



# Second Quarter 2022 Financial Review

MC Informational Webinar  
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## 2Q22 Intercompany Charges / Credits

- For the six-month period ended June 30, 2022, the employees of the FERC-regulated RTO charged \$0.2 million of 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, 2022, revenues and expenses of PJM's non-FERC regulated subsidiaries totaled \$2.3 million and \$1.4 million, respectively, resulting in \$0.9 million of net income for the period.
- In 2Q 2022, PJM Connex, LLC paid a dividend to PJM Interconnection, LLC in accordance with the dividend agreement in place between the entities. While the dividend eliminates upon consolidation, the dividend resulted in lower collections from PJM members in the second quarter.



## 2Q22 YTD Expense Variances – Actual vs. Budget

<i>(dollars in millions)</i>	Actual	Budget	Variance	
			\$	%
Compensation <sup>(2)</sup>	86	88	(2)	(2)
Non-Employee Labor <sup>(1)</sup>	23	26	(3)	(12)
Technology <sup>(2)</sup>	18	18	---	---
Depreciation / Interest <sup>(2)</sup>	18	18	---	---
Other <sup>(1)</sup>	11	14	(3)	(21)
Income Taxes <sup>(2)</sup>	---	---	---	---
<b>Total Expenses <sup>(3)</sup></b>	<b>156</b>	<b>164</b>	<b>(8)</b>	<b>(5)</b>
<p><sup>(1)</sup> See additional information on expense variances on slide 10.</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>				



## 2Q22 YTD Material Expense Variances – Actual vs. Budget

- **Non-Employee Labor** – timing of projects (-\$1.6M) and managed services (-\$0.3M); and timing and savings of cost center initiatives (-\$0.8M) and legal fees (-\$0.4M)
- **Other** – timing and savings of employee related expenses (-\$0.9M), and interest rate swap (-\$0.4M), timing of annual meeting expense (-\$0.4M) and dues & subscriptions (-\$0.2M) and meetings expense (-\$0.2M)



## 2Q22 YTD Capital Variances – Actual vs. Budget

<i>(dollars in millions)</i>	Actual	Budget	Variance	
			\$	%
Application Replacements/Retrofit <sup>(1)</sup>	5	6	(1)	(17)
Current Applications & System Reliability <sup>(1)</sup>	5	10	(5)	(50)
Facilities and Technology Infrastructure <sup>(1)</sup>	4	7	(3)	(43)
Interregional Coordination <sup>(2)</sup>	---	---	---	---
New Products / Services <sup>(2)</sup>	2	2	---	---
<b>Total Capital</b>	<b>16</b>	<b>25</b>	<b>(9)</b>	<b>(36)</b>
<sup>(1)</sup> See additional information on capital variances on slide 18. <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.				



## 2Q22 YTD Material Capital Variances – Actual vs. Budget

### **Application Replacements/Retrofit**

- (-\$1.0M) Timing, project work shifting out due to vendor resource constraints

### **Current Applications and System Reliability**

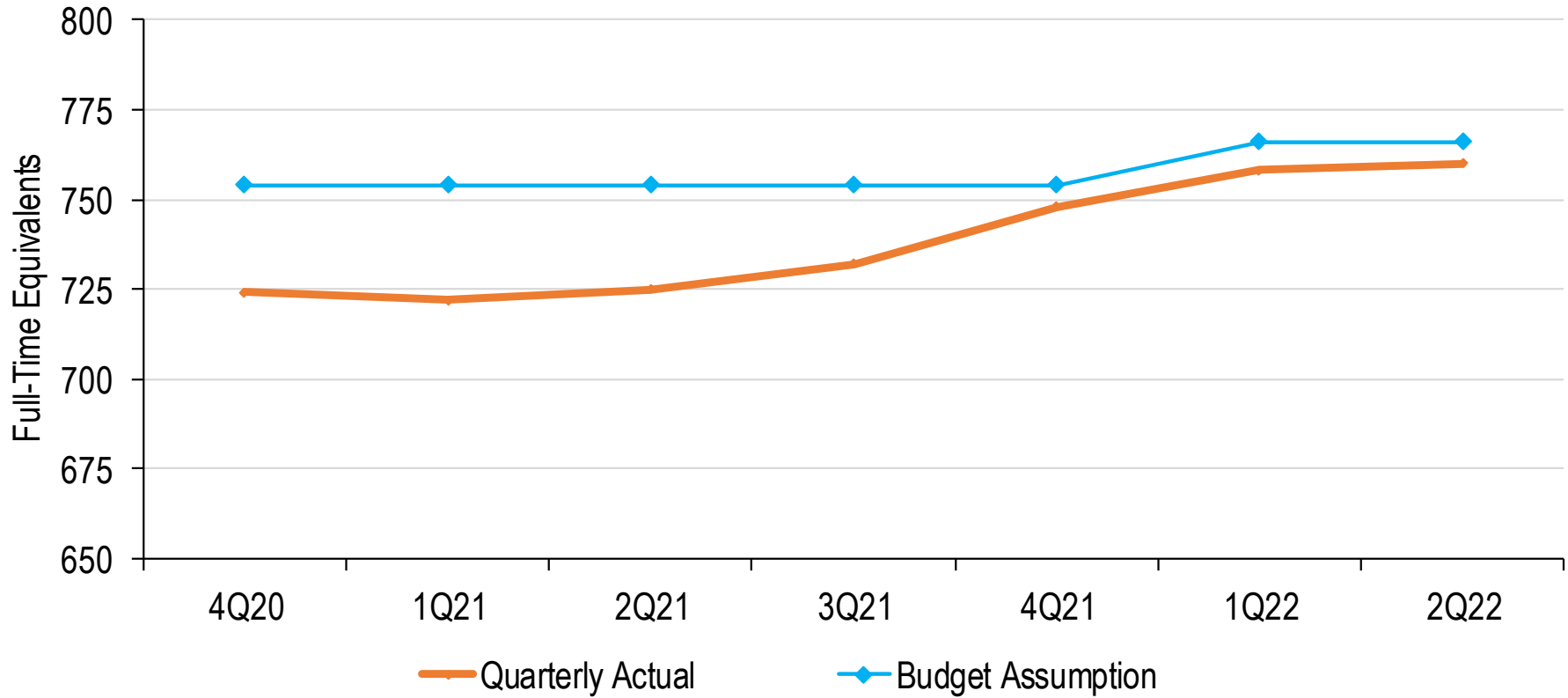
- (-\$2.0M) Timing, project work shifting to later in 2022 due to refinement of requirements
- (-\$1.3M) Project scope deferred due to work on higher priority initiatives
- (-\$0.6M) Hardware purchase accelerated into 2021
- (-\$0.5M) Savings, assumed capital software purchases, result was subscription based software
- Remainder comprised of project variances less than \$200K

### **Facilities and Technology Infrastructure**

- (-\$1.1M) Equipment purchases accelerated into 2021
- (-\$0.7M) Timing, hardware purchases shifted to later in 2022
- (-\$0.7M) Equipment purchases shifting to 2023 due to supply chain issues and resource constraints
- Remainder comprised of project variances less than \$200K



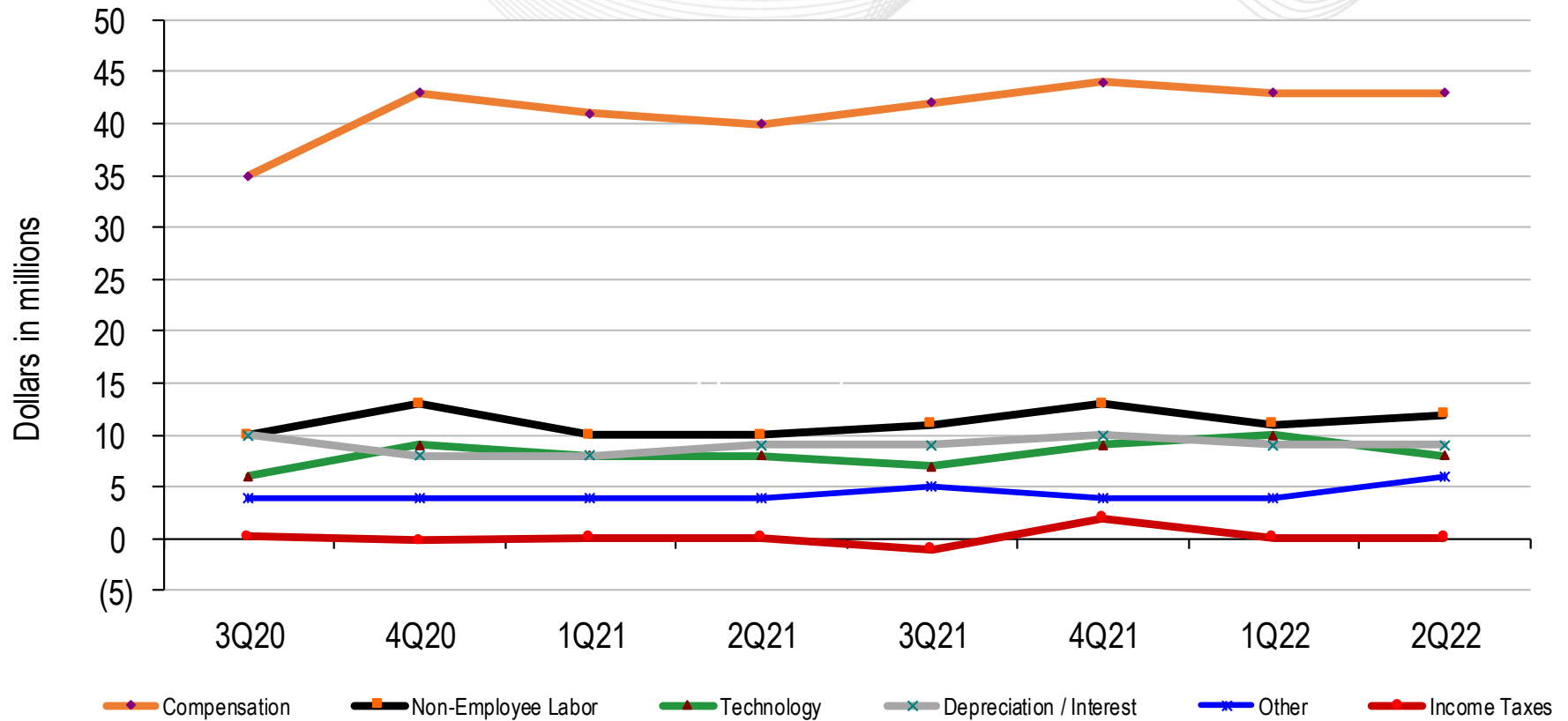
# Quarterly Trends – Staffing







# Summary of Quarterly Expense Trends



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