

QUARTERLY FINANCIAL REPORT

March 31, 2022

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
QUARTERLY FINANCIAL REPORT - March 31, 2022**

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CALIFORNIA ISO SUMMARY, DISCUSSION AND COMMENTARY

For the quarter ended March 31, 2022

Results of Operations

Revenues

Through the first quarter ending March 31, 2022, operating revenues were slightly higher by \$0.8 million compared to the budgeted amounts, primarily due to higher GMC revenues. 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 were on target through the first quarter compared to budget.

Expenses

Operating expenses are \$2.3 million under budget through the first quarter of the year, largely due to lower headcount and to timing of expenses.

Interest income and other are lower than budget during the first quarter due to unrealized losses on the value of investments as a result of higher interest rates. Interest expense is slightly lower 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.

Capital Projects

Through the end of the first quarter of 2022, \$10.1 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.

CALIFORNIA ISO
Statement of Operations

For the quarter ended March 31, 2022
(dollars in thousands)

	Quarter		Year to Date		Year to Date Budget
	Actual	Prior Year	Actual	Prior Year	
<u>Operating revenues:</u>					
Grid management charge	\$ 42,025	\$ 40,669	\$ 42,025	\$ 40,669	\$ 41,248
Other revenues	11,364	11,701	11,364	11,701	11,371
Total operating revenues	53,389	52,370	53,389	52,370	52,619
<u>Operating expenses:</u>					
Salaries and benefits	39,496	39,095	39,496	39,095	39,033
Building, leases and facility	429	349	429	349	565
Insurance	484	420	484	420	406
Third party vendor contracts	3,178	3,206	3,178	3,206	3,482
Consulting and contracting services	3,854	3,915	3,854	3,915	5,238
Legal and audit	209	283	209	283	862
Training, travel and professional dues	223	268	223	268	1,086
Other	1,282	686	1,282	686	791
Total operating expenses	49,155	48,222	49,155	48,222	51,463
Operating income before depreciation and amortization	4,234	4,148	4,234	4,148	1,156
<u>Depreciation and amortization</u>	8,354	7,007	8,354	7,007	8,300
Net operating income (loss)	(4,120)	(2,859)	(4,120)	(2,859)	(7,144)
<u>Other income (expenses)</u>					
Interest income & other	(9,373)	(1,317)	(9,373)	(1,317)	936
Interest expense	(1,130)	(1,199)	(1,130)	(1,199)	(1,175)
Total other income (expenses)	(10,503)	(2,516)	(10,503)	(2,516)	(239)
Excess (deficiency) of revenues over expenses	\$ (14,623)	\$ (5,375)	\$ (14,623)	\$ (5,375)	\$ (7,383)
Number of full-time employees			628	645	694

CALIFORNIA ISO

Balance Sheet

As of March 31, 2022

(dollars in thousands)

	Current Quarter 3/31/2022	Prior Year 12/31/2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, including restricted amounts	\$ 557,122	\$ 598,970
Accounts receivable	29,617	23,057
Short-term Investments, including restricted amounts	31,282	51,874
Other current assets	7,999	6,618
Total current Assets	<u>626,020</u>	<u>680,519</u>
NONCURRENT ASSETS		
Long-term investments, including restricted amounts	246,883	242,296
Fixed assets, net	145,405	150,950
Other assets	6,404	10,110
Total noncurrent assets	<u>398,692</u>	<u>403,356</u>
TOTAL ASSETS	<u>\$ 1,024,712</u>	<u>\$ 1,083,875</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	5,760	11,684
Accrued salaries and compensated absences	25,261	43,273
Current portion of long-term debt	9,050	9,050
Due to market participants	597,227	617,937
Total current liabilities	<u>637,298</u>	<u>681,944</u>
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	165,395	165,395
Employee retirement plan obligations	3,247	4,112
Total noncurrent liabilities	<u>168,642</u>	<u>169,507</u>
TOTAL LIABILITIES	<u>805,940</u>	<u>851,451</u>
TOTAL NET ASSETS	<u>218,772</u>	<u>232,424</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,024,712</u>	<u>\$ 1,083,875</u>

Capital Projects Report

For the quarter ended March 31, 2022

(\$ in thousands)

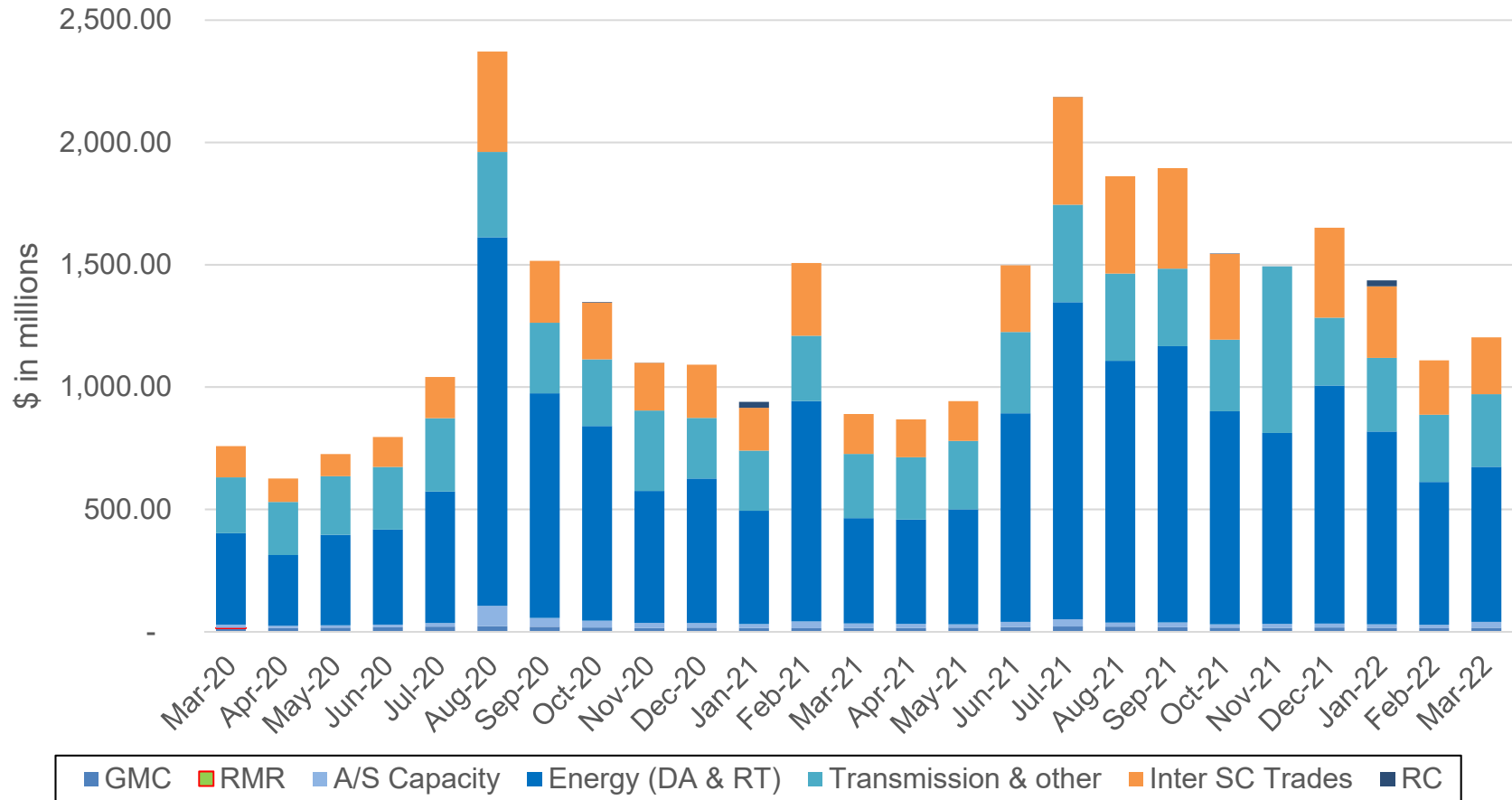
Project Classification	2022 Capital and Project Budget¹	Projects Approved YTD	Remaining Budget	Expenditures YTD
Market and Operational Excellence	\$ 8,155	\$ 3,563	\$ 4,592	\$ 147
Enhance the Technology Foundation	7,495	4,127	3,368	-
Focus on Customer Service and Other Costs	2,950	1,500	1,450	217
Grid Evolution Readiness and Regional Innovation Opportunities	1,400	864	536	77
	\$ 20,000	\$ 10,054	\$ 9,946	\$ 441
			Expenditures on projects approved prior to 2022 ² :	2,325
				\$ 2,766

¹ The Board approved a maximum level of \$20.0 million in capital and project commitments for 2022 at their December 2021 meeting. The sub-amounts allocated to the project classifications will vary as actual projects are approved during the year by the Corporate Management Committee.

² 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 2020 through March 2022



ISO Market Revenues By Quarter

1st Quarter 2020 through 1st Quarter 2022

