

# September 30, 2024 Financial Statement Highlights

Finance Committee  
January 21, 2025

Megan Heater  
Controller – Finance

# Balance Sheet Highlights – Assets

<i>(dollars in millions)</i>	Sept. 30, 2024	Dec. 31, 2023	CHANGE	
			Dollar	Percentage
<b>Operating cash<sup>(1)</sup></b>	37	370	(333)	(90)
<b>Accounts receivable<sup>(2)</sup></b>	8	39	(31)	(79)
<b>Projects in development<sup>(3)</sup></b>	53	44	9	20

(1) The decrease in operating cash at Sept. 30, 2024 primarily represents the decrease in member payments held a Sept. 2024 versus Dec. 2023.

(2) The Sept. 30, 2024 balance in accounts receivable primarily includes unbilled service fees and excess congestion and unbilled recovery of pass-through charges. The decrease period over period is driven by a return of 2024/2025 planning year congestion in the Sept. 2024 market settlement invoice.

(3) The increase in projects in development is representative of work performed on capital projects during 2024, offset by the placement of assets into service during the year-to-date period ended Sept. 30, 2024.

- 2024 spend included support for the following significant projects: nGem, Energy Management System Phase 2 work, Data & Analytics Program, DART UI Refresh, Control Center Generator Replacement and Milford Uninterruptible Power System Replacement.

# Balance Sheet Highlights – Liabilities

<i>(dollars in millions)</i>	Sept. 30, 2024	Dec. 31, 2023	CHANGE	
			Dollar	Percentage
<b>Accounts payable<sup>(1)</sup></b>	23	30	(7)	(23)
<b>Due to members<sup>(2)</sup></b>	68	432	(364)	(84)

(1) Decrease in Accounts payable primarily reflects a change accrued income tax positions.

(2) The impact of: (1) timing of market settlement in relation to the calendar, and (2) excess congestion held, resulted in a \$68 million due to members balance at Sept. 30, 2024.

- \$26 million represents member payments associated with the Sept. 18<sup>th</sup> month-to-date market settlement bill (paid Oct. 2024).
- \$42 million of excess congestion accumulated planning period to date, to be returned to members at the end of the planning period.

	9-months ended Sept. 30, 2024	9-months ended Sept. 30, 2023	CHANGE	
			Dollar	Percentage
<i>(dollars in millions)</i>				
<b>Compensation expense<sup>(1)</sup></b>	147	133	14	11
<b>Outside services<sup>(2)</sup></b>	51	48	3	6
<b>Software licenses and fees<sup>(3)</sup></b>	21	19	2	11

- (1) Increase in compensation expense reflects higher head count period over period and normal merit increases reflected in 2024 results.
- (2) The increase in outside services period over period reflects higher telecommunications expense and higher electric services expense representing maintenance performed on PJM's uninterruptable power systems.
- (3) Increase in software licenses and fees expense primarily reflects higher computer software licenses, software maintenance and software subscriptions period over period - primarily driven based on cost increase.

# Cash Flow Statement Highlights

	9-months ended Sept. 30, 2024	9-months ended Sept. 30, 2023	CHANGE	
			Dollar	Percentage
<i>(dollars in millions)</i>				
<b>Operating cash flows<sup>(1)</sup></b>	46	62	(16)	(26)
<b>Financing cash flows<sup>(2)</sup></b>	(334)	(811)	477	(59)

(1) Operating cash flow decreased primarily due to the change in accounts receivable and accounts payable positions from Dec. 2023 to Sept. 2024 as compared to Dec. 2022 to Sept. 2023.

- The 2023 change in accounts receivable and accounts payable period over period reflects the absence of year-end 2022 unique items in Sept. 2023 results, including Winter Storm Elliott charges.

(2) The increase in cash provided by financing activities from Dec. 2023 to Sept. 2024 as compared to Dec. 2022 to Sept. 2023 is primarily due to the change in the due to member position and change in deposits balance period over period.

- In 2023 results, PJM reported a \$768 million decrease in due to members resulting primarily from the absence of Winter Storm Elliott member prepayments in Sept. 2023 results.

**Footnote 9** provides a summary of ongoing legal and regulatory matters.