Provide Better
WITH NATURAL GAS

Municipal Gas Authority of Georgia
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Kennesaw, Georgia 30144
www.gasauthority.com

Natural Gas...Bountiful Harvest, Endless Possibilities   Municipal Gas Authority of Georgia   Annual Report 2023

Gas Authority

Natural Gas...
Bountiful Harvests, Endless Possibilities

Annual Report 2023

Contents

Our Mission

To provide municipalities a reliable, economical supply of natural gas and to assist them in developing and growing their gas systems to optimize the benefits of public ownership.

Environmental Responsibility

Environmental stewardship is important to us, and natural gas has an important role. We recognize that safeguarding our environment is a responsibility we all share. Natural gas enhances our quality of life through affordable and reliable energy contributing to humankind's prosperity and a clean environment. We also believe energy diversity, choice and security are key to spurring innovation, improving economic well-being, and effective environmental stewardship.

The Gas Authority and its Members are committed to providing natural gas energy services that result in affordable, reliable, and secure energy and a clean, sustainable environment, and we support energy innovation that contributes to these objectives.

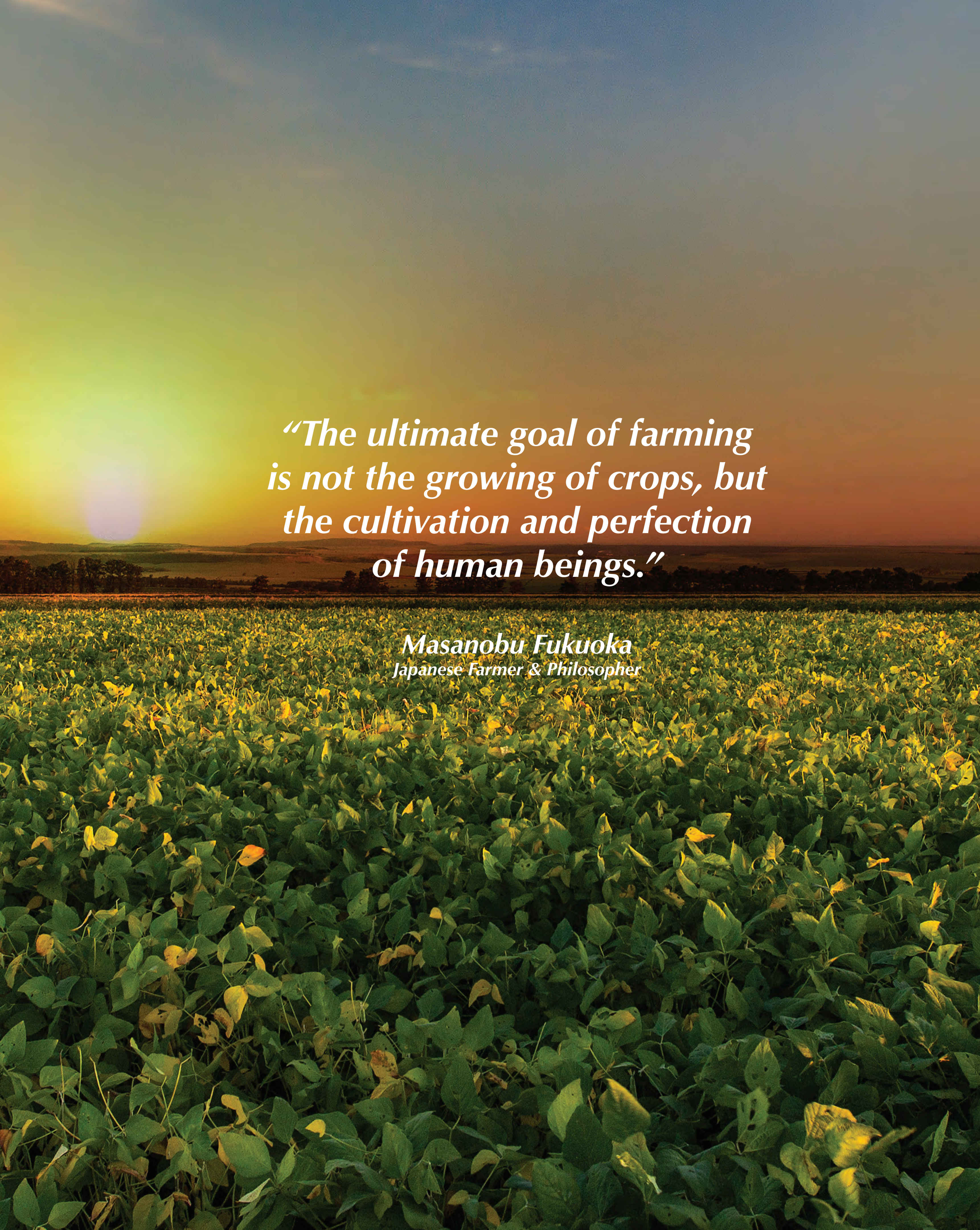
Corporate Profile

The Municipal Gas Authority of Georgia (the Gas Authority) is the largest non-profit natural gas joint-action agency in the United States, serving 83 Members in Georgia, Alabama, Pennsylvania, Tennessee, and Florida that meet the gas needs of more than 270,000 customers. In addition, the agency provides services to 15 other agencies and public systems referred to as "Municipal Customers".

The Gas Authority serves as the manager of both Public Gas Partners, Inc. (PGP) and Main Street Natural Gas, Inc. (Main Street), which acquire and provide economical natural gas reserves, in the case of PGP, and long-term prepaid natural gas supplies, in the case of Main Street, to the Gas Authority and other public systems.

The Gas Authority was formed in 1987 by an Act of the Georgia General Assembly to assist municipal Members who own and operate natural gas distribution systems. Member and Municipal Customer systems are located on the pipeline facilities of eleven interstate pipelines. The Gas Authority provides a broad array of gas supply, marketing and other related services, which deliver significant benefits to its Members, Municipal Customers and the communities they serve.

Services include demand forecasting, gas supply and asset planning and management, regulatory representation, industrial customer assistance, budget assistance, rate design, budget forecasting, market development, communications, project financing, risk management assistance, regulatory compliance, and training.



"The ultimate goal of farming is not the growing of crops, but the cultivation and perfection of human beings."

Masanobu Fukuoka
Japanese Farmer & Philosopher

Natural Gas...
For A Bountiful Harvest

Over 65 years ago, the citizens of our Members recognized the value of bringing natural gas to their communities. They saw this emerging energy source as an affordable way to heat their homes and water, cook their food, dry their clothes and, importantly, attract industries and jobs to their communities. They knew the investment was significant and that the payback would take a long time, but they believed in the opportunities associated with natural gas. So, they voted to issue bonds to construct municipal natural gas systems and connect to the interstate pipeline network bringing supplies from Texas, Louisianna, Oklahoma and other natural gas producing states.

Chairman of the Board – **Todd Hardigree**
President and CEO **– Arthur Corbin**

This gutsy decision paid off for the citizens of these communities, and it continues to pay off in amazing ways. First, access to low-cost energy has been a game changer. Natural gas has consistently cost less for consumers compared to alternative fuels because of continual innovation by U.S. natural gas producers and the abundant domestic supplies. The U.S. produces more natural gas than any other country in the world with production up more than 50% since 2013. Today, residential consumers pay roughly one-third the cost for natural gas compared to electricity.

Second, a safe and reliable delivery system. Natural gas is provided through the safest, most reliable, and resilient energy storage and delivery system with over 2.7 million miles of underground transmission and distribution pipelines and extensive storage facilities. Most natural gas customers will never experience an outage in any given year, while electric customers average one outage per year. On the coldest day of the year, the natural gas system delivers three times more energy than the electric system delivers on the hottest day of the year.

Since the late 1800s when city dwellers escaped urban life for short vacations to family farms, agritourism has offered education, cultural exchange, and the preservation of rural heritage. In the 1800s the concept was further developed to bolster rural economies and offered additional revenue streams to farmers and farm-based businesses. Today, the *Georgia Grown* program helps travelers locate opportunities to explore agriculture along several trails.

Low-cost, safe, reliable, and resilient U.S. natural gas is also helping people here and abroad to economically meet their environmental goals. Natural gas efficiency and the growth of renewable energy have led to U.S. energy-related carbon dioxide emissions hitting 40-year lows. Through its highly efficient production, transmission and delivery system, natural gas provides 92% of its energy to consumers for direct use in their homes and businesses. Only 0.1% of the natural gas delivered nationwide is emitted from local distribution systems. The natural gas industry is continuing to lower emissions through advancement in Renewable Natural Gas (RNG). RNG takes waste streams from sources such as farms and landfills and turns them into carbon neutral energy fully compatible with the U.S. pipeline system.

The Member communities that make up the Gas Authority agree, "Natural Gas…Bountiful Harvest, Endless Possibilities!" The rest of this letter highlights the activities and accomplishments of the Gas Authority during the past year. As you will clearly see, 2023 was another incredible year for the Gas Authority building long-term value for its Members and the people they serve while contributing significantly to Members' natural gas utility margins both financially and through improved and expanded services. None of these significant accomplishments would be possible without the excellent leadership of our Board, engaged and proactive Members, and our team of dedicated, innovative, hardworking and service-minded employees.

Building Long-Term Value for Members

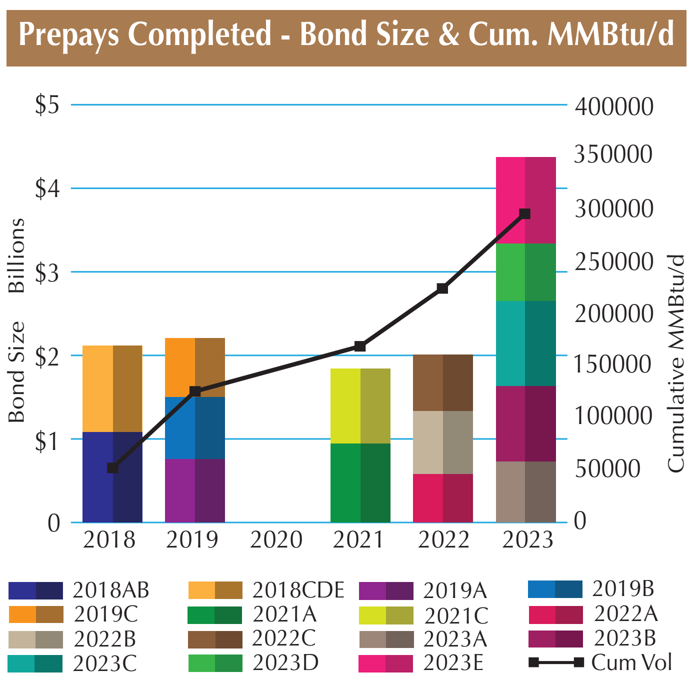
In 2023, the Gas Authority, through its affiliate Main Street Natural Gas Inc., completed a record number of long-term supply prepayments, including 3 new prepayments and 2 repricings. In total, Main Street issued $4.4 billion in bonds for over 120,000 MMBtu/day of firm gas supplies, creating total value for Members of $85 million in Portfolio Returns and

92%

The natural gas delivery system is 92 percent efficient from the well-head to the burner tip. During the extraction, processing, and transportation phase of production there is approximately a seven percent energy loss, and in the distribution phase roughly less than one percent is lost, delivering 92 percent of its energy to the consumer. Whereas converting natural gas to electricity results in a 62 percent loss of energy along its generation and distribution process.

Natural Gas...
Biogas Innovation

G&A service fees during the initial pricing periods of 6 to 7 years.



Two of the three new prepayments were completed with Citigroup, one in January and the second in September. Main Street issued $1.4 billion in bonds for approximately 41,000 MMBtu/day of firm supplies in these two prepayments to meet a portion of Member requirements and to provide additional supply service to Jacksonville Electric Authority (JEA), Florida Gas Utility (FGU) and National Public Gas Agency, with deliveries beginning in May 2023 and April 2024 and savings ranging from 50 to 63 cents/MMBtu through the initial 6- to 7-year periods of these 30-year transactions.

Danny Hertz with Sustain RNG credits creative thinking and cooperation in the success of their project to turn agricultural waste in the City of Eatonton into natural gas used by a customer in the City of Dublin.

The third new prepayment was completed with Royal Bank of Canada (RBC) in February. Main Street issued $900 million in bonds for 23,000 MMBtu/day of firm supplies to meet a portion of Member requirements and provide new supply service to CPS Energy (San Antonio) and additional supply service to JEA and Orlando Utilities Commission (OUC), with deliveries beginning in June 2023 and savings of 68 cents/MMBtu through the initial 7-year period of this 30-year transaction.

Biogas is an environmentally-friendly, renewable energy source produced by the breakdown of organic matter, such as animal waste. The dairy farm's solid waste is pumped into anaerobic digester where pipeline quality methane is generated to fuel the operation of a paper manufacturer more than sixty miles away.

In addition to these 3 new prepayments, Main Street issued $2 billion in bonds to reprice and extend the two 2018 prepayments with RBC. The first repricing was completed in June and the second in September. These two prepayment repricings covered 59,000 MMBtu/day of firm supplies to continue meeting a portion of Member requirements and to continue providing gas supply service to Richmond Gas Works, Philadelphia Gas Works, Utah Associated Municipal Power Systems, FGU, JEA, OUC, Patriots Energy Group and Black Belt Energy, with savings of 44 to 53 cents/MMBtu through the next 7-year pricing periods of these extended 30-year transactions.

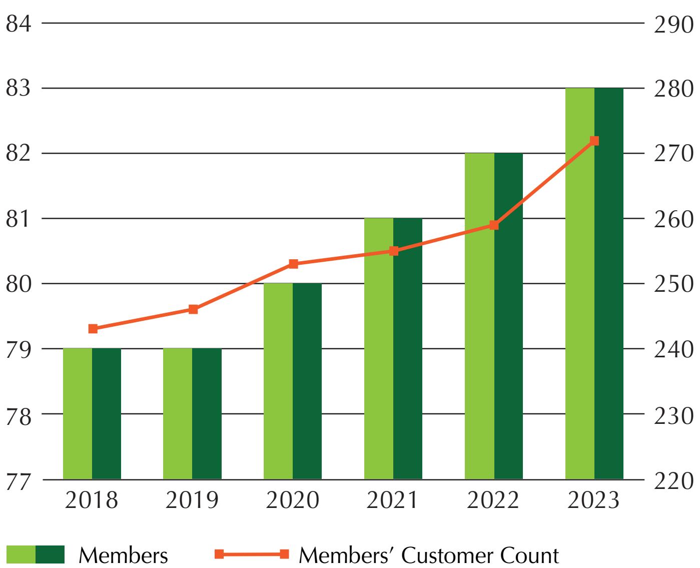
In 2023, the Gas Authority added a new Member for the 4th consecutive year. In September, the City of Cartersville, Georgia joined becoming the 83rd Member of the Gas Authority. Cartersville was incorporated in 1850 and was settled in anticipation of the construction of the Western and Atlantic Railroad through the Etowah Valley. In 1954, the City built its natural gas system and it has grown into one of the largest municipal natural gas systems in Georgia, serving over 11,000 customers and delivering approximately 4 Bcf annually.

The Gas Authority continues to assist Members in growing their natural gas systems across all end-use sectors: residential, commercial and industrial.

The biological matter used to produce biogas would naturally decay, but capturing the gas produced in the decay process and using it as an energy source helps reduce its emission into the atmosphere. This process fits into a sustainable cycle of managing agricultural waste.

Natural Gas...
Farm to Table

Meter Count and Member Count



We expanded the utilization of the Economic Development Alliance services initiated with Electric Cities of Georgia in 2022, increasing from 11 active industrial prospect engagements in 2022 to 35 in 2023. Industrial customer additions totaling 1,900 MMBtu/d completed and on-line in 2023 included Gotham Greens in Monroe (600 MMBtu/day), Cardinal Glass in Buford (500 MMBtu/d), Sustain RNG in Eatonton (500 MMBtu/d), Reames Asphalt in Cairo (150 MMBtu/d) and Southern Gin in Pelham (150 MMBtu/d).

In 2023, several large industrials began or continued construction of new or expanded facilities within the Members' service areas. The two largest are

Pure Flavor has a passion for sustainable greenhouse growing a variety of fruits and vegetables. Precision climate control, irrigation practices, plant nutrition, and lighting controls make it possible to grow the fresh fruits and vegetables that fill our plates.

the new SK Battery plant locating in Cartersville, Georgia (250 MMBtu/d in 2024, growing to 3,200 MMBtu/d in 2025) and the new Hyundai operation in Claxton, Georgia with the first plant expected to have usage averaging 1,000 MMBtu/d in 2024 and growing to 1,700 MMBtu/d in 2025. Other industrial and large commercial expansions and new facilities under construction last year are estimated to collectively add up to 12,000 MMBtu/d and include Alabama Graphite in Alexander City, Alabama; Aspen Aerogels, Doowon Climate Control, Eco Plastics and Rivalyai in Statesboro, Georgia; Georgia Power Coal Ash Plant served by Eatonton, Georgia; Jack

Strategically located just south of Atlanta, the Fort Valley greenhouse location is Pure Flavor's largest facility of its kind in the Southeastern U.S. The 75-acre greenhouse facility and adjacent 60,000 square foot distribution center grow and ship a variety of *Georgia Grown* tomatoes and cucumbers year-round. This location makes it possible to deliver fresh produce to more than 80 million consumers in less than 24 hours.

Links in Perry, Georgia; Northside Hospital Patient Tower and Publix's Fresh Kitchen in Lawrenceville, Georgia; Pilgrim's Pride in Douglas, Georgia; and Steves & Sons in Commerce, Georgia.

In 2023, the Board increased the revolving loan fund for the successful Main Street On-Bill Financing Program from $7.5 million to $10 million and raised the maximum individual loan amount from $6,500 to $7,500. Forty-three (43) Members are participating in this revolving loan fund to help their residential customers purchase and install efficient natural gas appliances. Overall, Members added over 2,000 residential customers in 2023.

The Gas Authority continued its investment in its employees, through training and development

Their high-tech greenhouses use natural gas and a variety of tools to yield the best produce for consumers. Sustainable growing practices include carefully regulated climate control, pest management, closed loop irrigation, supplemental lighting, a misting system, and energy screens to ensure optimal growing conditions for the variety of tomatoes, cucumbers, eggplants, peppers, and other produce Pure Flavor cultivates at its facilities.

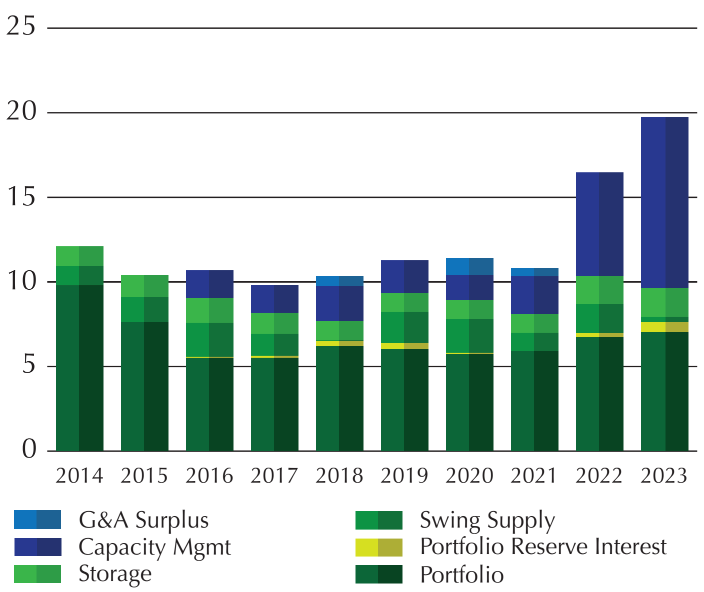
Pure Flavor grows no less than fourteen varieties of tomatoes – everything from big juicy beefsteaks and heirlooms to the bite -size sangria and tiki snacking or grape tomatoes.

Natural Gas...
Power-Packed

opportunities, and in technology with several system development and upgrade projects completed. Good progress was made through the Vision 2025 – Systems Initiative, with our IT team working with each functional area to create clear technology visions to leverage technology tools to enable better informed decisions and more efficient processes and access to information. We also remained focused on enhancing systems reliability, resiliency, and cybersecurity, adding multi-factor authentication and installing new firewalls.

Contributing to Member Margins
The Gas Authority had another excellent year generating supply portfolio and operational returns

Annual Member Returns



David Wiggins with Hardy Farms Roasting in Hawkinsville can produce up to 3,000 pounds of oil and dry roasted peanuts an hour for their private label and commercial customers. You can find their processed peanuts in many of your favorite candies and peanut butters.

for Members, totaling $21.5 million for 2023, up $3.5 million from 2022. These returns were primarily driven by record pipeline capacity management returns and a significant increase in portfolio returns including the return of interest earned on the Portfolio Reserve. Annual returns from the long-term supply portfolio accounted for 37 percent of Member returns, totaling $8.0 million, an increase of $1.1 million from the amount distributed last year.

In 2023, the operational returns accounted for 63 percent of Member returns including pipeline capacity management returns, net margins on storage

Georgia produces half of all the peanuts in the United States. Peanuts are Georgia's official state crop and there are more than 4,700 peanut farms across the state.

inventory, swing supply savings and general and administrative (G&A) budget surplus. Members received a record $10.3 million in pipeline capacity management returns, up $2.7 million from 2022, an increase of 35 percent. These significant returns resulted from increased market value for capacity across all pipelines serving the Southeast in response to higher demand. Net margins on storage inventory totaled $1.8 million, up $0.5 million from 2022, with 2023 storage returns increased to $2.2 million using $0.4 million of storage project reserves. Even with the increased price and load volatility, the Gas Authority managed to save $1.0 million of the $3.0 million collected through the swing supply charge. Finally, for 2023, the Gas Authority achieved a G&A budget surplus of $3.0 million, which will be

So many options: red skinned or blanched peanuts can be dry roasted or oil roasted and salted or unsalted, but they all start out at Hardy Farms Roasting as shelled raw nuts fresh from the farm.

The roasting process involves an intensive natural gas-fired heating cycle. In oil roasting, the peanuts bathe in a vat of hot oil to reach the correct temperature and desired level of roasting. Dry roasting is a forced air convection process where intense heat is blown above, below and all around the nuts rolling down a conveyer belt.

Natural Gas...
Rise and Grind

retained to further strengthen our balance sheet by increasing the Working Capital Reserve.

For the second consecutive year, the Gas Authority achieved record throughput with total delivered volumes of 141 Bcf, up 12 percent from 2022 and an increase of 67 percent since 2018. Deliveries to Members were down 10 percent due to warmer weather during the 2023 winter months and cooler weather during summer months, while deliveries to Municipal Customers grew to 87 Bcf, up more than 30 percent from 2022.

Member residential rates remained competitive, averaging $1.49/therm in 2023. This pricing compared favorably to the AGL marketers' rates, which averaged $1.96/therm for the fixed rates and $2.49/therm for the variable rates, and to Liberty Utilities' regulated rate, which averaged $1.90/therm. Over half the Members and several Municipal Customers actively engage with our risk management team to navigate the volatile natural gas price environment and achieve economical pricing and rate stability for their customers.

Improving & Expanding Services

In 2023, the Gas Authority improved the delivery of its market development services, which include direct sales assistance, retail customer services and marketing programs. At the center of this new customized service delivery structure is the development of a comprehensive Customer Growth Plan for each Member that aligns with their specific community and gas utility goals. The new structure also allows Members to customize their utilization of the Natural Gas Connection (NGC) on-line platform and other retail customer services. NGC transactions increased 26% in 2023, adding an estimated 0.5 Bcf over the next 10 years.

Morning by Morning Coffee in Perry, Georgia is a stop on the *Georgia Grown* agritourism trail and a perfect place for a cup of coffee, a bite to eat, and a taste of the local community. *Georgia Grown* spotlights agribusinesses and encourages agritourism across the state. Hundreds of agricultural businesses from coffee houses, wine bars, u-pick farms, and more encourage visitors to learn about the many locally grown and made products of the state.

75%

Roughly 75 percent of the energy used to produce fertilizers comes from natural gas. Natural gas is a key feedstock in a variety of items needed to maintain a productive and affordable agricultural sector. The U.S. agricultural sector supports more than 17 million jobs and contributes approximately $1.7 trillion to the nation's gross domestic product.

The Market Development team assisted Members in over 40 projects to retain or add natural gas service to residential, commercial and agricultural customers across the membership. Our focus on assisting Members to retain service to housing authorities continued to pay off with Buford providing 168 new tankless water heaters to their housing authority and Hartwell providing 40 to theirs. Natural Gas Connection has been a key partner in providing appliances for several of these projects. The Marketing and Communications team continued to help Members effectively promote the benefits of natural gas through the new "Provide Better with Natural Gas" campaign being delivered through a variety of traditional channels and new social media platforms.

In 2023, the Gas Authority developed a new Gas Operations Training Program as a core function

It all started with a little experimentation. Beth Cleveland began roasting her own coffee beans and evolved her small business into a coffee house with a social mission – establishing sustainable relationships with local causes and like-minded organizations in coffee producing countries. A percentage of the shop's profits are contributed to these causes and organizations.

Today Morning by Morning sells an extensive line of locally roasted coffees from around the world as well as teas and serves pastries, baked goods, and lunch. Morning by Morning has become a social hub for the local coffee connoisseurs of Central Georgia.

Natural Gas...
Mighty Sweet

within the Member Services area. This program is available to all Members at no additional charge. This new training program, managed by the Subscribed Regulatory Compliance Service (SRCS) staff, includes meeting all Operator Qualification requirements as well as general safety and basic natural gas topics. Implementation is already underway with 5 trainers hired in the first quarter of 2024. Separately, SRCS continues to grow adding four new municipal subscribers in Alabama (Camp Hill, Childersburg, Sylacauga and Wilton) in 2023.

Looking ahead, we see a promising future where domestic natural gas remains an integral component of the U.S. energy system delivering safe, affordable, reliable and clean energy to meet the changing needs of people, businesses and communities here and abroad. The Gas Authority remains committed to help its Members bring the full benefits of natural gas to their customers and communities. Whether it is safely and reliably delivering low-cost natural gas each and every day, or assisting Members in increasing service to existing customers, adding new customers or developing new markets, the Gas Authority has an outstanding team of professionals dedicated to serving its Members, as well as Municipal Customers, and helping them serve their communities and reach their goals.

On behalf of our Board and employees, we thank you for the opportunity to serve you, your customers and your communities and pledge to always go the

Anita Curry is passionate about bees and honey. At her *Georgia Grown* roadside shop she invites visitors to learn about the importance of bees to the planet and our food crops. Bees play a critical role in agriculture as the movement of pollen between plants is necessary for their fertilization and reproduction and ultimate crop yields.

extra mile to earn the confidence and trust you have placed in us.

Todd Hardigree
Chairman of the Board

Arthur Corbin
President & CEO

There have been bees on planet earth since its formation. Over time, humans have learned to harvest honey, pollen, and wax. These are used as food, sealants, lubricants, and medicines.

18%

Carbon dioxide emissions from natural gas household space heating, water heating, cooking, and clothes drying are 18 percent lower than an all-electric home; and carbon emissions from the average natural gas home continue to decline at a rate of 1.3 percent per year. America's natural gas utilities are committed to reduce greenhouse gas emissions through smart innovation, and already these actions have led to energy-related CO2 emissions hitting 40 year lows.

Golden bee Apiaries' shop in Hawkinsville produces and bottles raw honey and natural, hive-derived homemade products such as body cream, lotions, lip balm, soap, body wash, shampoo, face wash, candy, cakes, and other treats and gifts.

Bees in the United States make roughly 125 million pounds of honey a year. They must collect nectar from about 2 million flowers just to make one pound of honey, and on average a single worker bee produces only 1/12th of a teaspoon of honey in her entire lifetime. So, it would take more than 1,100 bees to gather enough pollen and nectar to produce a 16 ounce bottle of honey.

Officers

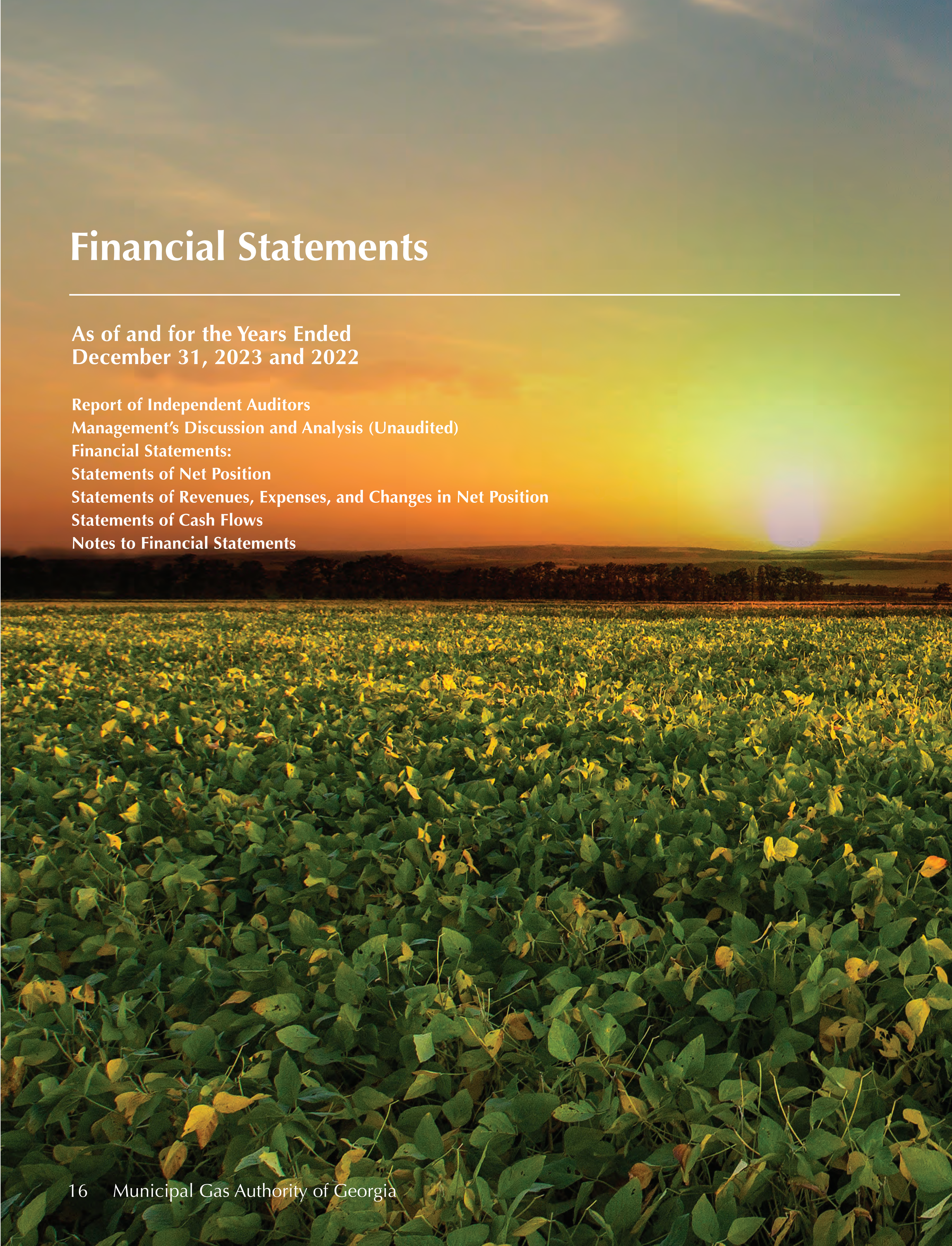
From left to right:
Susan Reeves, Chief Financial Officer; **Scott Tolleson**, Vice President, Member Support & Government Affairs; **Peter Floyd**, General Counsel; **Rodney Dill**, Vice President, Market Development & Communications; **Tina Smith**, Vice President, Gas Supply, Operations & Risk Management; **Arthur Corbin**, President & CEO

Board of Directors

From left to right:
Michael Clay, Former Director of Utilities – Dublin; **Kenneth L. Usry**, Former Mayor of Thomson; **Chris Hobby**, City Manager – Bainbridge; **Luther L. (Buddy) Duke, III**, Vice Chairman, Mayor – Adel; **Johnathan Mason**, Assistant Gas Superintendent – Chambersburg Pennsylvania Gas Department; **Donna McKay**, Mayor, Town of Wadley, Alabama; **Bruce Maples**, Secretary-Treasurer, Assistant City Manager – Albany; **Daren Perkins**, Gas Superintendent – Buford; **Shelly Berryhill**, City Commissioner – City of Hawkinsville; **Todd Hardigree**, Chairman of the Board, Gas Superintendent – Lawrenceville; Not Pictured: **Irving Thompson**, Chief Financial Officer, East Central Alabama Gas District

Key Operating Statistics

	2019	2020	2021	2022	2023
Number of Members/Municipal Customers					
Southern Natural	25	25	26	27	28
Southern Natural - South Georgia Facilities	29	29	29	29	29
Transco	23	24	24	24	24
Texas Eastern	2	2	2	2	2
Municipal Customers on Various Pipelines	16	14	14	16	15
Regulatory Compliance Customers	41	42	44	47	49
Total Number of Members/Municipal Customers	136	136	139	145	147
Total Throughput By Member & Municipal Customers (000 MMBtu)					
Member	53,852	51,134	53,216	59,657	53,682
Municipal Customers	45,143	61,148	57,339	65,828	87,124
Total Throughput	98,995	112,282	110,555	125,485	140,806
Total Throughput by Pipeline (000 MMBtu)					
Southern Natural	23,806	27,153	26,899	29,495	29,648
Southern Natural - South Georgia Facilities	16,170	14,541	13,787	14,637	13,660
Transco	34,826	38,161	40,000	45,789	49,218
Texas Eastern	2,244	3,131	3,096	3,405	2,910
Florida Gas Transmission	13,576	19,532	17,101	20,595	29,718
Other	8,373	9,764	9,672	11,564	15,652
Total Throughput by Pipeline	98,995	112,282	110,555	125,485	140,806
Heating Degree Days - Actual					
South Georgia	1,172	1,149	1,307	1.358	1,020
Middle Georgia	1,894	1,840	1,994	2,051	1,774
North Georgia	2,236	2,186	2,211	2,395	1,903
Heating Degree Days - 10 Year Average					
South Georgia	1,393	1,377	1,276	1,253	1,272
Middle Georgia	2,292	2,272	2,164	2,127	2,135
North Georgia	2,545	2,510	2,407	2,377	2,405
Average NYMEX Spot Price ($/MMBtu)	$2.63	$2.08	$3.84	$6.64	$2.74
Members' Customers - By Pipeline					
Southern Natural	49,700	50,004	49,826	50,817	62,127
Southern Natural - South Georgia Facilities	35,621	35,215	35,365	35,044	34,776
Transco	148,736	155,565	156,777	159,703	161,633
Texas Eastern	12,333	12,539	12,683	13,025	13,097
Total Customers	246,390	253,323	254,651	258,589	271,633



Financial Statements

As of and for the Years Ended December 31, 2023 and 2022

Report of Independent Auditors

The Board of Directors
Municipal Gas Authority of Georgia

Opinion

We have audited the financial statements of the Municipal Gas Authority of Georgia (the "Company"), which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and changes in net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19-27 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst + Young LLP

Atlanta, Georgia
April 12, 2024

Corporate Structure

Municipal Gas Authority of Georgia (the Gas Authority) is a nonprofit, joint-action agency created in 1987 by an Act of the General Assembly of the State of Georgia (the Act). The Gas Authority is a public corporation whose primary purpose is to provide municipalities reliable and economic gas supplies and to assist them in developing and growing their systems to optimize the benefits of public ownership.

Members and Customers

Eighty-three municipal gas utilities (the Members), serving approximately 272,000 retail customers in Georgia, Alabama, Florida, Pennsylvania, and Tennessee, have signed long-term gas supply contracts through 2060 requiring that they take their entire gas supply from the Gas Authority and requiring the Gas Authority to provide that supply. Each utility is locally owned and operated; however, municipal utilities share common interests and concerns that can best be solved by working together. For example, by contracting with the Gas Authority, the municipal utilities can diversify their source of supplies through a portfolio of supply arrangements rather than depending on the services of a single provider. Through joint action, these municipal utilities use economies of scale to reduce the overall cost of natural gas to their ultimate customers.

The Gas Authority also provides gas supplies and related services to 15 other agencies and municipal utilities (Customers) on a limited basis for the benefit of the Members. Additionally, the Gas Authority provides regulatory compliance services to 49 other entities. The Gas Authority is governed by a nine-member Board of Directors, which is elected from the membership and serves in staggered three-year terms. The Board also has three nonvoting out-of-state directors.

Authority

The Act provides that the Gas Authority will establish rates and charges to produce revenues sufficient to cover its costs, including debt service. It may not operate for profit unless such profit inures to the benefit of the public. The Gas Authority is specifically authorized by the Act to undertake joint projects for its Members and to issue tax-exempt bonds and other obligations to finance the costs of such projects.

Long-Term Gas Supply

Members can elect to participate in joint projects undertaken by the Gas Authority and authorize the issuance of project debt by entering into a supplemental contract (Supplemental Contract). These Supplemental Contracts authorize the Gas Authority to issue gas revenue bonds and other debt obligations to acquire a portfolio of gas supplies and gas-related assets to fulfill, in whole or in part, its obligation to supply gas to Members.

The Portfolio III project was initiated in November 2002 with the execution of amended Gas Supply Contracts and Supplemental Contracts with all Members. Those contracts were amended in 2008 to extend the full requirements of gas supply services to Members through at least the date on which all Portfolio III bonds are fully retired and authorize the issuance of up to $1,500,000 in debt to secure long-term gas supplies. Through these contracts, the Gas Authority was authorized to issue additional debt through December 31, 2014, with maturities not exceeding 15 years from issuance.

The Portfolio IV project was initiated in November 2014 with the execution of Supplemental Contracts. Under the Portfolio IV contracts, the Gas Authority was authorized to issue up to $1,100,000 in debt through December 31, 2020, increasing to $1,500,000 as Portfolio III principal payments are made, with maturities not exceeding 20 years from issuance, to secure long-term gas supplies. The Portfolio V project was initiated in January 2021 with the execution of Supplemental Contracts. Under the Portfolio V contracts, the Gas Authority is authorized to issue up to $831,500 in debt through December 31, 2030, increasing to $1,000,000 as Portfolio III and IV principal payments are made, with maturities not exceeding 30 years from issuance, to secure long-term gas supplies.

The Gas Authority is a party to three Natural Gas Production Sharing Agreements (PSAs) with Public Gas Partners, Inc. (PGP), an autonomous Georgia nonprofit corporation that acquires and manages pools of gas supplies and provides other services for its municipal members, and whose day-to-day activities are managed by the Gas Authority. The first two PSAs authorized PGP to acquire specified gas supplies for the benefit of the Gas Authority and other pool participants over three-year acquisition periods, which ended in 2008. PGP completed reserve acquisitions of $327,900 in Pool 1 and $151,500 in Pool 2. The Gas Authority utilized a portion of the Portfolio III and IV debt to make advance payments to PGP for its share of acquisitions and finance PGP's liquidity requirements. See further discussion in liquidity and capital resources below. The third PSA authorizes PGP to acquire specified gas supplies for the benefit of the Gas Authority and other pool participants for as long as those participants have nominations in effect with PGP. PGP has completed $190,500 in reserve acquisitions in Pool 3. The Gas Authority is also a party to a Participation Agreement with PGP related to PGP Pool 4, which is a gas supplier/exchanger and gas commodity swap counterparty for prepayment transactions.

The Gas Authority is a party to a Participation Agreement with a 49% participation share with Public Energy Partners, Inc. (PEP), an autonomous Georgia nonprofit corporation that is a gas supplier/exchanger and gas commodity swap counterparty for prepayment transactions. PEP's initial transaction began on April 1, 2022.

As of December 31, 2023, the Gas Authority is a party to 18 long-term supply arrangements, including 14 with Main Street Natural Gas, Inc. described below, that are expected to deliver a firm supply of discounted gas over various terms ending in 2054. Under these pay-as-you-go arrangements, the Gas Authority has committed to buy specified volumes of gas at prevailing market prices less a discount when, and if, gas is delivered.

Main Street Natural Gas, Inc.

Main Street Natural Gas, Inc. (Main Street) is a nonprofit corporation organized under Georgia law. Main Street facilitates long-term supply transactions on behalf of the Gas Authority, who in turn sells a portion of this discounted gas to Customers. Main Street is authorized to issue tax-exempt bonds on behalf of the Gas Authority. Main Street is governed by a board of directors consisting of five directors of the Gas Authority. Accordingly, Main Street is considered a blended component unit of the Gas Authority under governmental accounting standards and is included within the Gas Authority's financial statements. Main Street's audited financial statements are available from the Gas Authority. Main Street's daily activities are managed by the Gas Authority.

Management's Discussion and Analysis (continued)
(dollars in thousands)
(Unaudited)

Main Street has acquired gas through long-term prepaid gas purchase agreements (GPAs) and delivers gas to the Gas Authority through long-term gas supply contracts for specified volumes of gas. In some cases, the obligation of the Gas Authority to pay Main Street the contract price for its contract quantity of gas is insured pursuant to a separate financial guaranty insurance policy. Gas is priced at a discount to spot market pricing. Additional discounts may be distributed annually at the discretion of the Main Street Board.

Following is a summary of Main Street's active prepayments as of December 31, 2023:

Bond Series	Supplier	Gas Supply Term	Original Bond Amount	Original Volume *
2007A	Merrill Lynch	Dec 2007 – Jul 2028	$ 496,710 [1]	118,784 [1]
2019A	Macquarie Group	Apr 2019 – Mar 2049	695,595	351,437
2019B	Toronto-Dominion Bank	Jul 2019 – Jun 2049	675,430	265,367
2019C	Citigroup	Feb 2020 – Jan 2050	631,970	236,472
2021A	Royal Bank of Canada	Jun 2022 - May 2052	821,620	259,175
2021C	Citigroup	Apr 2022 - Mar 2052	756,630	265,558
2022A	Citigroup	Aug 2022 - Jul 2052	538,310	166,018
2022B	Citigroup	Nov 2022 - Oct 2052	709,795	227,962
2022C	Citadel	Jul 2022 - Jun 2052	626,255	215,983
2023A	Citigroup	May 2023 – Apr 2053	695,535	206,298
2023B	Royal Bank of Canada	Jun 2023 – May 2053	834,335	252,034
2023C	Royal Bank of Canada	Aug 2023 – Jul 2053	984,220	350,134
2023D	Citigroup	Apr 2024 – Mar 2054	675,470	242,812
2023E	Royal Bank of Canada	Nov 2023 – Oct 2053	1,004,145	362,895

* Thousands of MMBtu

[1] In May 2009, Main Street redeemed $225,105 of bonds through a tender offer. The remaining volumes to be delivered under the related gas supply agreement were reduced by 51,508 thousands of MMBtu.

The Series 2019B, 2019C, 2021A, 2021C, 2022A, 2022B, 2022C, 2023A, 2023B, 2023C, 2023D, and 2023E bonds are required to be purchased pursuant to mandatory tenders on dates ranging from 5-8 years from issuance and remarketed or refunded. If the remarketing fails or the bonds are not refunded, bondholders are required to be repaid through a termination payment due from the supplier under the GPA and the prepayment transaction will terminate.

Price risk related to the future deliveries of gas under these prepayments has been fully hedged through the use of natural gas swaps that convert the revenues that Main Street will receive for selling future deliveries of gas from a variable price based on a spot market index to a fixed price. These fixed prices are sufficient to pay project costs, while preserving the discounts obtained in the original prepayments. Main Street's prepayments for these rights are secured by guaranties provided by large financial institutions. The Series 2007A, 2019A, 2019B, 2019C, 2021A, 2021C, 2022A, 2022B, 2022C, 2023A, 2023B, 2023C, 2023D, and 2023E-1 bonds have fixed interest rates. The Series 2023E-2 bonds have variable interest rates along with an interest rate swap.

In January 2024, Main Street issued Series 2024A revenue bonds totaling $836,645 to fund a 30-year natural gas prepayment transaction for 301,329 thousands of MMBtu supplied by Royal Bank of Canada. In March 2024, Main Street issued Series 2024B revenue bonds totaling $754,030 to fund a 30-year natural gas prepayment transaction for 274,682 thousands of MMBtu supplied by Royal Bank of Canada.

Short-Term Gas Supplies and Sales

In addition to gas supplies obtained from long-term arrangements, the Gas Authority obtains short-term supplies on a daily, monthly, and seasonal basis from a variety of suppliers. These supplies are used by the Gas Authority to fulfill and balance its Members' and Customers' daily requirements. Because of the volatile and highly seasonal nature of its Members' and Customers' gas supply requirements, the Gas Authority also occasionally remarkets excess gas supplies on a short-term basis to a variety of suppliers. The Gas Authority uses derivative instruments, including swaps and options, to hedge its commodity price risk associated with forecasted natural gas supply and sales transactions.

Proprietary Fund Accounting

The Gas Authority follows proprietary fund accounting under governmental accounting standards. Proprietary funds are used to report business-type activities, as contrasted with tax-supported governmental activities.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Gas Authority's basic financial statements. These financial statements are designed to provide readers with a broad overview of the Gas Authority's finances in a manner similar to a private-sector business.

The statements of net position present information on all the Gas Authority's assets, liabilities, and deferred inflows/outflows of resources, with the differences between these amounts reported as net position. Because billings and revenues in excess of actual costs are generally returned to Members in the form of billing credits and annual cash returns, net position is somewhat limited. The only significant exception is net position that has been designated by the Gas Authority's Board of Directors as reserve accounts and that has been funded by a reduction in Member billing credits or returns. The statements of revenues, expenses, and changes in net position present information showing how the Gas Authority's net position changed during the periods presented. All changes in net position are reported on the accrual basis as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods (i.e., costs recoverable from future billings and deferred inflows/outflows of resources).

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Management's Discussion and Analysis (continued)
(dollars in thousands)
(Unaudited)

Financial Analysis – 2023 Compared to 2022

Following are condensed statements of net position as of December 31:

	2023	2022
Total assets	**$ 12,355,781**	$ 8,738,410
Deferred outflows of resources	**–**	1,434,664
Current liabilities	**1,088,200**	2,404,435
Noncurrent liabilities	**9,490,974**	7,730,538
Total liabilities	**$ 10,579,174**	$ 10,134,973
Deferred inflows of resources	**$ 1,732,091**	$ –
Net position:		
Invested in capital assets	**1,690**	2,924
Unrestricted	**42,826**	35,177
Total net position	**$ 44,516**	$ 38,101

Total Assets – The increase in total assets of $3,617,371 is primarily due to an increase of $1,972,052 in prepaid gas supplies related to Main Street transactions, an increase of $1,504,536 in the fair value of derivative instruments related to changes in market conditions, and an increase in of $138,737 in costs recoverable from future billings due to timing differences between expense recognition and billings to Members.

Total Liabilities – Current liabilities decreased by $1,316,235 due to a decrease in the current portion of limited obligation debt of $1,316,517 primarily related to the Main Street transactions. Noncurrent liabilities increased by $1,760,436 due primarily to an increase of $3,457,120 in limited debt obligation debt related to new Main Street transactions, offset by a decrease of $1,647,527 in the fair value of derivative instruments related to market conditions and a decrease of $48,915 in long-term debt. See "Liquidity and Capital Resources" below.

Deferred Outflows/Inflows of Resources – Derivative instruments experienced an unrealized gain of $3,166,755 which caused the deferred outflows of resources of $1,434,664 in the prior year to become deferred inflows of resources of $1,732,091 in the current year.

(dollars in thousands)

Following is a summary of operations for the years ended December 31:

	2023	2022
Operating revenues	$ **670,918**	$ 667,700
Operating expenses:		
Gas operations	**200,904**	346,179
Prepaid gas supply delivery	**292,950**	201,243
General and administrative	**18,258**	15,670
Total operating expenses	**512,112**	563,092
Operating income	**158,806**	104,608
Nonoperating expenses, net	**(152,391)**	(103,051)
Change in net position	**6,415**	1,557
Net position – beginning of year	**38,101**	36,544
Net position – end of year	$ **44,516**	$ 38,101

Operating Revenues – Operating revenues, which represent gas supplies and related hedge settlements, pipeline charges, and other services provided to Members and Customers, increased by $3,218, or 0.5%. Throughput increased from 125,485 thousands of MMBtu to 140,805 thousands of MMBtu, or 12.2%, whereas the average NYMEX price decreased from $6.64 per mcf to $2.74 per mcf, a 58.7% decrease. The significant decrease in price is mitigated by hedge settlements in Main Street prepayments which reflect fixed prices at the time those prepayments were executed.

Operating Expenses – Gas operations, which include transportation, storage, and commodity costs of delivering natural gas to Members and Customers, decreased $145,275, or 42%, due primarily to lower gas prices as well as a slight shift to more prepaid supplies. Prepaid gas supply delivery expense increased $91,707, or 45.6%, primarily due to the new Main Street prepayments.

Nonoperating Expenses, Net – Nonoperating expenses, net increased $49,340 primarily due to interest expense and costs of issuance related to the new Main Street transactions and an increase in costs recoverable from future billings, which represents the timing differences between expense recognition and billings to Members and Customers, offset somewhat by an increase in investment income due to higher interest rates and additional funds available for investments from the new Main Street prepayments.

Liquidity and Capital Resources – The Gas Authority had cash, restricted cash and investment securities of $192,457 at December 31, 2023 as compared to $145,512 at December 31, 2022. See the cash flow statement for details of cash activity during 2022.

Following is a summary of debt activity in 2023:

	December 31, 2022	Issuances	Payments/ Amortization	December 31, 2023	Maturity
Lines of credit	$ 40,000	$ **67,000**	$ **(75,000)**	$ **32,000**	Mar 2026
Bank Notes	63,000	**5,300**	**(10,500)**	**57,800**	Oct 2025
Series U	8,000	**-**	**(4,500)**	**3,500**	Oct 2024
Series A	16,000	**-**	**(9,000)**	**7,000**	Oct 2024
Bond premium	793	**-**	**(578)**	**215**	N/A
Total	$ 127,793	$ **72,300**	$ **(99,578)**	$ **100,515**	
Limited obligation debt:					
Main Street bonds	$ 7,631,560	$ **4,193,705**	$ **(2,107,630)**	$ **9,717,635**	2024 - 2049
Bond premium	477,832	**174,256**	**(117,083)**	**535,005**	N/A
Direct financing leases	15,265	**-**	**(2,645)**	**12,620**	2024 - 2033
Total	$ 8,124,657	$ **4,367,961**	$ **(2,227,358)**	$ **10,265,260**	

All bonds except one series of Main Street bonds are fixed rate, and all debt supports financing of gas prepayments, gas reserve acquisitions, advance payments to PGP, storage operations, and other gas supply activities.

From the proceeds of non-limited obligation debt financings, $109,191 has been advanced to PGP as of December 31, 2023. Under advance payment agreements, PGP is obligated to repay these funds by the final maturity of related Gas Authority debt in 2025. See the financial statement notes for further discussion of the Gas Authority's long-term debt.

The Gas Authority has lines of credit (LOCs) with an aggregate capacity of $150,000, and $118,000 available to be drawn at December 31, 2023. In December 2022, the Gas Authority increased its lines of credit to $150,000 and extended the term through March 31, 2026.

The Gas Authority is exposed to credit risk in its arrangements with financial counterparties, suppliers, Members, Customers, and others. The Gas Authority has adopted policies and procedures to minimize this risk. Cash and investment securities balances consist of working capital and portfolio reserves as well as cash balances generated by the Gas Authority's long-term supply projects and provide sufficient liquidity for planned operations.

In April 2024, the Gas Authority Board of Directors approved an annual cash return to Members of $18,184 that is incremental to monthly returns.

(dollars in thousands)

Financial Analysis – 2022 Compared to 2021

Following are condensed statements of net position as of December 31:

	2022	2021
Total assets	$ **8,738,410**	$ 7,210,750
Deferred outflows of resources	**1,434,664**	–
Current liabilities	**2,404,435**	395,901
Noncurrent liabilities	**7,730,538**	6,216,829
Total liabilities	$ **10,134,973**	$ 6,612,730
Deferred inflows of resources	$ **–**	$ 561,476
Net position:		
Invested in capital assets	**2,924**	3,035
Unrestricted	**35,177**	33,509
Total net position	$ **38,101**	$ 36,544

Total Assets – The increase in total assets of $1,527,660 is primarily due to the increase of $1,760,669 in prepaid gas supplies related to Main Street transactions, an increase of $43,263 in accounts receivable due to higher gas prices, and an increase of $94,826 in costs recoverable from future billings due to timing differences between expense recognition and billings to Members. These increases were partially offset by a decrease of $79,468 in investment securities related to Main Street Series 2006A and 2006B maturing, a decrease of $29,929 related to repayment of advances to PGP and direct financing leases, and a decrease of $271,423 in the fair value of derivative instruments related to changes in market conditions.

Total Liabilities – Current liabilities increased by $2,008,534 due primarily to an increase in the current portion of limited obligation debt of $1,962,693 primarily related to the Main Street transactions, an increase of $48,106 primarily due to accounts payable due to higher gas prices and accrued interest due to addition of Main Street debt, and an increase of $17,779 in the fair value of derivative instruments related to changes in market conditions, offset by a decrease of $25,781 in the current portion of long-term debt. Noncurrent liabilities increased by $1,513,709 due primarily to an increase of $1,706,939 in the fair value of derivative instruments related to market conditions, offset by a decrease in limited obligation debt of $188,317 due to reclasses to the current portion of limited obligation debt, and a decrease of $4,125 in long-term debt. See "Liquidity and Capital Resources" below.

Deferred Inflows of Resources – The hedging derivative instruments experienced a net unrealized loss of $1,996,140 which caused the deferred inflows of resources of $561,476 in the prior year to become deferred outflows of resources of $1,434,664 in the current year.

Following is a summary of operations for the years ended December 31:

	2022	2021
Operating revenues	$ **667,700**	$ 471,710
Operating expenses:		
Gas operations	**346,179**	176,012
Reserve depletion and prepaid gas supply delivery	**201,243**	191,326
General and administrative	**15,670**	14,268
Total operating expenses	**563,092**	381,606
Operating income	**104,608**	90,104
Nonoperating expenses, net	**(103,051)**	(89,858)
Change in net position	**1,557**	246
Net position – beginning of year	**36,544**	36,298
Net position – end of year	$ **38,101**	$ 36,544

Operating Revenues – Operating revenues, which represent gas supplies and related hedge settlements, pipeline charges, and other services provided to Members and Customers, increased by $195,990, or 41.6%. The increase in revenues is primarily due to higher average gas prices, which were $6.64 and $3.84 in 2022 and 2021, respectively, with an increase in throughput of approximately 14%. Revenue volatility is mitigated somewhat by the hedging programs discussed earlier.

Operating Expenses – Gas operations, which include transportation, storage, and commodity costs of delivering natural gas to Members and Customers, increased $170,167, or 96.7%, due primarily to higher gas prices. Reserve depletion and prepaid gas supply delivery expense increased $9,917, or 5.2%, primarily due the new Main Street prepayments.

Nonoperating Expenses, Net – Nonoperating expenses, net increased $13,193 primarily due to interest expense and costs of issuance related to the new Main Street transactions and the increase in costs recoverable from future billings, which represents the timing differences between expense recognition and billings to Members and Customers.

Statements of Net Position

(in thousands of dollars)

	December 31, 2023	December 31, 2022
Assets and deferred outflows of resources		
Current assets:		
Cash and cash equivalents	$ **53,832**	$ 53,536
Restricted cash and cash equivalents	**9,012**	28,796
Investment securities – restricted	**129,613**	63,180
Accounts receivable – Members	**26,544**	54,280
Accounts receivable – other	**53,576**	53,163
Prepaid gas supplies	**339,757**	261,260
Gas inventories and other current assets	**15,771**	16,377
Fair value of derivative instruments	**270,931**	68,346
Total current assets	**899,036**	598,938
Noncurrent assets:		
Gas properties and supplies:		
Prepaid gas supplies	**9,223,795**	7,330,240
Investments:		
Direct financing leases	**11,474**	13,821
Operating partnership	**1,798**	1,852
Advance payment due from Public Gas Partners	**109,191**	126,454
Fair value of derivative instruments	**1,545,664**	243,713
Costs recoverable from future billings	**555,353**	416,616
Other assets	**9,470**	6,776
Total noncurrent assets	**11,456,745**	8,139,472
Deferred outflows of resources	**–**	1,434,664
Total assets and deferred outflows of resources	$ **12,355,781**	$ 10,173,074
Liabilities, deferred inflows of resources, and net position		
Current liabilities:		
Accounts payable and accrued expenses	$ **106,752**	$ 117,426
Due to Members	**20,451**	16,622
Short-term debt	**32,000**	40,000
Current portion of long-term debt	**54,215**	24,578
Current portion of limited obligation debt	**870,108**	2,186,625
Other liabilities	**1,272**	1,090
Fair value of derivative instruments	**3,402**	18,094
Total current liabilities	**1,088,200**	2,404,435
Noncurrent liabilities:		
Long-term debt	**14,300**	63,215
Fair value of derivative instruments	**81,102**	1,728,629
Other liabilities	**420**	662
Limited obligation debt	**9,395,152**	5,938,032
Total noncurrent liabilities	**9,490,974**	7,730,538
Total liabilities	**10,579,174**	10,134,973
Deferred inflows of resources	**1,732,091**	–
Net position:		
Invested in capital assets	**1,690**	2,924
Unrestricted	**42,826**	35,177
Total net position	**44,516**	38,101
Total liabilities, deferred inflows of resources, and net position	$ **12,355,781**	$ 10,173,074

See accompanying notes.

Statements of Revenues, Expenses, and Changes in Net Position

(in thousands of dollars)

	Year Ended December 31, 2023	2022
Operating revenues:		
Gas operations	$ **656,480**	$ 654,714
Other	**14,438**	12,986
Total operating revenues	**670,918**	667,700
Operating expenses:		
Gas operations	**200,904**	346,179
Prepaid gas supply delivery	**292,950**	201,243
General and administrative	**18,258**	15,670
Total operating expenses	**512,112**	563,092
Operating income	**158,806**	104,608
Nonoperating revenues (expenses):		
Investment income and other gains	**37,143**	5,107
Interest and other expense	**(328,271)**	(202,984)
Costs recoverable from future billings	**138,737**	94,826
Total nonoperating expenses, net	**(152,391)**	(103,051)
Change in net position	**6,415**	1,557
Net position:		
Beginning of period	**38,101**	36,544
End of period	$ **44,516**	$ 38,101

See accompanying notes.

Statements of Cash Flows

(in thousands of dollars)

	Year Ended December 31, 2023	2022
Operating activities		
Receipts from Members and Customers	$ **514,449**	$ 807,466
Payments to suppliers and vendors	**(208,444)**	(366,521)
Receipts from (payments to) derivatives counterparties, net	**169,375**	(128,667)
Payments to Members and Customers	**(17,529)**	(10,656)
Payments to employees	**(13,367)**	(11,304)
Net cash flow from operating activities	**444,484**	290,318
Financing activities		
Noncapital financing activities:		
Line of credit receipts	**67,000**	148,000
Line of credit payments	**(75,000)**	(148,000)
Net cash flow from noncapital financing activities	**(8,000)**	–
Capital and related financing activities:		
Capital expenditures and inventory purchases/sales, net	**4,869**	(82)
Acquisition of prepaid gas supply	**(2,265,002)**	(1,961,912)
Member lease payments	**2,917**	3,304
Gas revenue bond proceeds	**5,300**	38,000
Gas revenue bond payments	**(24,000)**	(66,000)
Limited obligation bond proceeds	**4,367,961**	2,013,233
Limited obligation bond payments	**(2,110,275)**	(139,135)
Interest payments and bond issuance costs	**(421,386)**	(288,536)
Net cash flow from capital and related financing activities	**(439,616)**	(401,128)
Net cash flow from financing activities	**(447,616)**	(401,128)
Investing activities		
Investment securities purchases/sales, net	**(66,433)**	79,468
Interest receipts and other	**32,813**	5,170
Repayments from Public Gas Partners, net	**17,264**	27,307
Net cash flow from investing activities	**(16,356)**	111,945
Net change in cash and cash equivalents and restricted cash	**(19,488)**	1,135
Cash and cash equivalents and restricted cash:		
Beginning of period	**82,332**	81,197
End of period	$ **62,844**	$ 82,332
Reconciliation of operating income to net cash flow from operating activities		
Operating income	$ **158,806**	$ 104,608
Adjustments to reconcile net cash provided by operating activities:		
Depreciation, amortization, and accretion	**108**	110
Prepaid gas supply delivery	**292,949**	201,243
Changes in certain assets and liabilities:		
Accounts receivable	**27,325**	(43,262)
Gas inventories and other assets	**(3,250)**	(9,364)
Accounts payable and accrued expenses	**(35,041)**	32,026
Due to Members	**3,587**	4,957
Net cash flow from operating activities	$ **444,484**	$ 290,318

See accompanying notes.

Notes to Financial Statements

(dollars in thousands)

1. Summary of Significant Accounting Policies

Reporting Entity

The Municipal Gas Authority of Georgia (the Gas Authority) is a public corporation created in 1987 by an Act of the General Assembly of the state of Georgia (the Act) to provide reliable and economic gas supplies to municipal gas distribution systems. The Act provides that the Gas Authority will establish rates and charges to produce revenues sufficient to cover its costs, including debt service, but it may not operate for profit, unless any such profit inures to the benefit of the public. As of December 31, 2023, 68 Georgia municipalities, 10 Alabama municipalities, 3 Florida municipalities, 1 Tennessee municipality, and 1 Pennsylvania municipality (the Members) have contracted with the Gas Authority for gas supplies for resale to their customers. The Gas Authority also provides gas supplies and related services to 15 other agencies and municipal utilities (Customers) on a limited basis for the benefit of the Members. Additionally, the Gas Authority provides regulatory compliance services to 49 other entities.

Pursuant to the provisions of the Act, the Gas Authority and all 83 Members have entered into long-term gas supply contracts (the Gas Supply Contracts) that require Members to take their entire gas supply from the Gas Authority and require the Gas Authority to provide that supply. Members can elect to participate in joint projects undertaken by the Gas Authority and authorize the issuance of project debt by entering into a supplemental contract (Supplemental Contract). These Supplemental Contracts authorize the Gas Authority to issue gas revenue bonds and other debt obligations to acquire a portfolio of gas supplies and gas-related assets to fulfill, in whole or in part, its obligation to supply gas to Members.

The Portfolio III project was initiated in November 2002 with the execution of amended Gas Supply Contracts and Supplemental Contracts with all Members. Those contracts were amended in 2008 to extend the full requirements gas supply services to Members through at least the date on which all Portfolio III bonds are fully retired and authorize the issuance of up to $1,500,000 in debt to secure long-term gas supplies. Through these contracts, the Gas Authority was authorized to issue additional debt through December 31, 2014, with maturities not exceeding 15 years from issuance. The Portfolio IV project was initiated in November 2014 with the execution of Supplemental Contracts. Under the Portfolio IV contracts, the Gas Authority was authorized to issue up to $1,100,000 in debt through December 31, 2020, increasing to $1,500,000 as Portfolio III principal payments are made, with maturities not exceeding 20 years from issuance, to secure long-term gas supplies. The Portfolio V project was initiated in January 2021 with the execution of Supplemental Contracts. Under the Portfolio V contracts, the Gas Authority is authorized to issue up to $831,500 in debt through December 31, 2030, increasing to $1,000,000 as Portfolio III and IV principal payments are made, with maturities not exceeding 30 years from issuance, to secure long-term gas supplies.

Pursuant to Governmental Accounting Standards Board (GASB) 14, *The Financial Reporting Entity*, the financial statements of Main Street Natural Gas, Inc. (Main Street), a nonprofit corporation organized under Georgia law, are included in these financial statements as a blended component unit. Main Street facilitates long-term prepaid supply transactions on behalf of the Gas Authority, who in turn sells a portion of this discounted gas to Customers. Main Street is governed by a board of directors that consists of a subset of the Gas Authority's Board of Directors.

The Gas Authority manages the day-to-day activities of Public Gas Partners, Inc. (PGP), a Georgia nonprofit corporation that is a gas supplier/exchanger and gas commodity swap counterparty for prepayment transactions and manages pools of long-term natural gas supplies under Production Sharing Agreements with seven municipal entities, including the Gas Authority. PGP is a counterparty to Main Street in certain Main Street transactions. The Gas Authority also manages the day-to-day activities of Public Energy Partners, Inc. (PEP), a Georgia nonprofit corporation that is a gas supplier/exchanger and gas commodity swap counterparty for prepayment transactions. PEP is a counterparty to Main Street in certain Main Street transactions. PGP and PEP are not component units as they are autonomous companies with independent boards of directors, and therefore their operations are not included in these financial statements.

Basis of Accounting

The Gas Authority follows proprietary fund accounting in accordance with GASB pronouncements. Proprietary fund accounting is used to report business-type activities, as contrasted with tax-supported governmental activities. The Gas Authority also complies with policies and practices prescribed by its Board of Directors and with practices common in the natural gas industry. As the Board of Directors has the authority to set rates, the Gas Authority follows GASB regulated accounting guidance in GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure. See further discussion under Costs Recoverable From Future Billings and Deferred Outflows/Inflows of Resources.

Cash and Cash Equivalents

Cash and cash equivalents include bank demand accounts and cash deposited in local government investment pools. Cash in excess of daily requirements is invested in a local government investment pool managed by the State of Georgia. Cash deposited with bond trustees is invested in a U.S. Treasury securities fund. Restricted cash represents funds held by trustees or by counterparties under collateralized repurchase agreements, restricted pursuant to various bond resolutions.

Prepaid Gas Supplies

Prepaid gas supplies, which are recorded at amortized cost, comprise secured prepayments of gas to be received by Main Street as further discussed in Note 5. Those prepayments expire at various dates through 2054. The prepaid contracts are each secured by a guaranty provided by a financial institution that met certain criteria upon execution.

Gas Inventories and Other Current Assets

Gas inventories consist of natural gas that is purchased and stored in interstate pipelines or other facilities in the summer and withdrawn in the winter. Gas inventories are stated at weighted average cost. Other current assets consist of prepaid expenses and interest receivable.

Investments

Investment Securities – Restricted

Investment securities – restricted represent Main Street's investments, which consist of guaranteed investment contracts (GICs) with financial counterparties that meet minimum credit

criteria, or other investments as permitted under the related bond indentures. The balances in such accounts are restricted for use by Main Street's bond trustee, with earnings released annually to Main Street after debt service is paid. GICs are recorded at cost, while other securities are recorded at fair value. Investment income is recorded as investment income and other gains. Any other-than-temporary declines in value are recorded as impairments. No such impairments were recorded in 2023 or 2022. See Note 2 for a schedule of investments as of December 31, 2023 and 2022.

Investments in Direct Financing Leases

Certain direct financing leases executed on behalf of Members for gas distribution system improvements have been recorded based on the lease payment schedule. Leases in which the Gas Authority has assigned its lease payment rights to a bank have not been recorded in the financial statements.

Investment in Operating Partnership

The Gas Authority owns a 3% interest in a liquefied natural gas peak demand facility, recorded at cost. There are no temporary declines in value that were required to be recorded.

Costs Recoverable From Future Billings

Under GASB 62, regulatory assets are recorded to reflect probable future revenues associated with certain costs that are expected to be recovered from customers through the ratemaking process. The Gas Supply Contracts establish a pricing mechanism outlining the methods for billing Members for various classes of gas supply services. Expenses in excess of amounts currently billable to Members under the pricing mechanism that will be recovered from future billings to Members are classified as costs recoverable from future billings. These deferred amounts are principally related to long-term supply and storage arrangements comprising costs that are recognized under generally accepted accounting principles at different times than they are billed to Members, as well as amounts billable or refundable to Main Street customers. Main Street's natural gas billings are designed to provide, over the life of each project, full recovery of all project costs as defined in the respective trust indentures and as prescribed by the Main Street Board of Directors. The Main Street costs to be recovered consist primarily of the difference between the amortization of prepaid gas supplies and debt service requirements recognized in the financial statements and amounts currently billable to Main Street customers.

Other Assets

Other asset balances primarily consist of capital assets, which consist of land, buildings, furniture, and equipment and are recorded at cost, and Member loans for growth initiatives (see Note 3). Depreciation on buildings, furniture, and equipment is recorded using the straight-line method over estimated useful lives of 3 to 40 years.

Deferred Outflows/Inflows of Resources

Deferred outflows/inflows of resources represent the net unrealized loss/gain on hedging derivative instruments primarily related to Main Street.

Revenues

Revenues are recognized in the period that gas supplies are delivered and other services are provided. Under the provisions of the Act, the Gas Authority is required to set rates sufficient to recover all its costs. Any excess revenues or expenses are either credited or billed to Members in accordance with policies approved by the Board of Directors.

Derivative Instruments

The Gas Authority uses derivative instruments, including swaps and options (collectively, commodity derivatives), to hedge its commodity price risk associated with forecasted natural gas supply and sales transactions, physical storage operations, and gas production sales from its long-term reserve assets. Main Street uses natural gas swaps to hedge commodity price risk associated with its gas prepayment transactions. Main Street also uses interest rate swaps to reduce the impact of changes in interest rates on its variable rate long-term debt.

Under GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, realized gains or losses on hedging derivative instruments are recognized in operating revenues in the period to which the derivative instruments relate. Realized gains or losses on derivative instruments that do not meet the criteria to be accounted for as hedging derivative instruments (investment derivative instruments), if any, are recognized in investment income in the period to which the derivative instruments relate. GASB 53 requires the Gas Authority to record the fair value of derivative instruments on the statements of net position as an asset or liability. The change in fair value of hedging derivative instruments (unrealized gains or losses) is recorded net as a deferred inflow (outflow) of resources. Changes in the fair value of investment derivative instruments (unrealized gains or losses) are recognized as investment income/loss and then deferred as regulatory assets or liabilities under GASB 62. The fair values of derivative instruments with individual counterparties under master netting arrangements are offset as current and/or long-term assets or liabilities on the statements of net position.

Cash receipts and payments for commodity instruments are classified as operating activities in the statements of cash flows. Cash receipts and payments for interest rate instruments are classified as investing activities in the statements of cash flows. Cash receipts and payments for Main Street derivative instruments are classified as operating activities in the statements of cash flows.

Fair Value Measurements

The Gas Authority's financial instruments include cash and cash equivalents, restricted cash and cash equivalents, restricted investments securities, accounts receivable, accrued expenses, accounts payable, interest rate and gas supply hedging agreements, and debt. The carrying amounts of cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accrued expenses, and accounts payable approximate fair value because of their short-term nature. The carrying amounts of variable-rate debt also approximate fair value because of their variable interest rates.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. A three-tier fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and the Gas Authority's

Notes to Financial Statements (continued)
(dollars in thousands)

assumptions (unobservable inputs). Fair value measurement is classified under the following hierarchy:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Pricing inputs other than Level 1 which are either directly or indirectly observable.
- Level 3: Unobservable pricing inputs developed using the entity's estimates and assumptions, which reflect those that market participants would use in pricing an asset or liability.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Gas Authority. The Gas Authority considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The Gas Authority evaluates its hierarchy disclosures each reporting period, and based on various factors, it is possible that an asset or liability may be classified differently from period to period. However, the Gas Authority expects that changes in classifications between different levels will be infrequent, and no reclassifications occurred to the December 31, 2023 or 2022, balances presented below.

Fair value estimates are based on pertinent information available to management at each statement of net position date. Specifically, fair value estimates for derivative instruments represent the present value of the differences of the fixed prices in the related instruments less the New York Mercantile Exchange (NYMEX) forward price curve (projected for periods beyond when NYMEX quotes are available), adjusted for basis differentials, multiplied by the corresponding monthly gas volume using the applicable Secured Overnight Financing Rate (SOFR) forward interest rate curve as a discount rate. Fair values of option contracts are estimated using option pricing models that consider similar factors and also include an estimate of expected volatility. Fair values of interest rate swaps are estimated by measuring the rates of the original interest derivatives against the corresponding index (SOFR or Securities Industry and Financial Markets Association (SIFMA)). These estimated fair values may be significantly impacted by changes in underlying natural gas commodity prices or the general interest rate environment. Fair values of investments are based on quoted market prices. The fair values presented have not been comprehensively revalued since December 31, 2023, and current estimates of fair value may differ significantly from the amounts presented herein.

(dollars in thousands)

The following table summarizes the valuation of financial instruments measured at fair value:

December 31, 2023	Level 1	Level 2	Level 3	Total
Gas supply hedging agreements	$ -	$ 1,582,300	$ 157,965	$ 1,740,265
Interest rate swap agreements	-	-	(8,174)	(8,174)
US government and agency securities	63,228	-	-	63,228
December 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Gas supply hedging agreements	$ -	$ (239,858)	$ (1,200,443)	$ (1,440,301)
Interest rate swap agreements	-	-	5,637	5,637
US government and agency securities	53,518	-	-	53,518

Net Position

Net investment in capital assets represents the Gas Authority's net position in buildings, land, and equipment. Unrestricted net position represents retained operating margins or billings to Members in excess of costs to establish reserves and working capital to finance the Gas Authority's gas supply operations and for the purchase of property and other assets. Such amounts are subject to disposition in accordance with policies approved by the Board of Directors and the contracts with Members.

Income Taxes

The Gas Authority is a governmental instrumentality and performs an essential government function and, therefore, is exempt from federal and state income taxes pursuant to section 115 of the Internal Revenue Code, as amended. The Gas Authority is also exempt from federal income tax under section 501(a) of the Internal Revenue Code as an entity described in 501(c)(3). Main Street is a public corporation, and therefore is exempt from federal and state income taxes. Accordingly, no provision for such taxes is made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and (2) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Intercompany Eliminations

Transactions between the Gas Authority and Main Street have been eliminated in the financial statements.

Subsequent Events

In preparing the accompanying audited financial statements, management reviewed all events that have occurred after December 31, 2023 through April 12, 2024, the date these financial statements were available for issuance, for inclusion in the financial statements and footnotes.

2. Cash and Cash Equivalents, Investment Securities, and Related Risks

Cash and Cash Equivalents

At December 31, 2023, amounts invested in a local government investment pool totaling $18,131 and bank deposits totaling $35,963 were either covered by federal depository insurance or collateralized with securities held by a third-party bank's trust department. Total restricted cash held by trustees at December 31, 2023, was $9,012. Of this amount, $7,680 related to Main Street's limited obligation debt and $1,332 related to direct financing lease obligations.

At December 31, 2022, amounts invested in a local government investment pool totaling $4,406 and bank deposits totaling $49,188 were either covered by federal depository insurance or collateralized with securities held by a third-party bank's trust department. Total restricted cash held by trustees at December 31, 2022, was $28,796. Of this amount, $27,206 related to Main Street's limited obligation debt and $1,590 related to direct financing lease obligations.

Investment Securities – Restricted

Following is a summary of investment balances:

Investment Type	Balance	Final Maturity	Percentage of Total Investments
December 31, 2023			
Restricted investments securities:			
Guaranteed investment contract:			
Aegon	$ 8,551	2028	7 %
Royal Bank of Canada	44,212	2031	34
Citigroup Global Markets Holdings Inc	13,622	2031	11
Commercial paper:			
Mountcliff LLC	18,570	2024	14
Toronto Dominion Bank	8,358	2024	6
US Treasury Note	12,773	2024	10
Other *	23,527	2024	18
Total	$ 129,613		
December 31, 2022			
Restricted investments securities:			
Guaranteed investment contract:			
Aegon	$ 9,662	2028	15 %
Commercial paper:			
British Columbia Province	5,620	2023	9
Glencove Funding DAC	6,852	2023	11
GTA Funding	9,260	2023	15
Intel Corporation	4,965	2023	8
Regatta Funding	3,537	2023	5
Royal Bank of Canada	7,525	2023	12
Toronto Dominion Bank	8,337	2023	13
Other *	7,422	2023	12
Total	$ 63,180		

* Individually less than 5% of total

The guaranteed investment contracts have a maturity that is coterminous with the related gas purchase agreements. The balances accumulate monthly and are subject to withdrawal when a semiannual debt service payment is due. Such balances are classified as current restricted investments in the accompanying statements of net position when such amounts will fund current obligations.

Interest Rate Risk

The Gas Authority and Main Street do not have formal investment policies regarding interest rate risk.

Credit Risk

The Gas Authority's investment policy allows investments in obligations of the federal or any state government; obligations fully insured or guaranteed by the federal government or any of its agencies; obligations of any corporation of the federal government; prime banker's acceptances; the local government investment pool; certain repurchase agreements of the federal government; certain obligations of political subdivisions of any state, their agencies or instrumentalities that have been rated the equivalent of AA- or better by at least one of the national rating agencies; and Georgia Members of the Gas Authority pursuant to lease agreements or other intergovernmental contracts with the Gas Authority. Main Street does not have a formal investment policy regarding counterparty credit risk.

Concentration of Credit Risk

The Gas Authority and Main Street do not have a policy that limits the amount that may be invested in any one issuer. Investments representing greater than 5% of total investments are shown under Investment Securities above.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Gas Authority's deposits may not be returned to it. The Gas Authority and Main Street do not have a deposit policy for custodial credit risk. As of December 31, 2023 and 2022, $9,011 and $28,796, respectively, were exposed to custodial credit risk as such amounts were uninsured and collateral held by the pledging bank's trust department was not in the Gas Authority's name.

3. Portfolio and Working Capital Reserves

The Board of Directors has created two reserve accounts, included in unrestricted net position on the statements of net position. The Portfolio Reserve, funded from Portfolio gas supply projects, had a balance of approximately $16,178 and $16,165 at December 31, 2023 and 2022, respectively. Investment income on such reserve is distributed annually to Members (see Note 4). No additional contributions are expected to be made to the Portfolio Reserve other than by Members that have contracted with the Gas Authority since the inception of the reserve. The Working Capital Reserve was funded from retained margins from long-term supplies, including the Portfolio III project, and had a balance of approximately $27,000 and $19,000 at December 31, 2023 and 2022, respectively. Interest income from the Working Capital Reserve is used to help fund general and administrative expenses. The Board has approved the use of up to $14,000 of reserves to fund growth initiatives including loans to Members and other initiatives. Of this amount, $7,651 and $7,382 were utilized at December 31, 2023 and 2022, respectively. These

Notes to Financial Statements (continued)
(dollars in thousands)

amounts are reflected in other assets and costs recoverable from future billings in the statements of net position.

4. Annual Member Returns

In April 2024 and 2023, the Board of Directors approved annual cash returns to Members of $18,184 and $16,469, respectively. These Member returns, which reduced revenues, are included in due to Members in the statements of net position.

5. Main Street Natural Gas

Main Street is authorized to issue tax-exempt bonds on behalf of the Gas Authority. Main Street's daily activities are managed by the Gas Authority under services agreements with durations consistent with the related gas supply agreements. Main Street's audited financial statements are available from the Gas Authority.

Main Street has acquired gas through long-term prepaid gas purchase agreements (GPAs) and delivers gas to the Gas Authority through long-term gas supply contracts for specified volumes of gas. In some cases, the obligation of the Gas Authority to pay Main Street the contract price for its contract quantity of gas is insured pursuant to a separate financial guaranty insurance policy. Gas is priced at a discount to spot market pricing. Additional discounts may be distributed annually at the discretion of the Main Street Board.

Following is a summary of Main Street's active prepayments as of December 31, 2023. See further discussion of the related debt in Note 9.

Bond Series	Supplier	Gas Supply Term	Original Bond Amount	Original Volume *
2007A	Merrill Lynch	Dec 2007 – Jul 2028	$ 496,710 [1]	118,784 [1]
2019A	Macquarie Group	Apr 2019 – Mar 2049	695,595	351,437
2019B	Toronto-Dominion Bank	Jul 2019 – Jun 2049	675,430	265,367
2019C	Citigroup	Feb 2020 – Jan 2050	631,970	236,472
2021A	Royal Bank of Canada	Jun 2022 - May 2052	821,620	259,175
2021C	Citigroup	Apr 2022 - Mar 2052	756,630	265,558
2022A	Citigroup	Aug 2022 - Jul 2052	538,310	166,018
2022B	Citigroup	Nov 2022 - Oct 2052	709,795	227,962
2022C	Citadel	Jul 2022 - Jun 2052	626,255	215,983
2023A	Citigroup	May 2023 – Apr 2053	695,535	206,298
2023B	Royal Bank of Canada	Jun 2023 – May 2053	834,335	252,034
2023C	Royal Bank of Canada	Aug 2023 – Jul 2053	984,220	350,134
2023D	Citigroup	Apr 2024 – Mar 2054	675,470	242,812
2023E	Royal Bank of Canada	Nov 2023 – Oct 2053	1,004,145	362,895

* Thousands of MMBtu

[1] In May 2009, Main Street redeemed $225,105 of bonds through a tender offer. The remaining volumes to be delivered under the related gas supply agreement were reduced by 51,508 thousands of MMBtu.

The Series 2019B, 2019C, 2021A, 2021C, 2022A, 2022B, 2022C, 2023A, 2023B, 2023C, 2023D, and 2023E bonds are required to be purchased pursuant to mandatory tenders and remarketed or refunded on dates ranging from 5-8 years from issuance. If the remarketing fails or the bonds are not refunded, bondholders are required to be repaid through a termination payment due from the supplier under the GPA and the prepayment transaction will terminate.

(dollars in thousands)

The 2023C and 2023E bonds were issued in connection with the mandatory put provisions of the 2018AB and 2018CDE bonds, respectively. Proceeds of the 2023 bonds were used to refund the related 2018 bonds. These refundings were at par and did not produce a gain or loss on the statement of revenues, expenses, and changes in net position.

In January 2024, Main Street issued Series 2024A revenue bonds totaling $836,645 to fund a 30-year natural gas prepayment transaction for 301,329 thousands of MMBtu supplied by Royal Bank of Canada. In March 2024, Main Street issued Series 2024B revenue bonds totaling $754,030 to fund a 30-year natural gas prepayment transaction for 274,682 thousands of MMBtu supplied by Royal Bank of Canada. These transactions have associated commodity swaps similar to other Main Street transactions discussed in Note 10.

6. Public Gas Partners

The Gas Authority has entered into three Natural Gas Production Sharing Agreements (PSAs) (one each for Gas Supply Pools 1, 2, and 3, further described below) and one Participation Agreement (PA) (for Gas Supply Pool 4, further described below) with PGP. Each PSA and PA obligates the Gas Authority to pay as a component of gas operations expense its share of all costs incurred by the related PGP Pool until all related debt has been paid and the last volumes have been delivered. The PSAs include a step-up provision that could obligate the Gas Authority to increase its participation share in the PGP Pool by up to 25% in the event of default of another member. No defaults occurred in 2023 or 2022.

The acquisition periods for PGP Pools 1 and 2 ended in 2008. The Gas Authority has committed to take 50% of PGP's production from Pool 1 and 58% of PGP's production from Pool 2. The production may be taken physically by the Gas Authority or it may be sold in its local market on behalf of the Gas Authority. Pool 3 was formed in May 2009 and has an indefinite acquisition period. The Gas Authority has committed to take 85% of PGP's production from Pool 3. Pool 4 was formed in January 2018 to be a gas supplier/exchanger and commodity swap counterparty for gas prepayment transactions. The Gas Authority provides funding to PGP under Advance Payment Agreements (APAs) that mature in the years the related debt is due. The balance under the APAs is reflected on the statements of net position as advance payment due from Public Gas Partners. Interest expense is charged based on the Gas Authority's actual interest expense incurred. PGP made cash interest payments to the Gas Authority of $3,746 and $1,740 in 2023 and 2022, respectively.

The Gas Authority manages the day-to-day activities of PGP under a services agreement and received fees of $1,583 and $1,594 from PGP for such services in 2023 and 2022, respectively.

7. Public Energy Partners

The Gas Authority has entered into a Participation Agreement with a 49% participation share with PEP. This agreement obligates the Gas Authority to pay as a component of gas operations expense its share of all costs incurred by PEP. The Gas Authority provides funding to PEP under Advance Payment Agreements for each PEP transaction. Those agreements mature when the related transaction is completed. At December 31, 2023 and 2022, no amounts were due to the Gas Authority under those agreements. The Gas Authority manages the day-to-day activities of

PEP under a services agreement and received fees of $1,053 and $380 in 2023 and 2022, respectively.

8. Debt

The Gas Authority has issued debt related to advance payments to PGP and other gas supply activities. All bonds and bank notes have fixed rates with original maturities of 2 to 10 years. Bond premium is accounted for under the effective-interest method. The Gas Authority has pledged its revenues in support of its obligations under the Portfolio bonds. The trust indenture contains provisions that allow the trustee to declare debt payments immediately due under certain limited events of default.

As of December 31, 2023 and 2022, the Gas Authority had lines of credit (LOCs) with an aggregate capacity of $150,000. In December 2022, the Gas Authority increased its lines of credit to $150,000 and extended the term through March 31, 2026. As of December 31, 2023 and 2022, $118,000 and $110,000 respectively was available to be drawn on the LOCs.

Following is a summary of debt activity in 2023:

	Issue Date	Final Maturity	Avg % Yield	Balance December 31, 2022	Issuances	Payments/ Amortization	Balance December 31, 2023
Short-term debt:							
Lines of credit	N/A	Mar '26	N/A	$ 40,000	$ 67,000	$ (75,000)	$ 32,000
Long-term debt:							
Bank notes	Sep '20	Oct '25	1.24	$ 25,000	$ –	$ (7,500)	$ 17,500
Bank notes	Sep '22	Oct '24	4.19	38,000	–	(3,000)	35,000
Bank notes	Oct '23	Nov '33	5.01	-	5,300	–	5,300
Series U	Jul '14	Oct '24	1.70	8,000	–	(4,500)	3,500
Series A	Jul '16	Oct '24	1.22	16,000	–	(9,000)	7,000
Bond premium	N/A	N/A	N/A	793	–	(578)	215
Total debt				87,793	$ 5,300	$ (24,578)	68,515
Less amounts due within one year				24,000			54,000
Less current portion of bond premium				578			215
Total long-term debt				$ 63,215			$ 14,300

The summary of annual debt service for long-term debt, along with expected interest payments, for the years ending December 31, is as follows:

Year	Principal	Interest	Total Debt Service
2024	$ 54,014	$ 2,107	$ 56,121
2025	9,172	349	9,521
2026	181	252	433
2027	190	243	433
2028	200	233	433
2029-2033	4,543	972	5,515
Total	$ 68,300	$ 4,156	$ 72,456

(dollars in thousands)

Following is a summary of debt activity in 2022:

	Issue Date	Final Maturity	Avg % Yield	Balance December 31, 2021	Issuances	Payments/ Amortization	Balance December 31, 2022
Short-term debt:							
Lines of credit	N/A	Mar '26	N/A	$ 40,000	$ 148,000	$ (148,000)	$ 40,000
Long-term debt:							
Bank notes	Sep '20	Oct '25	1.24	$ 52,000	$ –	$ (27,000)	$ 25,000
Bank notes	Sep '22	Oct 24	4.19	–	38,000	–	38,000
Series Q	Nov '12	Oct '22	2.43	2,000	–	(2,000)	–
Series S	Nov '12	Oct '22	3.07	22,000	–	(22,000)	–
Series U	Jul '14	Oct '24	1.70	13,000	–	(5,000)	8,000
Series A	Jul '16	Oct '24	1.22	26,000	–	(10,000)	16,000
Bond premium	N/A	N/A	N/A	2,699	–	(1,906)	793
Total debt				117,699	$ 38,000	$ (67,906)	87,793
Less amounts due within one year				49,000			24,000
Less current portion of bond premium				1,359			578
Total long-term debt				$ 67,340			$ 63,215

9. Limited Obligation Debt

Main Street Debt

As discussed in Note 5, as of December 31, 2023, Main Street has 15 series of revenue bonds outstanding under 14 transactions related to the acquisition of prepaid long-term supplies of gas from various gas suppliers. These bonds were issued at a premium, which is accounted for under the effective-interest method.

Main Street's obligation for repayment of its gas revenue bonds is limited to the assets held by the bond trustee in the trust estate for each Main Street transaction. For each Main Street transaction, a trust estate exists that principally consists of proceeds collected from sales of natural gas under the related customer supply agreements, net of amounts collected from the commodity swap counterparties (see Note 10), and the right to receive termination payments due, if any, from the gas supplier. The gas revenue bonds are not general obligations of Main Street. Main Street's debt is not an obligation of the Gas Authority or of any Customers.

Direct Financing Leases

Gas Authority-Financed

The Gas Authority and certain Members have entered into lease agreements that were funded by Gas Authority cash reserves. The loan proceeds were used to construct natural gas vehicle fueling stations or make improvements to the respective Members' gas distribution systems or related facilities. Project improvements or facilities are leased to those Members until the loan is repaid.

Bank-Financed

The Gas Authority and certain Members have entered into lease agreements that were funded by bank loans entered into by the Gas Authority. The loan proceeds were used to make improvements to the respective Members' gas distribution systems. Project improvements are leased to those Members until the debt is retired. The Gas Authority has assigned its rights to

receive rental payments to the banks that funded construction of the projects. The Gas Authority has not executed a promissory note or loaned money in connection with these lease transactions. The obligations of the cities to make the rental payments under the leases constitute general obligations of the cities to which the full faith and credit of the cities are pledged. Therefore, no leased assets or related obligations have been recorded in the Gas Authority's financial statements.

Bond-Financed

The Gas Authority and certain Members have entered into supplemental contracts for the issuance of limited obligation gas revenue bonds (Direct Financing Lease Bonds). The bond proceeds were used to make improvements to the respective Members' gas distribution systems. Project improvements are leased to those Members until the debt is retired. The bonds are limited obligations of the Gas Authority payable solely from the trust estates created by the various gas revenue bond resolutions. The respective Members are required to make lease payments to the Gas Authority for deposit with the trustees that correspond in amount to the principal, premium, and interest on each series of bonds in advance of their payment dates.

Direct financing lease bonds outstanding at December 31, 2023, are as follows:

Direct Financing Lease Bond Issue	Due Dates	Serial and Term Bond Range of Principal Payments Due	Range of Annual Interest Rates
Toccoa 2011	2024	$ 1,335	4.38%
Warner Robins 2011	2026	$ 1,625	5.00%
Jointly Owned Natural Gas 2018	2024-2033	$ 810 - 1,140	3.90%

The trustees held $1,332 of funds restricted under the various bond resolutions related to these leases at December 31, 2023. The leases of these properties to the respective Members have been recorded as investments in direct financing leases.

The components of net investment in the direct financing leases are as follows:

Total debt requirement	$ 15,043
Less advanced payments deposited with trustee	1,317
Total minimum lease payments to be received	13,726
Less unearned income	2,252
Net investment in direct financing leases	$ 11,474

Lease payments to be received over the remaining life of the leases are as follows:

2024	$ 2,632
2025	1,267
2026	2,853
2027	1,183
2028	1,183
Thereafter	5,925
Total	$ 15,043

(dollars in thousands)

Following is a summary of limited obligation debt activity in 2023:

	Balance December 31, 2022	Issuances	Payments/ Amortization	Balance December 31, 2023
Main Street bonds	$ 7,631,560	$ 4,193,705	$ (2,107,630)	$ 9,717,635
Bond premium	477,832	174,256	(117,083)	535,005
Direct financing leases	15,265	-	(2,645)	12,620
Total debt	8,124,657	$ 4,367,961	$ (2,227,358)	10,265,260
Less amounts due within one year	2,084,995			760,444
Less current portion of bond premium	101,630			109,664
Total noncurrent limited obligation debt	$ 5,938,032			$ 9,395,152

The combined annual requirement of all limited obligation bond issues outstanding at December 31, 2023, is as follows:

	Principal				
Years	Main Street Bonds	Direct Financing Lease	Total	Interest [a]	Total Debt Service
2024	758,300	2,145	760,445	433,870	1,194,315
2025	114,000	840	114,840	402,424	517,264
2026	705,860	2,500	708,360	396,851	1,105,211
2027	1,515,750	905	1,516,655	367,623	1,884,278
2028	829,690	940	830,630	305,951	1,136,581
2029-2033	5,319,590	5,290	5,324,880	528,366	5,853,246
2034-2038	128,135	-	128,135	101,777	229,912
2039-2043	138,125	-	138,125	69,231	207,356
2044-2048	169,145	-	169,145	31,727	200,872
2049	39,040	-	39,040	976	40,016
Total	$ 9,717,635	$ 12,620	$ 9,730,255	$ 2,638,796	$ 12,369,051

[a] Variable interest amounts assume future interest rates remain constant at the rate in effect on December 31, 2023.

Following is a summary of limited obligation debt activity in 2022:

	Balance December 31, 2021	Issuances	Payments/ Amortization	Balance December 31, 2022
Main Street bonds	$ 5,893,810	$ 1,874,360	$ (136,610)	$ 7,631,560
Bond premium	438,681	138,873	(99,722)	477,832
Direct financing leases	17,790	-	(2,525)	15,265
Total debt	6,350,281	$ 2,013,233	$ (238,857)	8,124,657
Less amounts due within one year	139,134			2,084,995
Less current portion of bond premium	84,798			101,630
Total noncurrent limited obligation debt	$ 6,126,349			$ 5,938,032

As of December 31, 2023, Main Street Series 2007A, 2019A, 2019B, 2019C, 2021A, 2021C, 2022A, 2022B, 2022C, 2023A, 2023B, 2023C, 2023D, and 2023E-1 bonds were outstanding with fixed interest rates ranging from 4.0% to 5.5%, with an effective rate, including bond premium, of 3.25%. As of December 31, 2022, Main Street Series 2007A, 2018A, 2018C, 2019A, 2019B,

2019C, 2021A, and 2021C, 2022A, 2022B, and 2022C bonds were outstanding with fixed interest rates ranging from 4.0% to 5.5%, with an effective rate, including bond premium, of 3.51%.

As of December 31, 2023 and 2022, Main Street Series 2023E-2 bonds and Main Street Series 2018B, 2018D, and 2018E, respectively, were outstanding with variable interest rates based on SOFR and interest rate swaps that swap the variable rates to fixed rates (see Note 10). The weighted average variable interest rate was 5.31% and 3.71% at December 31, 2023 and 2022, respectively. Giving effect to the swaps, the net rate in effect was 4.45% and 2.82% at December 31, 2023 and 2022, respectively. Direct financing lease bonds have a fixed rate that ranged from 3.90% to 5.00% at December 31, 2023 and 2022. The average effective rate for all limited-obligation bonds was 3.28% and 3.45% at December 31, 2023 and 2022, respectively.

10. Derivative Instruments

Commodity Derivative Instruments

The Gas Authority has established rates with its Members and Customers generally based on spot market pricing unless the Member or Customer has requested an alternate pricing arrangement pursuant to the Gas Supply Contract. The Gas Authority and Main Street use commodity derivative instruments to hedge exposure related to gas supply operations, long-term gas supplies, and Main Street prepayments, as discussed below.

The commodity derivative instruments require monthly payments to be made or received based on the difference between the spot market price and the contract strike price on notional volumes. None of the Gas Authority's or Main Street's derivatives require a cash payment at inception.

Hedging Activities Related to Gas Supply Operations

Members and Customers may elect to stabilize gas prices and/or basis differentials for a portion of their anticipated near-term gas purchases by requesting alternate pricing arrangements pursuant to the Gas Supply Contracts. The Gas Authority uses commodity derivatives to hedge its commitment to sell, consistent with these alternate pricing arrangements. In addition, the Gas Authority manages Member peak day requirements by utilizing its storage assets. The Gas Authority uses commodity derivatives to reduce risk related to price changes between the injection of storage gas in the summer months and its withdrawal during the winter months.

Hedging Activities Related to Main Street

Main Street has entered into long-term prepaid GPAs and uses long-term commodity derivatives with matching terms to convert fixed prepayments for future deliveries to spot market prices.

Use of Options

The Gas Authority uses option strategies, including collars, to hedge against the variability in cash flows associated with gas supply operations. The Gas Authority purchases call options to establish price caps at the option strike price and sells put options to create a collar. Selling a put obligates the Gas Authority to buy gas below the strike price and creates a floor.

Interest Rate Derivative Instruments

In 2018, in connection with the issuance of the 2018B, 2018D, and 2018E variable-rate bonds, Main Street entered into interest rate swap agreements that result in Main Street paying fixed interest rates of 2.48%, 2.78%, and 2.82%, respectively, on the bonds. These swaps reached maturity in 2023 as discussed in Note 5.

In 2023, in connection with the issuance of the 2023E-2 variable-rate bonds, Main Street entered into an interest rate swap agreement that result in Main Street paying a fixed interest rate of 4.45% on these bonds.

Fair Value of Derivative Instruments

See Note 1 for a discussion of fair value policies and methodologies. The fair value balances of derivative instruments outstanding as of December 31, 2023 and 2022, classified by type, and the changes in fair value of such derivative instruments for the years then ended as reported in the related financial statements are as follows (losses and liabilities in parentheses):

	Notional Amount at December 31, 2022*	Change in Fair Value 2022	Fair Value at December 31, 2022	Change in Fair Value 2023	Fair Value at December 31, 2023	Notional Amount at December 31, 2023*
Gas Supply Operations and Long-Term Gas Supplies						
Hedging Derivatives						
Long futures – pay fixed	420	$ (26)	$ (236)	$ (54)	$ (290)	920
Short futures – receive fixed	360	611	559	330	889	1,110
Commodity swaps – pay fixed	27,833	11,929	32,077	(33,791)	(1,714)	28,695
Commodity swaps – receive fixed	11,050	(2,860)	(9,403)	12,869	3,466	17,142
Basis swaps - pay fixed	1,795	(102)	(102)	172	70	2,917
Basis swaps – receive fixed	1,980	544	534	(540)	(6)	3,055
Commodity options – sold put	1,690	(811)	(811)	(1,352)	(2,163)	2,785
Commodity options – bought put	-	-	-	663	663	2,065
Main Street						
Hedging Derivatives						
Commodity swap – received fixed	2,641,325	(2,029,627)	(1,462,919)	3,202,269	1,739,350	3,241,536
Interest rate swaps – pay fixed	665,000	24,202	5,637	(13,811)	(8,174)	167,500

* Notional amounts are in thousands of MMBtu except interest rate swaps, which are in U.S. dollars.

The following tables display key terms of the Gas Authority's derivative instruments:

As of December 31, 2023	Effective Dates	Notional Amounts*	Trade/Strike Prices
Gas Supply Operations and Long-Term Gas Supplies			
Hedging Derivatives			
Long futures – pay fixed	Mar 2024 – Mar 2025	920	$ 2.93 – 4.14
Short futures – receive fixed	Feb 2024 – Oct 2024	1,110	2.64 – 5.63
Commodity swaps – pay fixed	Jan 2024 – Oct 2028	28,695	2.27 – 5.18
Commodity swaps – receive fixed	Jan 2024 – Mar 2029	17,142	2.47 – 5.30
Basis swaps - pay fixed	Jan 2024 – Dec 2024	2,917	0.06 – 0.28
Basis swaps - receive fixed	Jan 2024 – Mar 2025	3,055	0.11 – 0.19
Commodity options – sold put	Feb 2024 – Mar 2025	2,785	3.04 – 3.93
Commodity options – bought call	Nov 2024 – Mar 2025	2,065	4.25 – 5.00
Main Street			
Hedging Derivatives			
Commodity swaps – receive fixed	Jan 2024 – Mar 2054	3,241,536	4.12 – 10.36
Interest rate swaps – pay fixed	Jan 2024 – Jun 2031	167,500	Variable

* Notional amounts are in thousands of MMBtu except interest rate swaps, which are in U.S. dollars.

As of December 31, 2022	Effective Dates	Notional Amounts*	Trade/Strike Prices
Gas Supply Operations and Long-Term Gas Supplies			
Hedging Derivatives			
Long futures – pay fixed	Mar 2023 – Oct 2023	420	$ 4.37 – 5.16
Short futures – receive fixed	Feb 2023 – Mar 2024	360	4.72 – 8.67
Commodity swaps – pay fixed	Jan 2023 – Mar 2027	27,833	2.27 – 8.71
Commodity swaps – receive fixed	Jan 2023 – Mar 2027	11,050	2.70 – 7.93
Basis swaps - pay fixed	Jan 2023 – Mar 2023	1,795	0.38 – 0.50
Basis swaps - receive fixed	Jan 2023 – Feb 2023	1,980	0.15 – 0.83
Commodity options – sold put	Nov 2023 – Mar 2024	1,690	3.50
Main Street			
Hedging Derivatives			
Commodity swaps – receive fixed	Jan 2023 – Oct 2052	2,641,325	4.08 – 10.36
Interest rate swaps – pay fixed	Jan 2023 – Dec 2023	665,000	Variable

* Notional amounts are in thousands of MMBtu except interest rate swaps, which are in U.S. dollars.

(dollars in thousands)

Risks Associated With Derivative Instruments

Credit Risk

The Gas Authority and Main Street intend to hold all derivative instruments to maturity. The Gas Authority is exposed to market price risk in the event of nonperformance by any of its counterparties; however, the Gas Authority does not anticipate nonperformance. The counterparties to these contracts are major financial institutions or energy companies. Main Street commodity swaps contain tear-up provisions such that they may be terminated under certain limited circumstances, including specific credit events, with no settlement payment due or payable by either party. In addition, the Main Street prepaid gas purchase agreements allow for the substitution of swap counterparties by both Main Street and the related supplier in the event of specified credit rating downgrades or certain other limited conditions.

The Gas Authority has entered into netting arrangements whenever it has entered into more than one derivative instrument with a counterparty. Under the terms of those arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and all amounts due so that a single sum will be owed by, or owed to, the non-defaulting party. Main Street swaps cannot be netted among individual transactions or with transactions of the Gas Authority.

The aggregate fair value of hedging derivative instruments in asset positions at December 31, 2023, excluding Main Street swaps, is $2,192. This represents the maximum potential loss that would be recognized at the reporting date if all counterparties fail to perform as contracted.

The credit ratings of the Gas Authority's derivative counterparties, excluding Main Street derivatives, and related fair values of derivative instruments are summarized below, as of December 31, 2023:

Gas Authority Counterparty	Counterparty Credit Ratings S&P/Moody's	Fair Market Value of Derivative Instruments Asset (Liability)
BP	A-/A3	$ (219)
FCStone (Clearinghouse)	N/A	(184)
JPMorgan Chase Bank, N.A.	A+/Aa2	(874)
Royal Bank of Canada	AA-/Aa1	1,051
Wells Fargo Bank, N.A.	A+/Aa2	1,141

The credit ratings of Main Street's derivative counterparties and related fair values of derivative instruments are summarized below, as of December 31, 2023:

Main Street Counterparty	Counterparty Credit Ratings S&P/Moody's	Fair Market Value of Derivative Instruments Asset (Liability)
JPMorgan Chase Bank, N.A.	A+/Aa2	$ (10,537)
PGP4 MS18A, LLC	Not rated	82,430
PGP4 MS18C, LLC	Not rated	50,067
PGP4 MS CEI, LLC	Not rated	13,948
PGP4 MS21A, LLC	Not rated	93,800
PEP MS21C, LLC	Not rated	53,185
PEP MS22A, LLC	Not rated	117,076
PEP MS22B, LLC	Not rated	311,139
PGP4 MS22C, LLC	Not rated	61,350
PEP MS23A, LLC	Not rated	338,741
PGP4 MS23B, LLC	Not rated	300,755
PEP MS23D, LLC	Not rated	242,464
Royal Bank of Canada	AA-/Aa1	76,758

Basis Risk

The NYMEX-based commodity hedging transactions are subject to locational basis risk. NYMEX-based derivative instruments are based on pricing at the Henry Hub delivery point. However, the Gas Authority delivers gas to Members at various delivery points. For a portion of its hedged volumes, the Gas Authority enters into commodity derivatives based on pricing at certain local delivery and sales points to mitigate basis risk. Changes in NYMEX-based natural gas prices have been, and are anticipated to be, highly correlated with gas prices at the Gas Authority's delivery and sales points.

Termination Risk

The Gas Authority and Main Street are exposed to termination risk in their commodity and interest rate derivatives only upon nonperformance by a counterparty. No collateral is required by either party under any of the derivative arrangements. Termination of Main Street hedges may occur upon a downgrade of the swap counterparties below specified levels; however, the supplier and Main Street have the option to replace such counterparties for a specified period, generally ranging from 90 to 120 days. In addition, Main Street's 2019B, 2019C, 2021A, 2021C, 2022A, 2022B, 2022C, 2023A, 2023B, 2023C, 2023D, and 2023E transactions may be terminated or amended under certain limited circumstances. No amounts related to the swaps would be due by either party, other than monthly obligations related to gas already delivered by Main Street, in the event of termination of any Main Street derivatives.

(dollars in thousands)

11. Employee Benefit Plans

The Gas Authority has a noncontributory, defined contribution retirement plan pursuant to Section 401(a) of the Internal Revenue Code (IRC) that requires the Gas Authority to contribute a defined percentage of each participant's basic compensation. Additionally, contributions may be made as determined solely by the action of the Board of Directors.

The Gas Authority has a deferred compensation plan pursuant to Section 457 of the IRC that allows plan participants to defer and contribute to the plan, through the Gas Authority, a specified portion of each participant's compensation. The Gas Authority matches a portion of the participants' contributions up to amounts specified in the plan.

The Gas Authority has a contributory retirement plan pursuant to Section 403(b) of the IRC designed to allow employees to make additional contributions in excess of maximums allowed in the Section 457 plan. The Gas Authority does not contribute to this plan.

The Gas Authority's contributions to the above plans resulted in expense of $1,416 and $1,306 in 2023 and 2022, respectively.

12. Commitments and Contingencies

The following table summarizes the Gas Authority's commitments (excluding commitments to Main Street) to purchase gas from various suppliers through 2053 on a pay-as-you-go basis:

Year	Volumes *
2024	12,095
2025	8,915
2026	9,430
2027	7,899
2028	7,926
Thereafter	204,364
Total	250,629

* Thousands of MMBtu

In 2023 and 2022, the Gas Authority purchased 10,703 and 7,381 thousands of MMBtu of gas, respectively, under these agreements.

Provide Better

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