



# Preliminary 2023 Budget

MC Informational Webinar  
September 19, 2022  
Jim Snow

- Current FERC-approved interconnection processes remain the same, with interconnection study costs billed directly to developers
- Staffing budgeted at an average of 790 full time equivalents (FTEs)
- Organization of PJM States (OPSI) costs, Consumer Advocates of PJM States (CAPS) and FERC Fees are collected via separate schedules in the Tariff and billed directly to customers/members in PJM
- Market Monitoring costs are excluded from PJM's operating costs and are collected via a separate rate mechanism
- Excludes provisions for potential NERC fines or penalties
- Interest rate for working capital funding is 4.5%



# Expense Summary by Financial Category

Financial Category (dollars in millions)	2022 Forecast <sup>1</sup>	2023 Preliminary Budget	Delta	
			\$	%
Compensation	173	184	11	6
Non-employee Labor	51	52	1	2
Technology	35	38	3	9
Depreciation/Interest	37	39	2	5
Other	25	27	2	8
Income Taxes	1	1	---	---
<b>Total Expenses</b>	<b>322</b>	<b>341</b>	<b>19</b>	<b>6</b>

(1) Represents second quarter 2022 forecast

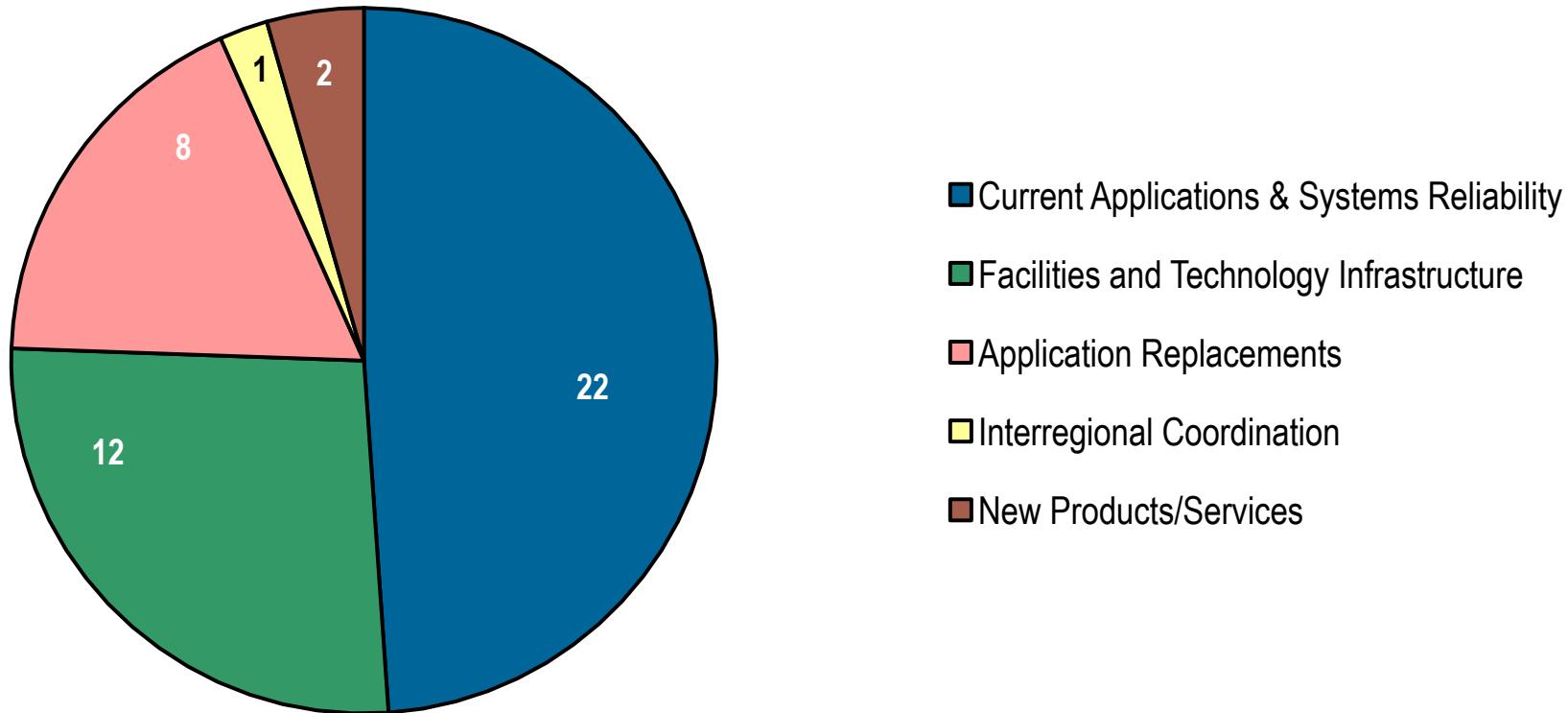


# Comparison of 2022 Forecast and Preliminary 2023 Budget

<i>(dollars in millions)</i>		<b>Key Change</b>
<b>2022 Forecast</b>	<b>322</b>	
<b>Compensation</b>	11	Increase in Planning staff resulting from FERC NOPR impact, benefits cost inflation, merit increase, cost of new hires
<b>Technology</b>	3	Inflation impact and increased software licenses & maintenance, software subscriptions, hardware purchases and computer maintenance
<b>Depreciation / Interest</b>	2	Increased depreciation
<b>Other</b>	2	Inflation impact and insurance expense
<b>Non-Employee Labor</b>	1	Inflation, increased contractor support, managed services, cost center initiatives and project expense; partially offset by decreased legal fees
<b>Preliminary 2023 Budget</b>	<b>341</b>	

- Employee attrition
- Project planning and execution
- Actuarial valuations of retirement plans
- FERC NOPRs on regional transmission planning

Total = \$45 million



Date	Group	Topics
August 24	Finance Committee	Preliminary 2023 Budget and Projects
September 6	Planning Committee	Preliminary 2023 Projects
September 7	Market Implementation Committee	Preliminary 2023 Projects
September 8	Operating Committee	Preliminary 2023 Projects
September 22	Finance Committee	Proposed 2023 Budget and Projects
September 28	Finance Committee Member Representatives	Recommendation Letter to PJM Board of Managers
October 4	Board of Managers	Consideration of Proposed 2023 Budget

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**Preliminary 2022 Budget**



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