

# QUARTERLY FINANCIAL REPORT

## March 31, 2021

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION  
QUARTERLY FINANCIAL REPORT - March 31, 2021**

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

For the quarter ended March 31, 2021

## **Results of Operations**

### ***Revenues***

Through the first quarter ending March 31, 2021, operating revenues were lower by \$0.5 million compared to the budgeted amounts. The overall decrease was due to lower GMC revenues of \$0.6 million, offset by higher other revenues of \$0.1 million. The Company monitors changes in GMC revenues and will adjust rates, if necessary, to align actual GMC revenues closer to budget, as required by the Tariff. Other revenues, as compared to the same period last year, were much lower due to a planned change in the recognition of the Reliability Coordinator service fees, from annually to quarterly.

### ***Expenses***

Operating expenses are \$1.9 million under budget through the first quarter of the year, largely due to timing of expenses.

Interest income and other are lower than budget during the 1st quarter due to unrealized losses on the value of investments as a result of the current economic condition. Interest expense is higher than budgeted primarily due to the difference in the actual recognition of the expense.

## **Material Changes to Assets and Liabilities**

Debt service, market collateral transactions, incentive compensation payouts and annual 401k contributions were the primary contributors to the changes in company assets and liabilities during the first quarter. In January 2021, the Company refunded the 2013 Series Bonds with the 2021 Series Bonds.

## **Capital Projects**

Through the end of the first quarter of 2021, \$8.3 million in projects were approved by the Corporate Management Committee. These projects will enhance the current systems' performance and effectiveness in meeting future challenges and FERC mandates.

## **Collateral Held Report**

As of April 23, 2021, the ISO maintained \$2.4 billion in collateral from market participants to support \$363.3 million in aggregate liabilities due in the market. Approximately \$1.7 billion of the collateral is from unsecured sources (i.e., unsecured credit limits and parent guarantees) with investment grade or equivalent ratings, and \$0.7 billion is from secured forms (i.e., cash and letters of credit). This collateral is predominantly invested in AAA-rated money market funds or backed by A rated or better financial institutions.

**CALIFORNIA ISO**  
**Statement of Operations**

For the quarter ended March 31, 2021  
*(dollars in thousands)*

	Quarter		Year to Date		Year to Date Budget
	Actual	Prior Year	Actual	Prior Year	
<u>Operating revenues:</u>					
Grid management charge	\$ 40,728	\$ 42,297	\$ 40,728	\$ 42,297	\$ 41,312
Other revenues	11,163	23,199	11,163	23,199	11,052
Total operating revenues	51,891	65,496	51,891	65,496	52,364
<u>Operating expenses:</u>					
Salaries and benefits	39,243	37,432	39,243	37,432	38,284
Building, leases and facility	349	396	349	396	589
Insurance	420	386	420	386	403
Third party vendor contracts	3,206	2,817	3,206	2,817	3,706
Consulting and contracting services	3,915	3,481	3,915	3,481	4,897
Legal and audit	475	117	475	117	853
Training, travel and professional dues	269	399	269	399	1,045
Other	672	1,168	672	1,168	642
Total operating expenses	48,549	46,196	48,549	46,196	50,419
Operating income before depreciation and amortization	3,342	19,300	3,342	19,300	1,945
<u>Depreciation and amortization</u>	7,007	6,372	7,007	6,372	6,300
Net operating income (loss)	(3,665)	12,928	(3,665)	12,928	(4,355)
<u>Other income (expenses)</u>					
Interest income & other	(1,326)	(3,054)	(1,326)	(3,054)	1,051
Interest expense	(2,041)	(2,060)	(2,041)	(2,060)	(1,148)
Total other income (expenses)	(3,367)	(5,114)	(3,367)	(5,114)	(97)
Excess (deficiency) of revenues over expenses	\$ (7,032)	\$ 7,814	\$ (7,032)	\$ 7,814	\$ (4,452)
<b>Number of full-time employees</b>			645	625	658

# CALIFORNIA ISO

## Balance Sheet

As of March 31, 2021

(dollars in thousands)

	Current Quarter 3/31/2021	Prior Year 12/31/2020
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents, including restricted amounts	\$ 360,770	\$ 471,005
Accounts receivable	45,362	13,997
Short-term Investments, including restricted amounts	46,865	68,132
Other current assets	7,334	6,286
Total current Assets	<u>460,331</u>	<u>559,420</u>
NONCURRENT ASSETS		
Long-term investments, including restricted amounts	217,005	212,148
Fixed assets, net	161,661	165,669
Other assets	15,718	4,749
Total noncurrent assets	<u>394,384</u>	<u>382,566</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 854,715</u></u>	<u><u>\$ 941,986</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	3,458	11,754
Accrued salaries and compensated absences	27,923	43,448
Current portion of long-term debt	9,050	5,395
Due to market participants	431,056	492,419
Total current liabilities	<u>471,487</u>	<u>553,016</u>
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	165,395	164,054
Employee retirement plan obligations	8,217	8,876
Total noncurrent liabilities	<u>173,612</u>	<u>172,930</u>
TOTAL LIABILITIES	<u>645,099</u>	<u>725,946</u>
TOTAL NET ASSETS	<u>209,616</u>	<u>216,040</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 854,715</u></u>	<u><u>\$ 941,986</u></u>

## Capital Projects Report

For the quarter ended March 31, 2021

(\$ in thousands)

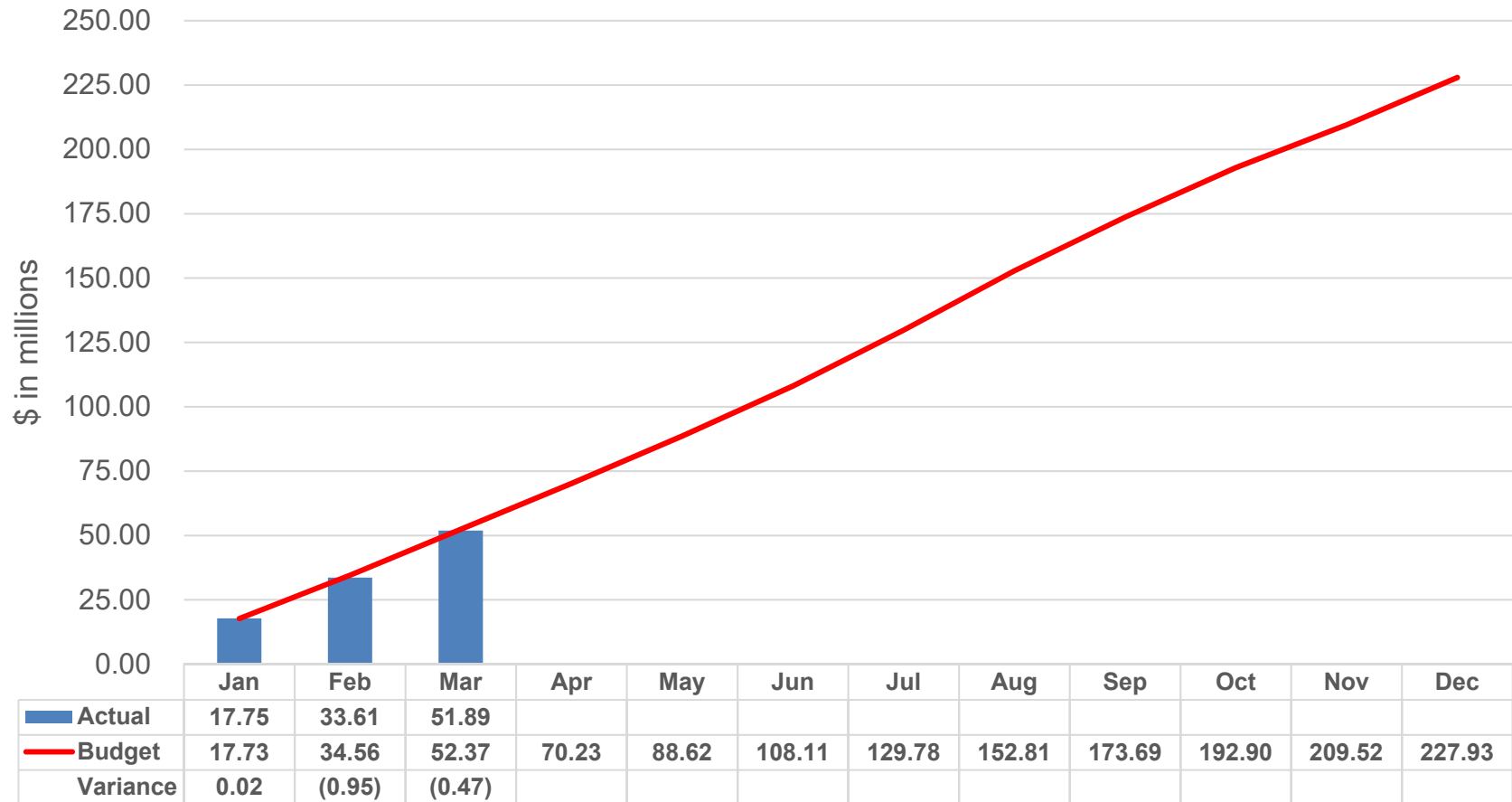
Project Classification	2021 Capital and Project Budget <sup>1</sup>	Projects Approved YTD	Remaining Budget	Expenditures YTD
Market and Operational Excellence	\$ 13,700	\$ 5,004	\$ 8,696	\$ 215
Enhance the Technology Foundation	6,150	1,809	4,341	29
Focus on Customer Service and Other Costs	2,000	1,500	500	-
Grid Evolution Readiness and Regional Innovation Opportunities	150	-	150	-
	<b>\$ 22,000</b>	<b>\$ 8,313</b>	<b>\$ 13,687</b>	<b>\$ 244</b>
			Expenditures on projects approved prior to 2021 <sup>2</sup> :	2,325
				<b>\$ 2,569</b>

<sup>1</sup> The Board approved a maximum level of \$22.0 million in capital and project commitments for 2021 at their December 2020 meeting. The sub-amounts allocated to the project classifications will vary as actual projects are approved during the year by the Corporate Management Committee.

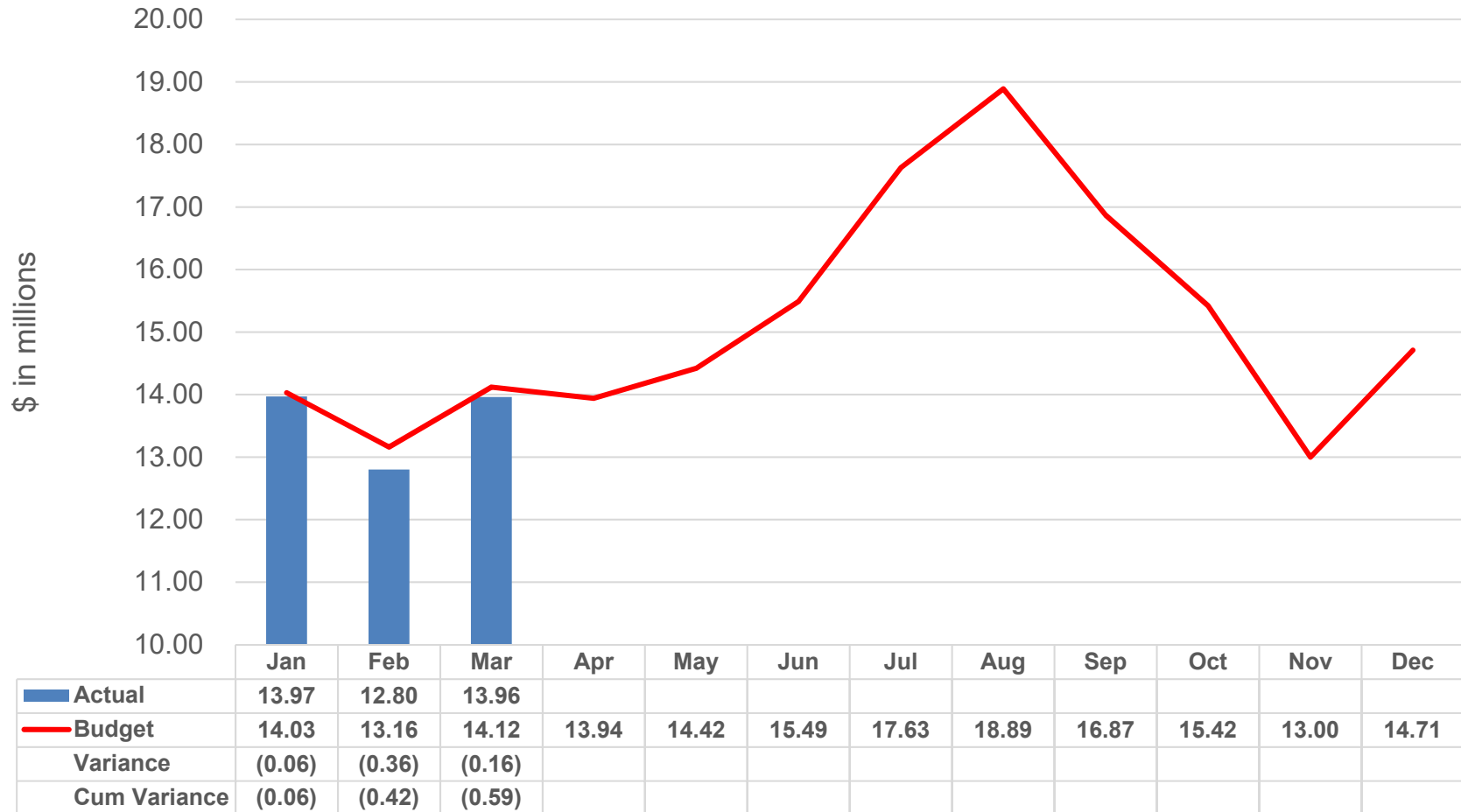
<sup>2</sup> Expenditures on projects approved in a prior budget year. Does not include EIM Implementation projects as those expenditures are reimbursed by the EIM entity.

# Cumulative Operating Revenues

Revenues = GMC & Other Revenues

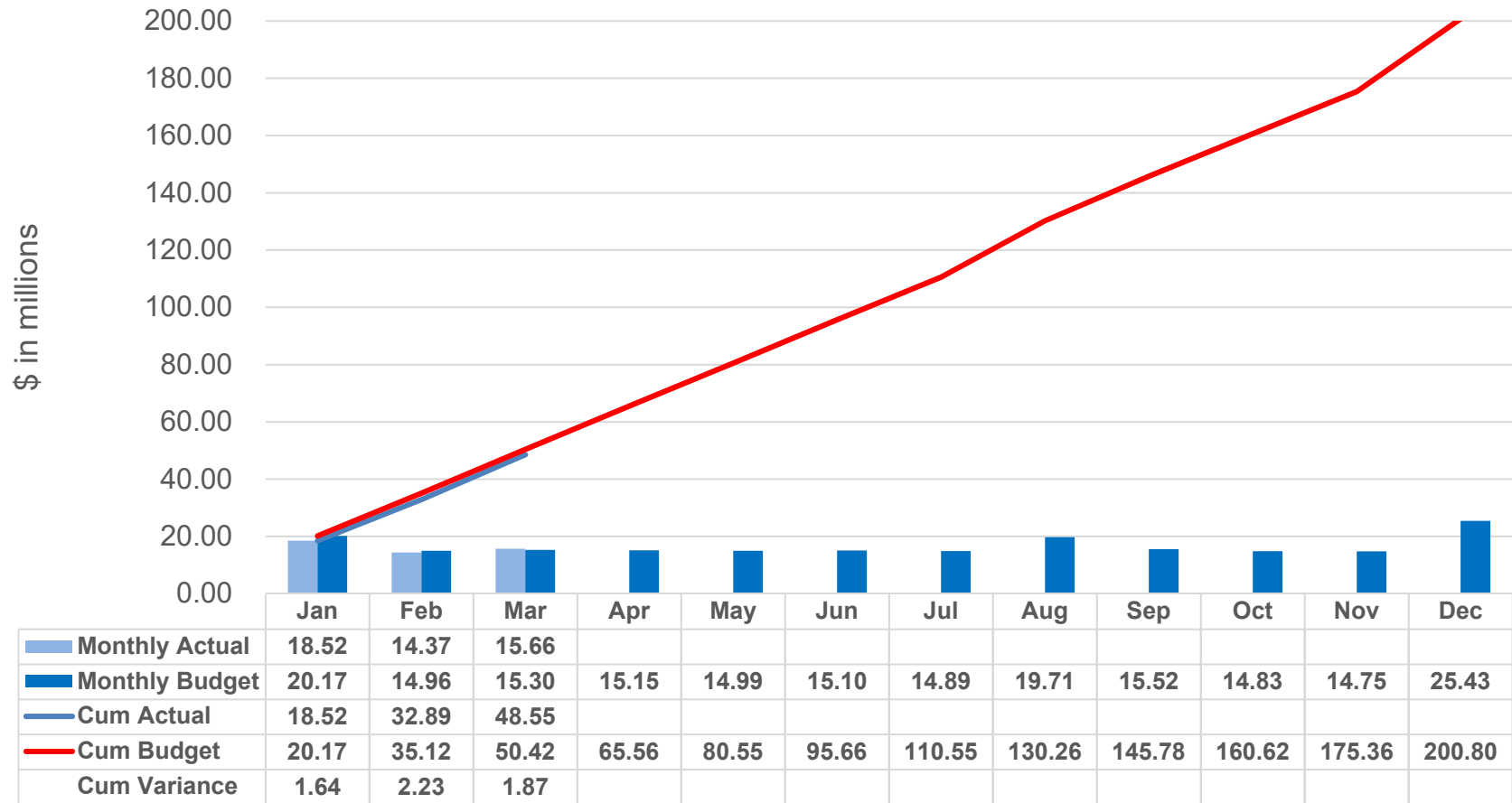


# Monthly GMC Revenues





# Operating and Maintenance Expenses (O&M)

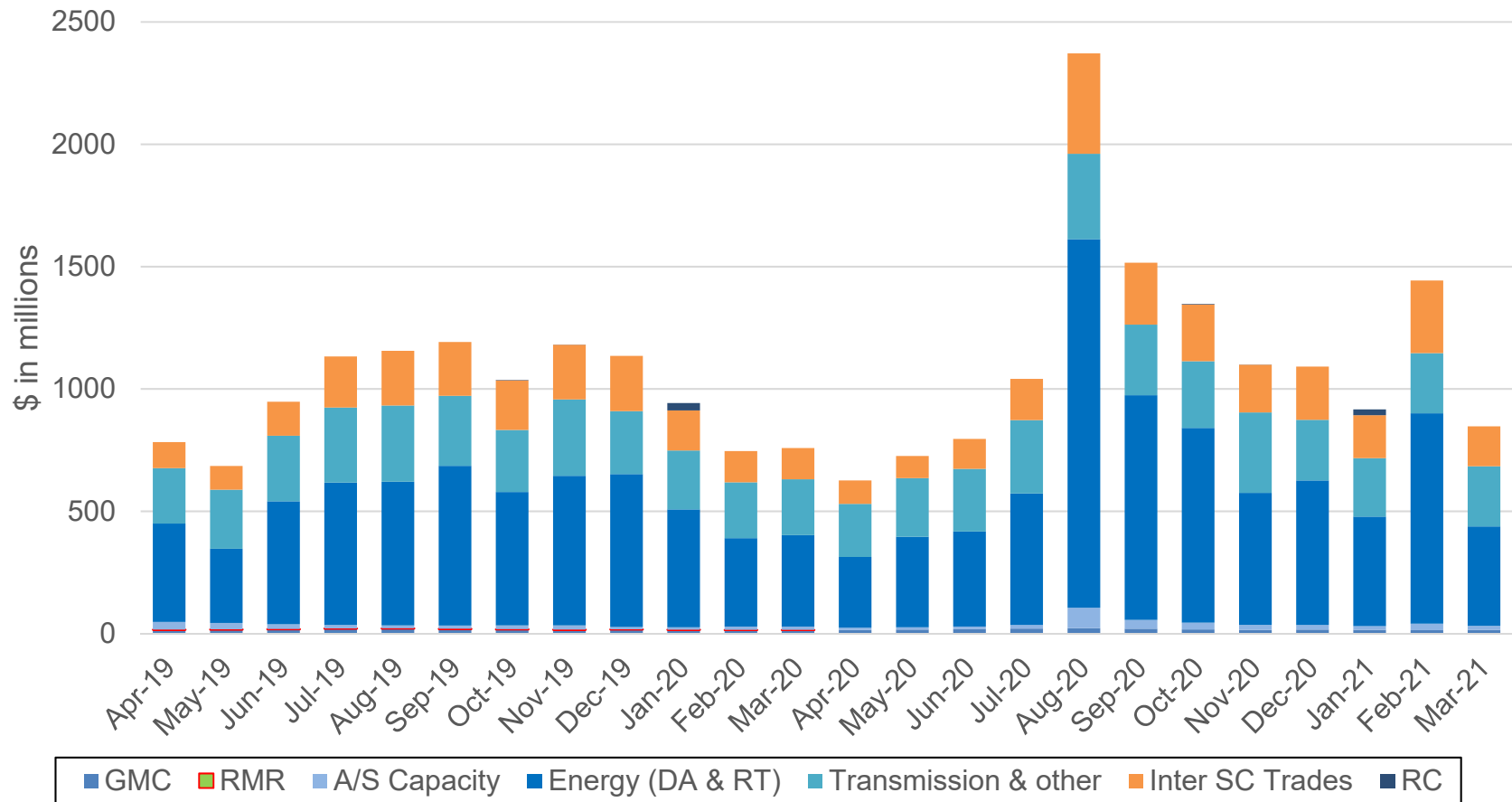


# Cumulative Capital Expenditures



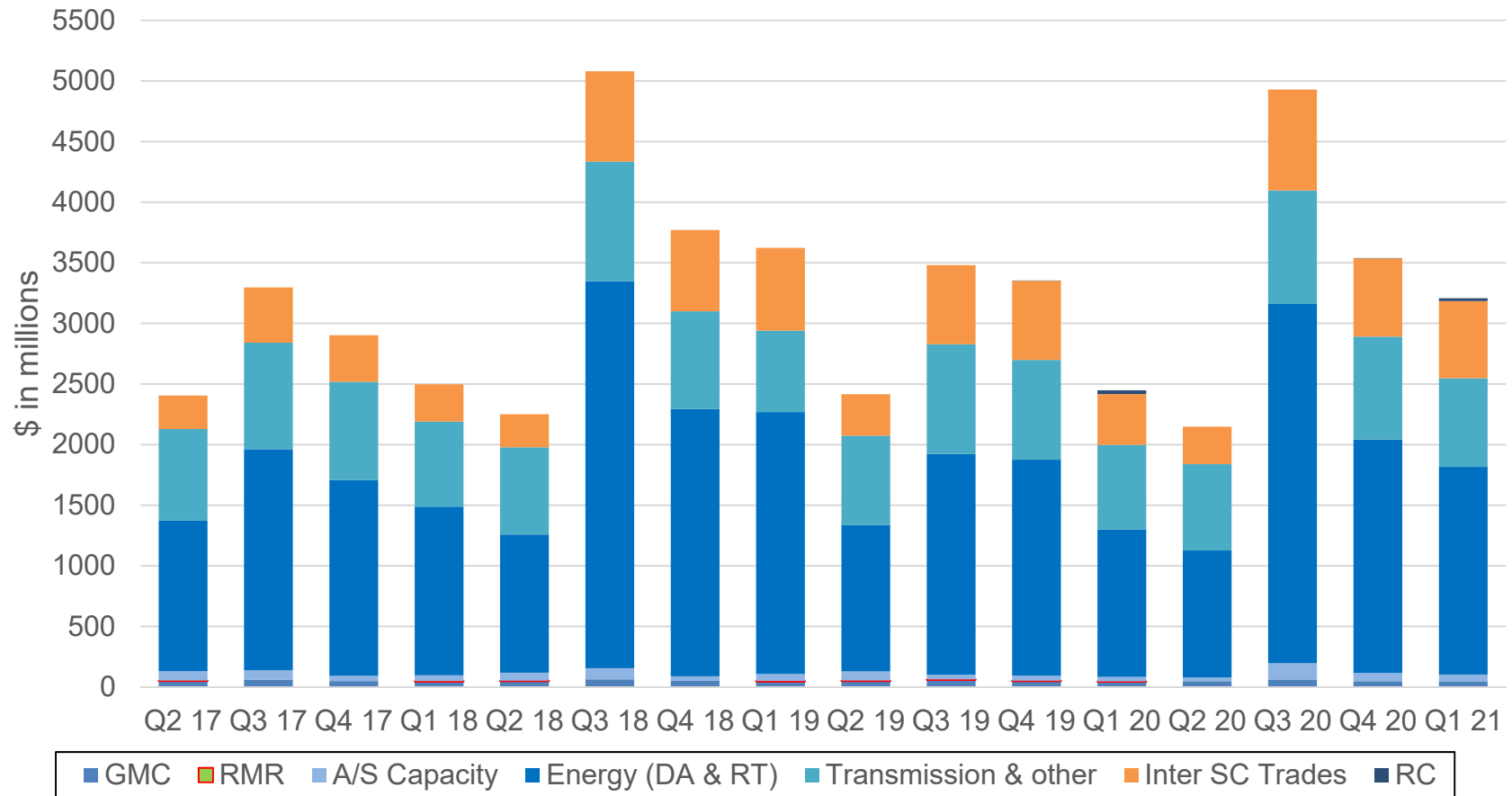
# ISO Market Revenues By Month

## Apr 2019 through Mar 2021



# ISO Market Revenues By Quarter

## 2nd Quarter 2017 through 1st Quarter 2021

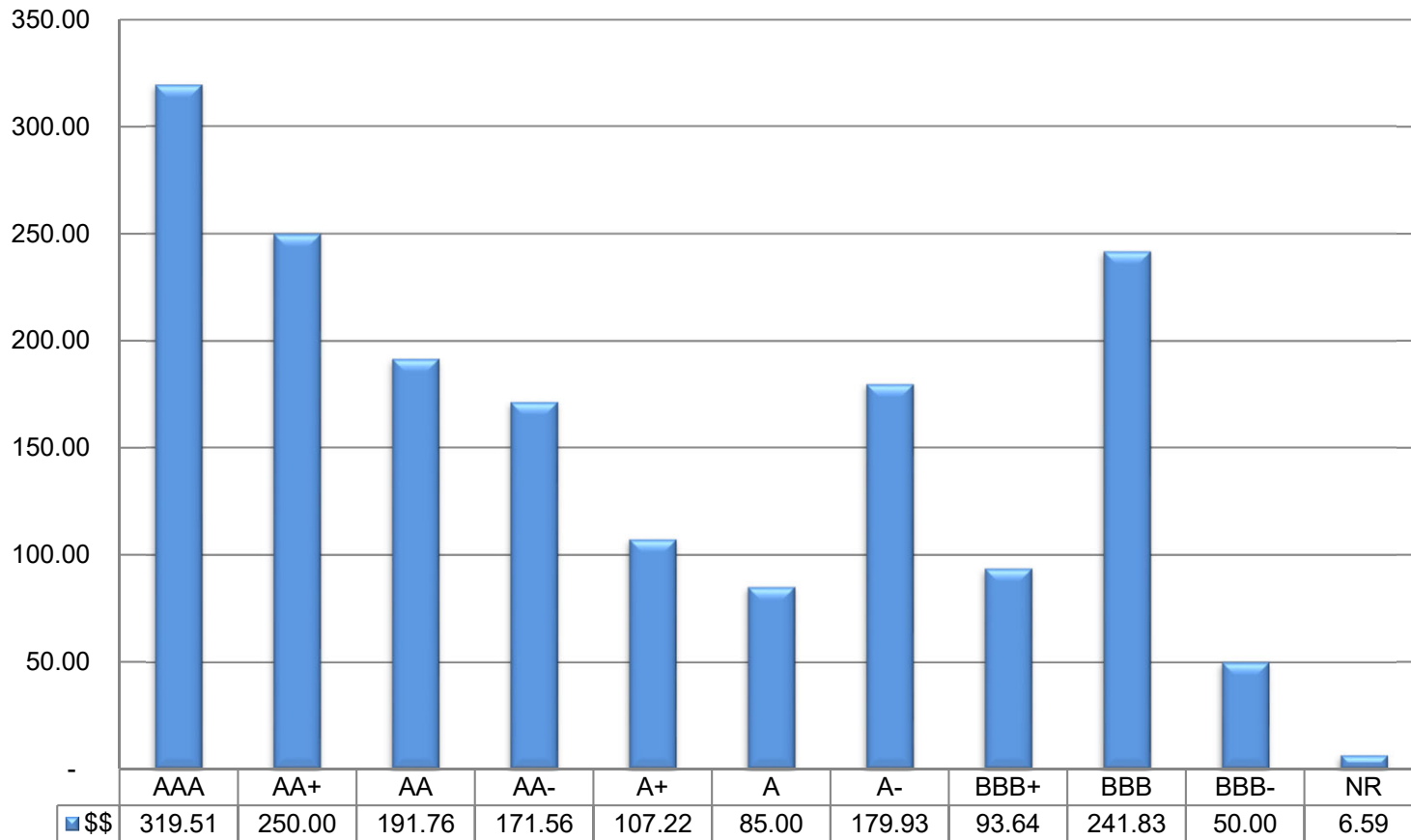


## Collateral & Estimated Aggregate Liability (as of 04/23/20)

<b>Collateral Types</b>	<b>Amount</b>
<b>Unsecured</b>	<b>\$1,697,051,149</b>
<b>Secured</b>	<b>\$705,871,106</b>
<b>Total</b>	<b>\$2,402,922,255</b>

<b>Estimate Aggregate Liability</b>	<b>Amount</b>
<b>Positive EAL</b>	<b>\$363,307,055</b>

## Unsecured Collateral (as of 04/23/20)



## Secured Collateral (as of 04/23/20)

