

# QUARTERLY FINANCIAL REPORT

## March 31, 2023

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION  
QUARTERLY FINANCIAL REPORT - March 31, 2023**

**Table of Contents**

	<i>Page Number</i>
<b>Summary, Discussion and Commentary</b>	<i>i</i>
<b><i>THE ISO</i></b>	
Statement of Operations	<i>1</i>
Balance Sheet	<i>2</i>
Capital Projects Report	<i>3</i>
<b><i>Summary Financial Data</i></b>	
ISO Market Revenues by Month - March 2021 through March 2023	<i>4</i>
ISO Market Revenues by Quarter - 1st Quarter 2021 through 1st Quarter 2023	<i>5</i>

# **CALIFORNIA ISO SUMMARY, DISCUSSION AND COMMENTARY**

For the quarter ended March 31, 2023

## **Results of Operations (page 1)**

### ***Revenues***

Total operating revenues for the quarter came in approximately \$1.8 million over the expected amount of \$56.4 million. The higher actual amount was driven by strong GMC revenues of \$47.2 million compared to a \$43.7 million budget. This was partially offset by other revenue collections coming in \$1.7 million lower than the budgeted amount due to a metered sub-system revenue adjustment. The over collection of GMC in the first quarter will be mitigated with a rate decrease effective May 1, 2023, as required by the Tariff.

### ***Expenses***

Actual expenses in the quarter were \$4.4 million less the budgeted amount of \$61.6 million. The lower expense amount is primarily due to actual headcount running approximately 78 positions less than budgeted, which generated approximately \$3.5 million in savings. Other expense categories are also slightly under budget, although largely due to differences in the timing of the actual expense and the budget.

Total other income in the quarter came in approximately \$4.2 million greater than expected due to a rebound in fixed income portfolio returns during the first quarter.

## **Material Changes to Assets and Liabilities (page 2)**

There were no material balance sheet changes in Q1 versus Q4. Debt payments, market collateral transactions, incentive compensation payouts and annual 401k contributions were the primary contributors to changes across the company's assets and liabilities.

## **Capital Projects (page 3)**

\$12.6 million for projects was approved in the first quarter out of the annual \$25.0 million budget. These projects are aligned with the company's 2022-2026 Strategic Plan.

## **ISO Market Revenues (pages 4 - 5)**

Gross market revenues transacted in the CASIO market remained elevated in Q1 at \$7.2 billion. The higher amounts were driven by a carryover of the high natural gas prices experienced in the market during Q4. Elevated gas prices led to significantly higher system marginal energy prices.

# CALIFORNIA ISO

## Statement of Operations

For the quarter ended March 31, 2023  
*(dollars in thousands)*

	Quarter		Year to Date		Year to Date Budget
	Actual	Prior Year	Actual	Prior Year	
<u>Operating revenues:</u>					
Grid management charge	\$ 47,207	\$ 41,983	\$ 47,207	\$ 41,983	\$ 43,668
Other revenues	11,014	11,580	11,014	11,580	12,702
Total operating revenues	58,221	53,563	58,221	53,563	56,370
<u>Operating expenses:</u>					
Salaries and benefits	44,931	39,519	44,931	39,519	48,429
Building, leases and facility	421	429	421	429	598
Insurance	365	484	365	484	439
Third party vendor contracts	4,122	3,350	4,122	3,350	3,777
Consulting and contracting services	5,865	3,975	5,865	3,975	5,637
Legal and audit	193	209	193	209	762
Training, travel and professional dues	578	223	578	223	1,230
Other	675	1,282	675	1,282	686
Total operating expenses	57,150	49,471	57,150	49,471	61,558
Operating income before depreciation and amortization	1,071	4,092	1,071	4,092	(5,188)
<u>Depreciation and amortization</u>	7,093	8,354	7,093	8,354	7,100
Net operating income (loss)	(6,022)	(4,262)	(6,022)	(4,262)	(12,288)
<u>Other income (expenses)</u>					
Interest income & other	5,198	(9,374)	5,198	(9,374)	986
Interest expense	(1,104)	(1,130)	(1,104)	(1,130)	(1,104)
Total other income (expenses)	4,094	(10,504)	4,094	(10,504)	(118)
Excess (deficiency) of revenues over expenses	\$ (1,928)	\$ (14,766)	\$ (1,928)	\$ (14,766)	\$ (12,406)
<b>Number of full-time employees</b>			668	628	746

# CALIFORNIA ISO

## Balance Sheet

As of March 31, 2023  
(dollars in thousands)

	Current Quarter 3/31/2023	Prior Year 12/31/2022
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents, including restricted amounts	\$ 1,097,602	\$ 1,122,096
Accounts receivable	36,402	23,394
Short-term Investments, including restricted amounts	24,108	40,015
Other current assets	10,844	6,627
Total current Assets	<u>1,168,956</u>	<u>1,192,132</u>
NONCURRENT ASSETS		
Long-term investments, including restricted amounts	241,926	241,366
Fixed assets, net	130,742	133,409
Other assets	9,662	13,871
Total noncurrent assets	<u>382,330</u>	<u>388,646</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,551,286</u>	<u>\$ 1,580,778</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	6,110	10,297
Accrued salaries and compensated absences	23,620	46,149
Current portion of long-term debt	8,770	8,735
Due to market participants	1,150,250	1,142,518
Total current liabilities	<u>1,188,750</u>	<u>1,207,699</u>
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	147,890	156,660
Employee retirement plan obligations	4,988	5,508
Total noncurrent liabilities	<u>152,878</u>	<u>162,168</u>
TOTAL LIABILITIES	<u>1,341,628</u>	<u>1,369,867</u>
TOTAL NET ASSETS	<u>209,658</u>	<u>210,911</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,551,286</u>	<u>\$ 1,580,778</u>

## Capital Projects Report

For the quarter ended March 31, 2023

(\$ in thousands)

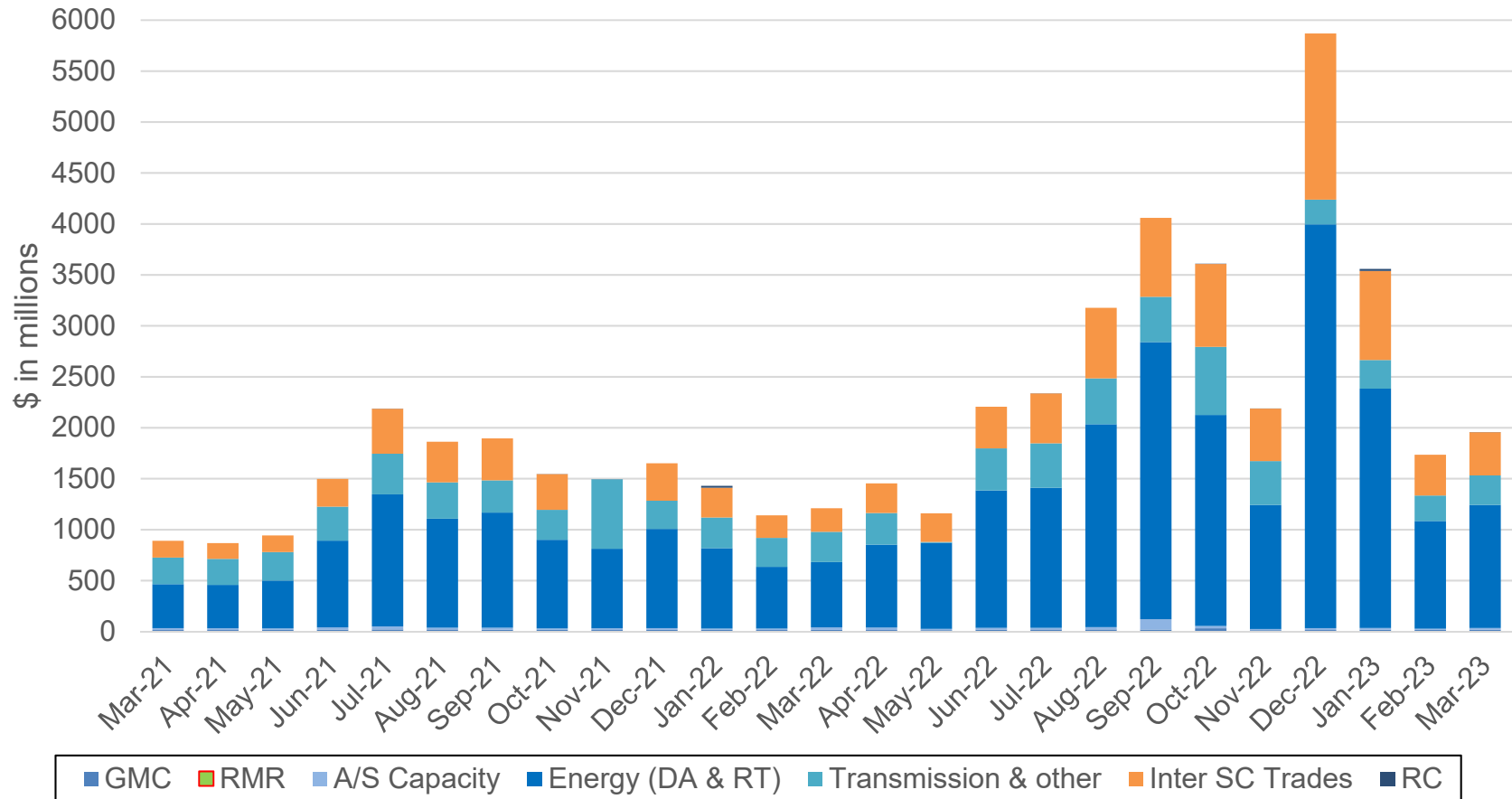
<b>Project Classification</b>	<b>2023 Capital and Project Budget<sup>1</sup></b>	<b>Projects Approved YTD</b>	<b>Remaining Budget</b>	<b>Expenditures YTD</b>
Reliability and Efficient Operations	\$ 5,610	\$ 2,361	\$ 3,249	\$ 76
Technology Foundation Improvements	10,875	8,332	2,543	480
Transmission Planning- Infrastructure	650	-	650	-
Market Opportunities	1,450	433	1,017	18
Stakeholder Engagement and Customer Service	300	-	300	-
People and Culture (Generally O & M)	-	-	-	-
Facilities and Other projects	6,115	1,500	4,615	-
	<b>\$ 25,000</b>	<b>\$ 12,626</b>	<b>\$ 12,374</b>	<b>\$ 575</b>
			Expenditures on projects approved prior to 2023 <sup>2</sup> :	3,882
				<b>\$ 4,457</b>

<sup>1</sup> The Board approved a maximum level of \$25.0 million in capital and project commitments for 2023 at their December 2022 meeting. The sub-amounts allocated to the project classifications will vary as actual projects are approved during the year by the Corporate Management Committee.

<sup>2</sup> Expenditures on projects approved in a prior budget year. Does not include WEIM Implementation projects as those expenditures are reimbursed by the WEIM entity.

# ISO Market Revenues By Month

## March 2021 through March 2023



# ISO Market Revenues By Quarter

## 1st Quarter 2021 through 1st Quarter 2022

