

# QUARTERLY FINANCIAL REPORT

## September 30, 2023

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**  
**QUARTERLY FINANCIAL REPORT - September 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 - September 2021 through September 2023	<i>4</i>
ISO Market Revenues by Quarter - 3rd Quarter 2021 through 3rd Quarter 2023	<i>5</i>

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

For the quarter ended September 30, 2023

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

### ***Revenues***

Total operating revenues through the third quarter came in approximately \$0.1 million over the expected amount of \$191.5 million. The higher actual amount was due to higher than budgeted other revenue of \$0.5 million, partially offset by lower GMC collections which came in \$0.4 million lower than the budgeted amount.

### ***Expenses***

Actual expenses through the third quarter were \$7.7 million less the budgeted amount of \$179.8 million. The year to date budget surplus was primarily driven by slightly higher than normal vacant positions which generated approximately \$7.2 million in savings. Additional budget surplus was driven by reduced spend in discretionary areas, such as office meetings and travel. The budget surplus was slightly offset by higher than budgeted spend in consulting, contracting services, and other expenses driven by a combination of temporarily backfilling open positions and non-capitalizable project related software purchases.

Total other income through the third quarter came in approximately \$1.7 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 Q3 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)**

\$21.6 million for projects was approved through the third 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 up in Q3 at \$6.3 billion as compared to the prior quarter. The summer weather and slight increases in the natural gas prices have contributed to increased market activity and to higher average energy prices during the period.

# CALIFORNIA ISO

## Statement of Operations

For the quarter ended September 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	\$ 57,479	\$ 55,255	\$ 151,403	\$ 144,526	\$ 151,803
Other revenues	13,413	13,569	40,174	38,148	39,690
Total operating revenues	70,892	68,824	191,577	182,674	191,493
<u>Operating expenses:</u>					
Salaries and benefits	46,614	41,034	131,989	115,720	139,237
Building, leases and facility	654	651	1,622	1,609	1,794
Insurance	278	436	2,434	2,038	2,486
Third party vendor contracts	3,185	3,015	10,871	10,515	11,332
Consulting and contracting services	6,776	5,121	18,290	15,154	17,276
Legal and audit	648	742	1,560	1,265	2,286
Training, travel and professional dues	687	402	1,973	1,027	3,371
Other	1,390	1,069	3,369	3,180	2,053
Total operating expenses	60,232	52,470	172,108	150,508	179,835
Operating income before depreciation and amortization	10,660	16,354	19,469	32,166	11,658
<u>Depreciation and amortization</u>	7,324	9,988	21,581	27,616	21,500
Net operating income (loss)	3,336	6,366	(2,112)	4,550	(9,842)
<u>Other income (expenses)</u>					
Interest income & other	(1,649)	(4,940)	4,648	(22,495)	2,959
Interest expense	(1,095)	(1,122)	(3,294)	(3,374)	(3,294)
Total other income (expenses)	(2,744)	(6,062)	1,354	(25,869)	(335)
Excess (deficiency) of revenues over expenses	\$ 592	\$ 304	\$ (758)	\$ (21,319)	\$ (10,177)
<b>Number of full-time employees</b>			696	654	746

# CALIFORNIA ISO

## Balance Sheet

As of September 30, 2023  
(dollars in thousands)

	Current Quarter 9/30/2023	Prior Year 12/31/2022
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents, including restricted amounts	\$ 1,010,985	\$ 1,122,096
Accounts receivable	44,458	23,394
Short-term Investments, including restricted amounts	19,017	40,015
Other current assets	12,696	6,627
Total current Assets	<u>1,087,156</u>	<u>1,192,132</u>
NONCURRENT ASSETS		
Long-term investments, including restricted amounts	242,362	241,366
Fixed assets, net	127,774	133,409
Other assets	8,631	13,871
Total noncurrent assets	<u>378,767</u>	<u>388,646</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,465,923</u></u>	<u><u>\$ 1,580,778</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	7,523	10,297
Accrued salaries and compensated absences	37,552	46,149
Current portion of long-term debt	8,770	8,735
Due to market participants	1,046,442	1,142,518
Total current liabilities	<u>1,100,287</u>	<u>1,207,699</u>
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	147,890	156,660
Employee retirement plan obligations	4,963	5,508
Total noncurrent liabilities	<u>152,853</u>	<u>162,168</u>
TOTAL LIABILITIES	<u>1,253,140</u>	<u>1,369,867</u>
TOTAL NET ASSETS	<u>212,783</u>	<u>210,911</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,465,923</u></u>	<u><u>\$ 1,580,778</u></u>

## Capital Projects Report

For the quarter ended September 30, 2023

(\$ in thousands)

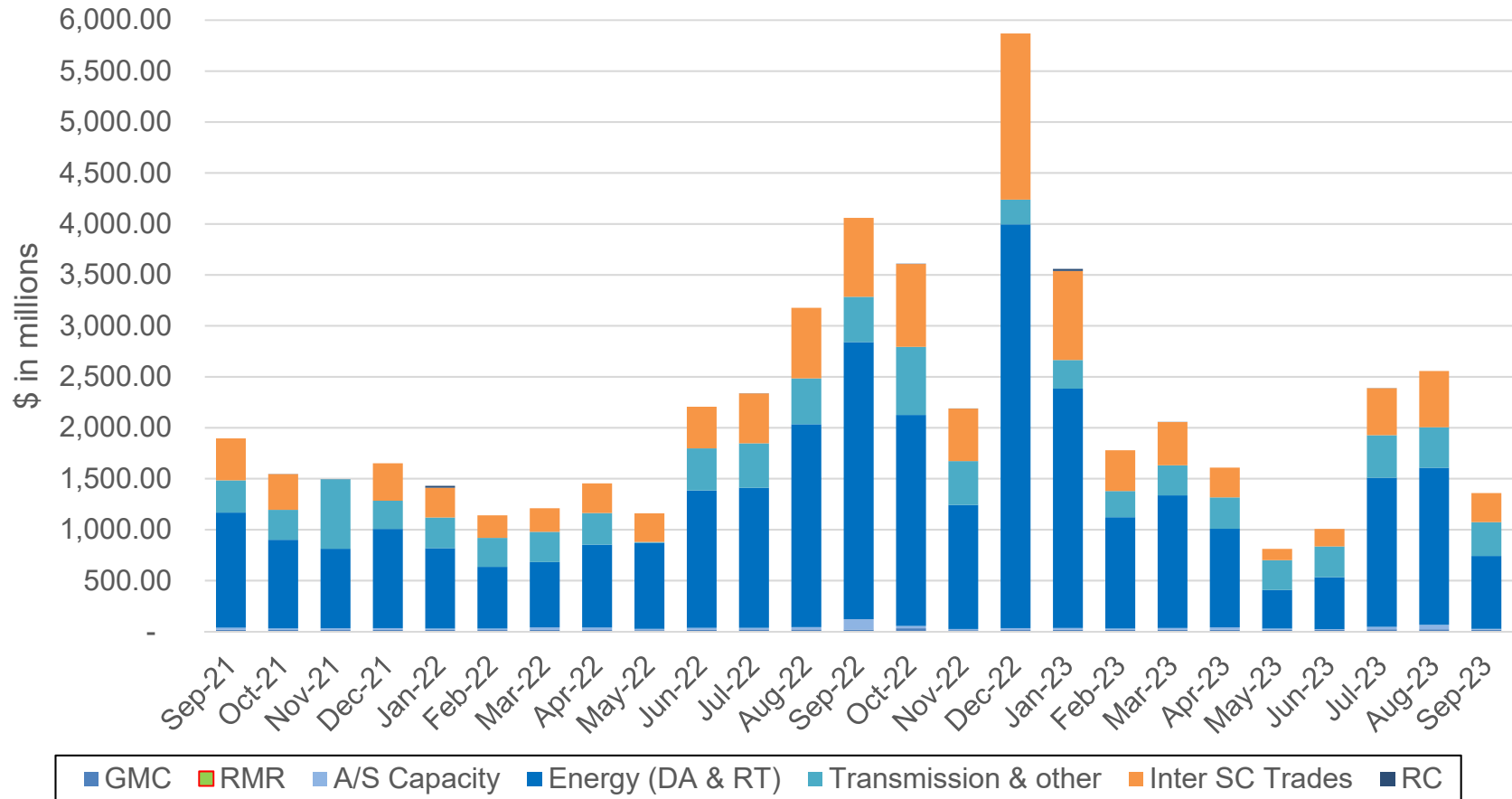
Project Classification	2023 Capital and Project Budget <sup>1</sup>	Projects Approved YTD	Remaining Budget	Expenditures YTD
Reliability and Efficient Operations	\$ 5,610	\$ 4,104	\$ 1,506	\$ 1,550
Technology Foundation Improvements	10,875	9,599	1,276	4,529
Transmission Planning- Infrastructure	650	1,040	(390)	75
Market Opportunities	1,450	1,137	313	785
Stakeholder Engagement and Customer Service	300	232	68	115
People and Culture (Generally O & M)	-	-	-	-
Facilities and Other projects	6,115	5,527	588	224
	<b>\$ 25,000</b>	<b>\$ 21,639</b>	<b>\$ 3,361</b>	<b>\$ 7,278</b>
			Expenditures on projects approved prior to 2023 <sup>2</sup> :	10,042
				<b>\$ 17,320</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

## September 2021 through September 2023



# ISO Market Revenues By Quarter

## 3rd Quarter 2021 through 3rd Quarter 2023

