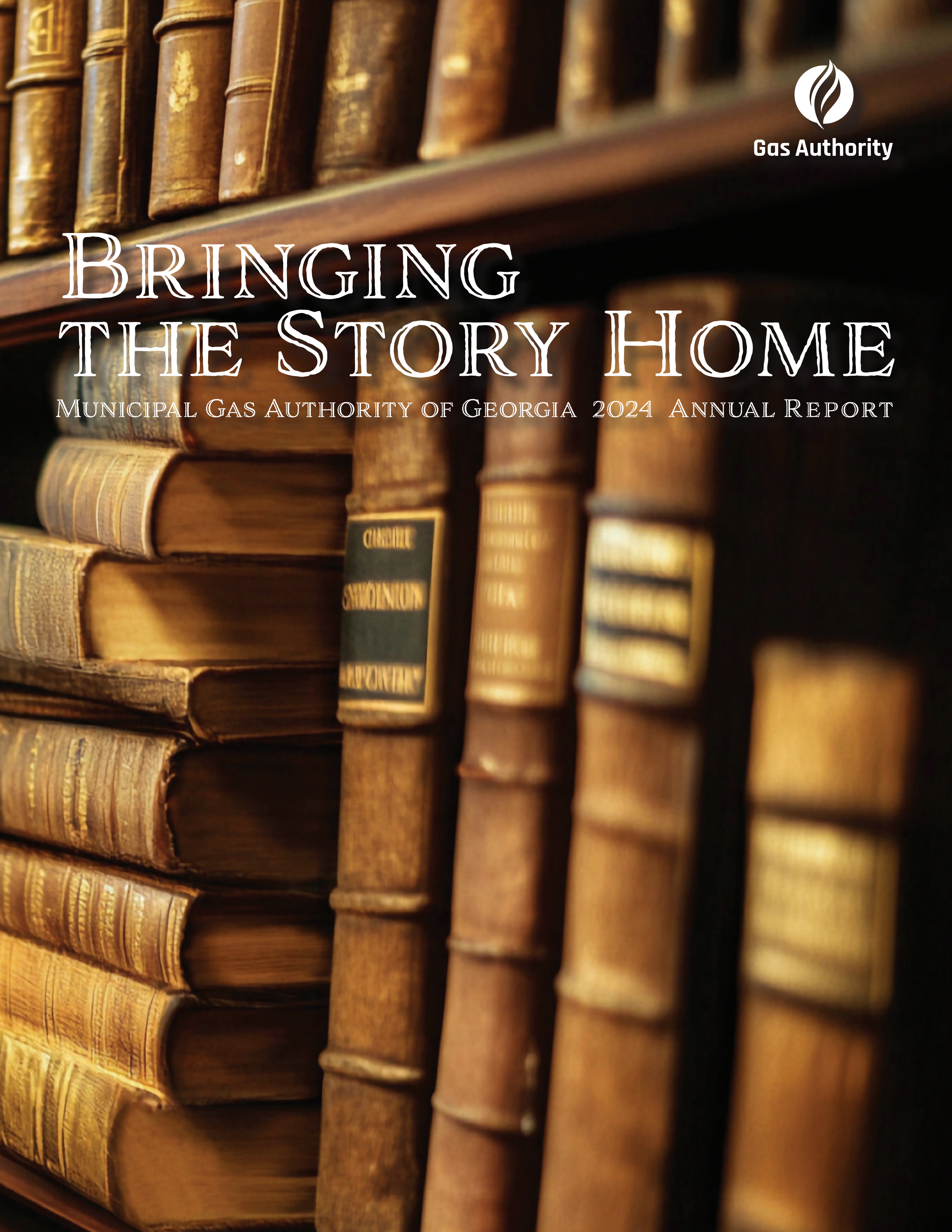
Gas Authority

Bringing the Story Home

Municipal Gas Authority of Georgia 2024 Annual Report



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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.

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 85 Members in Georgia, Alabama, Pennsylvania, Tennessee, and Florida that meet the gas needs of over 275,000 customers. In addition, the agency provides services to 19 other agencies and public systems referred to as "Municipal Customers".

The Gas Authority serves as the manager of Main Street Natural Gas, Inc. (Main Street), which provides long-term discounted prepaid natural gas supplies; Public Gas Partners, Inc. (PGP), which provides economical natural gas reserves and gas supply and commodity swap services to prepay transactions; and Public Energy Partners, Inc. (PEP), which also provides gas supply and commodity swap services to prepay transactions. Prepaid gas supplies are delivered by the Gas Authority to its Members and to 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 sixteen 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 gas system operator training.

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 provide 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.

"Through the art of storytelling, we can preserve our heritage, educate future generations, and inspire change."

- Phillip Humm

An organization like the Gas Authority achieving a record year is certainly a significant accomplishment. Generally, it's the result of a high-performing team effectively executing a well-designed plan and capturing most, if not all, of the opportunities presented to them in a dynamic business environment. Achieving back-to-back record years is rare, and many would say, achieving three consecutive record years is impossible!

Well, in 2024, the Gas Authority achieved a third consecutive record year in growing Member Returns, Membership, Customers Served by Members and Throughput Volumes. Driving these amazing results is the combination of (1) an excellent business model; (2) a well-functioning, high-performing team of professionals effectively executing a solid plan and capturing market opportunities; (3) a strong, supportive Board of Directors; (4) an outstanding, engaged Membership; and (5) an incredible product, natural gas.

The U.S. is blessed with an abundance of natural gas resources, an efficient production system and an extensive underground pipeline network that safely and reliably delivers this vital energy to homes and businesses at a cost consistently lower than other alternative fuels. Natural gas is projected to be half to one-third the price of electricity and other fuels through 2050. People want this low-cost energy for their homes and businesses. In the U.S., more than one new residential customer signs up for natural gas service every minute, and approximately 60 businesses begin new natural gas service every day.

As the largest producer of natural gas in the world, the U.S. is also helping people abroad to economically meet both their energy needs and their environmental goals. U.S. natural gas, through its highly efficient production, transmission and delivery system, provides an amazing 92% of its original energy to consumers for direct use in their homes and businesses. In addition, U.S. natural gas utilities invest $33 billion each year in enhancing the safety and reliability of the natural gas distribution and transmission system. Natural gas is truly America's best energy option.

As we look back at 2024 and highlight the activities and accomplishments associated with the Gas Authority's third consecutive record year growing Member Returns, Membership, Customers and Throughput Volumes, we recognize it would not be possible without the excellent leadership of our Board of Directors, engaged and proactive Members, and our team of dedicated, innovative, hardworking and service-minded employees. We are very grateful for this Gas Authority team!

GROWING MEMBER RETURNS

For the third consecutive year, the Gas Authority generated record overall Member Returns, totaling $25.4 million, up $3.9 million from 2023.

Storytelling is a fundamental human experience. It is a mechanism for communication, culture, community, personal development, expression, and entertainment. Accomplished writers can simplify complex concepts and evoke emotions that make information more memorable and impactful. A well crafted story can inspire, motivate and create deep emotional connections with the subject matter.

The Georgia Writers Hall of Fame honors the literary legacy of the state. Many of these noted authors were born, raised, or spent impressionable time in our Member cities, and their works preserve the unique experiences and voice of the South.

These communities continue to incubate a broad spectrum of talent. The rich quality of life found in our Member cities forges strong relationships, earnest values, and lasting impressions that are woven into the spirit and productivity of their citizens.

President and CEO - Arthur Corbin
Chairman of the Board - Todd Hardigree

Terry Kay was born in Royston, Georgia, in 1938. His career started in journalism in Atlanta, then advertising, and public relations for Oglethorpe Power before devoting his time fully to writing at the urging of his friend and fellow writer Pat Conroy. His literary works explore universal themes of love, loss, redemption, and personal growth with vivid depictions of the Southern landscapes, traditions and societal nuances. He is best known for "To Dance with the White Dog" that was made into a television movie.

In the late 1800s, industrialist Andrew Carnegie revolutionized public access to education by funding the development of thousands of public libraries across the world. He believed in the empowerment of people of all walks of life via free access to knowledge.

Carnegie libraries were not just book repositories, but vital community centers where people gathered, learned, and engaged in cultural activities. Many continue to serve as important public spaces today.

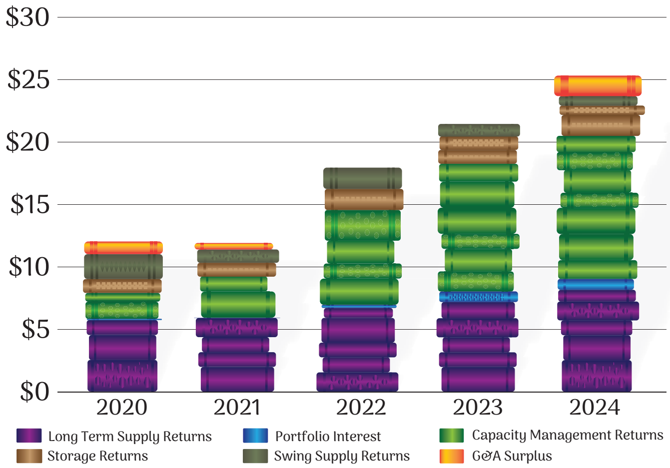
The Carnegie Library in Pelham is on the National Register of Historic Places. It was built in 1908 with a $10,000 grant from the Carnegie Foundation and continues to serve the community as a library.

"If someone expresses faith in you, you have an obligation to try."

- Terry Kay

In addition to these record returns, we retained $3.0 million of the G&A budget surpluses to increase cash reserves. These last three record years combine for a total of $64.8 million returned to Members and were primarily driven by record pipeline capacity management returns, increasing long-term supply and storage returns and returning a portion of the G&A budget surplus. In 2024, annual returns from the long-term supply portfolio accounted for 36 percent of Member returns, totaling $9.1 million, an increase of $1.0 million from the amount distributed in 2023.

MEMBER RETURNS
($ in Millions)



Operational returns accounted for 64 percent of Member returns including pipeline capacity management returns, net margins on storage inventory, swing supply savings and G&A budget surplus. Members received record $11.5 million in pipeline capacity management returns, up $1.2 million from 2023, resulting from increased market value for capacity across all pipelines serving the Southeast in response to higher demand. Storage returns increased to $2.4 million from $2.2 million in 2023. Even with the increased price and load volatility, the Gas Authority managed to save $1.2 million of the $3.0 million collected through the swing supply charge, with $0.8 million returned to Members and $0.4 million retained to help mitigate the cost of meeting Members' daily and seasonal load swings in the future. Finally, for 2024, the Gas Authority achieved a G&A budget surplus of $4.6 million, with $1.6 million returned to Members and $3.0 million retained to further strengthen our balance sheet by increasing the Working Capital Reserve.

The completion of four new long-term supply prepayments and one repricing through our affiliate Main Street contributed to both increasing long-term supply returns to Members and achieving the significant G&A budget surplus. In 2024, Main Street issued over $3.8 billion in bonds for over 127,000 MMBtu/day of firm gas supplies, creating total value for Members of $69 million in Long-Term Supply Returns and G&A service fees that will be earned during the initial pricing periods of 6 to 7 years.

Two of the four new prepayments were completed with Royal Bank of Canada (RBC), one in January and the second in March. Main Street issued $1.6 billion in bonds for 52,000 MMBtu/day of firm supplies to meet a portion of Member requirements, provide new supply service to the cities of Holland and Lansing, Michigan and provide additional supply service to other customers.

The other two new prepayments were completed with Citigroup, one in June and the second in December. Main Street issued $1.6 billion in bonds for approximately 55,000 MMBtu/day of firm supplies to meet a portion of Member requirements, provide new supply service to Santee Cooper in South Carolina and Gainesville Regional Utilities (GRU) in Florida and provide additional supply service to other customers.

Born and raised in Eatonton, Georgia, Alice Walker is best known for her groundbreaking novel "The Color Purple". Walker's lyrical, yet powerful prose explores race, gender, spirituality, and social justice, and gives voice to marginalized communities, especially black women in the South. Her writing weaves rich poetic language with authentic dialect and intimate cultural references to build powerful imagery and a strong sense of place. Many consider her work not just storytelling, but literary activism.

"We should learn to accept that change is truly the only thing that's going on always, and learn to ride with it and enjoy it."

- Alice Walker

In addition to these four new prepayments, Main Street issued $608 million in bonds to reprice and extend the 2019 prepayment with Toronto Dominion Bank. This repricing was completed in October covering 20,000 MMBtu/day of firm supplies to continue meeting a portion of Member requirements and to continue providing gas supply service to other customers.

GROWING MEMBERSHIP & CUSTOMERS

	Members	Customers Served by Members	Municipal Customers
2020	80	253,323	14
2021	81	254,651	14
2022	82	258,589	16
2023	83	271,633	15
2024	85	275,531	19

In 2024, the Gas Authority added two new Members, marking the 5th consecutive year of growing Membership. In November, Dora Utilities in Alabama and Tri-County Natural Gas Authority in Georgia joined the Gas Authority to become the 84th and 85th Members. Dora, Alabama, located just 35 minutes northwest of Birmingham, established their natural gas system in 1954. Today, Dora Utilities serves approximately 630 natural gas customers. Tri-County Natural Gas Authority, made up of Greensboro and Union Point, Georgia, was created by the Georgia legislature in 2022. Tri- County serves over 2,100 customers in Greene, Oglethorpe and Taliferro counties south of Athens and west of Augusta. Tri-County's annual throughput is over 900,000 MMBtu.

Spurring our growth in Membership is the breadth of services we provide, particularly the new Gas Operations Training Program launched in 2024. 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. We hired five trainers in the first quarter of 2024 that hit the ground running. Over 280 training sessions were completed with 594 Member employees

Eatonton was also home to Joel Chandler Harris -- another journalist turned writer. He is best known for his “Uncle Remus” stories that recounted African American fables he heard as a child in rural Putnam County. The antics of trickster Bre’er Rabbit were part of the oral storytelling tradition. Harris preserved these stories using the Southern African American vernacular of the storytellers of his youth – this approach has both been praised for its realism and criticized for perpetuating stereotypes and romanticizing plantation life.

The complex racial history of Georgia shaped by slavery, segregation, and the civil rights movement has resulted in unique cultural contributions and progress. In communities like Eatonton, great efforts have been made to preserve African American heritage, to offer inclusive historical representation, and to bridge racial divides for a stronger and more unified community.

Recounting tales from multiple perspectives helps grow understanding of one another… and the story is still unfolding.

Alice Walker’s Pulitzer Prize- winning 1982 novel “The Color Purple” was adapted for the musical stage in the early 2000s. The musical version is credited with deepening the emotional power of the story through its use of gospel, jazz, blues, and R&B. Eatonton recently staged a production of this empowering tale of resilience, sisterhood, and love at its Plaza Arts Center theater.

African American novelist Raymond Andrews is known for his vivid portrayal of Black life in the rural South during the 20th century. He delves into the lives, struggles, and triumphs of characters in a fictional county in Georgia in his trilogy "Appalachee Red", "Rosiebelle Lee Wildcat Tennessee", and "Baby Sweet's". In his memoir "The Last Radio Baby", Andrews recounts his own experiences growing up in a large sharecropping family outside of Madison, Georgia, which shaped his unique storytelling and cultural and societal perspectives.

Many sharecroppers, especially African Americans and poor whites, relied on oral storytelling to pass down cultural traditions, lessons, and family histories. These stories helped form identity and community for these populations in the face of their economic hardships.

Storytelling took place in homes, fields, and church gatherings, offering entertainment, comfort, and moral lessons. These traditions heavily influenced Southern literature.

Set in the backroads of Madison, the works of Raymond Andrews and Philip Lee Williams portray a paradoxically rich history of resilience, tradition, and moral and historical complexities. Andrews' stories grew from the oral traditions of the black community and its struggles with segregation and racism, while Williams' works reflected the white Southern experience – the Southern identity, Civil War, and smalltown life.

Philip Lee Williams also captures the essence of his upbringing in Madison. His literary contributions are diverse – novels, poetry, essays, memoirs, music – and offer readers a rich tapestry of Southern life, natural beauty, and introspective journeys. He is best known “The Heart of a Distant Forest” that tells the story of a retired professor returning to his Georgia roots, reflecting on life and nature, and “All the Western Stars” a story of two men chasing their dreams in the sunset of their years. In all, he has published 13 novels, 4 poetry anthologies, and 4 nonfiction titles.

“Welcome failure - it is just as valuable to a career as success, possibly more valuable.”

- Philip Lee Williams

receiving more than 1,100 operator qualifications. SRCS also continues to grow adding four new municipal subscribers in Alabama (Brookside, Dora, Maplesville and Mulga) in 2024, bringing the total SRCS municipal system subscribers to 82, with 64 in Georgia, 17 in Alabama and 1 in Florida. In addition to the municipal systems, SRCS also serves 2 master meter operators and 29 contractors.

As noted above, the Gas Authority, through the four new Main Street prepayment transactions, executed long-term supply agreements with four new Municipal Customers in 2024. The cities of Holland and Lansing, Michigan began receiving supplies in April 2024 and November 2024, respectively, while Santee Cooper and GRU began receiving supplies in November 2024 and April 2025, respectively.

In addition to growing our customer base through adding new Members and Municipal Customers, the Gas Authority continued to assist Members to add and retain firm residential and commercial customers through its market development services, which include Natural Gas Connection (NGC) retail customer services, direct sales assistance and marketing programs. In 2024, the Gas Authority restructured the NGC services to better align with individual Member customer growth and retention goals. We launched the first NGC hybrid service solution in Alexander City, Alabama, with a local employee managing the program. In Sugar Hill, Georgia, we implemented the first NGC technology solution for offering rebate programs and on-bill financing. The city of Colquitt signed up for full NGC service, joining the Southwest Georgia group with showrooms in Bainbridge and Moultrie. The city of Waynesboro began planning an NGC showroom which opened in April of 2025. NGC transactions, including appliance sales, rebates and on-bill financing loans, continued to grow, increasing 12% in 2024.

The Market Development team assisted Members in over 77 projects to retain or add natural gas service to residential, commercial and agricultural customers across the membership. We continued to support our Members in retaining service to housing authorities by providing 95 new water heaters to the Claxton, Georgia Housing Authority. In an ongoing project with the Sylvester Georgia Housing Authority, we provided 55 new water heaters and 33 new gas ranges.

"We learn the rope of life by untying its knots."

- Jean Toomer

The Gas Authority's Emerging Technology Program helped Members raise market awareness of new gas technologies through installations of commercial gas heat pumps in multiple projects. The Marketing and Communications team continued to help Members effectively promote the benefits of natural gas through digital, social media and traditional marketing campaigns. Overall, Members added over 3,800 customers in 2024.

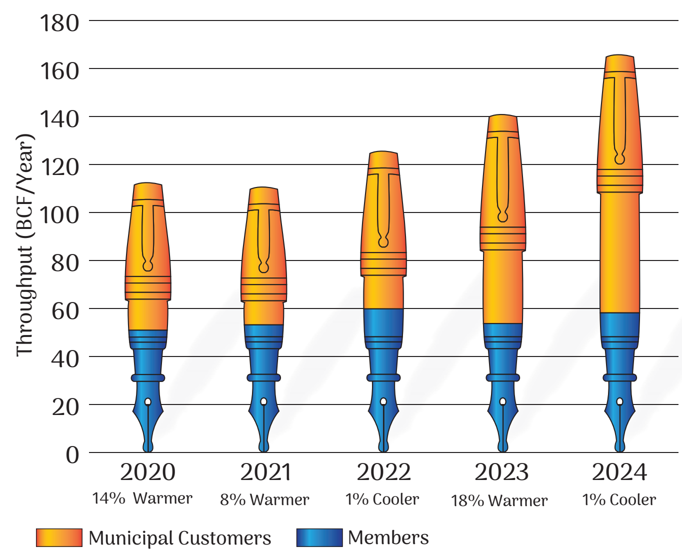
Member residential rates remained very competitive, averaging $1.51/therm in 2024. This pricing compared favorably to the AGL marketers' rates, which averaged $1.68/therm for the fixed rates and $2.71/therm for the variable rates, and to Liberty Utilities' regulated rate, which averaged $1.68/therm. 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 competitive pricing and rate stability for their customers.

GROWING THROUGHPUT VOLUMES

For the third consecutive year, the Gas Authority achieved record throughput with total delivered volumes of 166 Bcf, up 18 percent from 2023 and an increase of 48 percent since 2020. Deliveries to Members totaled 58 Bcf, up 9 percent due to colder weather during the 2024 winter months, while deliveries to Municipal Customers grew to 107 Bcf, up more than 23 percent from 2023.

The Gas Authority continued to assist Members in growing their natural gas systems across all end-use sectors, residential, commercial and industrial. We more than doubled the active industrial prospect engagements from 35 in 2023 to 91 in 2024 as a

THROUGHPUT VOLUMES & WINTER WEATHER VS NORMAL



direct result of the economic development services we receive through our alliance with Electric Cities of Georgia. Industrial customer additions totaling 3,400 MMBtu/day completed and on-line in 2024 included Hyundai OEM in Claxton, Publix Fresh Kitchen in Lawrenceville, Pilgrims Rendering in Douglas, Pratt Industries served by Mid-State Energy, Eco Plastics in Statesboro and Dixon Peanut in Nashville.

In 2024, several large industrials began or continued construction of new or expanded facilities within the Members' service areas. The two largest are the new SK Battery plant located in Cartersville, Georgia and the Georgia Power Coal Ash Plant in Eatonton, Georgia. Other industrial and large commercial expansions and new facilities under construction last year are estimated to collectively add up to 4,700 MMBtu/day and include the new Hyundai [battery plant] in Claxton,

Jean Toomer spent just a short time living and working at a black men's college in Sparta, Georgia, but that experience informed his groundbreaking book "Cane" which is considered a foundational text of the Harlem Renaissance and modernist literature. Toomer blends poetry, drama, and prose in a mosaic-like work depicting the complex and fractious life of blacks in the rural South and urban North. Toomer was himself of mixed racial heritage and struggled with racial labeling; in "Cane" he explores racial ambiguity, the African American experience, and agrarian and industrialized society.

The kitchen table has historically served as a powerful center for storytelling across cultures, acting as a space where history, traditions, and personal experiences are passed down through generations. Its significance extends beyond just meals — it is a place of connection, wisdom-sharing, and cultural preservation.

Many writers, poets, and musicians have drawn inspiration from kitchen table conversations.

Chef Lakesha Jones is the force behind the new "Grits & Gravy" in Sparta. She knows the vital role restaurants play in crafting community – it's so much more than just a place to eat. A restaurant is a space for connection, celebration, and relationship building. As the only table service restaurant in town, it is enhancing the local quality of life, reflecting the community's culture and traditions, and providing economic benefits by generating jobs and attracting visitors.

Thomasville native and teacher, Bailey White, is renowned for her vivid portrayals of Southern life, often spotlighting its quirks and idiosyncrasies. White often crafts her narratives with a series of vignettes from personal experience, filled with self-deprecating humor, and depicting the lives of her family and neighbors in rural Georgia. Some of her best known works include: "Mama Makes Up Her Mind: And Other Dangers of Southern Living", "Sleeping at the Starlite Motel", and "Quite a Year for Plums". She is a beloved regular contributor to National Public Radio's All Things Considered.

The "Southern Voice" in literature is distinct. It reflects the cadence and warmth of Southern storytelling, preserving a regional identity that might otherwise fade in an increasingly homogenized world.

The power of these stories is in the little everyday moments that define a way of life -- front porch conversations, barbershop gossip, church events, and community gatherings – some of the same conversations and qualities that make life in our Member communities resonant and familiar.

One of the newest Natural Gas Connection showrooms is now open in Moultrie, offering south central Georgia customers the opportunity to learn about the many natural gas appliances, rebates, and financing available and making purchases convenient and affordable.

Everybody's a little crazy if you get to know them good enough."

- Bailey White

Georgia, Alabama Graphite in Alexander City, Alabama; Doowon Climate Control, Eco Plastics (Phase II) and Rivalyai in Statesboro, Georgia; Jack Links in Perry, Georgia; Northside Hospital Patient Tower in Lawrenceville, Georgia; and Steves & Sons in Commerce, Georgia.

As we pointed out at the beginning of this letter, many would say a "three-peat" is impossible. One very important ingredient in the Gas Authority achieving a third record year is our well-functioning, high-performing team of professionals effectively executing the plan approved by our Board and capturing several opportunities in a very dynamic energy market. This hardworking team, focused on serving others, is the outward expression of the Gas Authority SPIRIT culture (Service, Professionalism, Integrity, Respect, Innovation and Teamwork).

We continued to invest in our employees, through training and development opportunities, and in technology with several system development and enhancement projects completed. Through our Vision 2025 – Systems Initiative, our IT team made additional system enhancements, working closely with the functional areas to leverage technology tools to enable better informed decisions and more efficient processes and access to information. We also enhanced systems reliability, resiliency, and cybersecurity through improved backups, upgraded software and monitoring systems, and enhanced detection and response tools.

We have a bright future. Natural gas will remain an essential component of the U.S. energy system for many years to come, delivering safe, affordable, reliable and clean energy to meet the changing needs of people, businesses and communities. 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 increase service to existing customers, adding new customers or developing new markets, our outstanding team of professionals are dedicated to serving our Members, as well as Municipal Customers, and helping them serve their customers and 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 extra mile to earn the confidence and trust you have placed in us.

Todd Hardigree
Chairman of the Board

Arthur Corbin
President & CEO

Officers

From left to right:
Rodney Dill, Vice President Market Development & Communications
Susan Reeves, Chief Financial Officer
Chris Howell, Vice President Finance & Accounting
Scott Tolleson, Chief Membership Officer
Arthur Corbin, President & CEO
Jeff Billings, Vice President Gas Supply & Risk Management
Peter Floyd, General Counsel
Tina Smith, Chief Operating Officer

Board of Directors

From left to right:
Daren Perkins, Gas Superintendent – Buford, Luther L. (Buddy) Duke, III, Vice Chairman, Mayor – Adel, Irving Thompson, Chief Financial Officer – East Central Alabama Gas District, Donna McKay, Mayor – Wadley, AL, Todd Hardigree, Chairman, Gas Director – Lawrenceville, Jonathan Mason, Assistant Gas Superintendent – Chambersburg (PA) Gas Department, Shelly Berryhill, City Commissioner – Hawkinsville, Kenneth L. Usry, City of Thomson, Jon Herschell, City Manager – Hartwell, Matthew Bradshaw, Engineering Director – Dublin, Kenneth (Bruce) Maples, Secretary – Treasurer, Assistant City Manager – Albany (Not pictured: Chris White, City Manager – Thomasville)

Key Operating Statistics

	2020	2021	2022	2023	2024
Number of Members/Municipal Customers					
Southern Natural	25	26	27	28	29
Southern Natural - South Georgia Facilities	29	29	29	29	29
Transco	24	24	24	24	25
Texas Eastern	2	2	2	2	2
Municipal Customers on Various Pipelines	14	14	16	15	19
Regulatory Compliance Customers	42	44	47	49	52
Total Number of Members/Municipal Customers/ Regulatory Compliance Customers	136	139	145	147	156
Total Throughput By Member & Municipal Customer (000 MMBtu)					
Member	51,134	53,216	59,657	53,682	58,271
Municipal Customer	61,148	57,339	65,828	87,124	107,412
Total Throuhput	112,282	110,555	125,485	140,806	165,683
Total Throughput by Pipelines (000 MMBtu)					
Southern Natural	27,153	26,899	29,495	29,684	37,556
Southern Natural - South Georgia Facilities	14,541	13,787	14,637	13,660	14,236
Transco	38,161	40,000	45,789	49,218	58,005
Texas Eastern	3,131	3,096	3,405	2,910	3,423
Florida Gas Transmission	19,532	17,101	20,595	29,718	32,715
Other	9,764	9,672	11,564	15,652	19,748
Total Throughput by Pipelines	112,282	110,555	125,485	140,806	165,683
Heating Degree Days - Actual					
South Georgia	1,149	1,307	1.358	1,020	1,192
Middle Georgia	1,840	1,994	2,051	1,774	2,065
North Georgia	2,186	2,211	2,395	1,903	2,103
Heating Degree Days - 10 Year Average					
South Georgia	1,377	1,276	1,253	1,272	1,247
Middle Georgia	2,272	2,164	2,127	2,135	2,063
North Georgia	2,510	2,407	2,377	2,405	2,317
Average NYMEX Spot Price ($/MMBtu)	$2.08	$3.84	$6.64	$2.74	$2.27
Members' Customers - By Pipeline					
Southern Natural	50,004	49,826	50,817	62,127	62,529
Southern Natural - South Georgia Facilities	35,215	35,365	35,044	34,776	34,302
Transco	155,565	156,777	159,703	161,633	165,349
Texas Eastern	12,539	12,683	13,025	13,097	13,351
Total Customers	253,323	254,651	258,589	271,633	275,531

Financial Statements

As of and for the Years Ended December 31, 2024 and 2023

"Fortune befriends the bold."

- Emily Dickinson

Building a better working world

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, 2024 and 2023, 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, 2024 and 2023, and the results of its operations 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 audits 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 11, 2025

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

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-five municipal gas utilities (the Members), serving approximately 276,000 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 19 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 52 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

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

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, 2024, the Gas Authority is a party to 22 long-term supply arrangements, including 18 with Main Street Natural Gas, Inc. described below, that are expected to deliver a firm supply of discounted gas over various terms ending in 2055. 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.

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.

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

Following is a summary of Main Street's active prepayments as of December 31, 2024:

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
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
2024A	Royal Bank of Canada	Apr 2024 – Mar 2054	836,645	301,329
2024B	Royal Bank of Canada	Nov 2024 – Oct 2054	754,030	274,683
2024C	Citigroup	Nov 2024 – Oct 2054	714,365	273,368
2024D	Toronto-Dominion Bank	Nov 2024 – Oct 2054	608,020	218,898
2024E	Citigroup	Apr 2025 – Mar 2055	926,840	328,710

* 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.

All except the Series 2007A and 2019A 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. All bonds have fixed interest rates except Series 2023E-2, a subseries of Series 2023E, which has a variable interest rate along with an interest rate swap and principal outstanding of $250,000.

In January 2025, Main Street issued Series 2025A revenue bonds totaling $739,590 to fund a 30-year natural gas prepayment transaction for 263,313 thousands of MMBtu supplied by Toronto-Dominion Bank.

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

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. On behalf of its Members under a voluntary program, the Gas Authority uses derivative instruments, including swaps and options, to hedge Members' 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 – 2024 Compared to 2023

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

	2024	**2023**
Total assets	**$ 18,010,530**	$ 12,355,781
Current liabilities	**501,962**	1,088,200
Noncurrent liabilities	**13,246,699**	9,490,974
Total liabilities	**$ 13,748,661**	$ 10,579,174
Deferred inflows of resources	**$ 4,213,663**	$ 1,732,091
Net position:		
Invested in capital assets	**1,565**	1,690
Unrestricted	**46,641**	42,826
Total net position	**$ 48,206**	$ 44,516

Total Assets – The increase in total assets of $5,654,749 is primarily due to an increase of $2,963,506 in prepaid gas supplies related to Main Street transactions, an increase of $2,407,010 in the fair value of derivative instruments related to changes in market conditions and additional prepayment transactions, and an increase of $200,393 in costs recoverable from future billings due to timing differences between expense recognition and billings to Members.

Total Liabilities – Current liabilities decreased by $586,238 primarily to a decrease in the current portion of limited obligation debt of $597,257 primarily related to the Main Street transactions. Noncurrent liabilities increased by $3,755,725 due primarily to an increase of $3,810,656 in limited debt obligation debt related to new Main Street transactions, offset by a decrease of $71,986 in the fair value of derivative instruments related to market conditions. See "Liquidity and Capital Resources" below.

Deferred Inflows of Resources – Deferred inflows of resources represents the net unrealized gain of hedging derivative instruments, which increased $2,481,572 due primarily to changes in market conditions.

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

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

		2024		2023
Operating revenues	**$**	**856,564**	$	670,918
Operating expenses:				
Gas operations		**244,668**		200,904
Prepaid gas supply delivery		**367,241**		292,950
General and administrative		**20,650**		18,258
Total operating expenses		**632,559**		512,112
Operating income		**224,005**		158,806
Nonoperating expenses, net		**(220,315)**		(152,391)
Change in net position		**3,690**		6,415
Net position – beginning of year		**44,516**		38,101
Net position – end of year	**$**	**48,206**	$	44,516

Operating Revenues – Operating revenues, which represent gas supplies and related hedge settlements, pipeline charges, and other services provided to Members and Customers, increased by $185,646, or 27.7%. Throughput increased from 140,806 thousands of MMBtu to 165,683 thousands of MMBtu, or 17.7%, whereas the average NYMEX price decreased from $2.74 per mcf to $2.27 per mcf, a 17.2% decrease. The decrease in pricing 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, increased $120,447, or 23.5%, due primarily to increased volume. Prepaid gas supply delivery expense increased $74,291, or 25.4%, primarily due to the new Main Street prepayments.

Nonoperating Expenses, Net – Nonoperating expenses, net increased $67,924 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.

Liquidity and Capital Resources – The Gas Authority had cash, restricted cash and investment securities of $266,904 at December 31, 2024 as compared to $192,457 at December 31, 2023. See the cash flow statement for details of cash activity during 2024.

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

Following is a summary of debt activity in 2024:

	December 31, 2023	Issuances	Payments/ Amortization	December 31, 2024	Maturity
Lines of credit	$ 32,000	**$ 31,000**	**$ (32,000)**	**$ 31,000**	2026
Bank Notes	57,800	**26,000**	**(43,514)**	**40,286**	2025 - 2033
Series U	3,500	**-**	**(3,500)**	**-**	2024
Series A	7,000	**-**	**(7,000)**	**-**	2024
Bond premium	215	**-**	**(215)**	**-**	N/A
Total	$ 100,515	**$ 57,000**	**$ (86,229)**	**$ 71,286**	
Limited obligation debt:					
Main Street bonds	$ 9,717,635	**$ 3,839,900**	**$ (758,300)**	**$ 12,799,235**	2025 - 2055
Bond premium	535,005	**258,144**	**(124,200)**	**668,949**	N/A
Direct financing leases	12,620	**-**	**(2,145)**	**10,475**	2025 - 2033
Total	$ 10,265,260	**$ 4,098,044**	**$ (884,645)**	**$ 13,478,659**	

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

From the proceeds of non-limited obligation debt financings, $93,642 has been advanced to PGP as of December 31, 2024. Under advance payment agreements, PGP is obligated to repay these funds by the final maturity of related Gas Authority debt in 2025, or later if the related Gas Authority financing is extended. 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 $119,000 available to be drawn at December 31, 2024. The LOC's mature on 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 2025, the Gas Authority Board of Directors approved an annual cash return to Members of $19,818 that is incremental to monthly returns.

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 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.

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

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.

Statements of Net Position

(in thousands of dollars)

	December 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	**$ 53,725**	$ 53,832
Restricted cash and cash equivalents	**12,458**	9,012
Investment securities – restricted	**200,721**	129,613
Accounts receivable – Members	**31,990**	26,544
Accounts receivable – other	**73,789**	53,576
Prepaid gas supplies	**445,368**	339,757
Gas inventories and other current assets	**14,528**	15,771
Fair value of derivative instruments	**237,818**	270,931
Total current assets	**1,070,397**	899,036
Noncurrent assets:		
Gas properties and supplies:		
Prepaid gas supplies	**12,081,690**	9,223,795
Investments:		
Direct financing leases	**9,963**	11,474
Operating partnership	**1,660**	1,798
Advance payment due from Public Gas Partners	**93,641**	109,191
Fair value of derivative instruments	**3,985,787**	1,545,664
Costs recoverable from future billings	**755,746**	555,353
Other assets	**11,646**	9,470
Total noncurrent assets	**16,940,133**	11,456,745
Total assets	**$ 18,010,530**	$ 12,355,781
Liabilities, deferred inflows of resources, and net position		
Current liabilities:		
Accounts payable and accrued expenses	**$ 165,483**	$ 106,752
Due to Members	**21,612**	20,451
Short-term debt	**31,000**	32,000
Current portion of long-term debt	**9,172**	54,215
Current portion of limited obligation debt	**272,851**	870,108
Other liabilities	**1,018**	1,272
Fair value of derivative instruments	**826**	3,402
Total current liabilities	**501,962**	1,088,200
Noncurrent liabilities:		
Long-term debt	**31,114**	14,300
Fair value of derivative instruments	**9,116**	81,102
Other liabilities	**661**	420
Limited obligation debt	**13,205,808**	9,395,152
Total noncurrent liabilities	**13,246,699**	9,490,974
Total liabilities	**13,748,661**	10,579,174
Deferred inflows of resources	**4,213,663**	1,732,091
Net position:		
Invested in capital assets	**1,565**	1,690
Unrestricted	**46,641**	42,826
Total net position	**48,206**	44,516
Total liabilities, deferred inflows of resources, and net position	**$ 18,010,530**	$ 12,355,781

See accompanying notes.

Statements of Revenues, Expenses, and Changes in Net Position
(in thousands of dollars)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating revenues:		
Gas operations	**$ 840,188**	$ 656,480
Other	**16,376**	14,438
Total operating revenues	**856,564**	670,918
Operating expenses:		
Gas operations	**244,668**	200,904
Prepaid gas supply delivery	**367,241**	292,950
General and administrative	**20,650**	18,258
Total operating expenses	**632,559**	512,112
Operating income	**224,005**	158,806
Nonoperating revenues (expenses):		
Investment income and other gains	**20,501**	37,143
Interest and other expense	**(441,209)**	(328,271)
Costs recoverable from future billings	**200,393**	138,737
Total nonoperating expenses, net	**(220,315)**	(152,391)
Change in net position	**3,690**	6,415
Net position:		
Beginning of period	**44,516**	38,101
End of period	**$ 48,206**	$ 44,516

See accompanying notes.

Statements of Cash Flows

(in thousands of dollars)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating activities		
Receipts from Members and Customers	**$ 493,709**	$ 514,449
Payments to suppliers and vendors	**(231,425)**	(208,444)
Receipts from derivatives counterparties, net	**347,936**	169,375
Payments to Members and Customers	**(19,887)**	(17,529)
Payments to employees	**(15,767)**	(13,367)
Net cash flow from operating activities	**574,566**	444,484
Financing activities		
Noncapital financing activities:		
Line of credit receipts	**31,000**	67,000
Line of credit payments	**(32,000)**	(75,000)
Net cash flow from noncapital financing activities	**(1,000)**	(8,000)
Capital and related financing activities:		
Capital expenditures and inventory purchases/sales, net	**(58)**	4,869
Acquisition of prepaid gas supply	**(3,330,745)**	(2,265,002)
Member lease payments	**1,985**	2,917
Gas revenue bond proceeds	**26,000**	5,300
Gas revenue bond payments	**(54,014)**	(24,000)
Limited obligation bond proceeds	**4,098,044**	4,367,961
Limited obligation bond payments	**(760,445)**	(2,110,275)
Interest payments and bond issuance costs	**(513,796)**	(421,386)
Net cash flow from capital and related financing activities	**(533,029)**	(439,616)
Net cash flow from financing activities	**(534,029)**	(447,616)
Investing activities		
Investment securities purchases/sales, net	**(71,108)**	(66,433)
Interest receipts and other	**18,361**	32,813
Repayments from Public Gas Partners, net	**15,549**	17,264
Net cash flow from investing activities	**(37,198)**	(16,356)
Net change in cash and cash equivalents and restricted cash	**3,339**	(19,488)
Cash and cash equivalents and restricted cash:		
Beginning of period	**62,844**	82,332
End of period	**$ 66,183**	$ 62,844
Reconciliation of operating income to net cash flow from operating activities		
Operating income	**$ 224,005**	$ 158,806
Adjustments to reconcile net cash from operating activities:		
Depreciation, amortization, and accretion	**124**	108
Prepaid gas supply delivery	**367,241**	292,949
Changes in certain assets and liabilities:		
Accounts receivable	**(25,659)**	27,325
Gas inventories and other assets	**807**	(3,250)
Accounts payable and accrued expenses	**6,887**	(35,041)
Due to Members	**1,161**	3,587
Net cash flow from operating activities	**$ 574,566**	$ 444,484

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, 2024, 69 Georgia municipalities, 11 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 19 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 52 other entities.

Pursuant to the provisions of the Act, the Gas Authority and all 85 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.

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

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 2055. 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

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

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 2024 or 2023. See Note 2 for a schedule of investments as of December 31, 2024 and 2023.

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.

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

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 Members' commodity price risk associated with forecasted natural gas supply and sales transactions and physical storage operations,. 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. As of and for the years ended December 31, 2024 and 2023, the Gas Authority was not party to any investment derivatives. 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

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

between assumptions based on market data (observable inputs) and the Gas Authority's 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, 2024 or 2023, 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, 2024, and current estimates of fair value may differ significantly from the amounts presented herein.

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

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

December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Gas supply hedging agreements	**$ -**	**$ 2,414,907**	**$ 1,800,877**	**$ 4,215,784**
Interest rate swap agreements	**-**	**-**	**(2,121)**	**(2,121)**
US government and agency securities	**63,383**	**-**	**-**	**63,383**
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

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, 2024 through April 11, 2025, the date these financial statements were available for issuance, for inclusion in the financial statements and footnotes.

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

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

Cash and Cash Equivalents

At December 31, 2024, amounts invested in a local government investment pool totaling $18,105 and bank deposits totaling $35,708 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, 2024, was $12,459. Of this amount, $12,019 related to Main Street's limited obligation debt and $439 related to direct financing lease obligations.

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.

Investment Securities – Restricted

Following is a summary of investment balances:

Investment Type	Balance	Final Maturity	Percentage of Total Investments
December 31, 2024			
Restricted investments securities:			
Guaranteed investment contract:			
Aegon	**$ 11,651**	**2028**	**6%**
Royal Bank of Canada	**45,123**	**2032**	**22**
Citigroup Global Markets Holdings Inc	**6,968**	**2032**	**3**
The Toronto-Dominion Bank	**73,596**	**2032**	**38**
Commercial paper:			
Chesham Finance Ltd	**14,459**	**2025**	**7**
Anglesea FD	**12,968**	**2025**	**6**
Other *	**35,956**	**2025**	**18**
Total	**$ 200,721**		
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		

* Individually less than 5% of total

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

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, 2024 and 2023, $12,458 and $9,011, 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 $16,408 and $16,178 at December 31, 2024 and 2023, 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 $30,000 and $27,000 at December 31, 2024 and 2023, 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, $9,426 and $7,651 were utilized at December 31, 2024 and 2023, 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 2025 and 2024, the Board of Directors approved annual cash returns to Members of $19,818 and $18,184, 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, 2024. 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
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
2024A	Royal Bank of Canada	Apr 2024 – Mar 2054	836,645	301,329
2024B	Royal Bank of Canada	Nov 2024 – Oct 2054	754,030	274,683
2024C	Citigroup	Nov 2024 – Oct 2054	714,365	273,368
2024D	Toronto-Dominion Bank	Nov 2024 – Oct 2054	608,020	218,898
2024E	Citigroup	Apr 2025 – Mar 2055	926,840	328,710

* 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.

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

All except the Series 2007A and 2019A 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.

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.

The 2024D bonds were issued in connection with the mandatory put provisions of the 2019B bonds. Proceeds of the 2024D bonds were used to refund the 2019B bonds. This refunding was at par and did not produce a gain or loss on the statement of revenues, expenses, and changes in net position.

In January 2025, Main Street issued Series 2025A bonds totaling $739,590 to fund a 30-year natural gas prepayment transaction for 263,313 thousands of MMBtu supplied by Toronto Dominion Bank. This transaction has 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 2024 or 2023.

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 cost of borrowing. PGP made cash interest payments to the Gas Authority of $4,689 and $3,746 in 2024 and 2023, respectively.

The Gas Authority manages the day-to-day activities of PGP under a services agreement and received fees of $1,445 and $1,583 from PGP for such services in 2024 and 2023, respectively.

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

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, 2024 and 2023, 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 $1,458 and $1,053 in 2024 and 2023, 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, 2024 and 2023, the Gas Authority had lines of credit (LOCs) with an aggregate capacity of $150,000. The LOC's mature on March 31, 2026. As of December 31, 2024 and 2023, $119,000 and $118,000 respectively was available to be drawn on the LOCs.

Following is a summary of debt activity in 2024:

	Issue Date	Final Maturity	Avg % Yield	Balance December 31, 2023	Issuances	Payments/ Amortization	Balance December 31, 2024
Short-term debt:							
Lines of credit	N/A	Mar '26	N/A	$ 32,000	$ 31,000	$ (32,000)	$ 31,000
Long-term debt:							
Bank notes	Sep '20	Oct '25	1.24	$ 17,500	$ –	$ (8,500)	$ 9,000
Bank notes	Sep '22	Oct '24	4.19	35,000	–	(35,000)	-
Bank notes	Oct '23	Nov '33	5.01	5,300	–	(14)	5,286
Bank notes	Sep '24	Sep '26	4.18	-	26,000	–	26,000
Series U	Jul '14	Oct '24	1.70	3,500	–	(3,500)	-
Series A	Jul '16	Oct '24	1.22	7,000	–	(7,000)	-
Bond premium	N/A	N/A	N/A	215	–	(215)	-
Total debt				68,515	$ 26,000	$ (54,229)	40,286
Less amounts due within one year				54,000			9,172
Less current portion of bond premium				215			-
Total long-term debt				$ 14,300			$ 31,114

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

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
2025	$ 9,172	$ 1,436	$ 10,608
2026	26,181	1,067	27,248
2027	190	243	433
2028	200	233	433
2029	210	223	433
2030-2033	4,333	749	5,082
Total	$ 40,286	$ 3,951	$ 44,237

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**

9. Limited Obligation Debt

Main Street Debt

As discussed in Note 5, as of December 31, 2024, Main Street has 18 series of revenue bonds outstanding 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.

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

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, 2024, are as follows:

Direct Financing Lease Bond Issue	Due Dates	Serial and Term Bond Range of Principal Payments Due	Range of Annual Interest Rates
Warner Robins 2011	2026	$ 1,625	5.00%
Jointly Owned Natural Gas 2018	2025-2033	$ 840 - 1,140	3.90%

The trustees held $439 of funds restricted under the various bond resolutions related to these leases at December 31, 2024. The leases of these properties to the respective Members have been recorded as investments in direct financing leases.

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

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

Total debt requirement	$ 12,410
Less advanced payments deposited with trustee	668
Total minimum lease payments to be received	11,742
Less unearned income	1,779
Net investment in direct financing leases	$ 9,963

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

2025	1,267
2026	2,853
2027	1,183
2028	1,183
2029	1,186
Thereafter	4,738
Total	$ 12,410

Following is a summary of limited obligation debt activity in 2024:

	Balance December 31, 2023	Issuances	Payments/ Amortization	Balance December 31, 2024
Main Street bonds	$ 9,717,635	**$ 3,839,900**	**$ (758,300)**	**$ 12,799,235**
Bond premium	535,005	**258,144**	**(124,200)**	**668,949**
Direct financing leases	12,620	**-**	**(2,145)**	**10,475**
Total debt	10,265,260	**$ 4,098,044**	**$ (884,645)**	**13,478,659**
Less amounts due within one year	760,444			**140,459**
Less current portion of bond premium	109,664			**132,392**
Total noncurrent limited obligation debt	$ 9,395,152			**$ 13,205,808**

The combined annual requirement of all limited obligation bond issues outstanding at December 31, 2024, is as follows:

	Principal				
Years	**Main Street Bonds**	**Direct Financing Lease**	**Total**	**Interest [(a)]**	**Total Debt Service**
2025	139,620	840	140,460	608,344	748,804
2026	739,780	2,500	742,280	587,343	1,329,623
2027	1,551,370	905	1,552,275	556,409	2,108,684
2028	867,650	940	868,590	492,946	1,361,536
2029	1,248,760	980	1,249,740	439,665	1,689,405
2030-2034	7,800,455	4,310	7,804,765	705,613	8,510,378
2035-2039	134,925	-	134,925	95,349	230,274
2040-2044	139,190	-	139,190	62,446	201,636
2045-2049	177,485	-	177,485	23,062	200,547
Total	$ 12,799,235	$ 10,475	$ 12,809,710	$ 3,571,177	$ 16,380,887

[(a)] Variable interest amounts assume future interest rates remain constant at the rate in effect on December 31, 2024.

Notes to Financial Statements (continued)
(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

As of December 31, 2024, all Main Street bonds except Series 2023E-2, a subset of Series 2023E, had fixed interest rates ranging from 4.0% to 5.5%, with an effective rate, including bond premium, of 3.50%. As of December 31, 2023, all Main Street bonds except Series 2023E-2, a subset of Series 2023E, had fixed interest rates ranging from 4.0% to 5.5%, with an effective rate, including bond premium, of 3.25%.

As of December 31, 2024 and 2023, Main Street Series 2023E-2 had 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 4.74% and 5.31% at December 31, 2024 and 2023, respectively. Giving effect to the swaps, the net rate in effect was 4.45% and 4.45% at December 31, 2024 and 2023, respectively. Direct financing lease bonds have a fixed rate that ranged from 3.90% to 5.00% at December 31, 2024 and 2023. The average effective rate for all limited-obligation bonds was 3.52% and 3.28% at December 31, 2024 and 2023, 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 Members' 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 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.

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

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, 2024 and 2023, 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, 2023*	Change in Fair Value 2023	Fair Value at December 31, 2023	Change in Fair Value 2024	Fair Value at December 31, 2024	Notional Amount at December 31, 2024*
Gas Supply Operations and Long-Term Gas Supplies						
Hedging Derivatives						
Long futures – pay fixed	920	$ (54)	$ (290)	$ 354	$ 64	720
Short futures – receive fixed	1,110	330	889	(1,088)	(199)	680
Commodity swaps – pay fixed	28,695	(33,791)	(1,714)	7,059	5,345	25,317
Commodity swaps – receive fixed	17,142	12,869	3,466	(2,199)	1,267	18,248
Basis swaps - pay fixed	2,917	172	70	(102)	(32)	2,561
Basis swaps – receive fixed	3,055	(540)	(6)	50	44	3,195
Commodity options – sold put	2,785	(1,352)	(2,163)	1,194	(969)	3,313
Commodity options – sold call	-	-	-	(21)	(21)	170
Commodity options – bought call	2,065	663	663	146	809	3,313
Main Street						
Hedging Derivatives						
Commodity swap – receive fixed	3,241,536	3,202,269	1,739,350	2,470,126	4,209,476	4,288,585
Interest rate swaps – pay fixed	167,500	(13,811)	(8,174)	6,053	(2,121)	250,000

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

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

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

As of December 31, 2024	Effective Dates	Notional Amounts*	Trade/Strike Prices
Gas Supply Operations and Long-Term Gas Supplies			
Hedging Derivatives			
Long futures – pay fixed	Feb 2025 – Mar 2025	720	$ 2.64 – 4.04
Short futures – receive fixed	Apr 2025 – Oct 2025	680	2.67 – 3.51
Commodity swaps – pay fixed	Jan 2025 – Dec 2030	25,317	2.37 – 4.36
Commodity swaps – receive fixed	Jan 2025 – Mar 2030	18,248	2.74 – 4.95
Basis swaps - pay fixed	Jan 2025 – Mar 2025	2,561	0.19 – 0.34
Basis swaps - receive fixed	Jan 2025 – Feb 2026	3,195	0.19 – 0.34
Commodity options – sold put	Jan 2025 – Mar 2026	3,313	3.04 – 3.93
Commodity options – bought call	Jan 2025 – Mar 2026	3,313	4.00 – 5.00
Commodity options – sold call	Feb 2025 – Feb 2025	170	4.50 – 4.50
Main Street			
Hedging Derivatives			
Commodity swaps – receive fixed	Jan 2025 – Mar 2055	4,288,585	4.12 – 10.36
Interest rate swaps – pay fixed	Jan 2025 – Jun 2031	250,000	Variable

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

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.

Notes to Financial Statements (continued)
(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, 2024, excluding Main Street swaps, is $6,565. 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, 2024:

Gas Authority Counterparty	Counterparty Credit Ratings S&P/Moody's	Fair Market Value of Derivative Instruments Asset (Liability)
BP	A-/A2	$ (31)
FCStone (Clearinghouse)	N/A	(156)
JPMorgan Chase Bank, N.A.	AA-/Aa2	(70)
Royal Bank of Canada	AA-/Aa1	5,058
Wells Fargo Bank, N.A.	A+/Aa2	1,507

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

The credit ratings of Main Street's derivative counterparties and related fair values of derivative instruments are summarized below, as of December 31, 2024:

Main Street Counterparty	Counterparty Credit Ratings S&P/Moody's	Fair Market Value of Derivative Instruments Asset (Liability)
JPMorgan Chase Bank, N.A.	AA-/Aa2	$ (6,927)
PGP4 MS18A, LLC	Not rated	206,231
PGP4 MS18C, LLC	Not rated	186,995
PGP4 MSCEI, LLC	Not rated	88,701
PGP4 MS21A, LLC	Not rated	194,650
PEP MS21C, LLC	Not rated	147,683
PEP MS22A, LLC	Not rated	168,984
PEP MS22B, LLC	Not rated	377,665
PGP4 MS22C, LLC	Not rated	132,317
PEP MS23A, LLC	Not rated	395,197
PGP4 MS23B, LLC	Not rated	375,758
PEP MS23D, LLC	Not rated	333,715
PGP4 MS24A, LLC	Not rated	317,225
PGP4 MS24B, LLC	Not rated	276,959
PEP MS24C, LLC	Not rated	339,551
PEP MS24E, LLC	Not rated	391,135
Royal Bank of Canada	AA-/Aa1	281,516

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 Member-directed hedged volumes, the Gas Authority enters into commodity derivatives based on pricing at certain local delivery and sales points to mitigate basis risk.

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, all except Main Street's 2007A and 2019A 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.

Notes to Financial Statements (continued)
(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 $1,570 and $1,416 in 2024 and 2023, 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*
2025	10,216
2026	9,430
2027	7,898
2028	7,926
2029	8,701
Thereafter	203,429
Total	247,600

* Thousands of MMBtu

In 2024 and 2023, the Gas Authority purchased 13,842 and 10,703 thousands of MMBtu of gas, respectively, under these agreements.

Provide Better

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