$1,755 million at September 30, 2014 and December 31, 2013, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include \$2,594 million and \$658 million at September 30, 2014 and December 31, 2013, respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 3 Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interest	Preferred and Preference Stock	Total Equity
Balance, December 31, 2013	892,034	\$ 16,741	\$ (2,327)	\$ 10,358	\$ (2,040)	\$ 15	\$ 193	\$ 22,940
Net income				1,604		111	10	1,725
Long-term incentive plan activity	1,439	49						49
Employee stock purchase plan issuances	735	25						25
Tax benefit on stock compensation		(7)						(7)
Acquisition of noncontrolling interest						3		3
Common stock dividends				(802)				(802)
Preferred and preference stock dividends							(10)	(10)
Fair value of financing contract payments		(131)						(131)
Noncontrolling interest established upon consolidation of CENG						1,548		1,548
Transfer of CENG pension and non-pension post retirement benefit obligations		2						2
Consolidated VIE dividend to noncontrolling interest						(415)		(415)
Reversal of CENG equity method AOCI, net of income taxes of \$77					(116)			(116)
Other comprehensive income net of income taxes of \$(154)					239			239
Balance, September 30, 2014	894,208	\$ 16,679	\$ (2,327)	\$ 11,160	\$ (1,917)	\$ 1,262	\$ 193	\$ 25,050

See the Combined Notes to Consolidated Financial Statements

Table of Contents**EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME****(Unaudited)**

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating revenues				
Operating revenues	\$ 4,300	\$ 3,871	\$ 11,944	\$ 10,729
Operating revenues from affiliates	112	384	647	1,129
Total operating revenues	4,412	4,255	12,591	11,858
Operating expenses				
Purchased power and fuel	1,821	1,837	6,595	5,341
Purchased power and fuel from affiliates	59	342	476	953
Operating and maintenance	1,114	936	3,308	2,943
Operating and maintenance from affiliates	152	140	457	434
Depreciation and amortization	253	218	719	643
Taxes other than income	127	98	350	292
Total operating expenses	3,526	3,571	11,905	10,606
Equity in earnings (losses) of unconsolidated affiliates	1	37	(20)	7
Gain on consolidation of CENG			261	
Operating income	887	721	927	1,259
Other income and (deductions)				
Interest expense	(77)	(69)	(224)	(210)
Interest expense to affiliates, net	(12)	(13)	(37)	(47)
Other, net	342	134	661	229
Total other income and (deductions)	253	52	400	(28)
Income before income taxes	1,140	773	1,327	1,231
Income taxes	291	288	290	436
Net income	849	485	1,037	795
Net income (loss) attributable to noncontrolling interests	78	(5)	111	(6)
Net income attributable to membership interest	771	490	926	801
Comprehensive income, net of income taxes				
Net income	849	485	1,037	795
Other comprehensive income (loss), net of income taxes				
Unrealized loss on cash flow hedges	(16)	(49)	(86)	(316)
Unrealized gain (loss) on equity investments	(3)	16	8	52
Unrealized gain (loss) on foreign currency translation	(5)	1	(6)	(5)
Unrealized loss on marketable securities	(2)		(3)	(1)
Reversal of CENG equity method AOCI			(116)	

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Other comprehensive loss	(26)	(32)	(203)	(270)
Comprehensive income	\$ 823	\$ 453	\$ 834	\$ 525

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Nine Months Ended September 30,	
	2014	2013
Cash flows from operating activities		
Net income	\$ 1,037	\$ 795
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	1,853	1,937
Impairment of long-lived assets	138	157
Gain on consolidation of CENG	(268)	
Gain on sale of assets	(355)	(13)
Deferred income taxes and amortization of investment tax credits	154	183
Net fair value changes related to derivatives	509	(222)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(141)	(95)
Other non-cash operating activities	251	231
Changes in assets and liabilities:		
Accounts receivable	153	57
Receivables from and payables to affiliates, net	72	2
Inventories	(286)	(81)
Accounts payable, accrued expenses and other current liabilities	(311)	(162)
Option premiums received (paid), net	21	(38)
Counterparty collateral paid, net	(634)	(123)
Income taxes	172	315
Pension and non-pension postretirement benefit contributions	(214)	(123)
Other assets and liabilities	(367)	(163)
Net cash flows provided by operating activities	1,784	2,657
Cash flows from investing activities		
Capital expenditures	(1,961)	(1,995)
Proceeds from nuclear decommissioning trust fund sales	5,464	3,344
Investment in nuclear decommissioning trust funds	(5,550)	(3,518)
Acquisition of businesses	(67)	
Proceeds from sale of long-lived assets	660	32
Change in restricted cash	(116)	(30)
Changes in Exelon intercompany money pool	44	
Cash consolidated from CENG	129	
Other investing activities	(34)	18
Net cash flows used in investing activities	(1,431)	(2,149)
Cash flows from financing activities		
Change in short-term borrowings	7	12
Issuance of long-term debt	1,112	831
Retirement of long-term debt	(552)	(471)
Distribution to member	(440)	(550)
Distributions to noncontrolling interest of consolidated VIE	(415)	
Contribution from member	55	
Other financing activities	(67)	(73)

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Net cash flows used in financing activities	(300)	(251)
Increase in cash and cash equivalents	53	257
Cash and cash equivalents at beginning of period	1,258	671
Cash and cash equivalents at end of period	\$ 1,311	\$ 928

See the Combined Notes to Consolidated Financial Statements

Table of Contents**EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,311	\$ 1,258
Restricted cash and cash equivalents	187	71
Accounts receivable, net		
Customer	1,705	1,689
Other	325	353
Mark-to-market derivative assets	744	727
Receivables from affiliates	56	108
Receivable from Exelon intercompany money pool		44
Unamortized energy contract assets	225	374
Inventories, net		
Fossil fuel	426	164
Materials and supplies	865	671
Deferred income taxes	144	475
Assets held for sale	649	14
Other	821	491
Total current assets	7,458	6,439
Property, plant and equipment, net	23,143	20,111
Deferred debits and other assets		
Nuclear decommissioning trust funds	10,349	8,071
Investments	154	400
Investment in CENG		1,925
Goodwill	47	
Mark-to-market derivative assets	507	600
Prepaid pension asset	1,711	1,873
Pledged assets for Zion Station decommissioning	365	458
Unamortized energy contract assets	571	710
Other	714	645
Total deferred debits and other assets	14,418	14,682
Total assets^(a)	\$ 45,019	\$ 41,232

See the Combined Notes to Consolidated Financial Statements

Table of Contents**EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	\$ 14	\$ 22
Long-term debt due within one year	73	561
Long-term debt to affiliates due within one year	560	
Accounts payable	1,318	1,322
Accrued expenses	840	976
Payables to affiliates	124	181
Deferred income taxes	1	25
Mark-to-market derivative liabilities	235	142
Unamortized energy contract liabilities	192	249
Other	478	389
Total current liabilities	3,835	3,867
Long-term debt	6,741	5,645
Long-term debt to affiliate	946	1,523
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	6,202	6,295
Asset retirement obligations	6,853	5,047
Non-pension postretirement benefit obligations	949	850
Spent nuclear fuel obligation	1,021	1,021
Payables to affiliates	2,850	2,740
Mark-to-market derivative liabilities	104	120
Unamortized energy contract liabilities	214	266
Payable for Zion Station decommissioning	260	305
Other	718	811
Total deferred credits and other liabilities	19,171	17,455
Total liabilities^(a)	30,693	28,490
Commitments and contingencies		
Equity		
Member s equity		
Membership interest	8,953	8,898
Undistributed earnings	4,099	3,613
Accumulated other comprehensive income, net	11	214
Total member s equity	13,063	12,725
Noncontrolling interest	1,263	17
Total equity	14,326	12,742
Total liabilities and equity	\$ 45,019	\$ 41,232

- (a) Generation's consolidated assets include \$7,703 million and \$1,695 million at September 30, 2014 and December 31, 2013, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include \$2,338 million and \$362 million at September 30, 2014 and December 31, 2013, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 3 Variable Interest Entities.

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

(In millions)	Member s Equity				Total Equity
	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Income, net	Noncontrolling Interest	
Balance, December 31, 2013	\$ 8,898	\$ 3,613	\$ 214	\$ 17	\$ 12,742
Net income		926		111	1,037
Acquisition of noncontrolling interest				2	2
Allocation of tax benefit from member	55				55
Distribution to member		(440)			(440)
Noncontrolling interest established upon consolidation of CENG				1,548	1,548
Consolidated VIE dividend to noncontrolling interest				(415)	(415)
Reversal of CENG equity method AOCI, net of income taxes of \$77			(116)		(116)
Other comprehensive loss, net of income taxes of \$53			(87)		(87)
Balance, September 30, 2014	\$ 8,953	\$ 4,099	\$ 11	\$ 1,263	\$ 14,326

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

(Unaudited)

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating revenues				
Operating revenues	\$ 1,221	\$ 1,155	\$ 3,482	\$ 3,393
Operating revenues from affiliates	1	1	2	2
Total operating revenues	1,222	1,156	3,484	3,395
Operating expenses				
Purchased power	325	158	741	522
Purchased power from affiliate	1	143	174	409
Operating and maintenance	320	296	923	907
Operating and maintenance from affiliate	39	37	117	113
Depreciation and amortization	174	164	521	501
Taxes other than income	76	80	225	225
Total operating expenses	935	878	2,701	2,677
Operating income	287	278	783	718
Other income and (deductions)				
Interest expense	(78)	(71)	(231)	(493)
Interest expense to affiliates, net	(3)	(3)	(10)	(10)
Other, net	4	7	14	18
Total other income and (deductions)	(77)	(67)	(227)	(485)
Income before income taxes	210	211	556	233
Income taxes	84	85	221	93
Net income	\$ 126	\$ 126	\$ 335	\$ 140
Comprehensive income	\$ 126	\$ 126	\$ 335	\$ 140

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Nine Months Ended	
	2014	September 30, 2013
Cash flows from operating activities		
Net income	\$ 335	\$ 140
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	521	501
Deferred income taxes and amortization of investment tax credits	154	(152)
Other non-cash operating activities	116	26
Changes in assets and liabilities:		
Accounts receivable	(109)	(21)
Receivables from and payables to affiliates, net	(55)	(32)
Inventories	(12)	(12)
Accounts payable, accrued expenses and other current liabilities	59	48
Income taxes	15	262
Pension and non-pension postretirement benefit contributions	(237)	(120)
Other assets and liabilities	62	210
Net cash flows provided by operating activities	849	850
Cash flows from investing activities		
Capital expenditures	(1,173)	(1,074)
Proceeds from sales of investments	7	5
Purchases of investments	(3)	(3)
Change in restricted cash	(2)	(3)
Other investing activities	23	33
Net cash flows used in investing activities	(1,148)	(1,042)
Cash flows from financing activities		
Changes in short-term borrowings	344	153
Issuance of long-term debt	650	350
Retirement of long-term debt	(617)	(252)
Contributions from parent	168	
Dividends paid on common stock	(230)	(165)
Other financing activities	(8)	(4)
Net cash flows provided by financing activities	307	82
Increase (Decrease) in cash and cash equivalents	8	(110)
Cash and cash equivalents at beginning of period	36	144
Cash and cash equivalents at end of period	\$ 44	\$ 34

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Table of Contents**COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 44	\$ 36
Restricted cash	4	2
Accounts receivable, net		
Customer	486	451
Other	455	581
Receivables from affiliates	3	3
Inventories, net	121	109
Regulatory assets	330	329
Other	37	29
Total current assets	1,480	1,540
Property, plant and equipment, net		
	15,389	14,666
Deferred debits and other assets		
Regulatory assets	928	933
Investments		5
Investments in affiliates	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,551	2,469
Prepaid pension asset	1,588	1,583
Other	278	291
Total deferred debits and other assets	7,976	7,912
Total assets	\$ 24,845	\$ 24,118

See the Combined Notes to Consolidated Financial Statements

Table of Contents**COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Short-term borrowings	\$ 528	\$ 184
Long-term debt due within one year	260	617
Accounts payable	571	449
Accrued expenses	254	307
Payables to affiliates	28	83
Customer deposits	128	133
Regulatory liabilities	187	170
Deferred income taxes	117	16
Mark-to-market derivative liability	14	17
Other	73	72
Total current liabilities	2,160	2,048
Long-term debt	5,448	5,058
Long-term debt to financing trust	206	206
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	4,170	4,116
Asset retirement obligations	103	99
Non-pension postretirement benefits obligations	278	381
Regulatory liabilities	3,643	3,512
Mark-to-market derivative liability	164	176
Other	868	994
Total deferred credits and other liabilities	9,226	9,278
Total liabilities	17,040	16,590
Commitments and contingencies		
Shareholders equity		
Common stock	1,588	1,588
Other paid-in capital	5,362	5,190
Retained earnings	855	750
Total shareholders equity	7,805	7,528
Total liabilities and shareholders equity	\$ 24,845	\$ 24,118

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(In millions)	Common Stock	Other Paid- In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders Equity
Balance, December 31, 2013	\$ 1,588	\$ 5,190	\$ (1,639)	\$ 2,389	\$ 7,528
Net income			335		335
Appropriation of retained earnings for future dividends			(335)	335	
Common stock dividends				(230)	(230)
Contribution from parent		168			168
Parent tax matter indemnification		4			4
Balance, September 30, 2014	\$ 1,588	\$ 5,362	\$ (1,639)	\$ 2,494	\$ 7,805

See the Combined Notes to Consolidated Financial Statements

Table of Contents**PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME****(Unaudited)**

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating revenues				
Operating revenues	\$ 693	\$ 727	\$ 2,342	\$ 2,294
Operating revenues from affiliates		1	1	1
Total operating revenues	693	728	2,343	2,295
Operating expenses				
Purchased power and fuel	228	207	798	632
Purchased power from affiliate	27	82	162	321
Operating and maintenance	181	162	597	480
Operating and maintenance from affiliates	23	24	71	74
Depreciation and amortization	59	57	176	171
Taxes other than income	42	41	122	121
Total operating expenses	560	573	1,926	1,799
Operating income	133	155	417	496
Other income and (deductions)				
Interest expense	(26)	(26)	(76)	(77)
Interest expense to affiliates, net	(3)	(3)	(9)	(9)
Other, net	2	1	5	4
Total other income and (deductions)	(27)	(28)	(80)	(82)
Income before income taxes	106	127	337	414
Income taxes	25	35	82	122
Net income	81	92	255	292
Preferred security dividends and redemption				7
Net income attributable to common shareholder	\$ 81	\$ 92	\$ 255	\$ 285
Comprehensive income	\$ 81	\$ 92	\$ 255	\$ 292

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

(In millions)	Nine Months Ended September 30,	
	2014	2013
Cash flows from operating activities		
Net income	\$ 255	\$ 292
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	176	171
Deferred income taxes and amortization of investment tax credits	7	35
Other non-cash operating activities	70	84
Changes in assets and liabilities:		
Accounts receivable	63	41
Receivables from and payables to affiliates, net	(20)	(25)
Inventories	5	4
Accounts payable, accrued expenses and other current liabilities	19	9
Income taxes	16	66
Pension and non-pension postretirement benefit contributions	(12)	(10)
Other assets and liabilities	(75)	(47)
Net cash flows provided by operating activities	504	620
Cash flows from investing activities		
Capital expenditures	(461)	(374)
Changes in intercompany money pool		(1)
Change in restricted cash		(1)
Other investing activities	9	8
Net cash flows used in investing activities	(452)	(368)
Cash flows from financing activities		
Payment of accounts receivable agreement		(210)
Issuance of long-term debt	300	550
Contributions from parent	24	
Dividends paid on common stock	(240)	(248)
Dividends paid on preferred securities		(1)
Redemption of preferred securities		(93)
Other financing activities	(7)	(3)
Net cash flows provided by (used in) financing activities	77	(5)
Increase in cash and cash equivalents	129	247
Cash and cash equivalents at beginning of period	217	362
Cash and cash equivalents at end of period	\$ 346	\$ 609

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Table of Contents**PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 346	\$ 217
Restricted cash and cash equivalents	2	2
Accounts receivable, net		
Customer	258	360
Other	105	103
Receivables from affiliates	3	4
Inventories, net		
Fossil fuel	52	60
Materials and supplies	24	21
Deferred income taxes	83	83
Prepaid utility taxes	44	3
Regulatory assets	21	17
Other	44	36
Total current assets	982	906
Property, plant and equipment, net	6,648	6,384
Deferred debits and other assets		
Regulatory assets	1,520	1,448
Investments	23	23
Investments in affiliates	8	8
Receivable from affiliates	479	447
Prepaid pension asset	352	363
Other	39	38
Total deferred debits and other assets	2,421	2,327
Total assets	\$ 10,051	\$ 9,617

See the Combined Notes to Consolidated Financial Statements

Table of Contents**PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Long-term debt due within one year	\$ 250	\$ 250
Accounts payable	303	285
Accrued expenses	121	106
Payables to affiliates	38	58
Customer deposits	53	49
Regulatory liabilities	79	106
Other	26	37
Total current liabilities	870	891
Long-term debt		
Long-term debt to financing trusts	2,246	1,947
Deferred credits and other liabilities	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,574	2,487
Asset retirement obligations	30	29
Non-pension postretirement benefits obligations	291	286
Regulatory liabilities	655	629
Other	97	99
Total deferred credits and other liabilities	3,647	3,530
Total liabilities	6,947	6,552
Commitments and contingencies		
Shareholder's equity		
Common stock	2,439	2,415
Retained earnings	664	649
Accumulated other comprehensive income, net	1	1
Total shareholder's equity	3,104	3,065
Total liabilities and shareholder's equity	\$ 10,051	\$ 9,617

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER S EQUITY

(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholder s Equity
Balance, December 31, 2013	\$ 2,415	\$ 649	\$ 1	\$ 3,065
Net income		255		255
Common stock dividends		(240)		(240)
Allocation of tax benefit from parent	\$ 24	\$	\$	\$ 24
Balance, September 30, 2014	\$ 2,439	\$ 664	\$ 1	\$ 3,104

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(Unaudited)

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating revenues				
Operating revenues	\$ 694	\$ 735	\$ 2,383	\$ 2,261
Operating revenues from affiliates	3	2	21	10
Total operating revenues	697	737	2,404	2,271
Operating expenses				
Purchased power and fuel	216	202	808	703
Purchased power from affiliate	81	144	286	356
Operating and maintenance	142	125	468	391
Operating and maintenance from affiliates	23	21	73	59
Depreciation and amortization	78	78	275	252
Taxes other than income	55	53	168	162
Total operating expenses	595	623	2,078	1,923
Operating income	102	114	326	348
Other income and (deductions)				
Interest expense	(22)	(25)	(69)	(82)
Interest expense to affiliates, net	(4)	(4)	(12)	(12)
Other, net	4	4	14	13
Total other income and (deductions)	(22)	(25)	(67)	(81)
Income before income taxes	80	89	259	267
Income taxes	31	36	103	107
Net income	49	53	156	160
Preference stock dividends	3	3	10	10
Net income attributable to common shareholder	\$ 46	\$ 50	\$ 146	\$ 150
Comprehensive income	\$ 49	\$ 53	\$ 156	\$ 160

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(In millions)	Nine Months Ended	
	2014	September 30, 2013
Cash flows from operating activities		
Net income	\$ 156	\$ 160
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	275	252
Deferred income taxes and amortization of investment tax credits	57	105
Other non-cash operating activities	129	105
Changes in assets and liabilities:		
Accounts receivable	101	(28)
Receivables from and payables to affiliates, net	(11)	(12)
Inventories	(21)	(15)
Accounts payable, accrued expenses and other current liabilities	(50)	(5)
Counterparty collateral received, net	16	
Income taxes	53	6
Pension and non-pension postretirement benefit contributions	(13)	(16)
Other assets and liabilities	(67)	(119)
Net cash flows provided by operating activities	625	433
Cash flows from investing activities		
Capital expenditures	(458)	(391)
Change in restricted cash	(37)	(20)
Other investing activities	15	2
Net cash flows used in investing activities	(480)	(409)
Cash flows from financing activities		
Changes in short-term borrowings	(115)	40
Issuance of long-term debt		300
Retirement of long-term debt	(35)	(433)
Dividends paid on preference stock	(10)	(10)
Other financing activities	11	(3)
Net cash flows used in financing activities	(149)	(106)
Decrease in cash and cash equivalents	(4)	(82)
Cash and cash equivalents at beginning of period	31	89
Cash and cash equivalents at end of period	\$ 27	\$ 7

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Table of Contents**BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 27	\$ 31
Restricted cash and cash equivalents	65	28
Accounts receivable, net		
Customer	366	480
Other	90	114
Income taxes receivable		30
Inventories, net		
Gas held in storage	68	53
Materials and supplies	34	28
Deferred income taxes	5	2
Prepaid utility taxes	2	57
Regulatory assets	206	181
Other	6	7
Total current assets	869	1,011
Property, plant and equipment, net	6,126	5,864
Deferred debits and other assets		
Regulatory assets	500	524
Investments	4	5
Investments in affiliates	8	8
Prepaid pension asset	382	423
Other	26	26
Total deferred debits and other assets	920	986
Total assets^(a)	\$ 7,915	\$ 7,861

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(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Short-term borrowings	\$ 20	\$ 135
Long-term debt due within one year	72	70
Accounts payable	207	270
Accrued expenses	167	111
Deferred income taxes	52	27
Payables to affiliates	56	55
Customer deposits	93	76
Regulatory liabilities	45	48
Other	45	35
Total current liabilities	757	827
Long-term debt	1,904	1,941
Long-term debt to financing trust	258	258
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,805	1,773
Asset retirement obligations	18	19
Non-pension postretirement benefits obligations	213	217
Regulatory liabilities	199	204
Other	60	67
Total deferred credits and other liabilities	2,295	2,280
Total liabilities ^(a)	5,214	5,306
Commitments and contingencies		
Shareholders equity		
Common stock	1,360	1,360
Retained earnings	1,151	1,005
Total shareholder s equity	2,511	2,365
Preference stock not subject to mandatory redemption	190	190
Total equity	2,701	2,555
Total liabilities and shareholders equity	\$ 7,915	\$ 7,861

(a) BGE s consolidated assets include \$50 million and \$31 million at September 30, 2014 and December 31, 2013, respectively, of BGE s consolidated VIE that can only be used to settle the liabilities of the VIE. BGE s consolidated liabilities include \$237 million and \$269

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million at September 30, 2014 and December 31, 2013, respectively, of BGE's consolidated VIE for which the VIE creditors do not have recourse to BGE. See Note 3 Variable Interest Entities.

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(In millions)	Common Stock	Retained Earnings
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