

First Quarter 2023 Financial Review

Members Committee Webinar May 22, 2023

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1Q23 Intercompany Charges / Credits

- 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

(dollars in millions)	Actual	Budget	Variance	
	Actual		\$	%
Compensation (1)	45	48	(3)	(6)
Non-Employee Labor (1)	12	13	(1)	(8)
Technology (2)	10	10		
Depreciation / Interest (1)	7	9	(2)	(22)
Other (2)	6	6		
Income Taxes (2)				
Total Expenses (3)	80	86	(6)	(7)

⁽¹⁾ See additional information on expense variances on slide 7.

⁽²⁾ For this period, there were no material variances in this expense category in total or within the components of this expense category.

⁽³⁾ Excludes expenses related to Tariff Schedule 9-FERC.



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)

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1Q23 Capital Variances – Actual vs. Budget

	1400			
(dollars in millions)	Actual	Budget	Variance	
	Actual Budget	Daaget	\$	%
Application Replacements/Retrofit (2)	2	2		
Current Applications & System Reliability (2)	5	5		
Facilities and Technology Infrastructure ⁽¹⁾	3	4	(1)	(25)
Interregional Coordination (2)				
New Products / Services (1)		1	(1)	(100)
Total Capital	10	12	(2)	(16)

⁽¹⁾ See additional information on capital variances on slide 9.

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⁽²⁾ For this period, there were no material variances in this capital expenditure category in total or within the components of this capital expenditure category.



1Q23 Material Capital Variances – Actual vs. Budget

Facilities and Technology Infrastructure

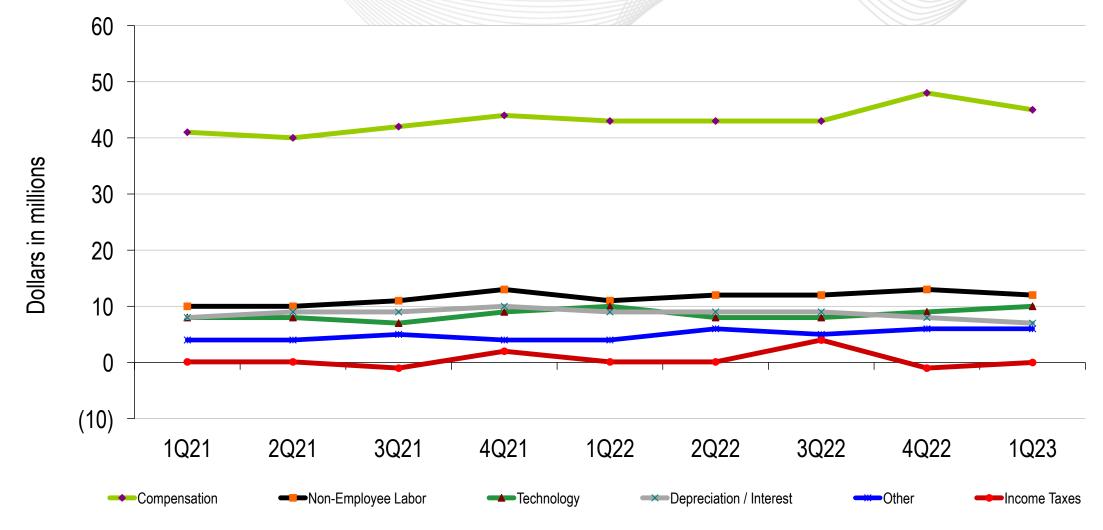
- (+\$0.3M) Increase due to additional unplanned equipment needs
- (-\$0.7M) Scope accelerated into 2022 to take advantage of year-end discounts
- (-\$0.5M) Timing of equipment purchases due to supply chain related issues
- (-\$0.2M) Scope deferred to 2024 due to higher priority initiatives
- Remainder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





Quarterly Trends – Staffing

