



# First Quarter 2020 Financial Statement Highlights

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MC Webinar  
May 26, 2020

(dollars in millions)	March 31, 2020	December 31, 2019	Change	
			Dollar	Percentage
Operating cash <sup>(1)</sup>	78	52	26	50
Receivables <sup>(2)</sup>	34	52	(18)	(35)
<p>(1) Increase in operating cash is primarily due to a \$53 million increase in the excess congestion cash position at March 31, 2020 as compared to December 31, 2019. The increase is partially offset by a \$29 million decrease member prepayments for market settlements at March 31, 2020 as compared to December 31, 2019. The remaining difference is due to the timing of collections versus expenditures.</p> <p>(2) Receivables balance at March 31, 2020 includes approximately \$22 million of monthly Schedule 9 stated-rate charges (net of \$4 million of member refunds) and \$3 million of default allocation assessment charges. The period versus period receivable balance decrease is primarily due to the \$16 million marginal line loss surplus rebilling in December 2019.</p>				

(dollars in millions)	March 31, 2020	December 31, 2019	Change	
			Dollar	Percentage
Due to members <sup>(1)</sup>	127	102	25	25
Deferred regulatory liability – current	0.4	14	(14)	(93)
Deferred regulatory liability – non current <sup>(2)</sup>	16	6	10	166
<p>(1) Due to members balance at March 31, 2020 represents \$124 million of excess congestion revenue collected but not yet remitted to members and \$3 million of member prepayments. The period versus period due to members balance increase is due to an increase in excess congestion revenue held, offset by a decrease in member prepayments at March 31, 2020 as compared to December 31, 2019.</p> <p>(2) At March 31, 2020, the \$0.4 million current deferred regulatory liability balance represents the amount that will be refunded to members during the second quarter of 2020 by PJM Settlement, Inc. The non current deferred regulatory liability balance represents PJM Interconnection, LLC's allowable reserve balance, up to 6 percent of annual stated rate revenues.</p>				

# 1Q 2020 Contribution to Deferred Regulatory Liability Balance

<i>(dollars in millions)</i>	Three Months Ended March 31, 2020
Service fees	81
Expenses	(72)
Refunds	(13)
Change to the deferred regulatory liability balance	(4)

<i>(dollars in millions)</i>	<i>3-months ended March 31, 2020</i>	<i>3-months ended March 31, 2019</i>	Change	
			Dollar	Percentage
Compensation <sup>(1)</sup>	36	37	(1)	(3)
(1) Decrease in compensation expense period-over-period reflects lower employee headcount.				

(dollars in millions)	3-months ended March 31, 2020	3-months ended March 31, 2019	Change	
			Dollar	Percentage
Operating cash flows <sup>(1)</sup>	9	4	5	125
Financing cash flows <sup>(2)</sup>	(31)	58	(89)	(153)
<p>(1) The primary driver in the change in net cash provided by operating activities is \$13 million of refunds to members during the first 3-months of 2020 and a decrease in accounts receivable due to the December 2019 \$16 million of marginal line loss surplus re-billing.</p> <p>(2) The primary driver in the cash (used in) provided by financing activities is a change in deposits and due to members balances. Deposits on hand decreased \$55 million to \$1.5 billion at March 31, 2020 as compared to December 31, 2019. PJM held \$3 million of member prepayments for market settlements at March 31, 2020 as compared to \$32 million held at December 31, 2019.</p>				

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