

---

# QUARTERLY FINANCIAL REPORT

## June 30, 2023

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION  
QUARTERLY FINANCIAL REPORT - June 30, 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 - June 2021 through June 2023	<i>4</i>
ISO Market Revenues by Quarter - 2nd Quarter 2021 through 2nd Quarter 2023	<i>5</i>

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

For the quarter ended June 30, 2023

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

### ***Revenues***

Total operating revenues through the second quarter came in approximately \$0.6 million over the expected amount of \$118.6 million. The higher actual amount was due to higher than budgeted GMC collections of \$1.2 million. This was partially offset by other revenue collections which came in \$0.6 million lower than the budgeted amount due to a metered sub-system revenue adjustment.

### ***Expenses***

Actual expenses through the second quarter were \$6.6 million less the budgeted amount of \$118.4 million. The lower expense amount is primarily due to actual headcount running approximately 66 positions less than budgeted, which generated approximately \$5.6 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 through the second quarter came in approximately \$4.3 million greater than expected due to higher portfolio returns as a result of the rising interest rate environment.

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

There were no material balance sheet changes through Q2 versus Q4 2022. 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)**

\$16.8 million for projects was approved through the second 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 were down in Q2 at \$3.3 billion as compared to the prior three quarters. The cooler weather and the decline in the natural gas prices during the period have contributed to lower market activity and to lower energy prices, respectively.

# CALIFORNIA ISO

## Statement of Operations

For the quarter ended June 30, 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	\$ 46,686	\$ 47,288	\$ 93,931	\$ 89,271	\$ 92,680
Other revenues	12,218	12,999	25,259	24,578	25,891
Total operating revenues	58,904	60,287	119,190	113,849	118,571
<u>Operating expenses:</u>					
Salaries and benefits	40,391	35,167	85,310	74,686	90,832
Building, leases and facility	548	529	968	958	1,196
Insurance	1,851	1,119	2,156	1,603	2,048
Third party vendor contracts	3,564	4,149	7,686	7,500	7,555
Consulting and contracting services	5,665	6,058	11,514	10,033	11,453
Legal and audit	719	314	911	523	1,524
Training, travel and professional dues	709	401	1,287	624	2,391
Other	1,307	829	1,979	2,111	1,438
Total operating expenses	54,754	48,566	111,811	98,038	118,437
Operating income before depreciation and amortization	4,150	11,721	7,379	15,811	134
<u>Depreciation and amortization</u>	7,164	9,273	14,257	17,627	7,100
Net operating income (loss)	(3,014)	2,448	(6,878)	(1,816)	(6,966)
<u>Other income (expenses)</u>					
Interest income & other	1,098	(8,181)	6,298	(17,555)	1,973
Interest expense	(1,095)	(1,122)	(2,199)	(2,252)	(2,199)
Total other income (expenses)	3	(9,303)	4,099	(19,807)	(226)
Excess (deficiency) of revenues over expenses	\$ (3,011)	\$ (6,855)	\$ (2,779)	\$ (21,623)	\$ (7,192)
<b>Number of full-time employees</b>			680	641	746

# CALIFORNIA ISO

## Balance Sheet

As of June 30, 2023  
(dollars in thousands)

	Current Quarter 6/30/2023	Prior Year 12/31/2022
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents, including restricted amounts	\$ 968,744	\$ 1,122,096
Accounts receivable	36,544	23,394
Short-term Investments, including restricted amounts	23,636	40,015
Other current assets	12,673	6,627
Total current Assets	<u>1,041,597</u>	<u>1,192,132</u>
NONCURRENT ASSETS		
Long-term investments, including restricted amounts	242,770	241,366
Fixed assets, net	127,821	133,409
Other assets	9,455	13,871
Total noncurrent assets	<u>380,046</u>	<u>388,646</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,421,643</u>	<u>\$ 1,580,778</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	5,798	10,297
Accrued salaries and compensated absences	31,232	46,149
Current portion of long-term debt	8,770	8,735
Due to market participants	1,013,644	1,142,518
Total current liabilities	<u>1,059,444</u>	<u>1,207,699</u>
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	147,890	156,660
Employee retirement plan obligations	4,244	5,508
Total noncurrent liabilities	<u>152,134</u>	<u>162,168</u>
TOTAL LIABILITIES	<u>1,211,578</u>	<u>1,369,867</u>
TOTAL NET ASSETS	<u>210,065</u>	<u>210,911</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,421,643</u>	<u>\$ 1,580,778</u>

## Capital Projects Report

For the quarter ended June 30, 2023

(\$ in thousands)

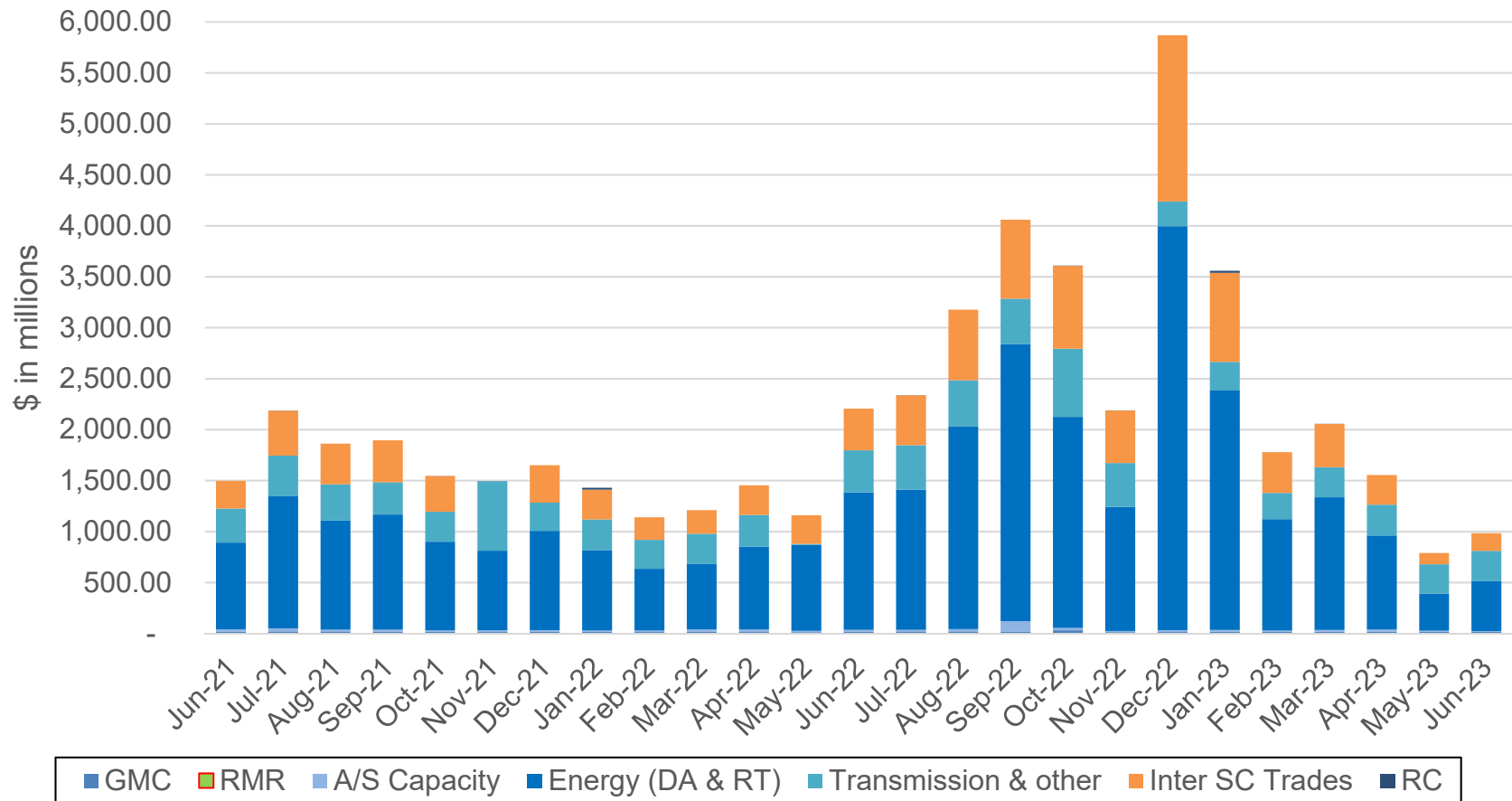
<b>Project Classification</b>	<b>2023 Capital and Project Budget<sup>1</sup></b>	<b>Projects Approved YTD</b>	<b>Remaining Budget</b>	<b>Expenditures YTD</b>
Reliability and Efficient Operations	\$ 5,610	\$ 3,311	\$ 2,299	\$ 662
Technology Foundation Improvements	10,875	9,599	1,276	1,518
Transmission Planning- Infrastructure	650	1,085	(435)	20
Market Opportunities	1,450	1,146	304	231
Stakeholder Engagement and Customer Service	300	177	123	90
People and Culture (Generally O & M)	-	-	-	-
Facilities and Other projects	6,115	1,500	4,615	-
	<b>\$ 25,000</b>	<b>\$ 16,818</b>	<b>\$ 8,182</b>	<b>\$ 2,521</b>
			Expenditures on projects approved prior to 2023 <sup>2</sup> :	5,973
				<b>\$ 8,494</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

## June 2021 through June 2023



# ISO Market Revenues By Quarter

## 2nd Quarter 2021 through 2nd Quarter 2023

