



First Quarter 2023 Financial Statement Highlights

MC Webinar
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Balance Sheet Highlights – Assets

<i>(dollars in millions)</i>	Mar. 31, 2023	Dec. 31, 2022	CHANGE	
			Dollar	Percentage
Operating cash⁽¹⁾	466	1,013	(547)	(54)
Receivables⁽²⁾	182	131	51	39

(1) Decrease in operating cash is primarily driven by a combination of:

- a decrease in member prepayments at March 31, 2023, as compared to December 31, 2022 (\$653 million). Year-end 2022 member prepayments were higher than normal due to a high invoice amount resulting from Winter Storm Elliott. Additionally, market participants took advantage of the ability to pay invoices early as a strategy to reduce future credit exposure related to Peak Market Activity credit requirements.
- an increase in excess congestion held at March 31, 2023, as compared to December 31, 2022. PJM held approximately \$191 million at March 31, 2023, versus approximately \$66 million held at December 31, 2022.

(2) Increase in receivables balance at March 31, 2023 primarily reflects performance assessment interval (PAI) holdback billing (\$81 million representing an assessment of the risk of nonpayment of the nonperformance charges in the March 2023 invoice month) offset by decreased market to market positions under Joint Operating Agreements (December 2022 included higher than usual market to market positions for the Dec. 21-27 billing period).



Balance Sheet Highlights – Liabilities

<i>(dollars in millions)</i>	Mar. 31, 2023	Dec. 31, 2022	CHANGE	
			Dollar	Percentage
Accounts payable⁽¹⁾	94	75	19	25
Due to members⁽²⁾	625	1,124	(499)	(44)

(1) Increase in Accounts Payable reflects accrual of FERC fees in the first three months of 2023.

(2) The impact of: (1) timing of market settlement in relation to the calendar, (2) excess congestion held, and (3) performance assessment interval (PAI) holdback, resulted in a \$625 million Due to members balance at March 31, 2023.

- \$332 million represents member prepayments associated with the March 22, month-to-date market settlement bill (paid April 3).
- \$212 million of excess congestion accumulated planning period to date, to be returned to members at the end of the planning period.
- \$81 million of PAI holdback represents an assessment of the risk of nonpayment of the nonperformance charges in the March 2023 invoice month.



Income Statement Highlights

<i>(dollars in millions)</i>	3-months ended	3-months ended	CHANGE	
	Mar. 31, 2023	Mar. 31, 2022	Dollar	Percentage
Compensation expense⁽¹⁾	44	40	4	10
Interest income	30	-	30	100
Interest expense⁽²⁾	29	-	29	100

(1) Increase in compensation expense reflects higher head count period over period and normal merit increases reflected in 2023 results.

(2) Interest income and Interest expense is primarily attributable to the cash collateral held at PNC Bank for member credit. The increase year over year is a result of rising interest rates. The interest rate on the PNC cash collateral accounts rose from an average of 4.31% during first quarter 2023 as compared an average of 0.01% during the first quarter of 2022.



Cash Flow Statement Highlights

<i>(dollars in millions)</i>	3-months ended	3-months ended	CHANGE	
	Mar. 31, 2023	Mar. 31, 2022	Dollar	Percentage
Operating cash flows⁽¹⁾	(37)	-	(37)	(100)
Financing cash flows⁽²⁾	(326)	420	(746)	(177)

(1) Operating cash flow decreased primarily due to the change in receivable position from December 2022 to March 2023. March 2022 results included \$14.7 million of refunds to members associated with the transition to formula rates in 2022.

(2) The decrease in cash provided by financing activities is primarily due to a decrease in due to members, offset by a lower increase in member deposits period over period.

Footnote 9 provides a summary of ongoing legal and regulatory matters