



Constellation

An Exelon Company

April 29, 2016

**CONFIDENTIAL: RESPONSE TO CITY OF SOCORRO'S
2016 REQUEST FOR INFORMATION FOR WHOLESALE POWER SUPPLY**

This indicative, non-binding proposal ("Proposal") is being submitted by Exelon Generation Company, LLC ("Constellation") in response to the City of Socorro ("Socorro") Request for Information for Wholesale Power Supply issued on March 29, 2016 (the "RFI"). Notwithstanding anything to the contrary in the RFI, this Proposal is for discussion purposes only and is not intended to be complete and all-inclusive of the terms and conditions of any potential transaction. All prices herein are indicative prices only and are subject to change. This information is not an offer, a solicitation of an offer or a commitment of Constellation or any parent or affiliate of Constellation and does not create any rights or obligations for any party.

While we understand that the City of Socorro, NM ("City") is considering ending its relationship with Socorro Electric Cooperative ("Co-op") and Tri-State Generation and Transmission Association, Inc. ("TSGT"), Constellation does not want to interfere with the City-Coop-TSGT relationship and therefore, the execution of any transaction between Constellation and City pursuant to this indicative proposal is contingent upon City resolving all necessary issues with Co-op and TSGT.

Contact Information

HEADQUARTERS

Exelon Generation Company, LLC ("Constellation")
100 Constellation Way, Suite 500C
Baltimore, MD 21202

PRIMARY CONTACT for PROPOSAL QUESTIONS

Brent Thompson
West Origination
222 SW Columbia Street, Suite 1625
Portland, OR 97201
503-205-2940 (o) | 410-790-3141 (m)

SECONDARY CONTACT for PROPOSAL QUESTIONS

Amanda DeWeese
West Mid-Marketing
100 Constellation Way, Suite 500C
Baltimore, MD 21202
410-470-3485 (o) | 302-690-1319 (m)

CONFIDENTIAL

CONFIDENTIAL

Executive Summary

Constellation is pleased to submit the following indicative, non-binding proposal in response to the Socorro RFI.

Constellation and its subsidiaries are the largest supplier of retail industrial, commercial and residential electric load in the United States and has directly applicable experience serving physical electricity supply needs of wholesale customers similarly positioned to Socorro. We believe our nationwide physical load serving experience, as well as our specific capabilities in the Pacific Northwest, California ISO and the Desert Southwest power markets, uniquely positions us to reliably serve Socorro's load supply needs.

Our stable investment grade credit profile should give Socorro confidence in Constellation as a long term energy supply partner. Further, Constellation's core business is North American electric generation ownership, merchant electric generation, and structured customer supply products.

We hope that Socorro will find our industry experience and focus and commitment to customer load supply compelling. We look forward to the opportunity to provide wholesale power and scheduling requirements to Socorro. If you have any questions, please don't hesitate to contact our team.

Organizational Overview

As reported in Exelon's 2014 Annual Report, Exelon Corporation ("Exelon") is the nation's leading competitive energy provider, with 2014 revenues of approximately \$27.4 billion. Headquartered in Chicago, Exelon has operations and business activities in 48 states, the District of Columbia and Canada. Exelon is one of the largest competitive U.S. power generators, with approximately 32,000 megawatts of owned capacity comprising one of the nation's cleanest and lowest-cost power generation fleets. The company's Constellation business unit provides energy products and services to approximately 2.5 million residential, business and public sector customers. Exelon's utilities deliver electricity to 6.6 million customers in central Maryland (BGE), northern Illinois (ComEd) and southeastern Pennsylvania (PECO), and natural gas to 1.2 million customers through BGE and PECO. Exelon also owns Atlantic City Electric Company, Baltimore Gas and Electric Company, Commonwealth Edison Company, Delmarva Power & Light Company, PECO Energy Company, and Potomac Electric Power Company, six regulated public utilities that own electric transmission and distribution systems and deliver electricity to customers in Delaware, the District of Columbia, Illinois, Maryland, New Jersey, and Pennsylvania.

Formed by the March 2012 merger of Exelon Corporation and Constellation Energy Group, Inc., Exelon served more than 150,000,000 MWh of electric load and delivered 190,000,000 MWh of generation in 2014.

Constellation and its affiliates serve approximately 800 MW of retail load in the California ISO and own a variety of power generation assets in California and in the non-ISO regions of the Western Electric Coordinating Council ("WECC"). Constellation has been a participant in the Western US power and natural gas markets for nearly 20 years, actively trading and marketing electricity in all regions of the WECC. We specialize in the management of physical power purchase and delivery in the traditional market "hubs" as well as less liquid, off-hub locations. Throughout this time and

CONFIDENTIAL

continuing actively today, Constellation and its affiliates have owned, operated and developed generating assets, including renewable resources, served wholesale and retail load, and have been an active market participant in all facets of the WECC market.

In 2013, after a nearly two-year RFP process, Constellation was selected in a competitive bid process and began serving the energy requirements of Sonoma Clean Power Authority ("SCP"), Sonoma County's startup community choice aggregator, in May 2014. The transaction allows SCP to offer its residential, commercial and industrial customers renewable and carbon-free energy at rates that are competitive with the incumbent utility. Per the transaction structure, Constellation provides energy, including renewable energy that meets the state's renewable portfolio standard and incremental carbon free energy to meet SCP's renewable product offerings, Resource Adequacy Capacity to meet the state's reliability requirements, and Scheduling Coordinator services to SCP.

More generally, throughout our nearly 20-year trading and marketing history, Constellation has successfully supplied several load serving entities with firm wholesale power, both block energy, fixed hourly load shapes, and real-time load following throughout the West and, most recently, in the Phoenix, AZ area at the Palo Verde, West Wing, and Pinnacle Peak delivery points.

Constellation staffs a dedicated; WECC-specific, 24-hour trading desk to monitor our electricity portfolio positions in our Baltimore, MD headquarters, and maintains a Western US regional office in Portland, OR.

Please see www.exeloncorp.com for additional information.

Financial Considerations

Exelon Generation Company LLC Credit Rating: Moody's – "Baa2"; S&P – "BBB"

Financial Reports: Due to the size of Exelon's financial reports, please see the "Investors" section of www.exeloncorp.com for all requested financial information.

CONFIDENTIAL

Transaction Overview: 5-Year Proposal and 10-Year Proposal

Seller: Exelon Generation Company, LLC (“Constellation” or “Seller”).

Buyer: City of Socorro (“Socorro” or “Buyer”)

**Transaction
Description:**

Load-following, firm energy supply service with energy imbalances where, Constellation will provide physical firm WSPP Schedule C quality energy to Socorro at the Delivery Point. Constellation will provide scheduling services including scheduling, tagging, submitting transmission requests and other activities agreed upon by the parties to facilitate the delivery of the Product.

Constellation’s pricing assumes that Constellation will determine the day-ahead, hourly scheduled volumes and will pay any Energy Imbalance Service costs charged by PNM as a result of any deviations between scheduled energy and actual load.

Constellation’s proposal assumes that Socorro will obtain the transmission rights to deliver from the Delivery Point to Socorro through Public Service Company of New Mexico (PNM) Transmission and/or TSGT transmission and will be the Transmission Customer as defined in the PNM Open Access Transmission Tariff, and will utilize Constellation as an agent to manage the NITS to facilitate the delivery of the Product, and related ancillary services, from the Delivery Point to Socorro.

**Load Growth
Limitations:**

Socorro load changes will be limited to +/- four percent (+/-4%) per year, which is meant to accommodate normal fluctuations associated with impacts of weather and normal changes in operations.

Load changes will be measured for each year during the Term will be weather normalized. To the extent that Socorro’s load changes by more than four percent (4%) from the corresponding 12-month period of the previous year, all costs incurred by Constellation over and above the contract price will be passed through to Socorro.

Socorro shall provide a load forecast for the Term, and shall update such forecast on an annual basis throughout the Term.

Delivery Point: Four Corners 345 kV

Term: July 1, 2017 through June 30, 2022 or
July 1, 2017 through June 30, 2027

**Energy Indicative
Pricing:**

5-Year Energy delivered to Four Corners or
10-Year Energy delivered to Four Corners

CONFIDENTIAL

The pricing below assumes that any costs associated with ancillary services, which are not included the under the WSPP Service Schedule C agreement or are outside of the cost of transmission to deliver to Four Corners, will be passed through to Socorro.

City of Socorro - Total City

	<i>Start</i> 7/1/2017	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	7/1/2017	7/1/2017
	<i>End</i> 12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	6/30/2027	6/30/2022	6/30/2027
<i>Months</i>	6	12	12	12	12	12	12	12	12	12	6	60	120
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	5-Year	10-Year
Price to Counterparty	36.76	35.01	36.29	37.98	39.75	41.55	45.92	46.88	47.98	49.37	47.88	37.33	42.09

Credit:

Credit requirements will be determined once Constellation has completed a review of Socorro's financial records.