



# First Quarter 2023 Financial Review

Members Committee Webinar

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Jim Snow

<b>Topic</b>	<b>Slide(s)</b>
Intercompany charges or credits between PJM's non-FERC regulated subsidiaries and the FERC-regulated RTO	3
Material variances in revenues, net operating expense and capital budget vs. actual results	4 - 7
Summary of cost trends	8 - 9

- For the three months ended March 31, 2023, the employees of the FERC-regulated RTO charged \$0.1 million of billing, collections and accounting services to PJM's non-FERC regulated subsidiaries, respectively.
- The credit for these services provided was recorded as a reduction in the compensation expense under PJM Tariff allocated to Schedules 9-1 through 9-5.
- For the three months ended March 31, 2023, revenues and expenses of PJM's non-FERC regulated subsidiaries totaled \$1.8 million and \$0.8 million, respectively, resulting in \$1.0 million of net income for the period.



# 1Q23 Expense Variances – Actual vs. Budget

<i>(dollars in millions)</i>	Actual	Budget	Variance	
			\$	%
Compensation <sup>(1)</sup>	45	48	(3)	(6)
Non-Employee Labor <sup>(1)</sup>	12	13	(1)	(8)
Technology <sup>(2)</sup>	10	10	---	---
Depreciation / Interest <sup>(1)</sup>	7	9	(2)	(22)
Other <sup>(2)</sup>	6	6	---	---
Income Taxes <sup>(2)</sup>	---	---	---	---
<b>Total Expenses <sup>(3)</sup></b>	<b>80</b>	<b>86</b>	<b>(6)</b>	<b>(7)</b>
<p><sup>(1)</sup> See additional information on expense variances on slide 7.</p> <p><sup>(2)</sup> For this period, there were no material variances in this expense category in total or within the components of this expense category.</p> <p><sup>(3)</sup> Excludes expenses related to Tariff Schedule 9-FERC.</p>				



# 1Q23 Material Expense Variances – Actual vs. Budget

- **Compensation** – savings from updated pension expense projections (-\$1.1M), lower staff than budgeted (-\$0.7M), and increased project charging (\$-0.3M); and timing of payroll taxes (-\$0.7M)
- **Non-Employee Labor** – timing of outside legal fees (-\$0.5M), cost center initiatives (-\$0.3M), and projects (-\$0.3M)
- **Depreciation/Interest** – savings resulting from higher interest income (-\$1.5M)



# 1Q23 Capital Variances – Actual vs. Budget

<i>(dollars in millions)</i>	Actual	Budget	Variance	
			\$	%
Application Replacements/Retrofit <sup>(2)</sup>	2	2	---	---
Current Applications & System Reliability <sup>(2)</sup>	5	5	---	---
Facilities and Technology Infrastructure <sup>(1)</sup>	3	4	(1)	(25)
Interregional Coordination <sup>(2)</sup>	---	---	---	---
New Products / Services <sup>(1)</sup>	---	1	(1)	(100)
<b>Total Capital</b>	<b>10</b>	<b>12</b>	<b>(2)</b>	<b>(16)</b>
<p><sup>(1)</sup> See additional information on capital variances on slide 9.</p> <p><sup>(2)</sup> For this period, there were no material variances in this capital expenditure category in total or within the components of this capital expenditure category.</p>				

- **Facilities and Technology Infrastructure**

- (+\$0.3M) Increase due to additional unplanned equipment needs
- (-\$0.7M) Scope accelerated into 2022 to take advantage of year-end discounts
- (-\$0.5M) Timing of equipment purchases due to supply chain related issues
- (-\$0.2M) Scope deferred to 2024 due to higher priority initiatives
- Remainder comprised of project variances less than \$100K

- **New Products / Services**

- (-\$0.5M) Project work shifting to later in 2023 due to longer requirements development effort or resource constraints
- (-\$0.1M) Scope deferred to 2024 due to higher priority initiatives
- Remainder comprised of project variances less than \$100K



# Summary of Quarterly Expense Trends





