



First Quarter 2021 Financial Statement Highlights

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MC Webinar
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Balance Sheet Highlights – Assets

(dollars in millions)

	Mar. 31, 2021	Dec. 31, 2020	CHANGE	
			Dollar	Percentage
Deposits on hand ⁽¹⁾	2,178	1,801	377	21
Operating cash ⁽²⁾	30	103	(73)	(71)

(1) Increase in deposits on hand reflects collateral posted in support of the 2021 FTR annual auction, which began on Apr. 6, 2021.

(2) Decrease in operating cash is primarily due to an decrease in member prepayments for market settlements at Mar. 31, 2021, as compared to Dec. 31, 2020, partially offset by the cash position related to FERC Orders requiring refunds and reallocation and borrowing on the revolving line of credit.



Balance Sheet Highlights – Assets

(dollars in millions)

	Mar. 31, 2021	Dec. 31, 2020	CHANGE	
			Dollar	Percentage
Receivables ⁽¹⁾	9	25	(16)	(64)
Projects in development ⁽²⁾	48	53	(5)	(9)

(1) Receivables balance at Mar. 31, 2021 includes \$8.5 million of unbilled recovery of pass-through charges and \$0.5 million of billed PJM Connex, LLC receivables. The Mar. 2021 market settlement invoice included \$39 million of refunds to members associated with FERC orders requiring reallocation and refunds; these refunds have been netted against PJM's unbilled service fees, with the excess reclassified as a liability in the financial statement line item due to members.

(2) Decrease in projects in development is driven by first quarter 2021 placement of assets into service, including the following significant projects: application resilience program, market design engine, parallel flow visualization, Access Manager, Valley Forge UPS battery and data switch replacement. The decrease in projects in development was partially offset by work performed on projects during the quarter, including the next generation market system and energy management system upgrade.



Balance Sheet Highlights – Liabilities

(dollars in millions)

	Mar. 31, 2021	Dec. 31, 2020	CHANGE	
			Dollar	Percentage
Due to members ⁽¹⁾	39	151	(112)	(74)
Deferred regulatory liability – current	10	-	10	100
Deferred regulatory liability – noncurrent ⁽²⁾	19	18	1	6
Revolving line of credit ⁽³⁾	18	-	18	100

- (1) Due to members balance at Mar. 31, 2021, includes \$19 million of member prepayments for market settlements and a \$20 million liability supporting FERC orders requiring reallocations and refunds.
- (2) At Mar. 31, 2021, the current portion of the deferred regulatory liability reflects the amount to be refunded to members by PJM Interconnection, LLC and PJM Settlement, Inc. during the second quarter of 2021. At Mar. 31, 2021, the noncurrent deferred regulatory liability balance represents PJM Interconnection, LLC’s allowable reserve balance, up to 6 percent of annual stated-rate revenues.
- (3) \$18 million was outstanding on the revolving line of credit at Mar. 31, 2021.



Contribution to Deferred Regulatory Liability Balance

(dollars in millions)

**3 Months
Ended
Mar. 31, 2021**

Service fees

83

Expenses

72

Refunds

-

Change to the deferred regulatory liability balance

11



Income Statement Highlights

(dollars in millions)

	Mar. 31, 2021	Mar. 31, 2020	CHANGE	
			Dollar	Percentage
Deferred regulatory expense ⁽¹⁾	(11)	(9)	(2)	22
Compensation expense ⁽²⁾	38	35	3	9

(1) For the 3-month period ended Mar. 31, 2021, expenses were less than service fees, resulting in a contribution to the deferred regulatory liability balance.

(2) Increase in compensation expense is primarily due to COVID-19 related costs.



Cash Flow Statement Highlights

(dollars in millions)

	Mar. 31, 2021	Mar. 31, 2020	CHANGE	
			Dollar	Percentage
Operating cash flows ⁽¹⁾	26	10	16	160
Financing cash flows ⁽²⁾	282	(31)	313	(1010)

(1) The primary driver in the change in net cash provided by operating activities is \$13 million of refunds to members during the three-month period ended Mar. 31, 2020. There were no refunds in the three-month period ended Mar. 31, 2021.

(2) The primary driver in the change in net cash provided by financing activities is an increase in member deposits partially offset by a decrease in due to members. Member prepayments increased period over period due to credit mix and an increase in deposits held for transmission planning. Due to members decreased period over period primarily due to lower member prepayments for market settlement and the absence of FTR excess congestion held at both Dec. 31, 2020 and Mar. 31, 2021.

Footnote 11 provides a summary of ongoing legal and regulatory matters, including:

- Credit matter
- Old Dominion Electric Cooperative v. PJM 2014 Polar Vortex complaint
- Radford's Run complaint