

Edgar Filing: PECO ENERGY CO - Form 8-K

PECO ENERGY CO
Form 8-K
October 23, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

October 23, 2001
(Date of earliest
event reported)

Commission File Number -----	Name of Registrant; State of Incorporation; Address of Principal Executive Offices; and Telephone Number -----	IRS Emplo Identific -----
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street - 37th Floor P.O. Box 805379 Chicago, Illinois 60680-5379 (312) 394-4321	23-299019
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 10 South Dearborn Street - 37th Floor P.O. Box 805379 Chicago, Illinois 60680-5379 (312) 394-4321	36-093860
1-1401	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-097024

Item 5. Other Events.

On October 23, 2001, Exelon Corporation issued the following press release.

News Release

From: Exelon Corporation
Corporate Communications
P.O. Box 805379
Chicago, IL 60680-5379

FOR IMMEDIATE RELEASE

October 23, 2001

Contact: Linda Marsicano
312.394.3099
Linda Byus, CFA
312.394.7696
Eunice Collins
312.394.8354

Exelon Reports Third Quarter Earnings of \$1.25 Per Diluted Share

Chicago (October 23, 2001) Exelon Corporation today announced reported earnings of \$403 million or \$1.25 per diluted share for the third quarter of 2001. The reported \$1.25 per diluted share exceeds the high end of our recent guidance due to higher estimates for unbilled revenue than were used in developing the guidance. Reported results include three non-recurring items that lowered reported earnings by \$0.16 per share. Exelon's reported earnings for the third quarter of 2000 were \$232 million or \$1.35 per diluted share, which represent the results of PECO Energy and do not reflect the effects of the October 20, 2000 merger with Unicom Corporation. On a pro forma basis assuming the merger of PECO Energy and Unicom Corporation occurred on January 1, 2000, third quarter 2000 earnings were \$1.27 per diluted share.

On September 27, Exelon lowered its 2001 earnings guidance to a range of \$4.30 to \$4.45 per diluted share down from the original \$4.50. This guidance, which remains our best judgment, represents reported earnings without adjustment for any one-time items incurred during the year. The forecasted earnings range represents an 11% to 15% increase over pro forma earnings for the year 2000 of \$3.86.

The company is in the process of finalizing its budget and earnings models for 2002. Our current outlook for 2002 is a range of \$4.45 to \$4.85 per diluted share, which reflects the national economic slowdown and wholesale price volatility.

Third Quarter Highlights:

Factors influencing third quarter results are as follows:

Page 2

- o Energy sales by Exelon Generation totaled 54,342 GWhs, a 7% increase over pro forma third quarter 2000 energy sales of 50,733 GWhs. Approximately 64% of third quarter 2001 energy sales were to affiliates.

Edgar Filing: PECO ENERGY CO - Form 8-K

- o Lower energy-market prices adversely affected Exelon Generation's Power Team performance in the third quarter compared with expectations. Wholesale margins realized were lower than originally incorporated in the third quarter earnings outlook.
- o Exelon Generation's nuclear fleet continues to operate above target with:
 - o 95.0% nuclear capacity factor for the third quarter
 - o 95.1% year-to-date through September 30
- o Exelon Generation's fossil operations continue their strong performance with:
 - o 98% on time delivery
 - o 94.3% dispatch availability
- o ComEd continues to improve the reliability and efficiency of its delivery operations in a summer in which two new all-time peaks were set. On August 9, ComEd set a new all-time peak load of 21,574 MW.

Non-recurring Items: Third quarter 2001 reported earnings of \$1.25 per diluted share include the effects of the following non-recurring charges:

- o Employee severance costs of \$31 million (\$0.06 per share) related to approximately 500 additional positions identified to be eliminated as a result of the 2000 merger of PECO Energy and Unicom.
- o A \$36 million (\$0.07 per share) writedown of its investment in Corvis, a telecommunications equipment manufacturer.
- o A \$14 million (\$0.03 per share) increase in reserves in conjunction with a tentative settlement of litigation involving PECO Energy's decision not to proceed with the proposed purchase of a minority interest in the River Bend generating facility. The settlement should be finalized shortly.

Exelon's Co-CEO and Chairman, Corbin A. McNeill Jr., said that, "Demand and prices did not materialize to the extent we planned this summer, and we learned a good deal about how to prepare for next year. The market decline was especially frustrating given the very strong operating performance in Generation. Since the end of June, Exelon Nuclear completed another power uprate project, two refuelings, and remained on track towards its all-in cost goal of 2 cents/kWh. In early August, during the one summer heat wave, every one of our fossil plants ran flat out and was available for dispatch over 94% of the time."

John W. Rowe, Co-CEO and President, said, "In the first real test of the infrastructure improvements we've been making for the past two years, the ComEd distribution system performed superbly. The turn-around in performance is clear, real and we intend to make it permanent. In the long run, it's our ability to generate low-cost power and deliver it reliably that will be the basis for Exelon's ability to deliver shareholder value."

Page 3

CORPORATE ISSUES

Third quarter earnings reflect goodwill amortization of \$37 million or \$0.12 per share. Goodwill amortization is expected to total \$151 million, or \$0.47 per share, in 2001. Consistent with the recently issued accounting standard for goodwill, Exelon expects to discontinue amortization of goodwill, effective January 1, 2002. Goodwill will be reviewed for impairment and possible adjustment.

Edgar Filing: PECO ENERGY CO - Form 8-K

Merger-related synergies continue to be realized and Exelon expects to achieve its target of \$148 million this year.

BUSINESS UNIT RESULTS

Performance of Exelon's business segments--Energy Delivery, Generation and Enterprises--is reported on the basis of earnings before interest and income taxes (EBIT). Exelon's EBIT for the third quarter of 2001 was \$931 million compared to pro forma EBIT of \$920 million in the third quarter of 2000.

Exelon Energy Delivery consists of the retail electricity transmission and distribution operations of ComEd and PECO Energy and the natural gas distribution business of PECO Energy. Energy Delivery's EBIT of \$704 million in the third quarter of 2001 compares to pro forma EBIT of \$685 million in the prior-year period. The segment benefited from increased deliveries to residential customers during the quarter as a result of warmer summer weather compared to last year, but experienced declines in deliveries to large commercial and industrial customers as a result of a slowing economy.

Exelon Generation consists of Exelon's electric generation operations and power marketing and trading functions. Generation's third quarter 2001 EBIT was \$278 million, compared to pro forma EBIT of \$300 million last year. Generation experienced increased sales volumes and continued strong nuclear and fossil station performance, but overall margins were adversely affected by lower wholesale electricity market prices. Generation's third quarter 2001 EBIT includes a \$14 million charge for litigation settlement costs.

Exelon Enterprises consists of competitive retail energy sales, energy and infrastructure services, communications and related investments. Enterprises' EBIT for the third quarter of 2001 was a loss of \$44 million compared to third quarter 2000 pro forma loss of \$67 million. The third quarter EBIT improvement reflects improved margins and a reduction of operating expenses at Exelon Energy. The third quarter 2001 results include the \$36 million writedown of an investment in Corvis.

Conference call information:

Exelon has scheduled a Third Quarter Earnings Conference Call for 3 PM EDT (2 PM CDT) on October 23. The call in number in the US is 877/780-2271; the international call in number is 973/872-3462. No password is required. Media representatives are invited to participate on a listen- only basis. The call will be audio web-cast and archived on Exelon's web site: www.exeloncorp.com. (Please choose the Investor Relations page.)

Page 4

Telephone replays will be available after 4 PM on October 23 through October 31. The U.S. call-in number is 877/519-4471; the international call-in number is 973/341-3080. The confirmation code is 2894650.

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein. The forward-looking statements herein include statements about future financial and operating results of Exelon. Economic, business, competitive and/or regulatory factors affecting Exelon's businesses generally could cause actual results to differ materially from those described herein. For a discussion of the factors that could cause actual

Edgar Filing: PECO ENERGY CO - Form 8-K

results to differ materially, please see Exelon's filings with the Securities and Exchange Commission, particularly those factors discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations-- Outlook" in Exelon's 2000 Annual Report. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Exelon does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release.

###

Exelon Corporation is one of the nation's largest electric utilities with approximately five million customers and more than \$15 billion in annual revenues. The company has one of the industry's largest portfolios of electricity generation capacity, with a nationwide reach and strong positions in the Midwest and Mid-Atlantic. Exelon distributes electricity to approximately five million customers in Illinois and Pennsylvania and gas to 425,000 customers in the Philadelphia area. The company also has holdings in such competitive businesses as energy, infrastructure services and energy services. Exelon is headquartered in Chicago and trades on the NYSE under the ticker EXC.

EXELON CORPORATION
 Unaudited Income Statement
 (in millions, except per share data)

	Three Months Ended September 30	
	2001	2000 (1)
Operating Revenues	\$ 4,285	\$ 1,629
Operating Expenses		
Fuel and Purchased Power	\$ 1,731	\$ 576
Operating and Maintenance	1,101	457
Depreciation and Amortization	369	83
Taxes Other Than Income	172	67
	\$ 3,373	\$ 1,183
Operating Income	\$ 912	\$ 446
Other Income and Deductions		
Interest Expense & Preferred Dividends	(295)	(118)
Other, net	54	46
Income Taxes	(268)	(141)
Extraordinary Item, Net of Income Taxes	-	(1)
Cumulative Effect of Change in Accounting		

Edgar Filing: PECO ENERGY CO - Form 8-K

Principle, Net of Income Taxes	-	-
Net Income	\$ 403	\$ 232
Average Common Shares Outstanding		
Basic:	321	170
Diluted:	323	172
Earnings Per Common Share - Reported		
Basic:	\$ 1.26	\$ 1.37
Diluted:	\$ 1.25	\$ 1.35
Nonrecurring Items included in Diluted EPS - gains/(losses):		
Litigation reserves	\$ (0.03)	\$ -
Employee severance charge	(0.06)	-
Gains and losses on investments	(0.07)	-
Implementation of FAS 133	-	-
Settlement of Transition Bond swap	-	-
Wholesale rate settlement	-	-
CTC prepayment	-	-
Cumulative effect of change in accounting method for nuclear outages	-	-
Premiums paid to reacquire debt	-	(0.01)
Merger costs	-	(0.04)
Total Nonrecurring Items	\$ (0.16)	\$ (0.05)
Earnings Per Common Share - Proforma for merger as of 1/1/2000		
Diluted:		\$ 1.27

EXELON CORPORATION
Business Segment Results
(in millions)

	Three Months Ended September 30			
	2001	2000 (1)	Pro Forma 2000 (2)	2001
Revenue				

Edgar Filing: PECO ENERGY CO - Form 8-K

Energy Delivery	\$ 2,970	\$ 877	\$ 2,808	\$ 7,903
Generation	2,291	927	2,067	5,537
Enterprises	529	283	468	1,742
Corporate/Intercompany Elimination	(1,505)	(458)	(1,498)	(3,423)
	-----	-----	-----	-----
Total Exelon	\$ 4,285	\$ 1,629	\$ 3,845	\$ 11,759
	=====	=====	=====	=====
Earnings Before Interest and Income Taxes				
Energy Delivery	\$ 704	\$ 260	\$ 685	\$ 2,091
Generation	278	292	300	697
Enterprises	(44)	(55)	(67)	(80)
Corporate/Intercompany Elimination	(7)	(15)	2	(19)
	-----	-----	-----	-----
Total Exelon	\$ 931	\$ 482	\$ 920	\$ 2,689
	=====	=====	=====	=====

EXELON
Retail Electric Sales Statistics
For the Three Months Ended September 30

	ComEd			
MWH Deliveries	2001	2000	% Change	2001
	-----	-----	-----	-----
Residential	8,397,985	7,141,346	17.6%	3,164,
Small Commercial & Industrial	8,033,041	7,875,596	2.0%	2,089,
Large Commercial & Industrial	5,501,301	6,253,874	(12.0%)	4,083,
Public Authorities & Electric Railroads	2,346,693	2,301,035	2.0%	194,
	-----	-----		-----
Total Sales to Ultimate Customers	24,279,020	23,571,851	3.0%	9,531,
	=====	=====		=====
Heating Degree Days	133	121		
Cooling Degree Days	615	551		

Revenue (in thousands)	2001	2000	% Change	2001
	-----	-----	-----	-----
Residential	\$ 816,048	\$ 708,107	15.2%	\$ 385,

Edgar Filing: PECO ENERGY CO - Form 8-K

Small Commercial & Industrial	617,599	609,551	1.3%	241,
Large Commercial & Industrial	257,795	302,628	(14.8%)	288,
Public Authorities & Electric Railroads	133,576	130,687	2.2%	18,
	-----	-----		-----
Total Sales to Ultimate Customers	\$1,825,018	\$1,750,973	4.2%	\$ 935,
	=====	=====		=====

Cents / kWh	2001	2000	% Change	2001
-----	-----	-----	-----	-----
Residential	\$ 0.097	\$ 0.099	(2.0%)	\$ 0.
Small Commercial & Industrial	\$ 0.077	\$ 0.077	0.0%	\$ 0.
Large Commercial & Industrial	\$ 0.047	\$ 0.048	(2.1%)	\$ 0.
Public Authorities & Electric Railroad	\$ 0.057	\$ 0.057	0.0%	\$ 0.
Total Sales to Ultimate Customers	\$ 0.075	\$ 0.074	1.4%	\$ 0.

EXELON
Retail Electric Sales Statistics
For the Nine Months Ended September 30

	ComEd			
	-----	-----	-----	-----
MWH Deliveries	2001	2000	% Change	2001
-----	-----	-----	-----	-----
Residential	19,936,277	18,204,564	9.5%	8,671
Small Commercial & Industrial	22,439,309	21,782,688	3.0%	5,818
Large Commercial & Industrial	16,429,691	18,254,430	(10.0%)	11,707
Public Authorities & Electric Railroads	6,968,051	6,799,768	2.5%	575
	-----	-----		-----
Total Sales to Ultimate Customers	65,773,328	65,041,450	1.1%	26,772
	=====	=====		=====
Heating Degree Days	4,081	3,610		2
Cooling Degree Days	848	748		1

Edgar Filing: PECO ENERGY CO - Form 8-K

Revenue (in thousands)	2001	2000	% Change	2001
Residential	\$ 1,851,856	\$1,724,095	7.4%	\$ 990
Small Commercial & Industrial	1,613,971	1,597,885	1.0%	573
Large Commercial & Industrial	732,175	848,786	(13.7%)	750
Public Authorities & Electric Railroads	382,235	372,143	2.7%	54
Total Sales to Ultimate Customers	\$ 4,580,237	\$4,542,909	0.8%	\$ 2,368

Cents / kWh	2001	2000	% Change	2001
Residential	\$ 0.093	\$ 0.095	(2.1%)	\$ 0
Small Commercial & Industrial	\$ 0.072	\$ 0.073	(1.4%)	\$ 0
Large Commercial & Industrial	\$ 0.045	\$ 0.046	(2.2%)	\$ 0
Public Authorities & Electric Railroad	\$ 0.055	\$ 0.055	0.0%	\$ 0
Total Sales to Ultimate Customers	\$ 0.070	\$ 0.070	0.0%	\$ 0

SIGNATURES

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

Exelon Corporation
Commonwealth Edison Company

Edgar Filing: PECO ENERGY CO - Form 8-K

PECO Energy Company

/S/ Ruth Ann M. Gillis

Ruth Ann M. Gillis
Senior Vice President and Chief Financial Officer
Exelon Corporation

October 23, 2001