



# Third Quarter 2015 Financial Statement Highlights

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## 3Q15 Balance Sheet Highlights - Assets

<i>(dollars in millions)</i>	9/30/15 Balance	12/31/14 Balance	Change	
			\$	%
Deposits on hand <sup>(1)</sup>	1,417	1,088	329	30
Operating cash <sup>(2)</sup>	10	37	(27)	(73)
Receivables <sup>(3)</sup>	19	31	(12)	(39)

(1) Increase in deposits on hand at September 30, 2015 as compared to December 31, 2014 is primarily due to the timing of the annual FTR and RPM auctions.

(2) Decrease in operating cash is partially due to an \$8 million decrease in member prepayments at September 30, 2015 as compared to December 31, 2014. The remaining difference is due to the timing of collections vs. expenditures.

(3) Decrease in receivables is primarily due to lower excess congestion revenue for September 30, 2015 as compared to December 31, 2014.



## 3Q15 Balance Sheet Highlights - Liabilities

<i>(dollars in millions)</i>	9/30/15 Balance	12/31/14 Balance	Change	
			\$	%
Accounts payable and accrued expenses <sup>(1)</sup>	5	36	(31)	(86)
Due to members <sup>(2)</sup>	53	61	(8)	(13)
Deferred regulatory liability – current <sup>(3)</sup>	1	-	1	100
Deferred regulatory liability – non-current <sup>(4)</sup>	15	11	4	36
Long-term debt <sup>(5)</sup>	22	35	(13)	(37)

- (1) Decrease in accounts payable and accrued expenses is primarily due to the August 2015 payment of the FERC fee annual invoice partially offset by normal vendor activity.
- (2) Decrease is due to lower member prepayments at September 30, 2015 as compared to December 31, 2014.
- (3) The current portion of the deferred regulatory liability is \$0.6 million at September 30, 2015. This will be refunded to members during the 4<sup>th</sup> quarter of 2015.
- (4) The non-current portion of the deferred regulatory liability represents PJM's financial reserve at September 30, 2015 as defined in the stated rate tariff.
- (5) Decrease in long-term debt reflects the scheduled semi-annual debt payments under the seven-year private placement and the term loan. These payments are due March 15th and September 15th through 2016 for the private placement and through 2021 for the term loan.



## 3Q15 Change in Deferred Regulatory Liability

<i>(\$ in millions)</i>	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Service Fees	71	207
Expenses, net	(66)	(203)
Contribution to Deferred Regulatory Liability	5	4



## 3Q15 Income Statement Highlights

<i>(dollars in millions)</i>	3Q15	3Q14	Change	
			\$	%
Compensation <sup>(1)</sup>	93	88	5	6
Pension and postretirement healthcare benefits <sup>(2)</sup>	7	5	2	40

(1) Increase in compensation expense is a result of year-over-year benefit premium and merit increases as well as the timing of labor being capitalized into projects.

(2) Increase in pension and postretirement healthcare benefits is due to the decrease in the discount rate and revised mortality tables used to measure the associated liabilities at December 31, 2014.



## 3Q15 Cash Flow Statement Highlights

<i>(dollars in millions)</i>	3Q15	3Q14	Change	
			\$	%
Operating Cash Flows <sup>(1)</sup>	12	75	(87)	(116)
Investing Cash Flows	(19)	(25)	(6)	(24)
Financing Cash Flows <sup>(2)</sup>	309	219	90	41

(1) The change in net cash provided by operating activities is driven by lower revenues for the nine months ended September 30, 2015 as compared to the nine ended September 30, 2014. Also, it is impacted by the timing of vendor payments.

(2) The change in net cash provided by financing activities is primarily due to higher customer deposits as a result of the FTR and RPM auctions.



## 3Q15 Key Financial Disclosure Highlights

### Footnotes:

- Footnote 11 provides a summary of ongoing legal and regulatory matters.
  - Lehman Brothers Commodities Services Default – Cumulative \$16.9 million (99%) recovery to date against \$17 million claim.
  - Marginal Line Loss Surplus Payment Re-allocation – DC Circuit Court of Appeals remand order in August 2013 directed FERC to provide additional support for its determination to recoup the previously ordered refunds.