



Second Quarter 2024 Financial Review

MC Webinar

September 23, 2024

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Protocol Section Reference	Topic	Slide(s)
8.a.	Intercompany charges or credits between PJM's non-FERC regulated subsidiaries and the FERC-regulated RTO	3
8.c.	Material variances in net operating expense and capital budget vs. actual results	4 – 7
8.d.	Material variances in net operating expense and capital forecast vs. actual results	8 – 11
8.e.	Summary of trends from the previous quarterly statements	12 – 13

- For the six-month period ended June 30, 2024, the employees of the FERC-regulated RTO charged \$0.3 million for billing, collections and accounting services to PJM's non-FERC regulated subsidiaries.
- 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 six-month period ended June 30, 2024, revenues and expenses of PJM's non-FERC regulated subsidiaries totaled \$3.6 million and \$1.9 million, respectively, resulting in \$1.7 million of net income for the period.



2Q24 YTD Expense Variances – Actual vs. Budget

<i>(dollars in millions)</i>	Actual	Budget	Variance	
			\$	%
Compensation ⁽¹⁾	102	99	3	3
Non-Employee Labor ⁽¹⁾	27	30	(3)	(10)
Technology ⁽²⁾	20	20	---	---
Depreciation / Interest ⁽¹⁾	17	20	(3)	(18)
Other ⁽²⁾	14	14	---	---
Income Taxes ⁽²⁾	---	---	---	---
Total Expenses ⁽³⁾	180	183	(3)	(2)
<p>⁽¹⁾ See additional information on expense variances on slide 5.</p> <p>⁽²⁾ For this period, there were no material variances in this expense category in total or within the components of this expense category.</p> <p>⁽³⁾ Excludes expenses related to Tariff Schedule 9-FERC.</p>				



2Q24 YTD Material Expense Variances – Actual vs. Budget

- **Compensation** – higher staff levels due to timing of hiring and lower project charging
- **Non-Employee Labor** – timing of project work (-\$1.7M), legal fees (-\$0.7M) and timing and savings of contractors (-\$1.1M); partially offset by increase in consulting (+\$0.4M) and managed services (+\$0.2M)
- **Depreciation / Interest** – savings resulting from higher interest income on operating cash balances (-\$3.5M)



2Q24 YTD Expense Variances – Actual vs. Forecast

<i>(dollars in millions)</i>	Actual	Forecast	Variance	
			\$	%
Compensation ⁽²⁾	102	102	---	---
Non-Employee Labor ⁽¹⁾	27	30	(3)	(10)
Technology ⁽¹⁾	20	21	(1)	(5)
Depreciation / Interest ⁽²⁾	17	17	---	---
Other ⁽²⁾	14	14	---	---
Income Taxes ⁽²⁾	---	---	---	---
Total Expenses ⁽³⁾	180	184	(4)	(2)
<p>⁽¹⁾ See additional information on expense variances on slide 7.</p> <p>⁽²⁾ For this period, there were no material variances in this expense category in total or within the components of this expense category.</p> <p>⁽³⁾ Excludes expenses related to Tariff Schedule 9-FERC.</p>				



2Q24 YTD Material Expense Variances – Actual vs. Forecast

- **Non-Employee Labor** – timing of project work (-\$1.3M), consulting (-\$0.8M), legal fees (-\$0.7M) and contractors (-\$0.2M)
- **Technology** – timing of software subscriptions (-\$0.4M), computer maintenance (-\$0.1M) and savings of software licenses (\$0.1M)



2Q24 YTD Capital Variances – Actual vs. Budget

<i>(dollars in millions)</i>	Actual	Budget	Variance	
			\$	%
Application Replacements/Retrofit ⁽¹⁾	6	4	2	50
Current Applications & System Reliability ⁽¹⁾	8	12	(4)	(33)
Facilities and Technology Infrastructure ⁽¹⁾	5	9	(4)	(44)
Interregional Coordination ⁽²⁾	---	---	---	---
New Products / Services ⁽²⁾	1	1	--	--
Total Capital	20	26	(6)	(23)
<p>⁽¹⁾ See additional information on capital variances on slide 9.</p> <p>⁽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.</p>				



2Q24 YTD Material Capital Variances – Actual vs. Budget

- **Application Replacements**
 - (+\$2.0M) EMS Phase 2 Program: Acceleration of 2025 work
- **Current Applications and System Reliability**
 - (-\$2.6M) Project work deferred to accommodate higher priority initiatives
 - (-\$0.6M) Timing of work due to resource availability
 - (-\$0.6M) Timing of capital work due to extend requirements effort
 - Remainder comprised of project variances less than \$100K
- **Facilities and Technology Infrastructure**
 - (-\$1.8M) Timing of work due to resource availability and extended requirements effort
 - (-\$1.5M) Acceleration of purchases into 2023
 - (-\$1.M) Scope deferred to 2025 due to higher priority initiatives



2Q24 YTD Capital Variances – Actual vs. Forecast

<i>(dollars in millions)</i>	Actual	Forecast	Variance	
			\$	%
Application Replacements/Retrofit ⁽¹⁾	6	8	(2)	(25)
Current Applications & System Reliability ⁽¹⁾	8	10	(2)	(20)
Facilities and Technology Infrastructure ⁽¹⁾	5	6	(1)	(16)
Interregional Coordination ⁽²⁾	---	---	---	---
New Products / Services ⁽²⁾	1	1	---	---
Total Capital	20	25	(5)	(20)
<p>⁽¹⁾ See additional information on capital variances on slide 11.</p> <p>⁽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.</p>				

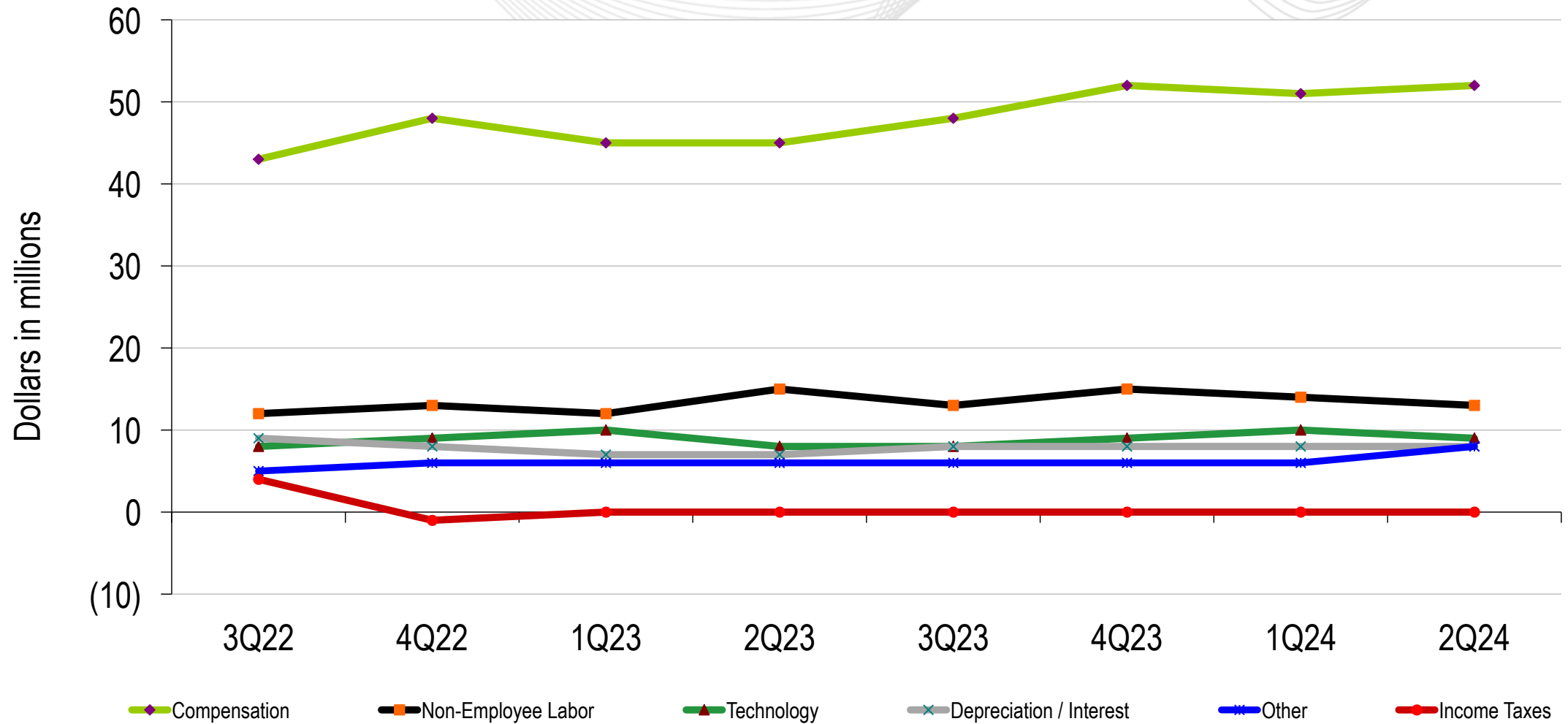


2Q24 YTD Material Capital Variances – Actual vs. Forecast

- **Application Replacements**
 - (-\$1.7M) Timing of vendor work for EMS Phase 2 and nGem projects
 - Remainder comprised of project variances less than \$100K
- **Current Applications and System Reliability**
 - (-\$1.2M) Timing due to resource constraints and extended requirements effort
 - (-\$0.5M) Project scope deferred due to work on higher priority initiatives
 - (-\$0.3M) Savings, effort less complex than anticipated
- **Facilities and Technology Infrastructure**
 - (-\$0.6M) Timing of work due to extended requirements or resource constraints
 - (-\$0.3M) Timing of equipment purchases due to supply chain related issues
 - Remainder comprised of project variances less than \$100K



Summary of Quarterly Expense Trends





Quarterly Trends – Staffing

