



Third Quarter 2024 Financial Review

MC Webinar

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Protocol Section Reference	Topic	Slide(s)
8.a.	Intercompany charges or credits between PJM's non-FERC regulated subsidiaries and the FERC-regulated RTO	3
8.c.	Material variances in net operating expense and capital budget vs. actual results	4 - 7
8.d.	Material variances in net operating expense and capital forecast vs. actual results	8 - 11
8.e.	Summary of trends from the previous quarterly statements	12 - 13

- For the nine-month period ended September 30, 2024, the employees of the FERC-regulated RTO charged \$0.4 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 nine-month period ended September 30, 2024, revenues and expenses of PJM's non-FERC regulated subsidiaries totaled \$5.2 million and \$2.8 million, respectively, resulting in \$2.4 million of net income for the period.



3Q24 YTD Expense Variances – Actual vs. Budget

(dollars in millions)	Actual	Budget	Variance	
			\$	%
Compensation ⁽¹⁾	152	148	4	3
Non-Employee Labor ⁽¹⁾	41	45	(4)	(9)
Technology ⁽¹⁾	29	30	(1)	(3)
Depreciation / Interest ⁽¹⁾	23	29	(6)	(21)
Other ⁽¹⁾	20	21	(1)	(5)
Income Taxes ⁽²⁾	---	---	---	---
Total Expenses ⁽³⁾	265	273	(8)	(3)
⁽¹⁾ See additional information on expense variances on slide 10.				
⁽²⁾ For this period, there were no material variances in this expense category in total or within the components of this expense category.				
⁽³⁾ Excludes expenses related to Tariff Schedule 9-FERC.				



3Q24 YTD Material Expense Variances – Actual vs. Budget

- **Compensation** – increase resulting from higher staffing levels due to timing of hiring & lower project charging
- **Non-Employee Labor** – timing and savings of contractors expense (-\$1.4M), project expense (-\$1.3M), and consulting fees (-\$1.1M)
- **Technology** – timing and savings of software licenses & subscriptions (-\$0.6M) and hardware purchases (-\$0.2M)
- **Depreciation / Interest** – savings resulting from higher interest income on operating cash balances (-\$5.3M) and timing of depreciation expense (-\$0.9M)
- **Other** – timing & savings of facilities related expenses (-\$0.6M) and savings of member training (-\$0.2M)



3Q24 YTD Expense Variances – Actual vs. Forecast

(dollars in millions)	Actual	Forecast	Variance	
			\$	%
Compensation ⁽²⁾	152	151	1	1
Non-Employee Labor ⁽¹⁾	41	44	(3)	(7)
Technology ⁽¹⁾	29	30	(1)	(3)
Depreciation / Interest ⁽¹⁾	23	25	(2)	(8)
Other ⁽¹⁾	20	21	(1)	(5)
Income Taxes ⁽²⁾	---	---	---	---
Total Expenses ⁽³⁾	265	271	(6)	(2)
<p>⁽¹⁾ See additional information on expense variances on slide 14.</p> <p>⁽²⁾ For this period, there were no material variances in this expense category in total or within the components of this expense category.</p> <p>⁽³⁾ Excludes expenses related to Tariff Schedule 9-FERC.</p>				



3Q24 YTD Material Expense Variances – Actual vs. Forecast

- **Non-Employee Labor** – timing and savings of consulting (-\$1.6M) and contractor expense (-\$0.9M)
- **Technology** – savings of software licenses & subscriptions (-\$0.2M) and telecommunications expense (-\$0.2M); and timing of hardware purchases (-\$0.1M)
- **Depreciation / Interest** – savings resulting from higher interest income on operating cash balances (-\$1.4M) and timing of depreciation expense (-\$0.2M)
- **Other** – timing and savings of employee related expenses (-\$0.4M) and timing of facilities related expenses (-\$0.3M)

3Q24 YTD Capital Variances – Actual vs. Budget

(dollars in millions)	Actual	Budget	Variance	
			\$	%
Application Replacements/Retrofit ⁽¹⁾	10	7	3	43
Current Applications & System Reliability ⁽¹⁾	13	17	(4)	(24)
Facilities and Technology Infrastructure ⁽¹⁾	7	10	(3)	(30)
Interregional Coordination ⁽²⁾	---	---	---	---
New Products / Services ⁽¹⁾	1	2	(1)	(50)
Total Capital	31	36	(5)	(14)
⁽¹⁾ See additional information on capital variances on slide 18. ⁽²⁾ For this period, there were no material variances in this capital expenditure category in total or within the components of this capital expenditure category.				



3Q24 YTD Material Capital Variances – Actual vs. Budget

- **Application Replacement**
 - EMS Phase 2 Program Acceleration of 2025 work (+\$3.0M)
- **Current Applications and System Reliability**
 - Project scope deferred due to work on higher priority initiatives (-\$4.0M)
- **Facilities and Technology Infrastructure**
 - (-\$1.0M) Acceleration of purchases into 2023
 - (-\$1.0M) Scope deferred to 2025 due to higher priority initiatives
 - (-\$0.8M) Timing of work shifting into 2025 due to resource availability
- **New Products / Services**
 - Scope deferred to 2025 due to extended stakeholder discussions (-\$1.0M)



3Q24 YTD Capital Variances – Actual vs. Forecast

(dollars in millions)	Actual	Forecast	Variance	
			\$	%
Application Replacements/Retrofit ⁽¹⁾	10	11	(1)	(9)
Current Applications & System Reliability ⁽¹⁾	13	14	(1)	(7)
Facilities and Technology Infrastructure ⁽¹⁾	7	8	(1)	(13)
Interregional Coordination ⁽²⁾	---	---	---	---
New Products / Services ⁽²⁾	1	1	---	---
Total Capital	31	34	(3)	(9)
⁽¹⁾ See additional information on capital variances on slide 22.				
⁽²⁾ For this period, there were no material variances in this capital expenditure category in total or within the components of this capital expenditure category.				

- **Applications Replacement**

- EMS Phase 2 Program – Timing of vendor deliveries and shift of work into 2025 (-\$0.9M)
- nGEM – Schedule shift into 2025 (-\$0.3M)

- **Current Applications and System Reliability**

- Schedule shift to 2025 due to internal and vendor resource constraints (-\$1.0M)

- **Facilities and Technology Infrastructure**

- Timing of equipment deliveries shifting to 4th quarter of 2024 (-\$0.7M)
- Savings, equipment purchase delayed due to change in architectural design (-\$0.7M)
- Underrun offset by unplanned equipment purchase due to change in vendor support (+\$0.5M)

Summary of Quarterly Expense Trends



