



December 31, 2025 Financial Statement Highlights

Finance Committee
March 26, 2025

Megan Heater
Controller – Finance



Balance Sheet Highlights – Assets

<i>(dollars in millions)</i>	Dec. 31, 2025	Dec. 31, 2024	CHANGE	
			Dollar	Percentage
Operating cash⁽¹⁾	265	91	174	191
Fixed assets⁽²⁾	112	87	25	28
Projects in development	44	58	(14)	(24)
Deferred pension and postretirement costs⁽³⁾	8	-	8	100

(1) Increase in operating cash is primarily driven an increase in excess congestion year over year.

(2) The increase in fixed assets and associated decrease in projects in development reflects the placement of assets into service, including Next Generation Energy Markets (NGem) and Dispatch Application and Reporting (DART) tool refresh. The decrease in projects in development was partially offset by work performed on capital projects in 2025, including: Energy Management System (EMS) phase 2, Control Center Generator Replacement, Milford Uninterruptable Power System, Sitecore to Cloud, Exadata and NextGen projects.

(3) The change in deferred pension and postretirement costs reflects recording the remeasurement of the PJM benefit plans at Dec.31, 2025, including the impact of modified experience study assumption changes.



Balance Sheet Highlights – Liabilities

<i>(dollars in millions)</i>	Dec. 31, 2025	Dec. 31, 2024	CHANGE	
			Dollar	Percentage
Due to members⁽¹⁾	273	95	178	187
Lease liabilities – Finance leases⁽²⁾	23	5	18	360

(1) The increase in due to members reflects an increase in the excess congestion balance. The December 31, 2025 excess congestion balance held is associated with the 2025/2026 planning period.

(2) The increase in lease liabilities – finance leases reflects the extension of the term to existing lease agreements for office space located in Audubon, Pennsylvania.



Income Statement Highlights

<i>(dollars in millions)</i>	Dec. 31, 2025	Dec. 31, 2024	CHANGE	
			Dollar	Percentage
Compensation expense⁽¹⁾	220	202	18	9
Computer maintenance and office supplies⁽²⁾	12	8	4	50

- (1) Increase in compensation expense reflects higher head count period over period and normal merit increases reflected in 2025 results. In line with higher headcount and employee base salaries, the employer cost of benefits increased during 2025.
- (2) Increase in computer maintenance and office supplies expense reflects higher maintenance expense and higher dues and subscriptions year over year. Primary drivers include: (1) a new 3-year contract executed for computer hardware maintenance, (2) more expensive computer hardware coming off warranty in 2025 and (3) new and expanded subscription services supporting risk and communications.



Cash Flow Statement Highlights

<i>(dollars in millions)</i>	Dec. 31, 2025	Dec. 31, 2024	CHANGE	
			Dollar	Percentage
Operating cash flows⁽¹⁾	48	107	(58)	(54)
Financing cash flows⁽¹⁾	692	(107)	799	(746)

- (1) The change in operating cash flows is primarily due to the change in accounts receivable and deferred recovery of pension and postretirement costs positions from Dec. 2024 to Dec. 2025 as compared to Dec. 2023 to Dec. 2024.
- (2) The increase in cash provided by financing activities from Dec. 2024 to Dec. 2025 as compared to Dec. 2023 to Dec. 2024 is primarily due to the change (increase) in the deposits on hand position driven by study and interconnection deposits and member credit and an increase in excess congestion.



Key Financial Disclosure Highlights

Footnote 10 provides a summary of ongoing legal and regulatory matters.