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T&D Utilities Put Exelon's Credit Profile on Solid Ground

RATINGS

Exelon Corporation

Long Term Rating	Baa2
Short Term Rating	Prime 2
Outlook	Stable

KEY INDICATORS

	FY 2011	FY 2012	LTM3Q 2013
Interest Coverage	8.4x	5.9x	4.5x
CFO pre-wc / Debt	42.9%	23.6%	22.0%
RCF / Debt	34.8%	24.1%	20.5%
FCF / Debt	8.0%	(5.8%)	(4.3%)

Source: Moody's Financial Metrics

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» **Exelon Corp.'s (Baa2 stable) three regulated transmission and distribution (T&D) utility businesses are looking more and more like corporate crown jewels.** Together, the utilities mitigate the risks of Exelon's more challenged unregulated business and provide a strong foundation for the consolidated credit profile.

» **Exelon's utilities are financially secure and operate in more certain regulatory environments in Maryland, Illinois and Pennsylvania.** Our more favorable view of the relative credit supportiveness of the US regulatory environment, led by a suite of timely cost-recovery mechanisms, played a primary role in our January upgrades of the senior unsecured ratings of Baltimore Gas & Electric Company (BGE; A3 stable) in Maryland, Commonwealth Edison Company (CWE; Baa1 stable) in Illinois, and PECO Energy Company (PECO: A2 stable) in Pennsylvania.[1]

» **Exelon will hold up its side of a constructive regulatory relationship by growing its T&D businesses.** Compared with the past few years, we see a higher level of capital investment pouring into the utilities, roughly \$3.0 billion a year in 2014-16, in part to modernize, renovate and refurbish the infrastructure. These investments will grow the rate base and eventually translate into higher earnings and cash flows.

» **Exelon's utilities compare favorably to their industry peers.** Combined, Exelon's regulated utility business is about the size of Consolidated Edison Company of New York (A2 stable) in terms of revenue, but with regulatory diversity spread across three states. We see Exelon's utilities producing annual revenue of roughly \$12 billion, EBITDA of roughly \$3.5 billion and cash flows around \$3.0 billion—making up about 50% of the consolidated company's financial profile. With 50% of the business represented by regulated utilities, Exelon has roughly the same regulated-unregulated business mix as NextEra Energy (Baa1 stable).

» **Cautious optimism is heavily baked into our analysis.** The Maryland and Illinois regulatory environments have been somewhat contentious in past years, but both states have implemented mechanisms which we view as more credit supportive. That said, a degree of caution continues to be heavily baked into our analysis of the regulatory environment for utilities operating in those states.

[1] See our press release dated 30 January 2014. The primary driver of the rating action was our more favorable view of the relative credit supportiveness of the US regulatory environment, detailed in our September 2013 Request for Comment titled "Proposed Refinements to the Regulated Utilities Rating Methodology and our Evolving View of US Utility Regulation."

Utilities provide a solid foundation to credit profile

Exelon's three T&D utilities are big and generate relatively stable and predictable revenues and cash flows. We think Exelon's utilities will produce annual revenue of roughly $12 billion, EBITDA of roughly $3.5 billion and cash flows around $3.0 billion. These utilities mitigate the risks of Exelon's more risky, and volatile, unregulated businesses at affiliate Exelon Generation Company (ExGen: Baa2 stable), which owns and operates a huge fleet of merchant power-generating assets, mostly nuclear, and a nationwide retail electric and gas marketing business.

Exelon carries almost $25 billion in debt, and we think consolidated cash flows should remain above the $5 billion range, which equates to a ratio of cash flow to debt over 20%. We think roughly half of this will be generated by the regulated utilities. Nevertheless, our recent rating upgrades for Baltimore Gas & Electric, Commonwealth Edison and PECO Energy don't provide Exelon with any incremental cushion to rely more heavily on leverage at either the parent or ExGen.

EXHIBIT 1

Exelon's T&D utilities make up about 50% of Exelon's consolidated operations ($ millions)

Company Name	EBITDA	Cash Flow from Operations	Funds from Operations	Capital Expenditures	Dividends	Total Debt	Total Equity	Total Assets
Baltimore G&E	$783	$584	$771	$562	$11	$2,781	$2,366	$7,729
Commonwealth Edison	$1,843	$1,046	$856	$1,436	$178	$7,195	$7,525	$23,794
PECO Energy	$905	$888	$776	$540	$335	$3,160	$3,022	$9,907
Total utility	**$3,531**	**$2,518**	**$2,403**	**$2,538**	**$524**	**$13,136**	**$12,912**	**$41,430**
Exelon Corporation	$8,253	$5,999	$6,639	$5,533	$1,542	$24,370	$22,121	$80,206
Average Regulated as a % Consolidated	**43%**	**42%**	**36%**	**46%**	**34%**	**54%**	**58%**	**52%**

Note: Financials are in millions, as of the last 12 months ended September 2013.

Source: Moody's Financial Metrics, includes Moody's Standard Adjustments

With almost 50% of the consolidated business represented by regulated utilities, Exelon has about the same regulated-unregulated business mix as NextEra Energy (Baa1 stable). We view this more balanced business mix as a credit positive, but we think it will only be temporary.

The primary reason for today's balance is that the unregulated operations have been declining due to depressed power prices. With an expected improvement in unregulated power-market conditions, Exelon's business mix will quickly shift back to being more unregulated, and thus more risky. Still, the size of Exelon's regulated utilities provides a solid foundation for the unregulated business to wait for better market conditions. **But if those improved market conditions do not materialize over the next two to three years, we think Exelon will start to seriously consider harvesting certain assets in its generation portfolio and permanently reducing its exposure to the unregulated market.**

In the charts below, we illustrate the stability of the regulated utility business. We show selected historical financials for the 5-year average (2008 – 2012), 3-year average (2010 – 2012), year end 2012 and latest twelve months ended September 30, 2013. These historical financials include our standard GAAP financial adjustments and does not adjust for any impacts associated with CWE's Like Kind Exchange in Q1 2013.

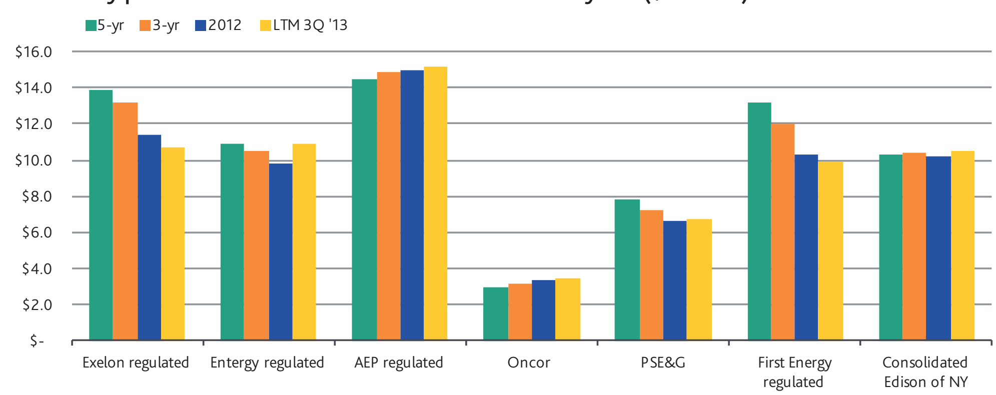
We illustrate these historical financials as if all of Exelon's utilities were rolled into a single regulated utility. Similarly, we do the same analysis for the regulated utilities owned by First Energy (FE: Baa3 stable), Entergy Corp (ETR: Baa3 stable) and American Electric Power Company (AEP: Baa1 stable)[2]. We also look at Public Service Electric and Gas Company (PSE&G: A2 stable), the combination utility of Public Service Enterprise Group (PSEG: Baa1 stable) and Consolidated Edison Company of New York, Inc (CECONY: A2 stable), the principal utility of Consolidated Edison Corp (ConEd: Baa1 stable); two large combination electric and gas T&D utilities serving large urban regions. We also look at Oncor Electric Delivery Company LLC (Oncor: Baa3 senior secured, stable), an 80% owned regulated utility subsidiary of Energy Future Holdings Corp (EFH: Caa3), a large electric T&D utility roughly the same size as CWE.

From the perspective of the regulated utilities, American Electric Power, Energy Future Holdings, Entergy, First Energy and PSEG are most comparable to Exelon because in each case the consolidated family owns a portfolio of regulated utilities, which were unbundled from their legacy utility generation assets and where the unregulated generation margins are earned in competitive wholesale commodity markets.

The steady decline in Exelon's revenues are not a credit risk. A large portion of the decline is associated with PECO, who's rates were set in accordance with a 1998 restructuring settlement, which included an above market purchase agreement running through 2010. Once the transition period expired, along with the contract, revenues declined. But so did purchased power costs, which are a pass-through in rates.

EXHIBIT 2

Select utility peers – revenues are set to stabilize before they rise ($ billions)

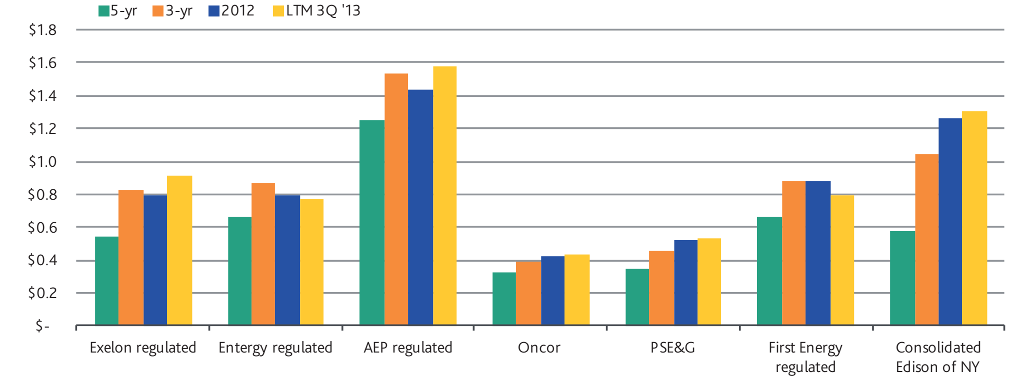


Source: Company filings; Moody's

[2] For more details on how we look at AEP's regulated utilities, see Credit Focus report American Electric Power Company: Pruning the Buckeye portfolio for a stronger future, published in October 2013 (159237).

EXHIBIT 3

Net income will increase with more timely recovery mechanisms ($ billions)



Source: Company Filings; Moody's

Utilities operate under supportive regulatory environments

Exelon's utilities operate under supportive regulatory environments in Maryland, Illinois and Pennsylvania. All three jurisdictions provide a suite of timely cost-recovery mechanisms, a primary reason behind our upgrade of the senior unsecured ratings of Baltimore Gas & Electric to A3 from Baa1, Commonwealth Edison to Baa1 from Baa2, and PECO to A2 from A3. In the table below, we summarize select recovery provisions for Exelon's utilities in Maryland, Illinois and Pennsylvania.

EXHIBIT 4

Select recovery mechanisms in Maryland, Illinois and Pennsylvania

Company	State	Formula Rate Making	Fuel / Pwr pass-thru	Decoupling	Generation	Environmental	Nat Gas T&D	Other trackers	Allowed ROE
Baltimore G&E	MD	No	Yes	Yes	Yes	Yes	Yes	DSM	9.75%E/9.6%G
Commonwealth Edison	IL	Yes	Yes	No	Yes	Yes	No	Yes	+580 bps /30yr UST
PECO Energy	PA	No	Yes	No	Yes	Yes	Yes	DSM	NA

Notes: DSM stands for demand-side management. NA stands for not available; PECO doesn't disclose allowed returns on equity.
Sources: Company regulatory filings and Moody's Investors Service

Evidence of supportive regulatory decisions can be found in recent rate orders in Maryland and Illinois, states in which utilities were often a party in more contentious regulatory proceedings. Maryland's more constructive political and regulatory environment should help BGE produce cash flows near the $600 million range. With almost $3 billion in debt, which will eventually increase, BGE should still produce a minimum ratio of cash flow to debt in the high teens range.

In December 2013, BGE received a rate increase of about $46 million with an authorized return on equity of 9.6% for the gas distribution segment and an authorized return on equity of 9.75% for the electric business. BGE also received a small infrastructure tracker. Taken as a whole, we view the decision as a credit positive.

The credit profile of Commonwealth Edison in Illinois is now more reflective of a credit supportive regulatory environment, which will provide greater revenue and cash flow predictability. Recent Illinois legislation, the Energy Infrastructure and Modernization Act and Senate Bill 9 (SB9), established a framework to adopt more formulaic cost-recovery mechanisms. In the formula's first material regulatory proceeding since passage of SB9, CWE was authorized a revenue increase of $341 million, compared with the $353 million request. The small difference appears to indicate that the utility and commission now have a shared understanding of how utilities should apply for cost-recovery for these types of distribution investments, a credit positive.

CWE's suite of recovery mechanisms, taken as a whole, actually look better than both BGE's and PECO's, because of the formulaic ratemaking framework. In Pennsylvania, PECO operates with a suite of recovery mechanisms and riders. These include recovery for fuel and purchased power, and investments for generation, environmental, and natural gas and T&D infrastructure, among others.

All of this said, a degree of cautious optimism continues to be heavily baked into our base case, so we'll need to see another rate cycle or two for us to remove any lingering caution from our view. For now, we believe Illinois' formulaic rate making framework will not be materially altered in mid-2014 and we think there is a reasonable likelihood that the structure is extended in 2017, when it expires (with a legislative sunset).

Maryland, Illinois and Pennsylvania compare favorably to peer jurisdictions

Exelon's T&D utilities are lower-risk businesses than vertically integrated electric or electric and gas utilities, because the risks associated with generation assets have been transferred to an affiliate (risks such as higher environmental and commodity exposures, which tend to create more volatile financial results, especially with respect to liquidity reserves).

We acknowledge that over the past few years contentiousness in the Maryland and Illinois regulatory environments has been relatively high compared with other regulatory jurisdictions. The cause of such contentiousness is evenly attributable to both the utilities and the regulatory authorities; however, contentious regulatory environments tend to be short-lived. Today, we think regulators and elected officials like having a strong, financially secure parent owning the city utility systems in Baltimore, Chicago and Philadelphia, so we see relatively smooth sailing for at least the next two or three years. In Philadelphia, for example, the city is looking to sell its municipally owned gas distribution utility. We would not be surprised if PECO steps in to purchase the municipal gas distribution system, since it probably can offer the greatest amount of operating synergies.

An example of an improved regulatory environment can also be found in the use of forward test years. Forward test years, as opposed to historical test years, are credit-positive because they provide a relatively transparent framework for utilities to recover their short-term operating and longer-term fixed costs more immediately. Exelon's utilities generally benefit from forward test year or 'forward test year-like" structures, but there is a wide variety in the recovery mechanisms mechanics across the three states. For example, CWE's formula rate includes prior year cost and current year projected net plant additions. BGE's primary test year is not forward looking, but they have STRIDE (the gas infrastructure replacement program) and ERI (the electric reliability initiative), which is associated with reliability improvements. Both programs are expected to recover their costs through a monthly surcharge and have forward-looking adjustments. PECO has been using the current year as its test year, but will now start utilizing a fully projected test year.

State regulatory jurisdictions that use forward test years are well-known for their credit supportiveness, including California, Michigan and Wisconsin. Other state jurisdictions that have traditionally been viewed as more contentious, but now have a better suite of recovery mechanisms, include Arkansas, Connecticut, Kentucky, Maine, New York, Oregon and Tennessee.

EXHIBIT 5

Select Companies and States That Use Forward Test Years and Have a Strong Suite of Recovery Provisions

Company	State	Fwd Test Yr	Fuel / pwr pass-thru	Decoupling	Generation	Environ-mental	Nat Gas T&D	Est. Allowed ROE	Earned ROE
SourceGas LLC	AR	Yes	Yes	Yes	Yes	Yes		9.5%	7.8%
CERC	AR	Yes	Yes	Yes	Yes	Yes	Yes	9.7%	8.0%
SoCal Gas	CA	Yes	Yes	Yes	Yes	Yes	Yes	10.8%	12.9%
Southwest Gas	CA	Yes	Yes	Yes	Yes	Yes		10.5%	9.4%
Conn L&P	CT	Yes	Yes		Yes	Yes	Yes		8.9%
North Shore Gas	IL	Yes	Yes	Yes	Yes	Yes		9.3%	7.8%
Peoples Gas	IL	Yes	Yes	Yes	Yes	Yes	Yes	9.3%	5.9%
Atmos Energy	KY	Yes	Yes	Yes	Yes	Yes			9.0%
Central Maine	ME	Yes	Yes		Yes	Yes		9.8%	9.0%
DTE Gas	MI	Yes	Yes	Yes	Yes	Yes	Yes	10.5%	9.4%
SEMCO Energy	MI	Yes	Yes		Yes	Yes	Yes	10.4%	6.7%
Central Hudson	NY	Yes	Yes	Yes	Yes	Yes		10.0%	13.2%
Consolidated Edison Company of NY	NY	Yes	Yes	Yes	Yes	Yes	Yes	9.6%	10.2%
O&R Utilities	NY	Yes	Yes	Yes	Yes	Yes	Yes	9.7%	12.0%
NYSE&G	NY	Yes	Yes	Yes	Yes	Yes		10.0%	9.5%
Rochester G&E	NY	Yes	Yes	Yes	Yes	Yes		10.0%	8.7%
NW Natural Gas	OR	Yes	Yes	Yes	Yes	Yes	Yes	9.5%	8.5%
Piedmont	TN	Yes	Yes	Yes	Yes	Yes		10.2%	11.3%
Atmos Energy	TN	Yes	Yes	Yes	Yes	Yes		10.1%	9.0%
Wisconsin Gas	WI	Yes	Yes		Yes	Yes		10.5%	5.9%

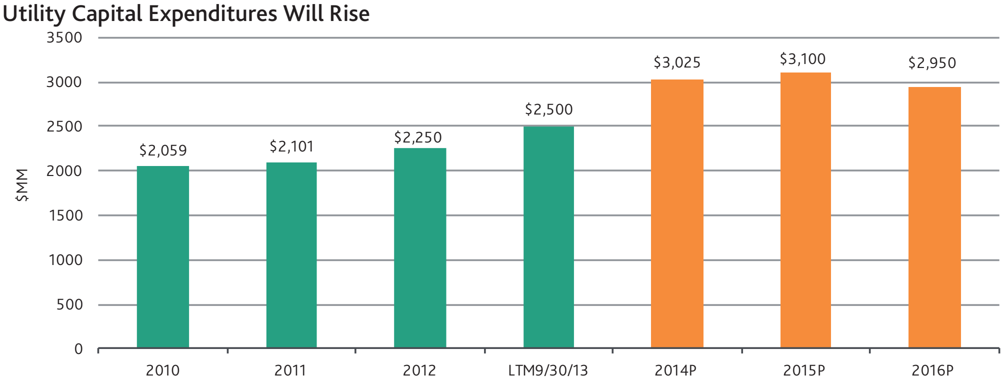
Sources: Company regulatory filings and Moody's Investors Service

Exelon's capital investments in its utilities will increase

Over the next few years, we think Exelon will invest more heavily into its three utilities, which will grow rate base and eventually, earnings. The investments will primarily help modernize, renovate and refurbish their distribution infrastructure, which in turn helps the local economy grow.

EXHIBIT 6

Utility Capital Expenditures Will Rise

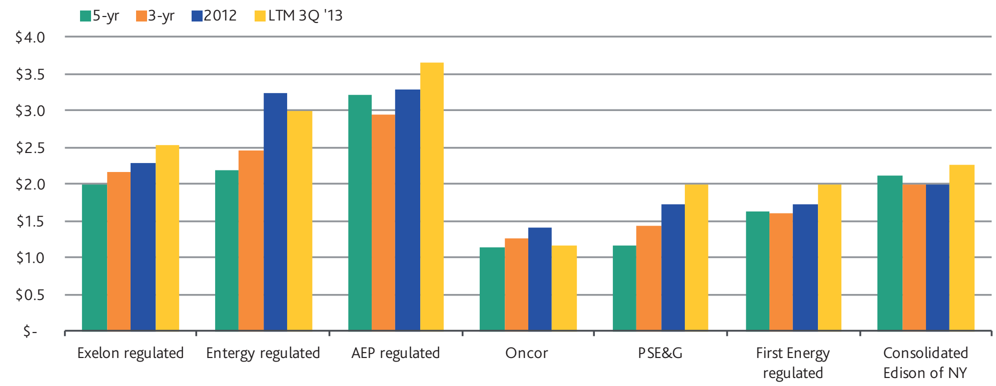


Source: Company filings; Moody's

We expect Exelon will give its regulated utilities a preferred position at the corporate capital allocation trough. The utilities' more transparent suite of recovery mechanisms leads to more predictable cash flows. This will make it more challenging for the unregulated businesses to compete for capital allocation within the consolidated organization.

EXHIBIT 7

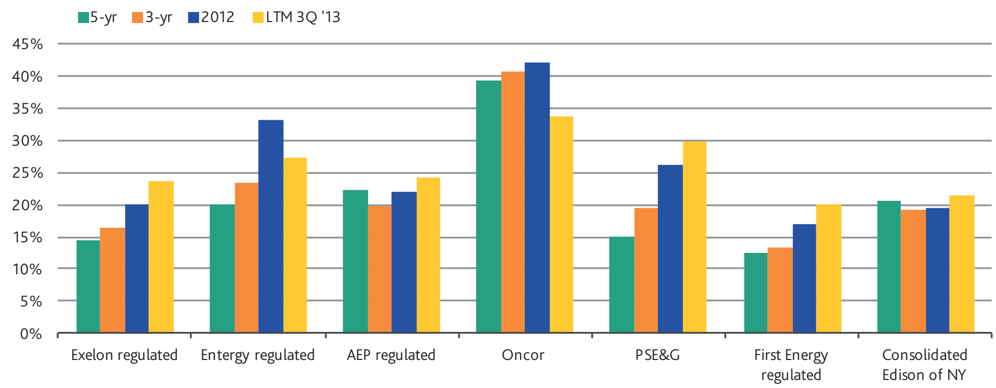
Capital Expenditures Will Rise Modestly for Most Peers ($ billions)



Source: Company filings; Moody's

EXHIBIT 8

Capital expenditures will keep pace with revenues (Cap Ex as a % revenue)



Source: Company filings; Moody's

In the table below, we illustrate how Exelon's T&D utilities' historical investing has been a little light and declined over the past few years when compared with the rest of the US regulated utility sector. For example, the ratio of capital expenditures to depreciation and amortization was close to 1.5 – 2 times for the US vertically integrated, electric and gas T&D, and A- and Baa-rated Australian, Canadian and UK utility networks, whereas Exelon's utilities were closer to 1 – 1.5 times.

EXHIBIT 9

Exelon hasn't been investing at same level as its peers but will play catch-up over next few years

	EXC Utilities	US Vertically Integrated	US T&Ds	Canadian Utilities & Networks	UK Utilities & Networks	Australian Utilities & Networks
Capex/D&A						
5yr Average	1.51	2.16	1.58	2.01	2.13	2.27
3yr Average	1.25	2.08	1.73	1.91	2.06	2.06
LTM 2013	1.13	2.11	1.91	1.44	1.95	2.15
Capex/Revenue						
5yr Average	16.5%	24.4%	15.5%	26.2%	40.5%	34.3%
3yr Average	13.8%	24.3%	17.8%	27.1%	39.9%	30.8%
LTM 2013	11.7%	25.3%	22.0%	22.9%	46.3%	32.0%
PPE,net/Total Assets						
5yr Average	62.7%	72.9%	62.1%	71.2%	78.6%	76.2%
3yr Average	61.5%	73.7%	63.8%	71.1%	78.9%	76.2%
LTM 2013	61.7%	74.3%	65.4%	69.9%	77.0%	75.2%

Source: Moody's Investors Service

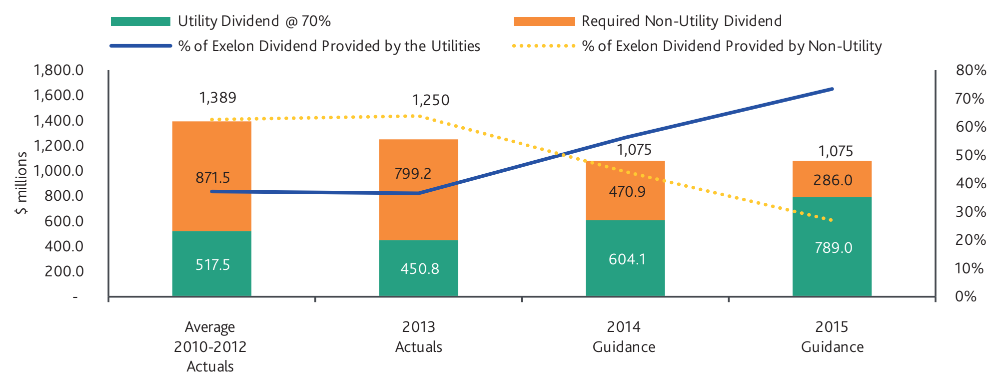
Utilities will carry more of the shareholder dividend burdens

Exelon is looking forward to the day when its three utilities can upstream enough dividends to cover the vast majority of its parent-company cash outflows, which include a shareholder dividend of about \$1.1 billion and parent-holding company interest expense of about \$67.3 million.

In the chart below, we illustrate the shifting mix of Exelon's upstream dividends from its regulated utilities and unregulated business. BGE is excluded from the utility contributions until 2015.

EXHIBIT 10

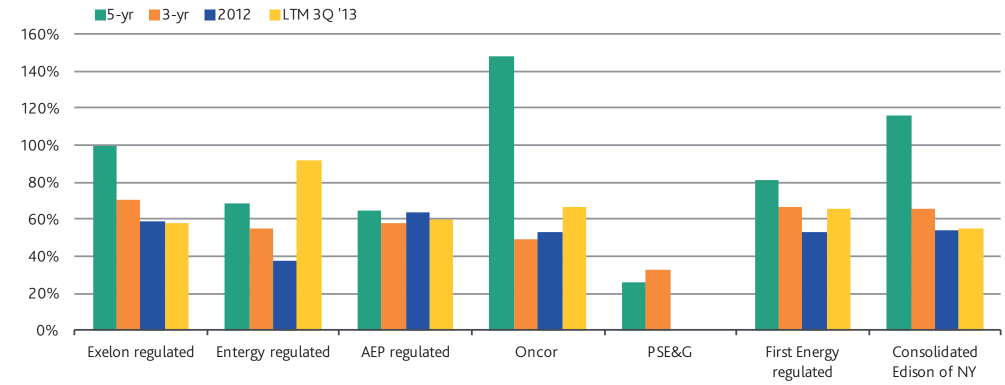
Exelon looks to utilities for dividend support



Source: Exelon Corporation 4Q 2013 Earnings Presentation (8K- SEC Filing) and Moody's estimates.

We think it will take about three years before Exelon's utilities can more fully support the parent's total consolidated cash outflows on a sustainable basis, but we doubt they will ever achieve enough earnings to support the full amount. In 2015, BGE will reintroduce an upstream dividend payment after a three-year hiatus (part of the merger approval process that Exelon agreed to as part of its acquisition of the utility). The BGE dividend will most likely fall in the 70% payout range, or approximately $150 million a year assuming BGE produces around $210 million a year of net income.

EXHIBIT 11
Utility Dividend Payout Ratio Will Start to Ramp up modestly to meet Exelon's dividend



Source: Company Filings; Moody's

Exelon's utilities compare favorably to their industry peers

Combined, Exelon's utilities compare favorably to their industry peers in terms of their cost- and investment-recovery mechanisms and the diversity of regulatory frameworks across three states. The suite of recovery mechanisms provides a stable and predictable financial profile, illustrated in the table below. Prospectively, we see a sustained ratio of cash flow to debt in the high-teen's to low 20% range, which compares favorably with higher-risk vertically integrated utilities and other T&D peers in the US.

EXHIBIT 12

Select historical financials show relative strength of Exelon's T&D utilities

Name	CFO -w/c / debt LTM	3-yr avg	5-yr avg	RCF / debt LTM	3-yr avg	5-yr avg	ROE LTM	3-yr avg	5-yr avg	Debt / EBITDA LTM	3-yr	5-yr	Cap Ex / D&A LTM	3-yr	5-yr
Broad T&D and LDC peer group average:															
Average of broad peer group	20%	21%	20%	16%	15%	15%	8%	9%	7%	3.6	3.6	3.7	2.0	1.8	1.6
Median of broad peer group	22%	22%	20%	15%	16%	15%	9%	9%	7%	3.6	3.7	3.8	2.1	1.9	1.8
Selected T&D and LDC peers:															
Consolidated Edison of NY	21%	21%	19%	11%	13%	11%	12%	10%	6%	4.2	4.1	4.4	2.4	2.4	2.7
Oncor Electric Delivery Company	19%	19%	18%	15%	17%	11%	9%	10%	8%	3.7	3.8	4.1	1.4	1.8	1.8
Public Service Electric and Gas Company	24%	24%	21%	26%	24%	22%	13%	12%	11%	3.3	3.2	3.4	2.4	1.9	1.7
AEP Utilities	20%	18%	17%	15%	14%	14%	10%	11%	9%	3.9	3.9	4.1	2.1	1.7	2.0
ETR Utilities	22%	22%	20%	15%	16%	16%	9%	11%	9%	4.3	4.0	4.0	2.9	2.6	2.4
FE Utilities	14%	17%	18%	8%	7%	8%	8%	10%	7%	3.8	3.8	3.6	1.6	1.4	1.2
Exelon utilities – individual & pro-forma combined[3]:															
Baltimore Gas and Electric Company	22%	22%	21%	27%	25%	24%	8%	4%	2%	3.6	4.5	5.0	1.7	2.1	1.9
Commonwealth Edison Company	10%	21%	20%	9%	21%	20%	5%	5%	3%	3.9	4.1	4.4	2.2	2.0	1.9
PECO Energy Company	24%	34%	32%	14%	22%	22%	6%	6%	5%	3.5	2.4	2.4	2.4	1.0	0.7
Exelon Utilities (combined)	16%	24%	23%	14%	22%	21%	6%	6%	4%	3.7	3.6	3.7	2.1	1.6	1.4

Note: Financials are in as of September 2013.

Source: Moody's Financial Metrics, includes Moody's Standard Adjustments

Exelon Regulated Utility Implied Equity Value

Back of the envelope, we think there could be anywhere between $12 billion and $15 billion in implied equity value shared between the three utilities. This implied equity value is unlikely to exhibit the same volatility as the unregulated businesses at ExGen, and will provide Exelon with a solid foundation to its consolidated credit profile over the long-term horizon.

EXHIBIT 13

Exelon has about $12 billion to $15 billion in implied utility equity value ($ millions)

	Regulated Utility	Utility Multiple Low	Utility Multiple High	Valuation (Equity Value) Low	Valuation (Equity Value) High
EBITDA	$3,320	7	10	$12,184	$22,144
Net Income	$850	12	15	$10,200	$12,750
Equity (x Goodwill)	$10,375	1.0	1.5	$10,375	$15,563
		Average		**$10,920**	**$16,819**

Source: Moody's Investors Service

[3] CWE not adjusted for the financial impacts associated with a Like Kind Exchange in Q1 2013.

Appendix A: Select Historical Financials

Baltimore Gas & Electric

	LT Issuer Rating: A3		Outlook: Stable	
(in $ millions)	FY2010	FY2011	FY2012	LTM 3Q 2013
Revenue	$3,462	$3,068	$2,735	$2,972
Total Assets	6,667	7,286	7,571	7,729
Total Debt	2,367	2,741	2,762	2,781
Total Equity	2,168	2,201	2,328	2,366
Cash From Operations	463	493	490	584
Capital Expenditures	552	595	590	562
Dividends	7	92	10	11
(CFO pre-wc + Int Exp) / Int Exp	5.1x	5.0x	4.1x	5.3x
CFO pre-wc / Debt	25.7%	22.4%	17.5%	21.9%
(CFO pre-wc - Dividend) / Debt	25.4%	19.0%	17.2%	21.5%

Source: Moody's Financial Metrics, includes Moody's Standard Adjustments

Commonwealth Edison Company[4]

	LT Issuer Rating: Baa1		Outlook: Stable	
(in $ millions)	FY2010	FY2011	FY2012	LTM 3Q 2013
Revenue	$6,204	$6,056	$5,443	$4,686
Total Assets	21,766	22,746	23,013	23,794
Total Debt	6,684	6,741	6,935	7,195
Total Equity	6,962	7,089	7,375	7,525
Cash From Operations	1,330	1,542	1,349	1,046
Capital Expenditures	975	1,040	1,258	1,436
Dividends	313	303	108	178
(CFO pre-wc + Int Exp) / Int Exp	4.1x	5.2x	4.5x	2.1x
CFO pre-wc / Debt	21.1%	25.1%	17.7%	10.0%
(CFO pre-wc - Dividend) / Debt	16.4%	20.6%	16.1%	7.5%

Source: Moody's Financial Metrics, includes Moody's Standard Adjustments

PECO Energy Company

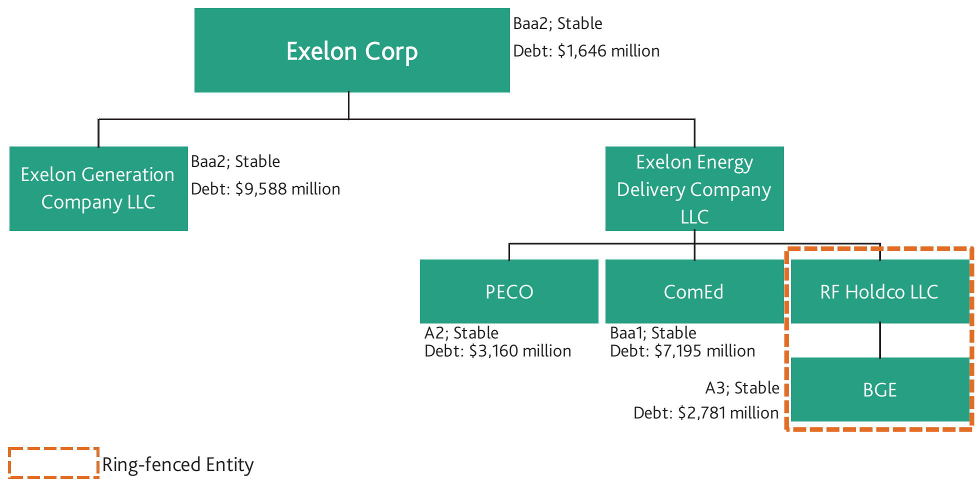
	LT Issuer Rating: A2		Outlook: Stable	
(in $ millions)	FY2010	FY2011	FY2012	LTM 3Q 2013
Revenue	$5,519	$3,720	$3,186	$3,085
Total Assets	9,171	9,324	9,515	9,907
Total Debt	3,106	2,741	2,821	3,160
Total Equity	3,016	3,071	3,072	3,022
Cash From Operations	1,213	1,033	897	888
Capital Expenditures	566	500	440	540
Dividends	231	355	348	335
(CFO pre-wc + Int Exp) / Int Exp	6.1x	7.8x	6.3x	6.5x
CFO pre-wc / Debt	36.8%	38.1%	26.3%	23.8%
(CFO pre-wc - Dividend) / Debt	29.4%	25.2%	14.0%	13.2%

Source: Moody's Financial Metrics, includes Moody's Standard Adjustments

[4] CWE not adjusted for the financial impacts associated with Like Kind Exchange in Q1 2013.

Appendix B

Simplified Organizational Chart



Note: Debt numbers include Moody's Standard Adjustments and are as of September 30, 2013.
Source: Exelon

Moody's Related Research

Credit Opinions:

» Exelon Corporation

» Baltimore Gas and Electric Company

» Commonwealth Edison Company

» PECO Energy Company

» Exelon Generation Company LLC

Credit Focus:

» Continental Wind, LLC, September 2013 (158026)

» Exelon and Exelon Generation: Answers to Frequently Asked Questions Concerning Recent Rating Actions, February 2013 (149997)

» American Electric Power Company: Pruning the Buckeye portfolio for a stronger future, October 2013 (159237)

» Answers to Investors' Most Pressing Questions of the Exelon – CEG merger, April 2012 (140851)

Sector Comment:

» US utility sector upgrades driven by stable and transparent regulatory frameworks, February 2014 (163726)

Special Comments:

» Rooftop Solar, Distributed Generation Not Expected to Pose Threat to Utilities, November 2013 (160080)

» US Regulated Utilities: Planned Capital Expenditures Set to Fall in 2015, And Modestly Decline Thereafter, October 2013 (158945)

» Expansion, Diversification Goals Continue to Support Steady Utility M&A, October 2013 (159270)

» High Oil Prices Set to Persist in 2014, Boosting E&P, Midstream and Offshore Drilling Sectors, October 2013 (159730)

» US Regulated Utilities: Pension Funding Volatility, Increase Regulatory Scrutiny Pose Challenges, September 2013 (157571)

» US Telecommunications & Regulated Utilities: End of Bonus Depreciation Could Prompt Cuts in Capital Spending, Dividends, September 2013 (157572)

Rating Methodologies:

» Regulated Electric and Gas Utilities, December 2013 (157160)

» Unregulated Utilities and Power Companies, August 2009 (118508)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Rate this Research »

Report Number: 163050

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Rating Action: Moody's upgrades Exelon's T&D utilities; rating outlooks stable

Global Credit Research - 30 Jan 2014

Approximately $9 Billion of Debt Affected

New York, January 30, 2014 -- Moody's Investors Service today upgraded the senior unsecured ratings of Baltimore Gas & Electric Company (BGE) to A3 from Baa1, Commonwealth Edison Company (CWE) to Baa1 from Baa2, and PECO Energy Company (PECO) to A2 from A3. Moody's also upgraded the short-term rating at PECO to Prime 1 from Prime 2. This rating action completes our review of BGE, CWE and PECO initiated on November 8, 2013. The outlooks for BGE, CWE and PECO are stable.

"Exelon's three electric transmission and distribution utilities are financially secure and operate under supportive regulatory environments in Maryland, Illinois and Pennsylvania. All three jurisdictions provide a good suite of timely cost recovery mechanisms." said Jim Hempstead, Associate Managing Director.

RATINGS RATIONALE

The primary driver of today's rating action was Moody's more favorable view of the relative credit supportiveness of the US regulatory environment, as detailed in our September 2013 Request for Comment titled "Proposed Refinements to the Regulated Utilities Rating Methodology and our Evolving View of US Utility Regulation."

The rating upgrades for BGE and CWE reflect the improved regulatory frameworks in Maryland and Illinois, where formulaic or forward looking recovery mechanisms, rate riders or other single-issue special purpose trackers exist. The upgrade for PECO reflects the continued supportive regulatory framework in Pennsylvania. All three utilities benefit from a reasonably transparent regulatory framework.

"Evidence of supportive regulatory decisions can be found in recent rate orders in Maryland and Illinois," added Hempstead "states where the utilities were often a party in more contentious proceedings."

In Maryland, BGE's upgrade reflects the existence of a more constructive political and regulatory environment. The merger conditions, which included a 3-year share-holder dividend holiday, also help lay the foundation to a more constructive relationship. Over the next 3-5 years, BGE's ratio of cash flow to debt is expected to remain in the high-teen's range. Next year, in 2015, shareholder dividends will recommence with a 70% payout range.

In December, BGE received a rate increase of about $46 million with an authorized return on equity of 9.6% for the gas distribution business and an authorized return on equity of 9.75% for the electric business. BGE also received a small infrastructure tracker.

In Illinois, Commonwealth Edison's upgrade reflects a more constructive political and regulatory environment, which will provide greater predictability. Recent legislations, Energy Infrastructure and Modernization Act (EIMA) and Senate Bill 9, established a framework to adopt more formulaic cost recovery mechanisms. In the formula's first material regulatory proceeding, CWE was authorized a revenue increase of $341 million, as compared to the $353 million request. The small difference appears to indicate that the utility and commission have a shared understanding of how utilities should apply for cost recovery for these types of distribution investments, a credit positive.

In fact, CWE's suite of recovery mechanisms, taken as a whole, actually look better than both BGE and PECO. The rating is one-notch lower than BGE and two-notches lower than PECO because the regulatory lag in Illinois had been running almost twice as long as that of Maryland and Pennsylvania. Nonetheless, allowed returns are on par with the broader peer groups of T&D utilities as well as with vertically integrated electrics that do not operate in states that legislatively enacted the unbundling of the traditional electric utility framework.

In Pennsylvania, PECO operates with a good suite of recovery mechanisms and riders. These include recovery for fuel and purchased power, and investments for generation, environmental and natural gas T&D infrastructure, among others. PECO is not expected to file for a revenue increase for a few years.

RATING OUTLOOK

The rating outlook for all three utilities is stable. BGE, CWE and PECO own and operate critical infrastructure around the greater Baltimore, Chicago and Philadelphia metro-regions, respectively. In all three states, Moody's expects regulators and politicians to provide a reasonably supportive and constructive framework for the utilities to pursue, submit and ultimately receive authorization to recover the vast majority of their prudently incurred costs and investments. The financial profile for the three T&D utilities is strong, and cash flows (combined for all three utilities) should grow to roughly $2.8 -- $3.0 billion over the next 3 years. Assuming the three utilities can keep their total debt outstanding near $15 billion, the ratio of CFO to debt should remain in the high-teen's range over the next five years.

WHAT COULD CHANGE RATING -- UP

All three utilities could be upgraded as the new formulaic rate setting framework and other positive legislative intervention (such as the Illinois EIMA law) starts to build a track record. It will take a few years to fully understand the credit impacts associated with new trackers and recovery mechanisms as they experience different economic and financial cycles. For now, we incorporate a view that the regulatory environment will remain supportive for at least the next 2 -- 3 years, and that the suite of recovery mechanisms will not be materially diminished.

WHAT COULD CHANGE RATING -- DOWN

All three utilities could be downgraded if the ratio of cash flow to debt fell below the 15% threshold for a sustained period of time, especially if the decline was in cash flow and associated with an unexpected regulatory or political intervention. Mis-managing liquidity or an unbalanced shareholder rewards policy, where the dividend payout ratio was near 100%, could also create negative rating pressure. At this point, the biggest credit rating exposure appears to reside in the three utility's relationship with their unregulated affiliate, Exelon Generation.

The principal methodology used in this rating was Regulated Electric and Gas Utilities published in December 2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

LIST OF RATING CHANGES

Ratings Upgraded

Commonwealth Edison Company

Long-term Issuer Rating -- Baa1 from Baa2

Senior Secured Rating -- A2 from A3

Senior Unsecured Rating -- Baa1 from Baa2

Senior Unsecured Shelf Rating -- (P)Baa1 from (P)Baa2

Preferred Shelf Rating -- (P)Baa3 from (P)Ba1

Outlook -- Stable

Baltimore Gas & Electric

Long-term Issuer Rating -- A3 from Baa1

Senior Unsecured Rating -- A3 from Baa1

Senior Secured Shelf Rating -- (P)A1 from (P)A2

Senior Unsecured Shelf Rating -- (P)A3 from (P)Baa1

Preferred Shelf Rating -- (P)Baa2 from (P)Baa3

Outlook -- Stable

PECO Energy Company

Long-term Issuer Rating -- A2 from A3

Senior Secured Rating -- Aa3 from A1

Senior Unsecured Rating -- A2 from A3

Preferred Stock Rating -- Baa1 from Baa2

Senior Secured Shelf Rating -- (P)Aa3 from (P)A1

Subordinated Shelf Rating -- (P)A3 from (P)Baa1

Preferred Shelf Rating -- (P)Baa1 from (P)Baa2

Commercial Paper Rating -- Prime 1 from Prime 2

Outlook -- Stable

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Issuer Comment: Commonwealth Edison taps the market for debt and provides additional evidence why Exelon's utilities provide a solid credit foundation

Global Credit Research - 06 Jan 2014

On 6 January 2014, Commonwealth Edison Company (CWE: Baa2 senior unsecured, review for upgrade), a subsidiary of Exelon Corporation (Exelon: Baa2 senior unsecured, stable), jumped into the capital markets with an offer to raise $650 million in new First Mortgage Bonds (senior secured rated A3, review for upgrade). The proceeds will be used to refinance pending maturities totaling $617 million with the remainder for general corporate purposes. We expect the bond offering will be well received by investors and see the refinancing as additional evidence that CWE, along with Exelon's two other transmission and distribution utilities, Baltimore Gas and Electric Company (BG&E: Baa1 senior unsecured, review for upgrade) and PECO Energy Company (PECO: A3 senior unsecured, review for upgrade), maintain a low business risk profile with an open and welcoming access to the capital markets.

Combined, these three utilities are roughly the same size as Consolidated Edison Company of New York (A3 senior unsecured, review for upgrade), generating almost $11 billion in revenue with $3.5 billion in EBITDA and $2.5 billion in cash flow. We see cash flow increasing over the next few years towards the $3.0 billion level with net income following and eventually reaching the $1.0 billion plateau. The utilities have roughly $13 billion in aggregate debt, so they produce a ratio of cash flow to debt in the high-teen's range.

The revenue and cash flow stability for Exelon's three utilities is principally driven by much improved regulatory environments where each of the large city T&D systems enjoy a strong suite of cost and investment recovery mechanisms. The recent regulatory decisions from Maryland, affecting BG&E, and Illinois, affecting CWE, are viewed as additional evidence that the regulatory recovery process is working more smoothly, a credit positive. The recent actions in Maryland and Illinois, states where the regulatory relationships have historically been more contentious, are exactly the kinds of constructive, timely and transparent decisions that have contributed to our evolving view of regulatory support for the US regulated utility sector which was the key driver behind the November rating action, when we placed most US investor owned utilities on review for a possible upgrade, including Exelon's BG&E, CWE and PECO.

Exelon's utilities are expected to invest roughly $2.5 billion in annual capital expenditures over the next few years and we think the collective upstream dividends will roughly double - from about $0.5 billion for the twelvemonths ended September 2013 to almost $1.0 billion within the next 3 years. The growth in the upstream dividends is partly due to BG&E coming off a mandated dividend freeze, a condition that Exelon had to agree to in order to complete the Constellation Energy acquisition. Nevertheless, the utilities' net incomes are also growing, in part, due to the heavy capital investments and timely recovery mechanisms authorized by the regulators. As a result, Exelon, which currently pays an annual common dividend of about $1.0 - $1.1 billion to its shareholders, will be better positioned to meet its shareholder dividend principally through its regulated utilities rather than relying on its unregulated power subsidiary, Exelon Generation Company LLC (Baa2, senior unsecured, stable), a credit positive.

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Rating Action: Moody's places ratings of most US regulated utilities on review for upgrade

Global Credit Research - 08 Nov 2013

Approximately $400 billion of debt affected

New York, November 08, 2013 -- Moody's Investors Service placed the ratings of most regulated utilities and utility holding companies in the United States on review for upgrade, affecting approximately $400 billion of debt. These companies have been placed on review because Moody's has adopted a generally more favorable view of the relative credit supportiveness of the US regulatory environment, as detailed in our September 23, 2013 Request for Comment: "Proposed Refinements to the Regulated Utilities Rating Methodology and our Evolving View of US Utility Regulation."

RATINGS RATIONALE

"Our placement of these issuers on review considers improving regulatory trends in the US, including better cost recovery provisions, reduced regulatory lag, and generally fair and open relationships between utilities and regulators, " said Moody's Managing Director Larry Hess. We believe that many US regulatory jurisdictions have become more credit supportive of utilities over time and that our assessment of the regulatory environment that has been incorporated into ratings may now be overly conservative.

The US utility sector's low number of defaults, high recovery levels, and generally strong financial metrics from a global perspective provide additional corroboration for our view that ratings should generally be higher.

We expect that most upgrades will be limited to one notch, and that the reviews of the affected companies will be completed within approximately 90 days. Although we anticipate that most of the utilities placed under review will be upgraded, there may be selected instances where ratings will not be upgraded following the completion of our review.

We note that several regulated utilities and utility holding companies were not placed on review due to issuer specific circumstances that would preclude an upgrade at this time. These exclusions include utilities that are engaged in substantial construction programs for new generation or other large capital projects, currently have a Negative Outlook or are under potential downward rating pressure, are characterized by material concentration or event risk, face market or regulatory risks specific to their particular jurisdictions, or are part of a corporate family that has significant non-utility operations.

The following companies were placed on review for upgrade:

AEP Texas Central Company

AEP Texas North Company

AGL Capital Corporation

AGL Resources Inc.

Atlanta Gas Light Company

Alabama Power Company

ALLETE, Inc.

Alliant Energy Corporation

Ameren Corporation

Ameren Illinois Company

American Electric Power Company, Inc.

American Transmission Company LLC

Appalachian Power Company

Arizona Public Service Company

Atlanta Gas Light Company

Atlantic City Electric Company

Atmos Energy Corporation

Avista Corp.

Baltimore Gas and Electric Company

Berkshire Gas Company

Black Hills Corporation

Black Hills Power, Inc.

CenterPoint Energy Houston Electric, LLC

CenterPoint Energy, Inc.

Central Hudson Gas & Electric Corporation

Central Maine Power Company

Cleco Corporation

Cleco Power LLC

CMS Energy Corporation

Commonwealth Edison Company

Connecticut Light and Power Company

Connecticut Natural Gas Corporation

Consolidated Edison Company of New York, Inc.

Consolidated Edison, Inc.

Consumers Energy Company

Delmarva Power & Light Company

Dominion Resources

Dominion Gas Holdings

DTE Electric Company

DTE Energy Company

DTE Gas Company

Duke Energy Carolinas, LLC

Duke Energy Corp.

Duke Energy Florida, Inc.

Duke Energy Indiana, Inc.

Duke Energy Kentucky, Inc.

Duke Energy Progress, Inc.

Duquesne Light Company

Duquesne Light Holdings, Inc.

Edison International

Elm Road Generating Station Supercritical

El Paso Electric Company

Empire District Electric Company (The)

Entergy Arkansas, Inc.

Entergy Gulf States Louisiana, LLC

Entergy Louisiana, LLC

Entergy Mississippi, Inc.

Entergy Texas, Inc.

Florida Power & Light Company

Great Plains Energy Incorporated

Gulf Power Company

Hawaiian Electric Company

Hawaiian Electric Industries, Inc.

IDACORP, Inc.

Idaho Power Company

Indiana Gas Company, Inc.

Indiana Michigan Power Company

Indianapolis Power & Light Company

Integrys Energy Group, Inc.

International Transmission Company

IPALCO Enterprises, Inc.

ITC Great Plains LLC

ITC Holdings Corp.

ITC Midwest LLC

Kansas City Power & Light Company

Kansas City Power & Light Greater MO Oper

Kentucky Power Company

Kentucky Utilities Co.

Laclede Gas Company

Laclede Group, Inc. (The)

LG&E and KU Energy LLC

Louisville Gas & Electric

Madison Gas and Electric Company

Michigan Electric Transmission Company, LLC

MidAmerican Energy Holdings Company

MidAmerican Energy Company

Nevada Power Company

New Jersey Natural Gas Company

New York State Electric and Gas Corporation

NiSource Capital Markets, Inc.

NiSource Finance Corp.

NiSource Inc.

North Shore Gas Company

Northeast Utilities

Northern Illinois Gas Company

Northern Indiana Public Service Company

Northern States Power Company (Minnesota)

Northern States Power Company (Wisconsin)

NorthWestern Corporation

NSTAR Electric Company

NV Energy Inc.

OGE Energy Corp.

Oklahoma Gas & Electric Company

Orange and Rockland Utilities, Inc.

Otter Tail Corporation

Otter Tail Power Company

PacifiCorp

PECO Energy Company

Peoples Gas Light and Coke Company

Pepco Holdings, Inc.

Piedmont Natural Gas Company, Inc.

Pinnacle West Capital Corporation

Pivotal Utility Holdings

PNG Companies LLC

PNM Resources, Inc.

Portland General Electric Company

Potomac Electric Power Company

PPL Corporation

PPL Electric Utilities Corporation

Progress Energy, Inc.

Public Service Company of Colorado

Public Service Company of New Hampshire

Public Service Company of New Mexico

Public Service Company of Oklahoma

Public Service Electric and Gas Company

Puget Energy, Inc.

Puget Sound Energy, Inc.

Questar Corporation

Questar Gas Company

Rochester Gas & Electric Corporation

San Diego Gas & Electric Company

SEMCO Energy, Inc.

Sierra Pacific Power Company

SourceGas LLC

South Jersey Gas Company

Southern California Edison Company

Southern California Gas Company

Southern Connecticut Gas Company

Southern Indiana Gas & Electric Company

Southwest Gas Corporation

Southwestern Electric Power Company

Southwestern Public Service Company

Superior Water, Light and Power Company

Tampa Electric Company

TECO Energy, Inc.

Texas-New Mexico Power Company

Tucson Electric Power Company

UGI Utilities, Inc.

UIL Holdings Corporation

Union Electric Company

United Illuminating Company

UNS Electric, Inc.

UNS Energy Corporation

UNS Gas, Inc.

Vectren Utility Holdings, Inc.

Virginia Electric and Power Company

Washington Gas Light Company

Westar Energy, Inc.

Western Massachusetts Electric Company

WGL Holdings, Inc.

Wisconsin Electric Power Company

Wisconsin Energy Corporation

Wisconsin Gas LLC

Wisconsin Power and Light Company

Wisconsin Public Service Corporation

Xcel Energy Inc.

Yankee Gas Services Company

The principal methodology used in these ratings was Regulated Electric and Gas Utilities published in August 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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MOODY'S
INVESTORS SERVICE

Rating Action: Moody's places ratings of most US regulated utilities on review for upgrade

Global Credit Research - 08 Nov 2013

Approximately $400 billion of debt affected

New York, November 08, 2013 -- Moody's Investors Service placed the ratings of most regulated utilities and utility holding companies in the United States on review for upgrade, affecting approximately $400 billion of debt. These companies have been placed on review because Moody's has adopted a generally more favorable view of the relative credit supportiveness of the US regulatory environment, as detailed in our September 23, 2013 Request for Comment: "Proposed Refinements to the Regulated Utilities Rating Methodology and our Evolving View of US Utility Regulation."

RATINGS RATIONALE

"Our placement of these issuers on review considers improving regulatory trends in the US, including better cost recovery provisions, reduced regulatory lag, and generally fair and open relationships between utilities and regulators, " said Moody's Managing Director Larry Hess. We believe that many US regulatory jurisdictions have become more credit supportive of utilities over time and that our assessment of the regulatory environment that has been incorporated into ratings may now be overly conservative.

The US utility sector's low number of defaults, high recovery levels, and generally strong financial metrics from a global perspective provide additional corroboration for our view that ratings should generally be higher.

We expect that most upgrades will be limited to one notch, and that the reviews of the affected companies will be completed within approximately 90 days. Although we anticipate that most of the utilities placed under review will be upgraded, there may be selected instances where ratings will not be upgraded following the completion of our review.

We note that several regulated utilities and utility holding companies were not placed on review due to issuer specific circumstances that would preclude an upgrade at this time. These exclusions include utilities that are engaged in substantial construction programs for new generation or other large capital projects, currently have a Negative Outlook or are under potential downward rating pressure, are characterized by material concentration or event risk, face market or regulatory risks specific to their particular jurisdictions, or are part of a corporate family that has significant non-utility operations.

The following companies were placed on review for upgrade:

AEP Texas Central Company

AEP Texas North Company

AGL Capital Corporation

AGL Resources Inc.

Atlanta Gas Light Company

Alabama Power Company

ALLETE, Inc.

Alliant Energy Corporation

Ameren Corporation

Ameren Illinois Company

American Electric Power Company, Inc.

American Transmission Company LLC

Appalachian Power Company

Arizona Public Service Company

Atlanta Gas Light Company

Atlantic City Electric Company

Atmos Energy Corporation

Avista Corp.

Baltimore Gas and Electric Company

Berkshire Gas Company

Black Hills Corporation

Black Hills Power, Inc.

CenterPoint Energy Houston Electric, LLC

CenterPoint Energy, Inc.

Central Hudson Gas & Electric Corporation

Central Maine Power Company

Cleco Corporation

Cleco Power LLC

CMS Energy Corporation

Commonwealth Edison Company

Connecticut Light and Power Company

Connecticut Natural Gas Corporation

Consolidated Edison Company of New York, Inc.

Consolidated Edison, Inc.

Consumers Energy Company

Delmarva Power & Light Company

Dominion Resources

Dominion Gas Holdings

DTE Electric Company

DTE Energy Company

DTE Gas Company

Duke Energy Carolinas, LLC

Duke Energy Corp.

Duke Energy Florida, Inc.

Duke Energy Indiana, Inc.

Duke Energy Kentucky, Inc.

Duke Energy Progress, Inc.

Duquesne Light Company

Duquesne Light Holdings, Inc.

Edison International

Elm Road Generating Station Supercritical

El Paso Electric Company

Empire District Electric Company (The)

Entergy Arkansas, Inc.

Entergy Gulf States Louisiana, LLC

Entergy Louisiana, LLC

Entergy Mississippi, Inc.

Entergy Texas, Inc.

Florida Power & Light Company

Great Plains Energy Incorporated

Gulf Power Company

Hawaiian Electric Company

Hawaiian Electric Industries, Inc.

IDACORP, Inc.

Idaho Power Company

Indiana Gas Company, Inc.

Indiana Michigan Power Company

Indianapolis Power & Light Company

Integrys Energy Group, Inc.

International Transmission Company

IPALCO Enterprises, Inc.

ITC Great Plains LLC

ITC Holdings Corp.

ITC Midwest LLC

Kansas City Power & Light Company

Kansas City Power & Light Greater MO Oper

Kentucky Power Company

Kentucky Utilities Co.

Laclede Gas Company

Laclede Group, Inc. (The)

LG&E and KU Energy LLC

Louisville Gas & Electric

Madison Gas and Electric Company

Michigan Electric Transmission Company, LLC

MidAmerican Energy Holdings Company

MidAmerican Energy Company

Nevada Power Company

New Jersey Natural Gas Company

New York State Electric and Gas Corporation

NiSource Capital Markets, Inc.

NiSource Finance Corp.

NiSource Inc.

North Shore Gas Company

Northeast Utilities

Northern Illinois Gas Company

Northern Indiana Public Service Company

Northern States Power Company (Minnesota)

Northern States Power Company (Wisconsin)

NorthWestern Corporation

NSTAR Electric Company

NV Energy Inc.

OGE Energy Corp.

Oklahoma Gas & Electric Company

Orange and Rockland Utilities, Inc.

Otter Tail Corporation

Otter Tail Power Company

PacifiCorp

PECO Energy Company

Peoples Gas Light and Coke Company

Pepco Holdings, Inc.

Piedmont Natural Gas Company, Inc.

Pinnacle West Capital Corporation

Pivotal Utility Holdings

PNG Companies LLC

PNM Resources, Inc.

Portland General Electric Company

Potomac Electric Power Company

PPL Corporation

PPL Electric Utilities Corporation

Progress Energy, Inc.

Public Service Company of Colorado

Public Service Company of New Hampshire

Public Service Company of New Mexico

Public Service Company of Oklahoma

Public Service Electric and Gas Company

Puget Energy, Inc.

Puget Sound Energy, Inc.

Questar Corporation

Questar Gas Company

Rochester Gas & Electric Corporation

San Diego Gas & Electric Company

SEMCO Energy, Inc.

Sierra Pacific Power Company

SourceGas LLC

South Jersey Gas Company

Southern California Edison Company

Southern California Gas Company

Southern Connecticut Gas Company

Southern Indiana Gas & Electric Company

Southwest Gas Corporation

Southwestern Electric Power Company

Southwestern Public Service Company

Superior Water, Light and Power Company

Tampa Electric Company

TECO Energy, Inc.

Texas-New Mexico Power Company

Tucson Electric Power Company

UGI Utilities, Inc.

UIL Holdings Corporation

Union Electric Company

United Illuminating Company

UNS Electric, Inc.

UNS Energy Corporation

UNS Gas, Inc.

Vectren Utility Holdings, Inc.

Virginia Electric and Power Company

Washington Gas Light Company

Westar Energy, Inc.

Western Massachusetts Electric Company

WGL Holdings, Inc.

Wisconsin Electric Power Company

Wisconsin Energy Corporation

Wisconsin Gas LLC

Wisconsin Power and Light Company

Wisconsin Public Service Corporation

Xcel Energy Inc.

Yankee Gas Services Company

The principal methodology used in these ratings was Regulated Electric and Gas Utilities published in August 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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