

April 18, 2024

Honorable Debbie-Anne Reese, Acting Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E., Room 1A  
Washington, D.C. 20426

*Re: PJM Settlement, Inc., Docket No. ES24-25-000  
Notice of Filing of Updated Exhibits to Application of PJM Settlement, Inc. under Section 204 of the Federal Power Act for an Order Authorizing (I) Issuance of Guaranty and (II) Provision of Line of Credit to PJM Interconnection, L.L.C.*

Dear Secretary Reese:

On March 22, 2024, PJM Settlement, Inc. (“PJM Settlement”), pursuant to Section 204 of the Federal Power Act (“FPA”),<sup>1</sup> and Part 34 of the regulations of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. part 34, submitted its Application requesting a Commission order authorizing: (1) PJM Settlement to guaranty obligations of PJM Interconnection, L.L.C. (“PJM”) in an amount not exceeding \$220.6 million (PJM’s total current available Commission-authorized borrowing capacity); and (2) PJM Settlement to provide a line of credit to PJM in an amount not exceeding the cash that PJM Settlement holds due to remittances from Market Participants<sup>2</sup> that PJM Settlement is not yet obligated to disburse, in an amount not to exceed \$180.0 million.

On April 16, 2024, PJM submitted to the Commission its FERC Form No. 1 for the year ending December 31, 2023. In accordance with 18 C.F.R. § 34.4, PJM Settlement is submitting updated Exhibits C (Balance Sheet and Attached Notes), D (Income Statement and Attached

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<sup>1</sup> 16 U.S.C. § 824c.

<sup>2</sup> Capitalized terms used and not otherwise defined herein have the meaning set forth in the PJM Open Access Transmission Tariff and the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C.

Notes) and E (Statement of Cash Flows and Computation of Interest Coverage) to its Section 204 Application, each in the form prescribed for FERC Form No. 1.

Please do not hesitate to contact me if you have any questions.

Respectfully submitted,

/s/ Eric Scherling  
Eric Scherling  
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Attorney for PJM Settlement, Inc.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Audubon, PA, this 18th day of April 2024.

/s/ Eric Scherling  
Eric Scherling

**Exhibit C**

**PJM Interconnection, L.L.C. Balance Sheet and Attached Notes**

**Exhibit C**  
**PJM Interconnection, L.L.C.**  
**Balance Sheet**  
(\$ in thousands)

	Published Audited 12/31/2023	A Adjustments to Reflect Borrowings to PJM from PJM Settlement	B Adjustments to Reflect Guaranty from PJM Settlement to PJM	Adjusted ProForma 12/31/2023
<b>Assets:</b>				
<b>UTILITY PLANT</b>				
Utility Plant (101-106, 114)	\$ 880,115	\$ -	\$ -	\$ 880,115
Construction Work in Progress (107)	43,840	-	-	43,840
Total Utility Plant	923,955	-	-	923,955
(Less) Accum. Prov. for Depr. Amort. Dep. (108, 110, 111, 115)	776,234	-	-	776,234
Net Utility Plant	147,721	-	-	147,721
<b>OTHER PROPERTY AND INVESTMENTS</b>				
Investment in Subsidiary Companies (123.1)	18,927	-	-	18,927
Other Special Funds (128)	25,489	-	-	25,489
Long-term Portion of Derivative Assets (175)	75	-	-	75
Total Other Property and Investments	44,491	-	-	44,491
<b>CURRENT AND ACCRUED ASSETS</b>				
Cash (131)	594,454	86,000	220,600	901,054
Notes Receivable (141)	5,301	-	-	5,301
Customer Accounts Receivable (142)	31,572	-	-	31,572
Accounts Receivable from Assoc. Companies (146)	40,630	-	-	40,630
Prepayments (165)	20,699	-	-	20,699
Accrued Utility Revenues (173)	3,184	-	-	3,184
Miscellaneous Current and Accrued Assets (174)	1,373	-	-	1,373
Derivative Instrument Assets (175)	75	-	-	75
(Less) Long-Term Portion of Derivative Instrument Assets (175)	75	-	-	75
Total Current and Accrued Assets	697,213	86,000	220,600	1,003,813
<b>DEFERRED DEBITS</b>				
Other Regulatory Assets (182.3)	18,375	-	-	18,375
Accumulated Deferred Income Taxes (190)	39,644	-	-	39,644
Total Deferred Debits	58,019	-	-	58,019
<b>Total Assets</b>	<b>\$ 947,444</b>	<b>\$ 86,000</b>	<b>\$ 220,600</b>	<b>\$ 1,254,044</b>
<b>Liabilities and Stockholder Equity</b>				
<b>PROPRIETARY CAPITAL</b>				
Other Paid-in Capital (208-2011)	\$ 722	\$ -	\$ -	\$ 722
Unappropriated Undistributed Subsidiary Earnings (216.1)	18,927	-	-	18,927
Accumulated Other Comprehensive Income (219)	26	-	-	26
Total Proprietary Capital	19,675	-	-	19,675
<b>LONG-TERM DEBT</b>				
Other Long-Term Debt (224)	5,050	-	-	5,050
Total Long-Term Debt	5,050	-	-	5,050
<b>OTHER NONCURRENT LIABILITIES</b>				
Obligations Under Capital Leases - Noncurrent (227)	6,963	-	-	6,963
Accumulated Provisions for Pensions and Benefits (228.3)	18,375	-	-	18,375
Total Other Noncurrent Liabilities	25,338	-	-	25,338
<b>CURRENT AND ACCRUED LIABILITIES</b>				
Accounts Payable (232)	38,995	-	-	38,995
Notes Payable to Associated Companies (233)	94,000	86,000	220,600	400,600
Accounts Payable to Associated Companies (234)	101	-	-	101
Customer Deposits (235)	590,770	-	-	590,770
Taxes Accrued (236)	6,376	-	-	6,376
Interest Accrued (237)	1,068	-	-	1,068
Miscellaneous Current and Accrued Liabilities (242)	158,959	-	-	158,959
Obligations Under Capital Leases-Current (243)	3,230	-	-	3,230
Total Current and Accrued Liabilities	893,499	86,000	220,600	1,200,099
<b>DEFERRED CREDITS</b>				
Other Regulatory Liabilities (254)	3,826	-	-	3,826
Accum. Deferred Income Taxes-Other (283)	56	-	-	56
Total Deferred Credits	3,882	-	-	3,882
<b>Total Liabilities and Stockholder Equity</b>	<b>\$ 947,444</b>	<b>\$ 86,000</b>	<b>\$ 220,600</b>	<b>\$ 1,254,044</b>

**A** For ProForma purposes, borrowings are calculated as the maximum potential borrowings of PJM Interconnection, LLC from PJM Settlement, Inc. under the PJM Settlement, Inc. Line of Credit, as authorized in Docket No. ES22-32-000 (\$170.0 million) in addition to a \$10.0 million requested increase.

**B** For ProForma purposes, adjustment reflects the maximum potential PJM Settlement, Inc. guaranty from PJM Settlement, Inc. to PJM Interconnection, LLC. The guaranty comprises the following:

(1) PNC Bank Line of Credit	\$ 200.0 million
(2) BoA Bank Term Loan	\$ 20.6 million
	<u>\$ 220.6 million</u>

**Exhibit D**

**PJM Interconnection, L.L.C. Income Statement and Attached Notes**

**Exhibit D**  
**PJM Interconnection, L.L.C.**  
**Statement of Income**  
(\$ in thousands)

	<b>Published Audited Twelve Months Ending 12/31/2023</b>	<b>A Adjustments to Reflect Borrowings to PJM from PJM Settlement</b>	<b>Adjusted ProForma 12/31/2023</b>
<b>UTILITY OPERATING INCOME</b>			
Operating Revenues (400)	\$ 399,547	\$ -	\$ 399,547
<b>OPERATING EXPENSES</b>			
Operation Expenses (401)	361,467	-	361,467
Maintenance Expenses (402)	10,734	-	10,734
Depreciation Expense (403)	35,619	-	35,619
Amort. & Depl. of Utility Plant (404-405)	1,707	-	1,707
Income Taxes - Federal (409.1)	6,007	-	6,007
Income Taxes - Other (409.1)	1,811	-	1,811
(Less) Provision for Deferred Income Taxes-Cr. (411.1)	7,600	-	7,600
Losses from Disp. of Utility Plant (411.7)	387	-	387
<b>Total Utility Operating Expenses</b>	<b>410,132</b>	<b>-</b>	<b>410,132</b>
<b>Net Util Oper Inc</b>	<b>(10,585)</b>	<b>-</b>	<b>(10,585)</b>
<b>OTHER INCOME</b>			
Equity in Earnings of Subsidiary Companies (418.1)	3,045	-	3,045
Interest and Dividend Income (419)	13,183	-	13,183
Miscellaneous Nonoperating Income (421)	3,163	-	3,163
<b>Total Other Income</b>	<b>19,391</b>	<b>-</b>	<b>19,391</b>
<b>OTHER INCOME DEDUCTIONS</b>			
Exp. for Certain Civic, Political & Related Activities (426.4)	2	-	2
Other Deductions (426.5)	80	-	80
<b>Total Other Income Deductions</b>	<b>82</b>	<b>-</b>	<b>82</b>
<b>Net Other Income and Deductions</b>	<b>19,309</b>	<b>-</b>	<b>19,309</b>
<b>INTEREST CHARGES</b>			
Interest on Long-Term Debt (427)	415	-	415
Amort. of Debt Disc. and Expense (428)	44	-	44
Interest on Debt to Assoc. Companies (430)	5,049	5,246	10,295
Other Interest Expense (431)	171	-	171
<b>Net Interest Charges</b>	<b>5,679</b>	<b>5,246</b>	<b>10,925</b>
<b>Income Before Extraordinary Items</b>	<b>3,045</b>	<b>(5,246)</b>	<b>(2,201)</b>
<b>Net Income</b>	<b>\$ 3,045</b>	<b>\$ (5,246)</b>	<b>\$ (2,201)</b>

**A** For ProForma purposes, interest expense reflects the maximum potential borrowings under the PJM Settlement, Inc. Line of Credit at an estimated average interest rate of 6.10%.

**Exhibit E**  
**PJM Interconnection, L.L.C. Statement of Cash Flows**  
**and**  
**Computation of Interest Coverage**

**Exhibit E**  
**PJM Interconnection, L.L.C.**  
**Statement of Cash Flows**  
(\$ in thousands)

	Published Audited Twelve Months Ending 12/31/2023	A Adjustments to Reflect Borrowings to PJM from PJM Settlement	B Adjustments to Reflect Guaranty from PJM Settlement to PJM	ProForma 12/31/2023
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Income (from Statement of Income)	3,045	-	-	3,045
<i>Noncash Charges (Credits) to Income:</i>				
Depreciation and Depletion	35,618	-	-	35,618
Amortization of Capital Lease	2,594	-	-	2,594
Deferred Income Taxes (Net)	(8,185)	-	-	(8,185)
Net Decrease in Receivables	67,031	-	-	67,031
Net (Decrease) in Payables and Accrued Expenses	(49,658)	-	-	(49,658)
Net Decrease in Other Regulatory Assets	479	-	-	479
Net (Decrease) in Other Regulatory Liabilities	(1,686)	-	-	(1,686)
(Less) Undistributed Earnings from Subsidiary Companies	3,045	-	-	3,045
(Increase) in Accrued Revenue & Prepaids	(4,499)	-	-	(4,499)
<b>Net Cash Provided by Operating Activities</b>	<b>41,694</b>	<b>-</b>	<b>-</b>	<b>41,694</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>				
Gross Additions to Utility Plant	(39,779)	-	-	(39,779)
<i>Cash Outflows for Plant</i>	(39,779)	-	-	(39,779)
Investments in and Advances to Assoc. and Subsidiary Companies	(2,132)	-	-	(2,132)
Contributions and Advances from Assoc. and Subsidiary Companies	12,029	-	-	12,029
Purchase of Investment Securities	(4,695)	-	-	(4,695)
<b>Net Cash (Used In) Investing Activities</b>	<b>(34,577)</b>	<b>-</b>	<b>-</b>	<b>(34,577)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in Customer Deposits	165,447	-	-	165,447
Net Increase in Short-Term Debt	-	86,000	220,600	306,600
Increase in Long Term Derivative Asset	80	-	-	80
<i>Cash Provided by Outside Sources</i>	165,527	86,000	220,600	472,127
Long-term Debt	(2,886)	-	-	(2,886)
Capital Lease Payments	(2,909)	-	-	(2,909)
<b>Net Cash Provided by Financing Activities</b>	<b>159,732</b>	<b>86,000</b>	<b>220,600</b>	<b>466,332</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>166,849</b>	<b>86,000</b>	<b>220,600</b>	<b>473,449</b>
Cash and Cash Equivalents at Beginning of Period	427,605			427,605
<b>Cash and Cash Equivalents at End of Period</b>	<b>594,454</b>	<b>86,000</b>	<b>220,600</b>	<b>901,054</b>

**A** For ProForma purposes, borrowings are calculated as the maximum potential borrowings of PJM Interconnection, LLC from PJM Settlement, Inc. under the PJM Settlement, Inc. Line of Credit, as authorized in Docket No. ES22-32-000 (\$170.0 million) in addition to a \$10.0 million requested increase.

**B** For ProForma purposes, adjustment reflects the maximum potential PJM Settlement, Inc. guaranty from PJM Settlement, Inc. to PJM Interconnection, LLC.

The guaranty comprises the following:

(1) PNC Bank Line of Credit	\$	200.0	million
(2) BoA Bank Term Loan	\$	20.6	million
	<u>\$</u>	<u>220.6</u>	<u>million</u>

**Exhibit E**  
**PJM Interconnection, L.L.C.**  
**Income Statement**  
**(\$in thousands)**

**Twelve Months**  
**Ended**  
**12/31/2023**

Net Income	\$ 3,045
Total Interest Expense	5,679 **
Federal and State Taxes	<u>218 ***</u>
EBIT	<u><u>\$ 8,942</u></u>
Interest Coverage Ratio (EBIT/Total Interest Expense)	1.57 ****

\*\*\*\* Although PJM may not meet the Interest Coverage Ratio requirement, all of the costs of operating PJM Interconnection, LLC including principal and/or depreciation expense, interest expense, and financing costs shall be recovered from users of the various PJM services according to Schedule 9 of PJM's FERC approved Transmission Tariff.

**Exhibit E**  
**ProForma Interest Coverage**

<b>PJM Interconnection, L.L.C.</b>	<b>ProForma</b>
<b>Income Statement</b>	<b>Twelve Months</b>
<b>(\$in thousands)</b>	<b>Ending</b>
	<b>12/31/2023</b>
Net Income	\$ 3,045 *
Total Interest Expense	10,925 **
Federal and State Taxes	<u>218 ***</u>
EBIT	<u><u>\$ 14,188</u></u>
Interest Coverage Ratio (EBIT/Total Interest Expense)	1.30 ****

\*\*\*\* Although PJM may not meet the Interest Coverage Ratio requirement, all of the costs of operating PJM Interconnection, LLC including principal and/or depreciation expense, interest expense, and financing costs shall be recovered from users of the various PJM services according to Schedule 9 of PJM's FERC approved Transmission Tariff.