UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

August 27, 2020

Date of Report (Date of earliest event reported)

Commission File Number	Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
001-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
EXELON CORPORATION:		
Common Stock, without par value	EXC	The Nasdaq Stock Market LLC

Indicate by check mark whether any of the registrants are emerging growth companies as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

Section 2 – Financial Information
Item 2.05 Costs Associated with Exit or Disposal Activities

On August 27, 2020, Exelon Generation Company, LLC (Generation) announced that it intends to permanently cease generation operations at Byron Generating Station (Byron) in September 2021 and at Dresden Generating Station (Dresden) in November 2021. The current Nuclear Regulatory Commission (NRC) licenses for Byron Units 1 and 2 expire in 2044 and 2046, respectively, and the licenses for Dresden Units 2 and 3 expire in 2029 and 2031, respectively. A copy of the press release is attached hereto as Exhibit 99.1.

The primary factors contributing to the deteriorating economic value of Byron and Dresden include significant declines in plant revenues due to prolonged periods of low wholesale power prices, market rules that allow fossil fuel plants to underbid clean resources in the PJM capacity auction, and the absence of federal or state policies that place a value on nuclear energy for its ability to produce electricity without carbon or air pollution while contributing to grid reliability and resiliency. All of these factors contribute to deteriorating economic value and losses for the foreseeable future.

As a result of the decision to early retire Byron and Dresden, Exelon Corporation (Exelon) and Generation will recognize certain one-time charges in 2020 ranging from an estimated $200 million to $300 million related to materials and supplies inventory reserve adjustments, employee-related costs, and construction work-in-progress impairments, among other items. Exelon and Generation also could recognize additional one-time charges in 2021 not expected to exceed $50 million. These one-time charges will be excluded from Exelon's and Generation's Adjusted (non-GAAP) Operating Earnings. Estimated total cash expenditures related to the one-time charges primarily for employee-related costs are expected to range from less than $25 million in 2020, $25 million to $50 million in 2021, and $50 million to $100 million thereafter.

In addition to these one-time charges, there will be ongoing annual financial impacts stemming from shortening the expected economic useful lives of Byron and Dresden primarily related to accelerated depreciation of plant assets (including any asset retirement costs (ARC)), accelerated amortization of nuclear fuel, and changes in asset retirement obligation (ARO) accretion expense associated with the changes in decommissioning timing and cost assumptions to reflect an earlier retirement date. The following table summarizes the estimated annual amount and timing of expected incremental non-cash expense items expected to be incurred as a result of the intended early retirement, which will also be excluded from Exelon's and Generation's Adjusted (non-GAAP) Operating Earnings.

(in millions)	2020	2021
Income statement expenses (pre-tax):		
Depreciation and Amortization		
Accelerated depreciation[(a)]	$875 to $950	$2,075 to $2,200
Accelerated nuclear fuel amortization	$50 to $75	$175 to $200
Operating and Maintenance		
Decreased ARO accretion	Less than ($25)	Less than ($25)
Contractual offset for ARO accretion and ARC depreciation[(b)]	($325) to ($400)	($775) to ($900)

(a) Includes the accelerated depreciation of plant assets including any ARC.

(b) Based on the regulatory agreement with the Illinois Commerce Commission for the former Commonwealth Edison Company (ComEd) units, decommissioning-related activities are offset within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and the offset results in an equal adjustment to the noncurrent affiliate payable/receivable between Generation and ComEd and the regulatory liabilities recognized at ComEd. Should the expected value of the NDT fund for any former ComEd unit fall below the amount of the expected decommissioning obligation for that unit, the accounting to offset decommissioning-related activities at Generation for that unit would be discontinued and the decommissioning-related activities would be recognized in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income, the adverse impact of which could be material.

Upon retirement, Dresden will have adequate funding assurance, however, due to the earlier commencement of decommissioning activities and a shorter time period over which the nuclear decommissioning trust fund (NDTF) investments could appreciate in value, Byron may no longer meet the NRC minimum funding requirements and, as a result, the NRC may require additional financial assurance including possibly a parental guarantee from Exelon. However, the amount of any required financial assurance would ultimately be dependent on the decommissioning approach adopted at Byron, the associated level of costs, and the decommissioning trust fund investment performance going forward. Within no later than two years after shutting down a plant, Generation must submit a post-shutdown decommissioning activities report to the NRC that includes the planned option for decommissioning the site. Considering the different approaches to decommissioning available to Generation, the most likely estimates currently anticipated could require financial assurance for radiological decommissioning at Byron of up to $325 million.

Upon issuance of any required financial guarantees, each site would be able to utilize the respective NDTFs for radiological decommissioning costs, which represent the majority of the total expected decommissioning costs. However, under the regulations, the NRC must approve an exemption in order for Generation to utilize the NDTFs to pay for non-radiological decommissioning costs (i.e. spent fuel management and site restoration costs, if applicable). If a unit does not receive this exemption, those costs would be borne by Generation without reimbursement from or access to the NDT funds. Accordingly, based on current projections of the most likely decommissioning approach, it is expected that Dresden would not require supplemental cash from Generation, but some portion of the Byron spent fuel management costs would need to be funded through supplemental cash from Generation. While the ultimate amounts may vary and could be offset by reimbursement of certain spent fuel management costs under the United States Department of Energy settlement agreement, decommissioning for Byron may require supplemental cash from Generation of up to $175 million, net of taxes, over a period of 10 years after permanent shutdown.

Section 9 - Financial Statements and Exhibits
Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Exhibit No.	Description
99.1	Press release
101	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.
104	The cover page from this Current Report on Form 8-K, formatted as Inline XBRL.

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This combined Current Report on Form 8-K is being furnished separately by Exelon Corporation and Exelon Generation Company, LLC (collectively, the Registrants). Information contained herein relating to any individual Registrant has been furnished by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

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) the Registrants' 2019 Annual Report on Form 10-K in (a) Part I, ITEM 1A. Risk Factors, (b) Part II, ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part II, ITEM 8. Financial Statements and Supplementary Data: Note 18, Commitments and Contingencies; (2) the Registrants' Second Quarter 2020 Quarterly Report on Form 10-Q in (a) Part II, ITEM 1A. Risk Factors; (b) Part I, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, ITEM 1. Financial Statements: Note 14, Commitments and Contingencies; and (3) other factors discussed in filings with the Securities and Exchange Commission by the Registrants.

Investors are cautioned not to place undue reliance on these forward-looking statements, whether written or oral, which apply only as of the date of this Current 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 Current Report.

SIGNATURES

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

EXELON CORPORATION

/s/ Joseph Nigro

Joseph Nigro
Senior Executive Vice President and Chief Financial Officer
Exelon Corporation

EXELON GENERATION COMPANY, LLC

/s/ Bryan P. Wright

Bryan P. Wright
Senior Vice President and Chief Financial Officer
Exelon Generation Company, LLC

August 27, 2020

EXHIBIT INDEX

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Exelon Generation.

News Release

Contact: Bill Gibbons
Exelon Media Relations
708-932-6123
william.gibbons@exeloncorp.com

FOR IMMEDIATE RELEASE

EXELON GENERATION TO RETIRE ILLINOIS' BYRON AND DRESDEN NUCLEAR PLANTS IN 2021

Early retirements are the result of market rules that favor polluting power plants over carbon-free nuclear energy

CHICAGO (Aug. 27, 2020) — Exelon Generation announced today that it intends to retire its Byron Generating Station and Dresden Generating Station in fall 2021, resulting in the loss of four nuclear generation units that together supply clean, zero-emissions energy to more than four million homes and businesses in northern Illinois. Byron, located just outside Byron, Ill., will close in September 2021, and Dresden, located in Morris, Ill., will close in November 2021.

Dresden is licensed to operate for another decade and Byron for another 20 years. Together, they employ more than 1,500 full-time employees and 2,000 supplemental workers during refueling outages, most from local union halls. The plants pay nearly $63 million in taxes annually to support local schools, fire, police and other services. The two plants supply 30 percent of Illinois' carbon-free energy and are essential to meeting the state's goal to achieve 100 percent clean energy.

“Although we know in our heads that shutting down the uneconomic Illinois plants is necessary to preserve even more jobs elsewhere, our hearts ache today for the thousands of talented women and men that have served Illinois families for more than a generation and will lose their jobs because of poorly conceived energy policies,” said Christopher Crane, president and CEO of Exelon. “But we are only about a year away from shutdown and we need to give our people, the host communities, and regulators time to prepare.”

“We recognize this comes as many of our communities are still recovering from the economic and public health impacts of the pandemic, and we will continue our dialogue with policymakers on ways to prevent these closures,” said Crane. “To that end, we have opened our books to policymakers and will continue to do so for any lawmaker who wishes to judge the plants’ profitability.”

“We agree with Governor Pritzker that policy reform is urgently needed to address the climate crisis and advance Illinois’ clean energy economy, and we support the objectives of the Governor’s recent energy principles,” added Crane. “That’s separate from today’s announcement to retire these two zero-carbon nuclear plants, which was not a decision made lightly and is one that has been in the works for some time.”

Despite being among the most efficient and reliable units in the nation’s nuclear fleet, Dresden and Byron face revenue shortfalls in the hundreds of millions of dollars because of declining energy prices and market rules that allow fossil fuel plants to underbid clean resources in the PJM capacity auction, even though there is broad public support for sustaining and expanding clean energy resources to address the climate crisis. The plants’ economic challenges are further exacerbated by a recent FERC ruling that undermines longstanding state clean energy programs and gives an additional competitive advantage to polluting energy sources in the auction. As a result of these market rules, Exelon Generation’s LaSalle and Braidwood nuclear stations in Illinois, each of which house two nuclear units and together employ more than 1,500 skilled workers, are also at high risk for premature closure.

Studies have shown that when nuclear plants close, plants that burn fossil fuels operate much more often, increasing harmful carbon and air pollution, especially in disadvantaged communities. In January 2019, Illinois committed to reducing greenhouse gas emissions consistent with the targets set in the Paris climate agreement. While the state is currently at roughly 85 percent progress towards the 2025 goal, if the four economically challenged nuclear plants (Dresden, Byron, Braidwood and LaSalle) prematurely retire, Illinois will drop to only 20 percent of the way toward the goal. Electric sector emissions in Illinois will increase by 70 percent.

Despite these consequences, Exelon Generation must act now to prevent further shortfalls and give its employees, contractors and community partners time to prepare for the loss of jobs and tens of millions of dollars in taxes, donations and local purchasing. The notification also is necessary to give PJM enough time to conduct an analysis confirming that retiring Byron and Dresden will not cause a shortage of generating capacity in northern Illinois during times of peak demand.

In the days and weeks ahead, Exelon Generation will file a deactivation notice with PJM and inform key stakeholders and regulatory agencies of the retirements. In addition, the company will:

- Make official shutdown notifications to the Nuclear Regulatory Commission within 30 days;
- Terminate capital investment projects required for long term operation of Dresden and Byron; and
- Scale back the refueling outages scheduled for this fall at Dresden and Byron. The move will result in spending reductions of $50 million and the elimination of up to 1,400 of the more than 2,000 mostly union jobs typically associated with the two refueling outages.

While retirement preparations are underway, employees will continue to operate the plants at world-class levels of safety and operational excellence until they are decommissioned. Exelon Generation will work to place affected plant employees at other Exelon facilities or help them transition to positions outside the company, wherever possible.

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About Exelon Generation

Exelon Generation, a subsidiary of Exelon Corporation (Nasdaq: EXC), is the nation's largest producer of carbon-free energy, powering more than 20 million homes and businesses through a diverse generation fleet with more than 31,000 megawatts of capacity. Exelon Generation operates the largest U.S. fleet of zero-carbon nuclear plants with more than 18,700 megawatts from 21 reactors at 12 facilities in Illinois, Maryland, New York and Pennsylvania. It also operates a diverse mix of wind, solar, landfill gas, hydroelectric, natural gas and oil facilities in 19 states with more than 12,300 megawatts. Exelon Generation sets the standard for world-class power plant operations that produce clean, safe, reliable electricity, and is an active partner and economic engine in the communities it serves by providing jobs, charitable contributions and tax payments that help towns and regions grow. Follow Exelon Generation on Twitter @ExelonGen, view the Exelon Generation YouTube channel or visit exeloncorp.com.