2022 Annual Report

VOGTLE UNITS 3 & 4 ON THE HORIZON

Who We Are

The Municipal Electric Authority of Georgia (MEAG Power) is a nonprofit, statewide generation and transmission organization. Recognized as one of the leading joint action agencies in the country, MEAG Power is among the top public power companies nationwide in terms of annual net generation, megawatt-hour sales and electric revenue. Its diverse, clean energy portfolio – delivering, on average, 66% emissions-free energy from 2018-2022 – compares favorably with both the state and national averages.

MEAG Power provides reliable, competitive wholesale electricity to its 49 member communities (Participants), who own and operate their local electric distribution systems and serve approximately 319,000 customer accounts.

FINANCIAL HIGHLIGHTS

Three-Year Summary of Selected Financial and Operating Data (dollars in thousands)

	2022	2021	2020
Total revenues	**$ 974,385**	$ 714,194	$ 639,707
Total assets and deferred outflows of resources	**$ 12,127,476**	$ 12,213,921	$ 11,590,566
Property, plant and equipment, net	**$ 8,326,730**	$ 8,044,173	$ 7,430,336
Debt outstanding (excluding defeased bonds)	**$ 9,090,064**	$ 9,090,092	$ 8,706,456
Weighted-average interest cost[1]	**4.08%**	3.91%	4.10%
Total delivered energy to MEAG Power Participants (MWh)[2]	**12,018,602**	11,009,774	10,377,224
Cost to MEAG Power Participants (cents per kWh):			
Total cost[2]	**7.23**	6.58	6.88
Bulk power cost	**7.23**	6.59	7.02
SEPA cost[2]	**7.37**	6.49	5.37
Peak demand (MW)	**2,188**	1,985	1,927
Total nominal generating capacity in service (MW)[3][4]	**1,800**	2,069	2,069

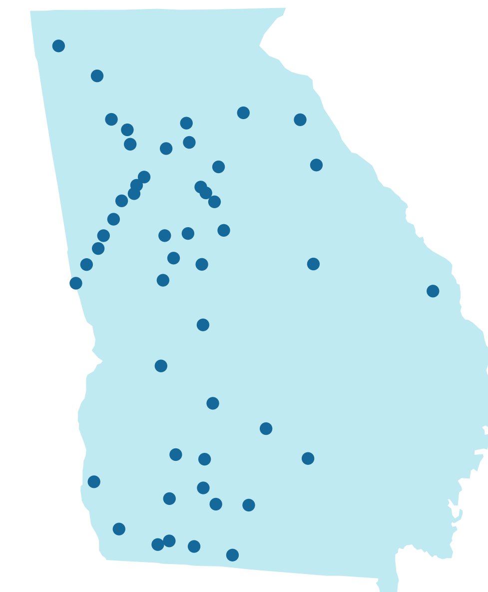
(1) Excludes the impact of certain net non-operating expense components such as receipts and payments pertaining to interest rate swap agreements, amortization of debt discount and expense, investment income, the net change in the fair value of financial instruments and interest capitalized. The rate is net of subsidies on Build America Bonds.
(2) Participants purchase hydro energy directly from the Southeastern Power Administration (SEPA). Such energy is included in these calculations.
(3) Excludes SEPA capacity which is purchased by the Participants and capacity purchased by MEAG Power from others.
(4) Decertification and retirement of Generation Station Wansley Units 1&2 and Unit 5A occurred on August 31, 2022.

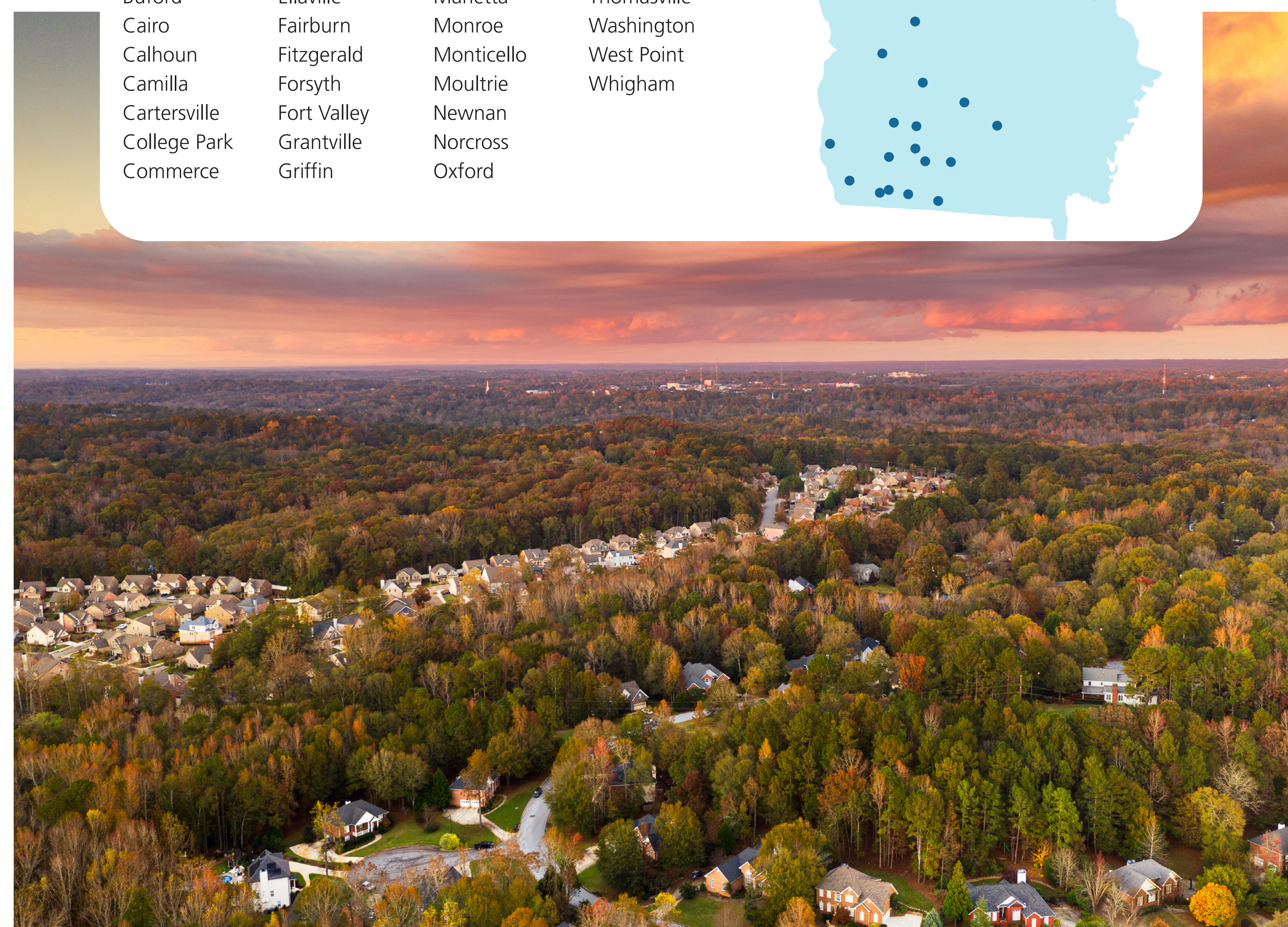
Who We Serve

Many of the 49 MEAG Power Participant communities have fully integrated public utilities, offering not only reliable, affordable, low-emissions electricity, but also natural gas, water and sewer services, and fiber optic or digital communications connections. Moreover, these MEAG Power communities have: educated, skilled labor; excellent logistics; advantageous development zones; leading-edge industrial parks; and vibrant live, work, play amenities, with dynamic downtowns and myriad community enhancements for an improved quality of life.

MEAG POWER COMMUNITIES

Acworth
Adel
Albany
Barnesville
Blakely
Brinson
Buford
Cairo
Calhoun
Camilla
Cartersville
College Park
Commerce
Covington
Crisp County
Doerun
Douglas
East Point
Elberton
Ellaville
Fairburn
Fitzgerald
Forsyth
Fort Valley
Grantville
Griffin
Hogansville
Jackson
LaFayette
LaGrange
Lawrenceville
Mansfield
Marietta
Monroe
Monticello
Moultrie
Newnan
Norcross
Oxford
Palmetto
Quitman
Sandersville
Sylvania
Sylvester
Thomaston
Thomasville
Washington
West Point
Whigham





A Message from the Chairman and President

R. Steve "Thunder" Tumlin, Jr., Chairman, and
James E. Fuller, President and Chief Executive Officer

In 2022 our business operations returned to near normal, while COVID-19 remained disruptive on occasion. Our major annual events went off without a hitch, work schedules remained intact – with no return to pandemic masking regimes required – and progress on our significant projects, small and large, continued.

The year did, however, remind us that the post-pandemic period remains fraught, with challenges including ongoing supply-chain issues, longer lead times for transformers and other integral infrastructure materials, inflationary impacts across the board, and unprecedented energy supply and pricing disruptions.

Plant Vogtle Units 3 & 4 Progress

Work at Plant Vogtle Units 3 & 4 proved to be a bright spot during the year, with minor scheduling challenges but continued progress as both units reached significant milestones throughout the year.

The most significant milestones reached at Unit 3 in 2022 included:

- On Aug. 3, Vogtle Unit 3 received the 103(g) finding from the Nuclear Regulatory Commission (NRC). This finding signified that the new unit has been constructed and will be operated in conformance with the Combined License and NRC regulations.
- On Oct. 14, fuel load into the Vogtle Unit 3 reactor core began. The fuel load process marked a historic and pivotal milestone toward startup and commercial operation of Unit 3. During fuel load, nuclear technicians and operators safely transferred 157 fuel assemblies one-by-one from the Unit 3 spent fuel pool to the Unit 3 reactor core over the span of three days.
- Startup testing began after fuel load. Testing must progress through a series of "modes," from Mode 6 to Mode 1. The modes are designed to progressively test operational and safety systems with increasing temperature and pressure. Mode 2 reaches the point of "initial criticality" — or a nuclear reaction in the core. In Mode 1, operators raise the unit's power to 5%, and synchronize the unit to the grid. Several more weeks of testing are then required before commercial operation.

Note: On March 6, 2023, Unit 3 reached initial criticality, and on April 1 synced to the grid, producing electricity. On May 29, Unit 3 safely reached 100% power. Unit 3 is projected to be placed in service during June 2023.

The most significant milestone reached at Unit 4 in 2022 was:

- On Dec. 7, cold hydro testing for Vogtle Unit 4 was completed. This step is required to support hot functional testing (HFT), the final major test prior to fuel load. Cold hydro testing on Unit 4 confirmed the reactor's coolant system functions as designed and verified the welds, joints, pipes and other components of the coolant system and associated high-pressure systems do not leak when under pressure.

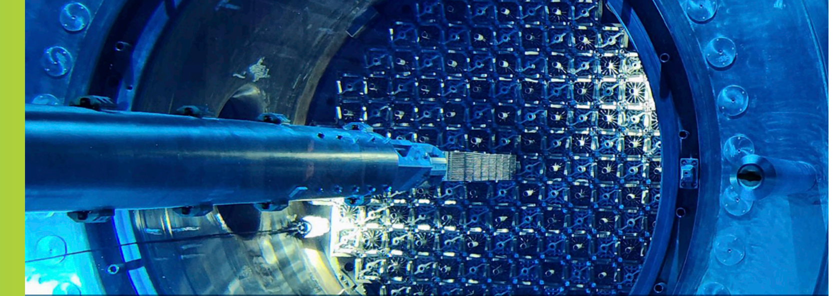
Note: On May 1, 2023, HFT was completed at Unit 4, marking the last step for the unit ahead of fuel load. MEAG Power expects Unit 4 to enter service in the first quarter of 2024.

Vogtle Litigation Settlement

Another important Vogtle-related matter that was resolved during the year was the settlement of the litigation filed in June 2022 by MEAG Power and its wholly owned subsidiaries. The lawsuit sought clarification of Georgia Power Company (GPC's) construction cost responsibility under the Plant Alvin W. Vogtle Units 3 and 4 (Vogtle Units 3 & 4) ownership arrangements and the right of each of the Vogtle Units 3 & 4 Project Entities to tender a portion of its ownership interest in the project.

MEAG Power, its wholly owned subsidiaries and GPC agreed to a settlement of the litigation that we believe to be a very favorable resolution for the MEAG Power Participant communities, MEAG Power, its wholly owned subsidiaries and power purchase agreement (PPA) off-takers, JEA and PowerSouth.

Peak demand in 2022 reached
2,188 MW,
a 10% increase over 2021.



The last of the 157 fuel assemblies being loaded into the Vogtle Unit 3 reactor core.

Total delivered energy exceeded
12 million MWh
in 2022, an increase of 9% over 2021.

The Settlement Agreement, reached in late September, requires GPC to pay MEAG Power the full amount that MEAG Power claimed under the lawsuit plus an additional 20 percent of MEAG Power's share of any additional construction costs above the projected costs as of the date of the Agreement. To date, the economic value to the Vogtle Units 3 & 4 Project Entities achieved by the settlement is $37 million.

The obligations of MEAG Power and the Project Entities to pay operations and maintenance costs or other capital costs after completion remain unchanged.

Energy Trends in 2022

The push toward a clean-energy future gained major momentum in 2022, with the passage of landmark federal legislation aimed at accelerating this trend – which levels the playing field for public power in a significant way – and with record investment in Georgia making the state a nexus for the electric vehicle (EV), battery and solar infrastructure industries.

Inflation Reduction Act

President Biden on Aug. 16 signed into law the Inflation Reduction Act (IRA), which will extend and expand various energy tax incentives and give public power utilities direct access to such credits through a refundable direct payment tax credit.

Until passage of the IRA, public power utilities, which serve nearly 30 percent of all retail utility customers in the United States, have not been able to take advantage of tax-credit incentives for renewable energy projects they own. Instead, tax-exempt, community-owned utilities have had to enter into power purchase agreements with third-party developers — who often themselves would enlist a tax equity partner to monetize energy tax credits.

This process is inefficient and, typically, much of the value of the tax credits that are intended to reduce the cost of the project to consumers is lost through the transaction.

The IRA corrects this by allowing tax-exempt entities to claim energy tax credits directly. Public power has long supported this approach, which will lead to lower costs, local jobs, and more equitable energy service for all customers.

Power purchase agreements will continue to be useful tools that can reduce project development risk, and many public power utilities will continue to use them to secure access to energy facilities.

The new law also includes a tax credit for owners of existing nuclear facilities, which would include Vogtle units 1 & 2, and Hatch units 1 & 2. The value, if any, of this tax credit is unknown at this time.

The IRA does not apply to Vogtle Units 3 & 4, because they will receive previously established 45j tax credits. However, on March 9, 2023, the Internal Revenue Service issued Notice 2023-24 that withdrew all previously allocated credits for advanced nuclear facilities – including those previously allocated to MEAG Power.

The Notice provides that all entities must re-apply for a new allocation within 30 days of when the advanced nuclear facilities are placed in service. The Vogtle Units 3 & 4 Project Entities made an application for their proportionate shares of the Production Tax Credits for advanced nuclear facilities pertaining to Vogtle Unit 3 on April 17, 2023.

MEAG Power will continue to analyze the new law as federal agencies issue guidelines and rulings regarding its implementation, and we are estimating the potential savings that the existing nuclear tax credit could provide.

Tumultuous Natural Gas Market & High Prices

After many years of relative stability and low market prices, 2022 was the most volatile year for natural gas prices since the era of deregulation began in the early 1990s.

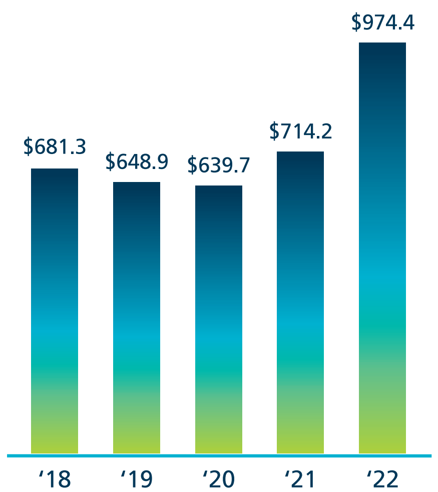
The price fluctuations were driven by numerous unprecedented disruptions, including the war in Ukraine and an increased reliance on natural gas to fill the generation deficit as more coal plants are decommissioned and not enough replacement power has yet been added to the grid. In addition, gas pipeline capacity is lagging, coal delivery constraints limited inventories at the remaining coal plants, and severe weather events played a role in the price spikes seen during the year.

The average monthly market price for natural gas was remarkably stable for the period from February 2018 through June 2021, when it starting rising before normalizing again at year-end 2021. In 2022, the market price was as low as about $45 per MWh and as high as about $145 per MWh.

Adding to the mix at the end of an already chaotic year were unexpected pipeline distribution issues and yet another unprecedented weather event, Winter Storm Elliot, which wreaked havoc in the market in late December.

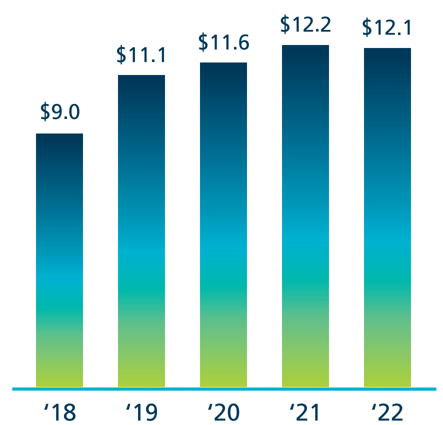
Selected Financial Highlights

TOTAL REVENUES
(dollars in millions)



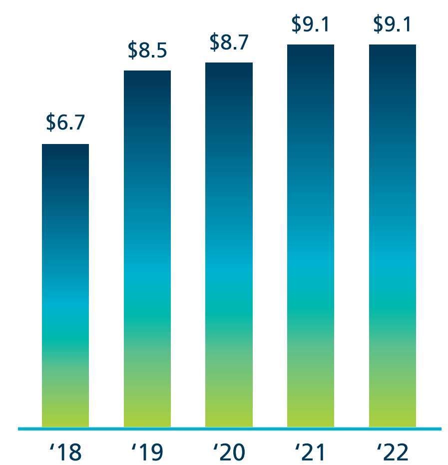
Total revenues increased $260.2 million during 2022, due primarily to higher Participant billings for supplemental bulk supply and fuel. Fair value-related changes were also a factor.

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
(dollars in billions)



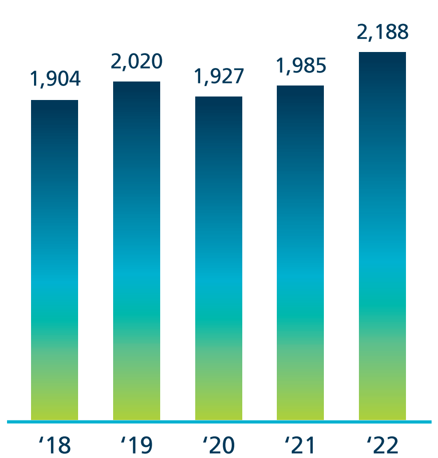
Total assets and deferred outflows of resources decreased $86.4 million during 2022 due to, among other things, changes in the fair value of financial and derivative instruments related to rising interest rates.

TOTAL DEBT OUTSTANDING
(dollars in billions)



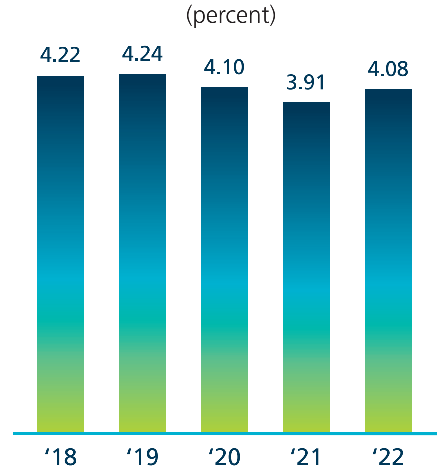
Total debt outstanding was $9.1 billion at both December 31, 2022 and 2021.

PEAK DEMAND
(MW)



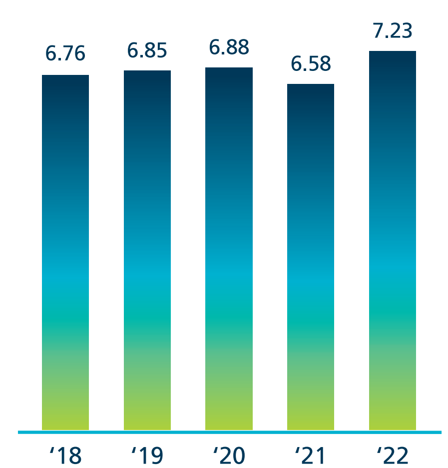
In 2022, peak demand increased 10% due primarily to new customer loads of the Participants and slightly warmer summer weather.

ANNUAL WEIGHTED-AVERAGE INTEREST COST
(percent)



The weighted-average interest rate of MEAG Power's debt was 4.08% for 2022, compared with 3.91% for 2021. The increase was primarily due to higher variable interest rates, and higher fixed rates resulting from 2022 bond issuances.

COST TO PARTICIPANTS
(cents/kWh)



In 2022, total cents per kWh was 7.23, compared with 6.58 in 2021. The increase was primarily due to higher Participant billings for purchased power related to supplemental bulk supply and fuel, which were partially offset by a 9% increase in delivered energy.

With temperatures plummeting over much of the U.S., demand for natural gas greatly increased from both home heating and electricity generation requirements. On Dec. 23, natural gas demand surged to 160 billion cubic feet (Bcf)/day, with power demand 45% higher than average and residential / commercial demand 55% higher than average. The massive increase in natural gas demand required the market to utilize over 200 Bcf of natural gas storage during the event.

Natural gas spot pricing averaged $8.49/MMBtu during the peak five days (Dec. 23-27), with pipeline capacity pricing averaging $47.17/MMBtu during the same period. Plant Addison was the highest priced unit dispatched, at an estimated price of $285/MWh.

MEAG Power's delivered cost of power for 2022 was 7.23 cents/KWh, with off-system purchases significantly over budget, and off-system sales also over budget. Energy consumption was 9.2% higher year-over-year, and actual consumption 6.4% higher than budget. The higher energy consumption was in part attributable to our increased crypto-mining load during the year, which rose from 526,437 MWh in 2021 to 1,331,623 MWh to 2022, a 153% increase.

Southeast Energy Exchange Market (SEEM)

MEAG Power participated with many of the electric service providers in the Southeast in the creation of SEEM. SEEM is an extension of the existing bilateral market where participants use an automated, intra-hour energy exchange to buy and sell power close to the time the energy is consumed, utilizing available unreserved transmission capacity.

In January 2022, MEAG Power officially joined SEEM and is participating in the market as a member. SEEM began operations in November 2022 and will add four Florida utilities to SEEM membership in 2023. With these additions, SEEM members represent nearly 23 entities in parts of 12 states with more than 180,000 MWs (summer capacity; winter capacity is nearly 200,000 MWs) across two time zones. These companies serve the energy needs of more than 36 million retail customers (nearly 60 million people).

Georgia Becoming EV & Infrastructure Nexus

During 2022, Georgia continued its meteoric rise as a center of growth for the EV, battery and solar infrastructure industries.

The growth of these industries is fueling growth among MEAG Power Participants, both directly and indirectly. Some Participant communities are benefitting from direct and secondary investment from EV- and solar-related plant construction, tax-base growth and ancillary economic benefits. Down the road, as EVs begin to predominate, a boost in electricity sales seems a likely benefit as well.

The most prominent projects announced in Georgia – many of them in or near MEAG Power Participant communities – include:

- **Rivian** chose a site near ***Covington*** for its new $5 billion assembly plant and battery factory. Rivian plans to build a carbon-conscious campus, with the plant eventually employing more than 7,500 workers. Once ramped up, the facility will be capable of producing up to 400,000 vehicles per year. Site work on the facility began in October 2022, with vertical construction slated for 2023.
- **SK Battery America** has built two plants in ***Commerce***, a $2.6 billion project. Plant one began commercial operation early in 2022, producing batteries for Ford and Volkswagen. Plant two was set to begin production in the first quarter of 2023. SK Battery America met its hiring goal of 2,600 jobs by the end of 2022 and announced it would hire up to 3,000 in total.
- **Hyundai** announced in May 2022 that it would invest $5.5 billion in an EV and battery plant near Savannah, creating 8,100 new jobs. The plant broke ground in October, with the factory slated in 2025 to begin producing up to 300,000 electric vehicles per year. In November, Hyundai announced a second plant that will produce and supply power systems and charging units for the larger plant, an investment of $926 million that will eventually employ 1,500 people.
- **Q Cells Co. Ltd.** will construct a plant in ***Cartersville*** to build solar panels. That factory is set to create around 2,000 jobs and manufacture 3.3 gigawatts of solar. The plan was to break ground in the first quarter of 2023. Combined with another plant in Dalton, Q Cells' investment will top $2.5 billion and bring a total of 2,500 jobs.
- **Hanwha Advanced Materials Georgia Inc.,** a supplier to Qcells, will invest $147 million in a new ***Cartersville*** manufacturing facility, creating 160 jobs. The factory will support Qcells' plant in Cartersville, the first in the U.S. to build silicon solar panels from raw materials.
- Norway-based **Freyr**, a developer of clean, next-generation battery cell production capacity, will invest nearly $2.6 billion in its planned Giga America battery plant in ***Newnan***, creating over 700 jobs.
- **Ascend Elements** opened its first commercial-scale lithium-ion battery recycling facility in ***Covington*** in early 2023. The plant represents a $50 million investment, with an expected 185 jobs, and is North America's largest electric vehicle battery recycling facility.

These plants position Georgia as a nexus of the growing EV, battery and solar industries – with a number of related infrastructure companies and suppliers investing billions of dollars more in the state. And both the direct and secondary benefits to MEAG Power Participants will accrue over decades to come.

Participant, Management & Board News

It was a banner year for Participants – both individually and community-wide. Three individual Participants won American Public Power Association (APPA) awards, four Participant communities were named Visionary Cities, one new MEAG Power Board member was elected and a Participant mayor was elected to a council position with the APPA. In addition, MEAG Power hired a new chief financial officer.

Steve Rentfrow, former general manager of the Crisp County Power Commission (who retired from the MEAG Power Board in July after 27 years of service), received the APPA's James D. Donovan Individual Achievement Award. The award recognizes individuals who have made significant contributions to the electric utility industry and to public power.

Angie Luna, deputy city manager – Power & Public Works, for the city of Acworth, received the Robert E. Roundtree Rising Star Award during the APPA's National Conference in Nashville. The award is a scholarship presented to future leaders in public power.

Ed Moon, city manager of the city of West Point, received the Larry Hobart Seven Hats Award. The award recognizes managers of small utilities serving fewer than 2,500 meters. These managers have a very small staff and must assume multiple roles.

Acworth, Covington, Lawrenceville and Moultrie were among the nine cities recognized in January by the Georgia Municipal Association and Georgia Trend in the third annual Visionary Cities Awards for projects that create positive change through collaboration and civic engagement.

At the Annual Meeting in July, delegates from the 49 Participants voted to re-elect Larry M. Vickery, former Calhoun Utilities General Manager, and LaGrange Utility Director Patrick C. Bowie, Jr., to new terms on the Board, as well as electing Forsyth Mayor Eric S. Wilson to fill the vacancy resulting from Steve Rentfrow's retirement from the Board.

Elberton Mayor Daniel Graves was selected to be a member of the APPA's Policy Makers Council (PMC) to represent Region 5 for a three-year term (January 2023 - December 2025). The PMC assists APPA in advocating for federal policies that are important to public power utilities nationwide. Mayor Graves joins Jim Fuller, who is an APPA board member, as a significant contributor to APPA and public power.

And in May, MEAG Power named Reiko Kerr senior vice president and chief financial officer, filling the vacancy resulting from Edward Easterlin's retirement. Kerr joined MEAG Power from the Los Angeles Department of Water and Power, where she was senior assistant general manager of the nation's largest municipal utility.

Publications & Events Management Updated

MEAG Power continued to update and improve our publications and events management in 2022 for the benefit of our Participants.

We launched a new online-only version of our newsletter, CURRENT, which features regular updates on MEAG Power, Participant and public power news. The new online CURRENT streamlines and improves the user experience by linking directly to numerous areas of interest on the corporate website, including the event calendar for updates on meetings and events, the Participant News & Information section for economic development updates and news highlights, and provides timely updates on Plant Vogtle Units 3 & 4.

In addition, we updated the designs and formats of Under the Domes, which provides regular updates on proposed legislation of interest to Participants during the Georgia Legislative session, and the Legislative Guide, which provides a complete listing and contact information for all members of the federal and state delegations who represent MEAG Power Participant communities.

For the 2022 Annual Meeting and all subsequent MEAG Power events, we launched a new online registration and payment capability as part of our corporate website. This new system was purpose-built to allow multiple members of a Participant community to sign up for any event in a single registration – with a single payment. We also began to build out accompanying event pages so attendees can easily access event information online by simply scanning a QR code.

And we continue to build new, updated Participant pages using the same platform on which our corporate site is built. The new "Participant Portal" pages will be launched in their entirety in 2023.

We will continue to provide our Participants every advantage possible to enable them to ensure that their communities remain competitive and successful into the future.

R. Steve "Thunder" Tumlin, Jr.
Chairman

James E. Fuller
President and Chief Executive Officer

May 30, 2023

The MEAG Power Board

LEFT TO RIGHT

Gregory P. Thompson
Businessman, Monroe

William J. Yearta
State Representative, Sylvester

Eric S. Wilson
Mayor, Forsyth

L. Timothy Houston, Sr.
Secretary-Treasurer
Alderman, Acworth

R. Steve "Thunder" Tumlin, Jr.
Chairman
Mayor, Marietta

Larry M. Vickery
Vice Chairman
Former General Manager
Calhoun Utilities

Patrick C. Bowie, Jr.
Utility Director, LaGrange

L. Keith Brady
Mayor, Newnan

Terrell D. Jacobs
Municipal Operations Consultant
Georgia Municipal Association

Senior Management

LEFT TO RIGHT

Peter M. Degnan, Esq.
Senior Vice President and
General Counsel

Steven M. Jackson
Senior Vice President and
Chief Operating Officer

James E. Fuller
President and
Chief Executive Officer

Reiko A. Kerr
Senior Vice President and
Chief Financial Officer

Douglas K. Lego
Vice President and
Chief Administrative Officer

MEAG POWER 2022 Financial Review

Management's Discussion and Analysis of Financial Condition and Results of Operations (Unaudited)

Introduction

The Municipal Electric Authority of Georgia (MEAG Power) is a public corporation and an instrumentality of the State of Georgia (the State), created by the State for the purpose of owning and operating electric generation and transmission facilities to supply bulk electric power to political subdivisions of the State which owned and operated electric distribution systems as of March 18, 1975, and which contracted with MEAG Power for the purchase of wholesale power. The statute under which it was created provides that MEAG Power will establish rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit, unless any such profit inures to the benefit of the public. Forty-eight cities and one county in the State (the Participants) have contracted with MEAG Power for bulk electric power supply needs.

Overview of the Consolidated Financial Statements

MEAG Power is comprised of the following projects/funds, as discussed in the Notes to Consolidated Financial Statements (Notes) Note 1, "The Organization" (Note 1), section (A), "Reporting Entity":

- Project One;
- General Resolution Projects;
- Combined Cycle Project (CC Project);
- Vogtle Units 3&4 Projects and Project Entities; and
- The Municipal Competitive Trust (Competitive Trust).

As discussed in Note 1, section (F), "Telecommunications Project," an affiliate organization of the Telecommunications Project, sold its assets to Accelecom Georgia, LLC (Accelecom) on September 30, 2022.

This discussion serves as an introduction to the basic consolidated financial statements of MEAG Power to provide the reader with an overview of MEAG Power's financial position and operations.

The Consolidated Balance Sheet (Balance Sheet) summarizes information on all of MEAG Power's assets and deferred outflows of resources, as well as liabilities and deferred inflows of resources.

Revenue and expense information is presented in the Consolidated Statement of Net Revenues (Statement of Net Revenues). Revenues represent billings for wholesale electricity sales to the Participants and sales of electricity to unrelated parties, as discussed in Note 2, "Summary of Significant Accounting Policies and Practices" (Note 2), section (C), "Revenues." Expenses primarily include operating costs and debt service-related charges.

The Consolidated Statement of Cash Flows is presented using the direct method. This method provides broad categories of cash receipts and cash disbursements pertaining to cash provided by or used in operations, investing and financing activities.

The Notes are an integral part of MEAG Power's basic consolidated financial statements and provide additional information on certain components of these statements.

Financial Condition Overview

MEAG Power's Balance Sheet as of December 31, 2022, 2021 and 2020 is summarized below (in thousands). Significant 2022 transactions include:

- Construction work in progress (CWIP) additions of $373.0 million, mainly pertaining to Generation Station Vogtle, Unit Nos. 3 (Unit 3) and 4 (Unit 4) (collectively, Vogtle Units 3&4).
- Bond issuances for Vogtle Units 3&4 construction costs totaling $375.2 million (see "Financing Activities").

	2022	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Property, plant and equipment, net	**$ 8,326,730**	$ 8,044,173	$ 7,430,336
Other non-current assets	**2,412,791**	2,499,093	2,491,581
Current assets	**1,120,074**	1,369,606	1,386,770
Total assets	**11,859,595**	11,912,872	11,308,687
Deferred outflows of resources	**267,881**	301,049	281,879
Total Assets and Deferred Outflows of Resources	**$12,127,476**	$12,213,921	$11,590,566
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Long-term debt	**$ 8,834,554**	$ 8,846,018	$ 8,474,846
Non-current liabilities	**1,062,080**	1,077,446	1,022,194
Current liabilities	**938,198**	968,061	887,493
Total liabilities	**10,834,832**	10,891,525	10,384,533
Deferred inflows of resources	**1,292,644**	1,322,396	1,206,033
Total Liabilities and Deferred Inflows of Resources	**$12,127,476**	$12,213,921	$11,590,566

The primary changes in MEAG Power's consolidated financial condition as of December 31, 2022 and 2021 were as follows:

2022 COMPARED WITH 2021

Assets and Deferred Outflows of Resources

During 2022, total assets and deferred outflows decreased $86.4 million, or (0.7%). Within asset components:

- A $282.6 million increase in property, plant and equipment (PP&E) was primarily due to CWIP additions at Vogtle Units 3&4, as discussed in Note 3, "Property, Plant and Equipment" (Note 3), and in service transmission additions. These factors were partially offset by a $176.4 million decrease in PP&E in service, which was primarily related to the retirement and decertification of Generation Station Wansley Units 1&2 and Combustion Turbine Unit No. 5A (Generation Station Wansley), (see Note 2, section (G), "Generation and Transmission Facilities — Coal Generating Facilities"), and the sale of the Telecommunications Project's plant in service (see Note 1, section (F), "Telecommunications Project").
- Other non-current assets decreased $86.3 million, primarily related to a $384.9 million decrease in special funds, which was mainly due to payments for Unit 4 CWIP additions and a net decrease in the fair value of financial instruments (see "Non-Operating Expense (Income), Net"). Net costs to be recovered from Participants increased $301.0 million, due mainly to Vogtle Units 3&4 capitalized interest and a regulatory asset related to the retirement of Generation Station Wansley, as discussed above.
- A $249.5 million decrease in current assets was primarily due to a $301.5 million decrease in special funds, which was mainly related to scheduled debt service payments and Unit 3 CWIP additions. These factors were partially offset by proceeds from bond issuances, as discussed in "Financing Activities." Other receivables increased $24.7 million, primarily due to cash subsidy accruals on Build America Bonds. Materials, supplies and other assets increased $14.2 million, due mainly to an increase in maintenance materials for Vogtle Units 3&4 and transmission, which were partially offset by a decrease in Generation Station Wansley maintenance materials.

Deferred outflows of resources decreased $33.2 million, primarily due to a $49.6 million increase in the fair value of interest rate swap agreements, which was partially offset by a $14.2 million increase related to retirement benefits.

Liabilities and Deferred Inflows of Resources

During 2022, total liabilities decreased $56.7 million, or (0.5%), as follows:

- A decrease of $11.5 million in long-term debt was primarily due to scheduled payments, which was partially offset by $375.2 million in Vogtle Units 3&4 bond issuances (see "Financing Activities").
- Non-current liabilities decreased $15.4 million primarily due to the increase in the fair market value of interest rate swap agreements. Competitive Trust obligations decreased $16.4 million due to a decline in mark-to-market values, related to rising interest rates, and withdrawals for use by the Participants. These factors were partially offset by a $30.0 million increase in asset retirement obligations (ARO), related to decommissioning costs and coal combustion residual and effluent limitations guidelines, as discussed in Note 2, section (H), "Asset Retirement Obligations and Decommissioning" (Note 2 (H)). Net pension obligations also increased $19.8 million (see Note 7, "Retirement Plan and Other Postemployment Benefits — Net Pension Liability").
- A decrease of $29.9 million in current liabilities was due mainly to decreases of:
  - $28.7 million in the Competitive Trust Flexible Operating account, which was also due to the decline in mark-to-market values and Participant withdrawals, as mentioned above,
  - $12.5 million in accounts payable, mainly due to lower accruals for 2022 year-end settlement refunds due to the Participants (see Note 2, section (C), "Revenues —Year-End Settlement"), and
  - $9.3 million in construction liabilities related primarily to accruals for Vogtle Units 3&4.

These factors were partially offset by a $12.2 million increase in accrued interest pertaining to 2022 Vogtle Units 3&4 bond issuances and U.S. Department of Energy (DOE) guaranteed loans. A $9.8 million increase in borrowings under lines of credit and other short-term debt was used mainly for temporary financing purposes.

A decrease of $29.8 million in deferred inflows of resources was primarily due to a decrease in the fair value of financial instruments (see "Non-Operating Expense (Income), Net"), which was partially offset by timing differences between amounts billed and expenses determined in accordance with accounting principles generally accepted in the United States (Timing Differences) (see Note 2, section (A), "Basis of Accounting") and ARO-related items.

2021 COMPARED WITH 2020

Assets and Deferred Outflows of Resources

Total assets and deferred outflows of resources increased $623.4 million, or 5.4%, during 2021. Within asset components:

- PP&E increased $613.8 million due primarily to CWIP additions at Vogtle Units 3&4, as discussed in Note 3.
- A $7.5 million increase in other non-current assets was mainly due to a $161.0 million increase in net costs to be recovered from Participants, primarily related to Vogtle Units 3&4 capitalized interest, as the result of implementing Governmental Accounting Standards Board Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period" (see Note 2, section (N), "Recent Accounting Pronouncements"). Investment in Alliance increased $12.4 million due to power marketing activities of The Energy Authority (TEA) (see Note 6, "Investment in Alliance" (Note 6)). These factors were partially offset by special funds, which decreased $166.5 million primarily related to payments for Vogtle Units 3&4 CWIP additions, which were partially offset by bond issuance proceeds.
- Current assets decreased $17.2 million primarily related to other receivables and fuel stocks. Other receivables decreased $26.3 million mainly due to a decrease of $24.2 million in subsidy accrued on Build America Bonds related to the timing of subsidy payments received from the U.S. Treasury. A $12.2 million decrease in fuel stocks was primarily due to higher coal usage. These factors were partially offset by a $19.8 million increase in materials, supplies and other assets, which was mainly due to an increase in the fair value of gas hedge investments (see below) and a $5.1 million increase in generation station maintenance materials.

Deferred outflows of resources increased $19.2 million due primarily to a $56.2 million increase in ARO. These factors were partially offset by increases in the fair value of interest rate swap obligations and gas hedges of $19.1 million and $13.7 million, respectively.

Liabilities and Deferred Inflows of Resources

Total liabilities increased $507.0 million, or 4.9%, during 2021 as follows:

- Long-term debt increased $371.2 million primarily due to $601.3 million in bond issuances and $74.2 million in net premium amortization. These factors were partially offset by $327.1 million in bond repayments and debt refundings.
- An increase of $55.3 million in non-current liabilities was primarily due to an increase of $84.1 million in ARO, related to decommissioning costs and coal combustion residual and effluent limitations guidelines. These factors were partially offset by a $23.2 million decrease in other non-current liabilities, which was primarily due to the increase in the fair market value of interest rate swaps and a $4.3 million reduction in net pension obligations.
- Current liabilities increased $80.6 million due mainly to increases of:
  - $47.1 million in accounts payable, mainly due to accruals for 2021 year-end settlement refunds due to the Participants, gas hedge collateral and payments in lieu of ad valorem taxes pertaining to tangible property.
  - $11.6 million in the current portion of long-term debt due to scheduled bond amortization.
  - $13.4 million due to Participants deposits in the Competitive Trust Flexible Operating account.
  - $9.3 million in accrued interest mainly due to 2021 bond issuances, as well as longer accrual periods for fourth quarter 2020 bond issuances.

These factors were partially offset by a $4.0 million decrease in construction liabilities mainly related to Vogtle Units 3&4 and transmission facilities.

Deferred inflows of resources increased $116.4 million primarily due to Timing Differences, power marketing activities of TEA, (see "Assets and Deferred Outflows of Resources") and ARO-related items.

Results of Operations

MEAG Power's Statement of Net Revenues for each of the years ended December 31, 2022, 2021 and 2020 is summarized below (in thousands):

	2022	2021	2020
Revenues:			
Participant	**$874,545**	$592,225	$538,213
Other	**99,840**	121,969	101,494
Total revenues	**974,385**	714,194	639,707
Operating expenses	**722,685**	604,628	565,562
Net operating revenues	**251,700**	109,566	74,145
Non-operating expense, net	**172,616**	32,526	50,999
Change in net costs to be recovered from Participants or Competitive Trust obligations	**79,084**	77,040	23,146
Net Revenues	**$ —**	$ —	$ —

The primary changes in MEAG Power's results of operations for the years ended December 31, 2022 and 2021 were as follows:

2022 COMPARED WITH 2021

Revenues

Total revenues were $974.4 million during 2022, compared with $714.2 million for 2021, an increase of 36.4%:

- A $282.3 million increase in Participant revenues, or 47.7%, was primarily due to higher Participant billings for certain operating expenses, mainly purchased power for supplemental bulk supply and fuel (see "Operating Expenses"), and the accounting treatment of the net change in the fair value of financial instruments (see "Non-Operating Expense (Income), Net").
- Other revenues decreased $22.1 million, or 18.1%, primarily due to an allocation from TEA related to power marketing activities that was received in 2021, but not in 2022, and Pseudo Scheduling and Services Agreement (PSSA) energy sales. These factors were partially offset by an increase in debt service billings under the Vogtle Units 3&4 power purchase agreements.

Operating Expenses

During 2022, operating expenses increased 19.5% to $722.7 million, compared with $604.6 million for 2021:

- Purchased power expense increased $85.1 million, primarily due to coal conservation measures impacting economic dispatch and higher replacement power purchase prices.
- Total fuel expense increased $40.7 million, due mainly to the following factors:
  - Natural gas expense increased $23.2 million, due mainly to higher prices and coal transportation issues, which prevented greater fuel switching away from natural gas.
  - Coal expense increased $19.5 million, primarily due to higher generation, resulting from the increase in natural gas as well as power market prices, and higher transportation costs.
- Other generating and operating expense decreased $7.4 million, primarily due to a decrease in PSSA purchases, related to coal conservation matters, reduced margins from a sale of natural gas pipeline capacity, and a decrease in nuclear maintenance expense due to fewer scheduled outages. These factors were partially offset by an increase in scheduled major maintenance performed on the Wansley Combined Cycle Facility (CC Facility).

Non-Operating Expense (Income), Net

Net non-operating expense, which includes interest expense and other related components such as amortization of debt discount and expense, investment income, net change in the fair value of financial instruments, interest capitalized and subsidy on Build America Bonds (collectively, Net non-operating expense), totaled $172.6 million during 2022. This $140.1 million increase from the total of $32.5 million for 2021 was due primarily to changes in these components of Net non-operating expense:

- A $16.1 million increase in interest expense was primarily related to 2021 bond issuances, which were outstanding for only a portion of 2021, Vogtle Units 3&4 bond issuances during 2022 (see "Financing Activities"), and higher interest rates on certain DOE loans and the public market debt issued. These factors were partially offset by scheduled debt payments.
- Investment income decreased $16.5 million, primarily driven by a decrease in investment balances over the year.
- The fair value of financial instruments decreased $98.2 million, related to a selloff in U.S. equities during 2022.

Net Costs to Be Recovered or Competitive Trust Obligations

The change in net costs to be recovered from Participants or Competitive Trust obligations was $79.1 million for year ended December 31, 2022, which was comparable to $77.0 million for the year ended December 31, 2021.

2021 COMPARED WITH 2020

Revenues

During 2021, total revenues were $714.2 million, compared with $639.7 million for 2020, an increase of 11.6%:

- Participant revenues increased $54.0 million, or 10.0%, due primarily to deferred inflows of resources, which decreased $35.0 million pertaining to Timing Differences and ARO-related items. Also, due in part to a 6.1% increase in energy delivered to the Participants, billings for certain operating expenses, mainly fuel, increased as discussed below.
- An increase of $20.5 million, or 20.2%, in other revenues was mainly due to an allocation from TEA related to power marketing activities (see Note 6) totaling $16.0 million. Off-system energy sales increased $13.3 million due primarily to higher market prices. These factors were partially offset by a $14.1 million decrease in contract energy sales under the PSSA.

Operating Expenses

2021 operating expenses increased 6.9% to $604.6 million, compared with $565.6 million for 2020:

- Total fuel expense increased $36.9 million due mainly to the following factors:
  - Natural gas expense, which increased $23.2 million due mainly to higher natural gas prices that were partially offset by a 5.3% decrease in generation from the CC Facility, due to the cost impact of higher natural gas prices on the economic dispatch of the unit.
  - A $13.3 million increase in coal expense due to a significant increase in generation.
- Other generating and operating expense increased $6.7 million due mainly to increases in PSSA purchases related to higher natural gas prices.

These factors were partially offset by a $5.1 million decrease in transmission expense mainly related to lower than expected substation and vegetation maintenance.

Non-Operating Expense (Income), Net

Net non-operating expense totaled $32.5 million during 2021. This 36.2% decrease from the total of $51.0 million for 2020 was due primarily to changes in these components of Net non-operating expense:

- Interest capitalized increased $46.3 million due mainly to additional capital investment in Vogtle Units 3&4.
- A $7.3 million increase in amortization of debt discount and expense was primarily due to premium amortization pertaining to 2021 and 2020 bond issuances.

These factors were partially offset by the fair value of financial instruments, which decreased $40.5 million due mainly to an increase in interest rates, which was related to a slight recovery from the impact the novel coronavirus, COVID-19, pandemic had on financial markets in 2020.

Net Costs to Be Recovered or Competitive Trust Obligations

The change in net costs to be recovered from Participants or Competitive Trust obligations was $77.0 million and $23.1 million for the years ended December 31, 2021 and 2020, respectively. For both years, the net costs to be recovered portion pertained to the Vogtle Units 3&4 Projects and Project Entities and was related to Timing Differences and Net non-operating expense. The change in Competitive Trust obligations was zero in 2021 and immaterial in 2020.

Vogtle Units 3&4 Projects and Project Entities

Certain key recent developments pertaining to Vogtle Units 3&4 are outlined below. For additional information and definitions of certain terms, see Note 1, section (D), "Vogtle Units 3&4 Projects and Project Entities" (Note 1 (D)).

- On May 29, 2023, Unit 3 safely reached 100 percent power, marking a major milestone towards commercial operation. This milestone marks the maximum energy the unit is licensed to produce in the reactor core and is the first time the unit has reached its expected output of approximately 1,100 electric MW.

  In alignment with the testing performed throughout power ascension, testing at the 100 percent power level is focused on the operation of the reactor, control systems for the reactor and support systems, and integrated plant operations. Plant performance is monitored at various conditions and data is gathered and evaluated by site engineers. With the unit reaching full power for the first time, other tests must be performed at this power level before the unit is available for reliable dispatch in accordance with its COL.

  Once all start-up testing is successfully completed and the unit is available for reliable dispatch, Unit 3 will enter commercial operation. GPC projects that Unit 3 will be placed in service during June 2023.
- On March 6, 2023, Unit 3 achieved self-sustaining nuclear fission, commonly referred to as initial criticality, and, on April 1, 2023, the generator successfully synchronized to the power grid and generated electricity for the first time.
- Fuel load into the Unit 3 reactor vessel was completed on October 17, 2022, which marked a major milestone toward start-up and commercial operation of Unit 3. The Unit 3 fuel load came after Southern Nuclear received a 103(g) finding from the U.S. Nuclear Regulatory Commission (NRC) on August 3, 2022, which signified that the new unit has been constructed and will be operated in conformance with its Construction and Operating License and NRC regulations.
- Hot functional testing for Unit 4 was completed on May 1, 2023, and the first shipment of nuclear fuel for Unit 4 was received on May 3, 2023. GPC projects fuel load to occur in the third quarter 2023, with Unit 4 being placed in service during late fourth quarter 2023 or first quarter 2024.

- Based on the construction cost estimate set forth in the Vogtle Construction Monitoring 28 Report issued on February 16, 2023, as well as recently updated construction cost estimate and contingency information discussed in the "Status of Units, Cost and Schedule" section of Note 1 (D), and based on in-service dates of June 2023 and first quarter 2024 for Unit 3 and Unit 4, respectively, MEAG Power estimates that the Vogtle Units 3&4 Project Entities' in-service cost will be, in the aggregate, approximately $7.5 billion, including construction and financing costs through the estimated in-service dates, contingencies, initial fuel load costs and switchyard and transmission costs. Additional financing needs relating to required reserve funds and other fund deposits result in total financing needs of approximately $8.0 billion for the Vogtle Units 3&4 Project Entities, of which approximately $23.1 million remains to be financed.
- On September 29, 2022, MEAG Power and the Vogtle Units 3&4 Project Entities entered into a Settlement Agreement with Georgia Power Company (GPC) (Settlement Agreement) to resolve claims with respect to the tender option and cost-sharing provisions of the Global Amendments. Under the Settlement Agreement:
  - GPC will reimburse the Vogtle Units 3&4 Project Entities for (1) 15% of their share of the actual cost of construction of Vogtle Units 3&4 in excess of $18.7 billion, up to and including $19.6 billion, and (2) 20% of their share of the actual cost of construction of Vogtle Units 3&4 in excess of $19.6 billion. Assuming the actual cost of construction equals the current budgeted construction amount of $21.0 billion, total payments to the Vogtle Units 3&4 Project Entities by GPC pursuant to this provision will total approximately $92 million. Any additional increase in construction costs will result in additional payments by GPC to the Vogtle Units 3&4 Project Entities. MEAG Power and the Vogtle Units 3&4 Project Entities released GPC from claims for additional reimbursement to the Vogtle Units 3&4 Project Entities of costs of construction of Vogtle Units 3&4 other than pursuant to the Settlement Agreement;
  - The Vogtle Units 3&4 Project Entities agreed not to tender any of their ownership interests in Vogtle Units 3&4 to GPC, which will remain 22.7% in the aggregate;
  - The parties dismissed with prejudice the existing litigation and delivered customary releases relating to the litigation; and
  - MEAG Power agreed not to vote to discontinue the construction of Vogtle Units 3&4 upon the occurrence of any Project Adverse Event, unless any of such events would cause the commercial operation date of either unit to occur after December 31, 2025.

  The obligations of MEAG Power and the Vogtle Units 3&4 Project Entities to pay operations and maintenance costs or other capital costs after the completion of either unit remain unchanged.

  On October 4, 2022, MEAG Power and GPC filed a notice of settlement and voluntary dismissal of their pending litigation, including GPC's counterclaim.

- In July 2022 and January 2023, MEAG Power issued $375.2 million and $452.1 million, respectively, of bonds for Vogtle Units 3&4 financing purposes (see "Financing Activities").
- In addition to fuel load for Unit 3, other major accomplishments for Unit 3 during 2022 included completion of the Inspections, Tests, Analyses, and Acceptance Criteria requirements for NRC approval, and issuance of the 103(g) letter approving the generation station was constructed per the design. Significant construction milestones for Unit 4 included completion of the structural integrity and integrated leak rate testing for the Unit 4 Containment Vessel. Closed vessel testing was completed, followed by the cold hydro testing of the Reactor Coolant System, including the Reactor. The Main Turbine was placed on turning gear in 2022, and the condenser vacuum was initiated.

Energy Resources

Solar Initiative

In 2021, MEAG Power entered into a Power Purchase Agreement (PPA) for the off-take of energy, capacity and environmental attributes from an 80 megawatts (MW) solar facility with a commercial operation date by 2024. The contract price was fixed for a term of 20 years. Twenty-three Participants entered into Power Purchase Contracts with MEAG Power for an entitlement share of the solar energy from this PPA.

MEAG Power's project with Pineview Solar LLC was among those projects impacted by a 2022 U.S. Department of Commerce anti-dumping investigation. In an effort to continue development of the project, MEAG Power negotiated an amendment to the PPA that adjusted the contract price, changed the guaranteed commercial operation date to November 1, 2024, and shortened the term of the PPA. On November 1, 2022, the MEAG Power Board (the Board) approved this amendment to the PPA, conditioned on acceptance by the 23 Participants, which acceptance was achieved in early 2023. Since that time, the Board has conditionally approved a second amendment to the PPA increasing the contract price for power given current market conditions. MEAG Power's execution of the second amendment to the PPA is subject to the approval of each of the 23 Participants of parallel amendments to their contracts with MEAG Power relating to the PPA.

SEEM

MEAG Power participates with many of the electric service providers in the Southeast in the Southeast Energy Exchange Market (SEEM), which began operations on November 9, 2022. SEEM is an extension of the existing bilateral market where participants use an automated, intra-hour energy exchange to buy and sell power close to the time the energy is consumed, utilizing available unreserved transmission capacity.

In January 2022, MEAG Power joined SEEM and is participating in the market as a member, along with 15 other founding members. Four Florida-based utilities joined as members effective January 1, 2023, and expect to initiate active energy trading in mid-2023. SEEM's members include 23 entities in parts of 12 states with more than 180,000 MW of capacity.

The Federal Energy Regulatory Commission's orders related to SEEM have been appealed. MEAG Power does not believe that the outcome of this matter will have a material impact on its business operations.

Capital Program

MEAG Power's PP&E includes nuclear, coal and natural gas generating units, as well as transmission, distribution and other plant facilities. PP&E investment net of accumulated depreciation, as well as CWIP balances as of December 31, 2022, were as follows (in thousands):

	Net Plant in service	Total CWIP
Nuclear	$ 895,401	$5,695,142
Coal	550,502	44,910
Natural gas	159,144	12,089
Transmission	406,373	26,431
Distribution	200,905	12,354
General/other plant	23,962	10,822
Total	$2,236,287	$5,801,748

Financing Activities

Funds generated from operations are estimated to provide approximately 51% of construction expenditures in 2023, 52% in 2024 and 45% in 2025, for Project One, the General Resolution Projects and the CC Project, collectively. The remaining expenditures will be met by issuing long-term bonds and utilizing MEAG Power's existing commercial paper program and bank lines of credit. Other than debt service billings, funds generated from the Vogtle Units 3&4 Projects and Project Entities are not anticipated to begin until each of Unit 3 and Unit 4 are placed into service. Revenues from pre-commercial operations, including test power sales, will be used to offset construction expenditures. To meet short-term cash needs and contingencies, $438.9 million of unused credit was available through lines of credit and other arrangements with banks (collectively, the Credit Arrangements) as of December 31, 2022, as described in the "Financing of Vogtle Units 3&4 Projects and Project Entities" and "Credit Agreements and Other Short-Term Debt" sections of Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps" (Note 5).

To finance additional construction for Vogtle Units 3&4:

- In July 2022, MEAG Power issued the following Series 2022A and 2022B (taxable) bonds (in thousands):

Vogtle Units 3&4	Series	Amount
Project M	2022A	$ 51,185
Project J	2022A	212,005
Project P	2022A	50,405
Project P	2022B	61,565
Total		$375,160

- MEAG Power issued the following Series 2023A and 2023B (taxable) bonds in January 2023 (in thousands):

Vogtle Units 3&4	Series	Amount
Project M	2023A	$128,035
Project J	2023A	192,370
Project P	2023A	61,665
Project P	2023B	69,985
Total		$452,055

The unenhanced ratings and outlook assigned to MEAG Power's senior lien and subordinated debt obligations as of May 25, 2023 are as follows:

		Fitch Ratings		Moody's Investors Service		Standard & Poor's	
Project	Lien	Rating	Outlook	Rating	Outlook	Rating	Outlook
Project One	Senior	A	Stable	A1	Stable	A	Negative
	Subordinated	A-	Stable	A2	Stable	A-	Negative
General Resolution Projects	Senior	A	Stable	A1	Stable	A	Negative
	Subordinated	A-	Stable	A2	Stable	A-	Negative
Combined Cycle Project	Senior	A-	Stable	A1	Stable	A-	Negative
Vogtle Units 3&4 Projects:							
Project M	Senior	BBB+	Stable	A2	Stable	A	Negative
Project J	Senior	BBB+	Stable	A3	Stable	A	Negative
Project P	Senior	BBB+	Stable	Baa2	Stable	BBB+	Negative

Additional information pertaining to MEAG Power's debt balances is provided in Note 5.

Liquidity and Capital Resources

MEAG Power generally funds its liquidity need for substantial cash flow from operating activities, access to the capital markets, credit facilities and special funds deposit balances. At December 31, 2022, MEAG Power had $2.4 billion of special funds deposits, of which $1.2 billion was available to fund various operating, construction, debt service and contingency requirements. Within the Competitive Trust, $593.3 million was invested and may be used by Participants to, among other things, fund their share of the acquisition and construction costs of any future MEAG Power generation project joined by such Participants, as well as funding of capacity purchases proposed by MEAG Power, purchase of additional entitlement shares or obligation shares of existing MEAG Power projects, and for mitigation of certain bulk power supply cost increases. A portion of the $593.3 million is contained within the Flexible Operating Account, which is also available to the Participants through the Competitive Trust but not subject to the foregoing restrictions (see Note 1, section (E), "Municipal Competitive Trust"). Investments in the Decommissioning Trust funds (see Note 2(H)) totaled $567.3 million.

Credit Arrangements with banks at December 31, 2022 totaled $605.2 million, of which $151.8 million provided liquidity support to $148.1 million of outstanding variable-rate demand obligations, and $14.5 million was drawn on the Credit Arrangements with the remaining $438.9 million available. The Credit Arrangements mature at various dates in 2025 through 2026, and management expects to renew or replace the facilities as needed prior to expiration. For additional information regarding available credit, see the "Financing of Vogtle Units 3&4 Projects and Project Entities" and "Credit Agreements and Other Short-Term Debt" sections of Note 5.

During 2023 through 2025, maturities of long-term debt and sinking fund redemptions are expected to total $403.3 million. These requirements will be included in the appropriate year's budgeted revenue requirements, as applicable, and collected from the Participants, as well as from JEA and PowerSouth Energy Cooperative, in the case of Project J and Project P, respectively (see the "Structure, DOE Guaranteed Loans and Recent Bond Financings — Vogtle Units 3&4 Projects" section of Note 1 (D)).

When considering the risks associated with liquidity and capital, MEAG Power is susceptible to changes in the interest rate environment. In rising interest rate markets, MEAG Power may be impacted by increases in costs associated with variable-rate debt and new debt issuances. These increases would be somewhat offset by increases in income earned on MEAG Power's investment portfolio. Conversely, when rates decline, MEAG Power may experience decreases in both the cost of some debt and the earnings on some investments. To partially mitigate this risk, MEAG Power occasionally implements hedges that help to stabilize the impact of these interest rate fluctuations. In addition, MEAG Power maintains an investment-grade credit rating and strong liquidity position, which provide access to competitive funding options.

Estimated construction and financing expenditures for Project One, the General Resolution Projects and the CC Project in total are estimated to be $168.8 million, $185.7 million and $201.1 million for the years 2023, 2024 and 2025, respectively. These expenditures are related to capital improvements at existing generating units and investment in transmission facilities. Also included in the estimates are the costs necessary to comply with certain environmental regulations, as described in the "Environmental Regulation" section of Note 8, "Commitments and Contingencies." MEAG Power's estimated construction expenditures for Vogtle Units 3&4, including various contingencies and financing amounts for the years 2023 through 2025 are $735.1 million. Actual construction costs may vary from the estimates due to factors such as changes in economic conditions; revised environmental regulations; changes to existing generating units to meet regulatory requirements; updated load forecasts; and the cost of construction labor, equipment and materials. As discussed in "Capital Program," CWIP as of December 31, 2022 totaled $5.8 billion.

2022 Consolidated Balance Sheet

December 31, 2022	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Eliminations	Total
ASSETS (in thousands)								
Property, plant and equipment, at cost:								
In service	**$3,461,255**	**$1,164,135**	**$ 332,861**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 4,958,251**
Less accumulated depreciation	**(1,919,837)**	**(628,410)**	**(173,717)**	**—**	**—**	**—**	**—**	**(2,721,964)**
Property in service, net	**1,541,418**	**535,725**	**159,144**	**—**	**—**	**—**	**—**	**2,236,287**
Construction work in progress	**121,623**	**36,482**	**12,089**	**5,631,554**	**—**	**—**	**—**	**5,801,748**
Nuclear fuel, net of accumulated amortization	**137,544**	**17,803**	**—**	**133,348**	**—**	**—**	**—**	**288,695**
Total property, plant and equipment, net	**1,800,585**	**590,010**	**171,233**	**5,764,902**	**—**	**—**	**—**	**8,326,730**
Other non-current assets:								
Investment in Alliance	**26,229**	**—**	**104**	**—**	**—**	**—**	**—**	**26,333**
Special funds, including cash and cash equivalents	**671,810**	**98,512**	**31,219**	**497,322**	**240,588**	**—**	**—**	**1,539,451**
Other receivables	**—**	**—**	**—**	**9,366**	**—**	**—**	**—**	**9,366**
Net costs to be recovered from Participants	**113,408**	**51,728**	**—**	**609,879**	**—**	**—**	**—**	**775,015**
Unamortized bond issuance costs	**6,844**	**1,513**	**428**	**53,841**	**—**	**—**	**—**	**62,626**
Total other non-current assets	**818,291**	**151,753**	**31,751**	**1,170,408**	**240,588**	**—**	**—**	**2,412,791**
Current assets:								
Special funds, including cash and cash equivalents	**187,709**	**62,297**	**37,992**	**191,801**	**352,733**	**329**	**—**	**832,861**
Supplemental power account, including cash and cash equivalents	**7,960**	**—**	**—**	**—**	**—**	**—**	**—**	**7,960**
Securities lending collateral	**120**	**14**	**—**	**—**	**—**	**—**	**—**	**134**
Receivables from Participants	**42,062**	**10,833**	**7,335**	**2**	**(233)**	**—**	**—**	**59,999**
Other receivables	**12,604**	**425**	**6,215**	**23,603**	**(129)**	**110**	**1,370**	**44,198**
Fuel stocks, at average cost	**8,816**	**17,296**	**—**	**—**	**—**	**—**	**—**	**26,112**
Materials, supplies and other assets	**88,147**	**15,927**	**22,224**	**22,512**	**—**	**—**	**—**	**148,810**
Total current assets	**347,418**	**106,792**	**73,766**	**237,918**	**352,371**	**439**	**1,370**	**1,120,074**
Total assets	**2,966,294**	**848,555**	**276,750**	**7,173,228**	**592,959**	**439**	**1,370**	**11,859,595**
Deferred outflows of resources:								
Accumulated decrease (increase) in fair value of hedging derivative instruments	**21,002**	**—**	**(12,810)**	**—**	**—**	**—**	**—**	**8,192**
Unamortized loss on refunded debt	**4,736**	**—**	**100**	**—**	**—**	**—**	**—**	**4,836**
Pensions and other postemployment benefits	**12,619**	**3,077**	**920**	**2,435**	**—**	**—**	**—**	**19,051**
Asset retirement obligations	**137,723**	**98,079**	**—**	**—**	**—**	**—**	**—**	**235,802**
Total deferred outflows of resources	**176,080**	**101,156**	**(11,790)**	**2,435**	**—**	**—**	**—**	**267,881**
Total Assets and Deferred Outflows of Resources	**$3,142,374**	**$ 949,711**	**$ 264,960**	**$7,175,663**	**$592,959**	**$439**	**$1,370**	**$12,127,476**

The accompanying Notes are an integral part of these consolidated financial statements.

2022 Consolidated Balance Sheet

December 31, 2022	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Eliminations	Total
LIABILITIES (in thousands)								
Long-term debt:								
Power Revenue bonds	$ 289,315	$ —	$ —	$ —	$ —	$ —	$ —	$ 289,315
General Power Revenue bonds	—	93,520	—	—	—	—	—	93,520
Combined Cycle Project Revenue bonds	—	—	45,005	—	—	—	—	45,005
Vogtle Units 3&4 Projects Revenue bonds	—	—	—	4,663,560	—	—	—	4,663,560
DOE Guaranteed Loans	—	—	—	2,090,701	—	—	—	2,090,701
Unamortized (discount) premium, net	11,825	2,983	6,388	169,694	—	—	—	190,890
Total Revenue bonds and DOE Guaranteed Loans	301,140	96,503	51,393	6,923,955	—	—	—	7,372,991
Subordinated debt	1,126,877	202,790	—	—	—	—	—	1,329,667
Unamortized (discount) premium, net	107,959	23,937	—	—	—	—	—	131,896
Total subordinated debt	1,234,836	226,727	—	—	—	—	—	1,461,563
Total long-term debt	1,535,976	323,230	51,393	6,923,955	—	—	—	8,834,554
Non-current liabilities:								
Asset retirement obligations	619,229	166,342	—	—	—	—	—	785,571
Competitive Trust obligations	—	—	—	—	240,014	—	—	240,014
Other	35,146	2,250	631	(1,629)	97	—	—	36,495
Total non-current liabilities	654,375	168,592	631	(1,629)	240,111	—	—	1,062,080
Current liabilities:								
Accounts payable	66,925	7,692	33,311	31,525	(173)	19	1,370	140,669
Construction liabilities	28,062	318	—	7,768	—	—	—	36,148
Securities lending collateral	137	16	—	—	—	—	—	153
Current portion of long-term debt	98,194	21,915	20,620	100,281	—	—	—	241,010
Lines of credit and other short-term debt	12,500	2,000	—	—	—	—	—	14,500
Competitive Trust obligations	—	—	—	—	353,021	—	—	353,021
Accrued interest	32,443	7,239	470	112,545	—	—	—	152,697
Total current liabilities	238,261	39,180	54,401	252,119	352,848	19	1,370	938,198
Commitments and contingencies (Note 8)	—	—	—	—	—	—	—	—
Total liabilities	2,428,612	531,002	106,425	7,174,445	592,959	19	1,370	10,834,832
Deferred inflows of resources	713,762	418,709	158,535	1,218	—	420	—	1,292,644
Total Liabilities and Deferred Inflows of Resources	$3,142,374	$949,711	$264,960	$7,175,663	$592,959	$439	$1,370	$12,127,476

The accompanying Notes are an integral part of these consolidated financial statements.

2022 Consolidated Statement of Net Revenues

For the Year Ended December 31, 2022 (in thousands)	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Eliminations	Total
Revenues:								
Participant	**$532,622**	**$137,036**	**$124,993**	**$ 77,515**	**$ —**	**$ 2,379**	**$—**	**$ 874,545**
Other	**38,931**	**6,002**	**9,831**	**46,675**	**—**	**(1,599)**	**—**	**99,840**
Total revenues	**571,553**	**143,038**	**134,824**	**124,190**	**—**	**780**	**—**	**974,385**
Operating expenses:								
Fuel	**69,594**	**46,404**	**100,141**	**—**	**—**	**—**	**—**	**216,139**
Purchased power	**112,402**	**—**	**—**	**—**	**—**	**—**	**—**	**112,402**
Other generating and operating expense	**145,431**	**46,747**	**24,240**	**352**	**1**	**247**	**—**	**217,018**
Transmission	**29,660**	**—**	**—**	**—**	**—**	**—**	**—**	**29,660**
Depreciation and amortization	**103,512**	**34,298**	**9,116**	**—**	**—**	**540**	**—**	**147,466**
Total operating expenses	**460,599**	**127,449**	**133,497**	**352**	**1**	**787**	**—**	**722,685**
Net operating revenues (loss)	**110,954**	**15,589**	**1,327**	**123,838**	**(1)**	**(7)**	**—**	**251,700**
Non-operating expense (income), net:								
Interest expense	**72,489**	**14,485**	**3,657**	**322,108**	**—**	**—**	**—**	**412,739**
Amortization of debt discount and expense	**(17,467)**	**(4,215)**	**(2,528)**	**(6,857)**	**—**	**—**	**—**	**(31,067)**
Investment income	**(11,218)**	**(2,103)**	**(977)**	**(10,677)**	**(25)**	**(7)**	**—**	**(25,007)**
Net change in the fair value of financial instruments	**73,481**	**8,177**	**1,175**	**18,563**	**—**	**—**	**—**	**101,396**
Interest capitalized	**(6,331)**	**(755)**	**—**	**(222,443)**	**—**	**—**	**—**	**(229,529)**
U.S. Treasury cash subsidy on Build America Bonds	**—**	**—**	**—**	**(55,916)**	**—**	**—**	**—**	**(55,916)**
Total non-operating expense (income), net	**110,954**	**15,589**	**1,327**	**44,778**	**(25)**	**(7)**	**—**	**172,616**
Change in:								
Net costs to be recovered from Participants	**—**	**—**	**—**	**79,060**	**—**	**—**	**—**	**79,060**
Competitive Trust obligations	**—**	**—**	**—**	**—**	**24**	**—**	**—**	**24**
Total change in net costs to be recovered from Participants or Competitive Trust obligations	**—**	**—**	**—**	**79,060**	**24**	**—**	**—**	**79,084**
Net Revenues	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$—**	**$ —**

The accompanying Notes are an integral part of these consolidated financial statements.

2022 Consolidated Statement of Cash Flows

For the Year Ended December 31, 2022 (in thousands)	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Eliminations	Total
Cash flows from operating activities:								
Cash received from Participants	$ 487,757	$116,554	$ 138,139	$ 77,205	$ 1,696	$ 116	$—	$ 821,467
Cash received from others	1,187	5,976	5,098	46,852	—	(1,606)	—	57,507
Cash paid for operating expenses	(301,971)	(92,831)	(131,780)	3,895	(233)	(233)	—	(523,153)
Net cash provided by (used in) operating activities	186,973	29,699	11,457	127,952	1,463	(1,723)	—	355,821
Cash flows from investing activities:								
Sales and maturities of investment securities	353,271	64,747	66,114	654,709	309,589	—	—	1,448,430
Purchase of investment securities	(302,351)	(48,667)	(32,034)	(287,840)	(268,240)	—	—	(939,132)
Investment income receipts	9,439	1,757	596	8,487	6,981	7	—	27,267
Distribution from Alliance	27,051	—	—	—	—	—	—	27,051
Net withdrawals from the Competitive Trust	—	—	—	—	(32,594)	—	—	(32,594)
Net cash provided by investing activities	87,410	17,837	34,676	375,356	15,736	7	—	531,022
Cash flows from capital and related financing activities:								
Property additions	(129,127)	(20,817)	(4,306)	(468,480)	—	1,710	—	(621,020)
Net proceeds (payments) on lines of credit and other short-term debt	10,500	2,000	(2,700)	—	—	—	—	9,800
Proceeds from issuance of long-term debt	16	4,454	—	370,729	—	—	—	375,199
Retirement of long-term debt	(183,035)	(89,400)	(18,290)	(62,011)	—	—	—	(352,736)
Interest payments	(72,667)	(15,815)	(3,597)	(306,896)	—	—	—	(398,975)
U.S. Treasury cash subsidy on Build America Bonds	—	—	—	43,257	—	—	—	43,257
Net cash (used in) provided by capital and related financing activities	(374,313)	(119,578)	(28,893)	(423,401)	—	1,710	—	(944,475)
(Decrease) increase in cash and cash equivalents	(99,930)	(72,042)	17,240	79,907	17,199	(6)	—	(57,632)
Cash and cash equivalents at beginning of year	334,089	161,902	28,593	308,787	5,884	335	—	839,590
Cash and cash equivalents at end of year	234,159	89,860	45,833	388,694	23,083	329	—	781,958
Other investment securities and accrued interest receivable at end of year	633,440	70,963	23,378	300,429	570,238	—	—	1,598,448
Special funds, supplemental power account and securities lending collateral at end of year	$ 867,599	$160,823	$ 69,211	$ 689,123	$593,321	$ 329	$—	$2,380,406
Reconciliation of net operating revenues (loss) to net cash provided by (used in) operating activities:								
Net operating revenues (loss)	$ 110,954	$ 15,589	$ 1,327	$ 123,838	$ (1)	$ (7)	$—	$ 251,700
Adjustments to reconcile net operating revenues (loss) to net cash from operating activities:								
Depreciation and amortization	149,254	41,484	9,116	—	—	540	—	200,394
Pensions and other postemployment benefits	1,508	429	128	352	—	—	—	2,417
Deferred inflows of resources	(25,099)	(11,332)	8,885	—	—	(2,250)	—	(29,796)
Share of net revenues from Alliance	(31,428)	—	—	—	—	—	—	(31,428)
Change in current assets and liabilities:								
Accounts receivable	(4,655)	(3,071)	(5,319)	(1)	1,696	6	—	(11,344)
Fuel stocks	(2,695)	(8,140)	—	—	—	—	—	(10,835)
Materials, supplies and other assets	(4,476)	1,119	(114)	—	—	—	—	(3,471)
Accounts payable and other liabilities	(6,390)	(6,379)	(2,566)	3,763	(232)	(12)	—	(11,816)
Net cash provided by (used in) operating activities	$ 186,973	$ 29,699	$ 11,457	$ 127,952	$ 1,463	$(1,723)	$—	$ 355,821

The accompanying Notes are an integral part of these consolidated financial statements.

2021 Consolidated Balance Sheet

December 31, 2021	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Eliminations	Total
ASSETS (in thousands)								
Property, plant and equipment, at cost:								
In service	$3,524,816	$1,248,150	$332,860	$ —	$ —	$28,871	$ —	$ 5,134,697
Less accumulated depreciation	(1,957,174)	(660,262)	(164,602)	—	—	(26,621)	—	(2,808,659)
Property in service, net	1,567,642	587,888	168,258	—	—	2,250	—	2,326,038
Construction work in progress	181,863	51,887	7,785	5,187,183	—	—	—	5,428,718
Nuclear fuel, net of accumulated amortization	142,735	20,428	—	126,254	—	—	—	289,417
Total property, plant and equipment, net	1,892,240	660,203	176,043	5,313,437	—	2,250	—	8,044,173
Other non-current assets:								
Investment in Alliance	21,851	—	104	—	—	—	—	21,955
Special funds, including cash and cash equivalents	773,675	102,423	37,840	754,486	255,899	—	—	1,924,323
Other receivables	—	—	—	15,839	—	—	—	15,839
Net costs to be recovered from Participants	6,765	744	—	466,549	—	—	—	474,058
Unamortized bond issuance costs	7,882	1,788	586	52,662	—	—	—	62,918
Total other non-current assets	810,173	104,955	38,530	1,289,536	255,899	—	—	2,499,093
Current assets:								
Special funds, including cash and cash equivalents	312,109	154,337	49,005	237,970	380,595	335	—	1,134,351
Supplemental power account, including cash and cash equivalents	4,245	—	—	—	—	—	—	4,245
Securities lending collateral	2,808	324	—	—	—	—	—	3,132
Receivables from Participants	43,722	7,787	6,799	1	154	12	—	58,475
Other receivables	6,289	400	1,381	10,504	1,567	105	(741)	19,505
Fuel stocks, at average cost	6,122	9,155	—	—	—	—	—	15,277
Materials, supplies and other assets	81,308	16,443	21,324	15,546	—	—	—	134,621
Total current assets	456,603	188,446	78,509	264,021	382,316	452	(741)	1,369,606
Total assets	3,159,016	953,604	293,082	6,866,994	638,215	2,702	(741)	11,912,872
Deferred outflows of resources:								
Accumulated decrease (increase) in fair value of hedging derivative instruments	70,650	—	(12,024)	—	—	—	—	58,626
Unamortized loss on refunded debt	6,138	10	287	—	—	—	—	6,435
Pensions and other postemployment benefits	3,740	546	164	365	—	—	—	4,815
Asset retirement obligations	129,573	101,600	—	—	—	—	—	231,173
Total deferred outflows of resources	210,101	102,156	(11,573)	365	—	—	—	301,049
Total Assets and Deferred Outflows of Resources	$3,369,117	$1,055,760	$281,509	$6,867,359	$638,215	$ 2,702	$(741)	$12,213,921

The accompanying Notes are an integral part of these consolidated financial statements.

2021 Consolidated Balance Sheet

December 31, 2021	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Eliminations	Total
LIABILITIES (in thousands)								
Long-term debt:								
Power Revenue bonds	$ 311,390	$ —	$ —	$ —	$ —	$ —	$ —	$ 311,390
General Power Revenue bonds	—	101,075	—	—	—	—	—	101,075
Combined Cycle Project Revenue bonds	—	—	65,625	—	—	—	—	65,625
Vogtle Units 3&4 Projects Revenue bonds	—	—	—	4,324,730	—	—	—	4,324,730
DOE Guaranteed Loans	—	—	—	2,124,652	—	—	—	2,124,652
Unamortized (discount) premium, net	14,237	3,544	9,073	179,802	—	—	—	206,656
Total Revenue bonds and DOE Guaranteed Loans	325,627	104,619	74,698	6,629,184	—	—	—	7,134,128
Subordinated debt	1,273,088	285,970	—	—	—	—	—	1,559,058
Unamortized (discount) premium, net	124,749	28,083	—	—	—	—	—	152,832
Total subordinated debt	1,397,837	314,053	—	—	—	—	—	1,711,890
Total long-term debt	1,723,464	418,672	74,698	6,629,184	—	—	—	8,846,018
Non-current liabilities:								
Asset retirement obligations	588,702	166,907	—	—	—	—	—	755,609
Competitive Trust obligations	—	—	—	—	256,422	—	—	256,422
Other	74,171	(706)	(236)	(7,911)	97	—	—	65,415
Total non-current liabilities	662,873	166,201	(236)	(7,911)	256,519	—	—	1,077,446
Current liabilities:								
Accounts payable	75,942	13,315	35,766	28,879	—	32	(741)	153,193
Construction liabilities	16,388	2,570	—	26,525	—	—	—	45,483
Securities lending collateral	2,821	326	—	—	—	—	—	3,147
Current portion of long-term debt	112,944	16,130	18,290	92,010	—	—	—	239,374
Lines of credit and other short-term debt	2,000	—	2,700	—	—	—	—	4,700
Competitive Trust obligations	—	—	—	—	381,696	—	—	381,696
Accrued interest	33,968	8,569	597	97,334	—	—	—	140,468
Total current liabilities	244,063	40,910	57,353	244,748	381,696	32	(741)	968,061
Commitments and contingencies (Note 8)	—	—	—	—	—	—	—	—
Total liabilities	2,630,400	625,783	131,815	6,866,021	638,215	32	(741)	10,891,525
Deferred inflows of resources	738,717	429,977	149,694	1,338	—	2,670	—	1,322,396
Total Liabilities and Deferred Inflows of Resources	$3,369,117	$1,055,760	$281,509	$6,867,359	$638,215	$2,702	$(741)	$12,213,921

The accompanying Notes are an integral part of these consolidated financial statements.

2021 Consolidated Statement of Net Revenues

For the Year Ended December 31, 2021 (in thousands)	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Eliminations	Total
Revenues:								
Participant	$334,281	$112,289	$101,040	$ 43,756	$ —	$859	$—	$ 592,225
Other	53,455	14,548	13,519	40,341	—	106	—	121,969
Total revenues	387,736	126,837	114,559	84,097	—	965	—	714,194
Operating expenses:								
Fuel	64,993	33,557	76,925	—	—	—	—	175,475
Purchased power	27,327	—	—	—	—	—	—	27,327
Other generating and operating expense	148,927	48,968	26,507	(200)	—	245	—	224,447
Transmission	24,626	—	—	—	—	—	—	24,626
Depreciation and amortization	107,556	35,362	9,115	—	—	720	—	152,753
Total operating expenses	373,429	117,887	112,547	(200)	—	965	—	604,628
Net operating revenues	14,307	8,950	2,012	84,297	—	—	—	109,566
Non-operating expense (income), net:								
Interest expense	76,845	16,977	4,663	298,165	—	—	—	396,650
Amortization of debt discount and expense	(19,409)	(3,671)	(2,858)	(4,988)	—	—	—	(30,926)
Investment income	(34,969)	(3,791)	(71)	(2,671)	—	—	—	(41,502)
Net change in the fair value of financial instruments	(1,322)	188	278	4,091	—	—	—	3,235
Interest capitalized	(6,838)	(753)	—	(230,545)	—	—	—	(238,136)
U.S. Treasury cash subsidy on Build America Bonds	—	—	—	(56,795)	—	—	—	(56,795)
Total non-operating expense (income), net	14,307	8,950	2,012	7,257	—	—	—	32,526
Change in:								
Net costs to be recovered from Participants	—	—	—	77,040	—	—	—	77,040
Competitive Trust obligations	—	—	—	—	—	—	—	—
Total change in net costs to be recovered from Participants or Competitive Trust obligations	—	—	—	77,040	—	—	—	77,040
Net Revenues	$ —	$ —	$ —	$ —	$ —	$ —	$—	$ —

The accompanying Notes are an integral part of these consolidated financial statements.

2021 Consolidated Statement of Cash Flows

For the Year Ended December 31, 2021 (in thousands)	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Eliminations	Total
Cash flows from operating activities:								
Cash received from Participants	$ 452,603	$114,225	$118,206	$ 43,715	$ 2,732	$ 80	$—	$ 731,561
Cash received from others	34,245	17,068	14,180	40,350	—	105	—	105,948
Cash paid for operating expenses	(208,190)	(68,415)	(87,001)	4,943	(233)	(373)	—	(359,269)
Net cash provided by (used in) operating activities	278,658	62,878	45,385	89,008	2,499	(188)	—	478,240
Cash flows from investing activities:								
Sales and maturities of investment securities	398,455	83,369	60,709	1,149,652	540,421	—	—	2,232,606
Purchase of investment securities	(524,102)	(91,290)	(94,141)	(941,871)	(669,539)	—	—	(2,320,943)
Investment income receipts	9,444	1,255	(23)	6,490	8,282	—	—	25,448
Distribution from Alliance	11,230	—	—	—	—	—	—	11,230
Contributions from Participants	—	—	—	—	12,380	—	—	12,380
Net cash (used in) provided by investing activities	(104,973)	(6,666)	(33,455)	214,271	(108,456)	—	—	(39,279)
Cash flows from capital and related financing activities:								
Property additions	(160,240)	(20,639)	(3,210)	(626,626)	—	—	—	(810,715)
Net proceeds from lines of credit and other short-term debt	891	(72)	—	—	—	—	—	819
Proceeds from issuance of long-term debt	185,881	47,177	(59)	356,230	—	—	—	589,229
Retirement of long-term debt	(96,281)	(28,775)	(18,000)	(65,571)	—	—	—	(208,627)
Interest payments	(71,533)	(16,229)	(4,043)	(292,996)	—	—	—	(384,801)
U.S. Treasury cash subsidy on Build America Bonds	—	—	—	80,956	—	—	—	80,956
Net cash used in capital and related financing activities	(141,282)	(18,538)	(25,312)	(548,007)	—	—	—	(733,139)
(Decrease) increase in cash and cash equivalents	32,403	37,674	(13,382)	(244,728)	(105,957)	(188)	—	(294,178)
Cash and cash equivalents at beginning of year	301,686	124,228	41,975	553,515	111,841	523	—	1,133,768
Cash and cash equivalents at end of year	334,089	161,902	28,593	308,787	5,884	335	—	839,590
Other investment securities and accrued interest receivable at end of year	758,748	95,182	58,252	683,669	630,610	—	—	2,226,461
Special funds, supplemental power account and securities lending collateral at end of year	$1,092,837	$257,084	$ 86,845	$ 992,456	$ 636,494	$ 335	$—	$ 3,066,051
Reconciliation of net operating revenues to net cash provided by (used in) operating activities:								
Net operating revenues	$ 14,307	$ 8,950	$ 2,012	$ 84,297	$ —	$ —	$—	$ 109,566
Adjustments to reconcile net operating revenues to net cash from operating activities:								
Depreciation and amortization	155,374	43,036	9,114	—	—	720	—	208,244
Pensions and other postemployment benefits	(968)	(263)	(79)	(199)	—	—	—	(1,509)
Deferred inflows of resources	103,062	(1,944)	15,347	—	—	(720)	—	115,745
Share of net revenues from Alliance	(20,616)	—	—	—	—	—	—	(20,616)
Change in current assets and liabilities:								
Accounts receivable	2,013	6,771	(1,434)	6	2,731	(1)	—	10,086
Fuel stocks	5,877	6,296	—	—	—	—	—	12,173
Materials, supplies and other assets	173	910	(481)	—	—	—	—	602
Accounts payable and other liabilities	19,436	(878)	20,906	4,904	(232)	(187)	—	43,949
Net cash provided by (used in) operating activities	$ 278,658	$ 62,878	$ 45,385	$ 89,008	$ 2,499	$(188)	$—	$ 478,240

The accompanying Notes are an integral part of these consolidated financial statements.

1. THE ORGANIZATION

(A) REPORTING ENTITY

The Municipal Electric Authority of Georgia (MEAG Power) is a public corporation and an instrumentality of the State of Georgia (the State or Georgia), created by the State for the purpose of owning and operating electric generation and transmission facilities to supply bulk electric power to political subdivisions of the State which owned and operated electric distribution systems as of March 18, 1975, and which contracted with MEAG Power for the purchase of wholesale power. The statute under which it was created (the Act) provides that MEAG Power will establish rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit, unless any such profit inures to the benefit of the public. Forty-eight cities and one county in the State (the Participants) have contracted with MEAG Power for bulk electric power supply needs.

MEAG Power's assets include direct ownership interests in seven electric generating units, which all have been placed in service. MEAG Power's ownership interests in these seven generating units represent 1,800 megawatts (MW) of nominally rated generating capacity, consisting of 808 MW of nuclear-fueled capacity, 489 MW of coal-fired capacity and 503 MW of combined cycle capacity. As discussed in Note 2, "Summary of Significant Accounting Policies and Practices" (Note 2), section (G), "Generation and Transmission Facilities" (Note 2 (G)) "— Coal Generating Facilities," of these Notes to Consolidated Financial Statements (Notes), retirement and decertification of Wansley Units 1&2 and the Wansley Combustion Turbine Unit 5A (Generation Station Wansley) occurred on August 31, 2022. In addition, MEAG Power may purchase from, sell to or exchange with other bulk electric suppliers additional capacity and energy in order to optimize the Participants' bulk power supply.

MEAG Power also has an indirect ownership interest, through the Project Entities, as discussed herein, in two additional nuclear generating units under construction at Generation Station Vogtle, Unit Nos. 3 (Unit 3) and 4 (Unit 4) (collectively, Vogtle Units 3&4), which represents 500 MW of nominally rated generating capacity. MEAG Power also owns transmission facilities that, together with those of other utilities, form a statewide, integrated transmission system (ITS).

Taken together, MEAG Power is comprised of the following projects/funds, all defined herein:

- Project One;
- General Resolution Projects;
- Combined Cycle Project;
- Vogtle Units 3&4 Projects and Project Entities; and
- Municipal Competitive Trust.

As discussed in Note 1, "The Organization" (Note 1), section (F), "Telecommunications Project," an affiliate organization of MEAG Power's Telecommunications Project sold its assets to Accelecom Georgia, LLC (Accelecom) on September 30, 2022.

(B) PROJECT ONE AND THE GENERAL RESOLUTION PROJECTS

Project One, established and financed under the Power Revenue Bond Resolution, consists of undivided ownership interests in six generating units, separately owned transmission facilities and working capital. Projects Two, Three and Four (the General Resolution Projects), established and financed under the General Power Revenue Bond Resolution, consist of additional undivided ownership interests in four generating units.

The resolutions require that payments by the Participants for electric power be deposited in special funds and be used only for operating costs, debt service and other stipulated purposes. The resolutions also establish specific funds to hold assets for payment of acquisition costs. Other funds are used to hold assets not subject to the restrictions of the resolutions but designated for specific purposes. Power Sales Contracts between MEAG Power and each of the Participants (Power Sales Contracts) require MEAG Power to provide, and the Participants to purchase from MEAG Power, bulk power supply as defined in the contracts. Each Participant is obligated to pay its share of the operating and debt service costs.

During 2004, MEAG Power and each Participant executed an amendment to their Power Sales Contracts (the Amendments) for Project One and the General Resolution Projects which, in part, extended the terms of such contracts until June 2054. The Amendments also revised the method used to allocate the output, services and costs of the General Resolution Projects after the initial term of the related Power Sales Contracts. In addition, the Amendments provided that MEAG Power not extend the term of any existing generation debt outstanding as of November 3, 2004, exclusive of certain working capital debt components, beyond March 1, 2026 for Project One and dates ranging from February 1, 2028 through November 16, 2033 for the General Resolution Projects.

Supplemental bulk power supply is that portion of the Participants' bulk power supply in excess of their entitlement to the output and related services of Project One and the General Resolution Projects. Payments received from the Participants for supplemental bulk power supply are not pledged under either resolution. Supplemental bulk power supply revenue and costs are included in the financial statements of Project One.

Inter-Participant agreements (IP agreements) are utilized by the Participants to improve their respective power supply resource mix. Four Participants have entered into long-term, life-of-the-facility IP agreements to sell the rights to a portion of their Project One output (Selling Participants) to three other Participants. The obligation of the Selling Participants to pay their share of the operating and debt service costs under their respective Project One Power Sales Contracts is not affected.

(C) COMBINED CYCLE PROJECT

The Combined Cycle Project (CC Project) is wholly owned by MEAG Power and consists of a natural gas-fired combined-cycle facility that has a nominal summer capacity of 503 MW. The facility, which is also known as the Wansley Combined Cycle Facility (CC Facility), includes two combustion turbines, two supplementary fired heat recovery steam generators and one steam turbine. The 37 Participants in the CC Project (CC Participants) include the initial 32 Participants (the Initial CC Participants) that entered into a CC Project Power Sales Contract (CC Project Power Sales Contract) in 2003, as well as five additional Participants that became CC Participants between 2007 and 2012 through the execution of additional CC Project Power Sales Contracts and assignment agreements with certain of the Initial CC Participants with respect to portions of such Initial CC Participants' interests in the output of the CC Project. MEAG Power and each of the CC Participants have amended their applicable CC Project Power Sales Contract, which allows MEAG Power to utilize a credit facility for the purpose of funding, on an interim basis, certain CC Project costs, including fuel costs, capital costs and working capital requirements.

(D) VOGTLE UNITS 3&4 PROJECTS AND PROJECT ENTITIES

History

MEAG Power, Georgia Power Company (GPC), Oglethorpe Power Corporation (an Electric Membership Corporation) (OPC) and the City of Dalton, Georgia (Dalton) (collectively, the Original Vogtle Co-Owners) agreed to expand the facilities at Generation Station Vogtle located in Burke County, Georgia, by developing two additional nuclear generating units, Vogtle Units 3&4. Vogtle Units 3&4 will consist of two Westinghouse Electric Company LLC (Westinghouse) AP1000 reactors, each with a nominally rated generating capacity of 1,102 MW.

MEAG Power acquired a 22.7% undivided ownership interest in Vogtle Units 3&4, representing 500.3 MW of nominally rated generating capacity, for the purpose of serving the future loads of the Participants. MEAG Power determined that Vogtle Units 3&4 will enable it to serve a significant portion of the projected baseload needs of the Participants and potentially offset the retirement of some of MEAG Power's other generating resources.

GPC was designated as the agent of the Original Vogtle Co-Owners and authorized to develop, license, engineer, contract, operate and maintain Vogtle Units 3&4 on behalf of the Original Vogtle Co-Owners. The U.S. Nuclear Regulatory Commission (NRC) certified the Westinghouse Design Control Document, as amended (DCD), for the AP1000 nuclear reactor design in late 2011, and issued Combined Construction and Operating Licenses (COLs) for Vogtle Units 3&4 in early 2012. Receipt of the COLs allowed full construction to begin.

Structure, DOE Guaranteed Loans and Recent Bond Financings

Vogtle Units 3&4 Projects

Since a portion of the output and services of MEAG Power's interest in Vogtle Units 3&4 initially was expected to be surplus to the Participants' needs, for the initial 20 years of commercial operation of each of Vogtle Units 3&4, MEAG Power sold 66.1% of the output and services associated with its Vogtle Units 3&4 interest through take-or-pay power purchase agreements (PPA) to two buyers, as discussed below. MEAG Power structured its ownership interest in Vogtle Units 3&4 as three separate projects, Project M, Project J and Project P, collectively referred to herein as the Vogtle Units 3&4 Projects and summarized as follows:

Vogtle Units 3&4 Projects	PPA Buyer	Percentage of MEAG Power's Total Ownership	MW	Output and Services
Project M	Not Applicable	33.9%	169.5	(1)
Project J	JEA	41.2%	206.0	(2)
Project P	PowerSouth	24.9%	124.8	(2)

(1) The output and services of Project M will be provided to the 29 Participants who have executed take-or-pay Project M Power Sales Contracts (Project M Participants) commencing as of the commercial operation date (COD) of each of Vogtle Units 3&4. The Project M Participants shall be responsible for payment of their respective shares of all of MEAG Power's costs relating to Project M. The payment obligations of each of the Project M Participants are general obligations to which its full faith and credit are pledged. Each Project M Power Sales Contract, as amended and discussed below, will continue in full force and effect for a term not to exceed 50 years from December 31, 2014.

(2) The output and services of Project J will be provided to JEA, a publicly owned electric, water and wastewater (sewer) utility and an independent agency of the City of Jacksonville, Florida (Jacksonville), and the Project J Participants, and the output and services of Project P will be provided to PowerSouth Energy Cooperative (PowerSouth), a rural electric generation and transmission cooperative located in Andalusia, Alabama, and the Project P Participants. The Project J and Project P Participants are defined below. The Amended and Restated Power Purchase Agreement (the Project J PPA) and the Project P PPA require: (a) MEAG Power to sell to JEA and PowerSouth all of the capacity, energy and related services of Project J and Project P, respectively, for the first 20 years of commercial operation of each of Vogtle Units 3&4 and (b) JEA and PowerSouth to pay to MEAG Power the following related to its purchased share of output: (i) 100% of the interest and principal (Project J and Project P Debt Service) on Project J Bonds or Project P Bonds, as applicable (see the "Financing of Vogtle Units 3&4 Projects and Project Entities" section of Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps" (Note 5)), and on the respective Project Entity's DOE Guaranteed Loan (see "DOE Loan Guarantee Program" section of this Note), for the first 20 years from the respective dates that MEAG Power commences the billing of principal and interest on each series of bonds and on each advance under the respective Project Entity's DOE Guaranteed Loan and (ii) 100% of Project J and Project P total costs in a given year, other than Project J and Project P Debt Service, for the first 20 years following the COD of each unit. In the event that MEAG Power issues Project J or Project P bonds for either or both of Vogtle Units 3&4 after their respective CODs, or issues refunding bonds for Project J or Project P, the time periods during which JEA or PowerSouth, respectively, is obligated under the applicable PPA regarding Project J and Project P Debt Service on such bonds may differ from the 20-year time periods described above.

The Project J Participants and the Project P Participants are required to pay the principal of and interest on each series of Project J or Project P Bonds, as applicable, and on each advance under the respective Project Entity's DOE Guaranteed Loan, commencing with the month following the last month for which JEA or PowerSouth, as applicable, is obligated to pay such principal or interest. Following the twentieth anniversary of the COD of each of Vogtle Units 3&4, the output and services of Project J and Project P derived from such units shall be provided to the 39 Participants who have executed take-or-pay Power Sales Contracts for Project J and Project P (the Project J and Project P Participants, respectively, and, together with the Project M Participants, hereinafter referred to as the Vogtle Units 3&4 Participants). At such time, the Project J and Project P Participants become responsible for payment of their respective shares of all of MEAG Power's costs relating to Project J and Project P, other than Project J and Project P Debt Service (which is payable as described above). The payment obligations of each of the Project J and Project P Participants are general obligations to which its full faith and credit are pledged. Each Project J Power Sales Contract and Project P Power Sales Contract, as amended and discussed below, will continue in full force and effect for a term not to exceed 50 years from December 31, 2014.

DOE Loan Guarantee Program

In order to obtain an assured source of financing at a locked-in spread over United States Treasury securities for its undivided ownership interest in Vogtle Units 3&4 and augment its financing alternatives, in 2008 MEAG Power submitted an application to the U.S. Department of Energy (DOE) for loans guaranteed by DOE pursuant to the Federal loan guarantee solicitation for nuclear projects employing new or significantly improved technology issued under Title XVII of the Energy Policy Act of 2005. DOE subsequently agreed in 2015 to guarantee loans to be made by the Federal Financing Bank (FFB) to three wholly-owned, special-purpose, limited-liability subsidiaries to be formed by MEAG Power in the aggregate principal amount, including capitalized interest of up to $1.8 billion (Original DOE Guaranteed Loans). In March 2019, DOE increased the aggregate principal amount of guaranteed loans to $2.2 billion (collectively with the Original DOE Guaranteed Loans, the DOE Guaranteed Loans). FFB has advanced to each Vogtle Units 3&4 Project Entity the full FFB commitment to each such entity. At December 31, 2022 and 2021, respectively, the aggregate principal amount outstanding under the DOE Guaranteed Loans was $2.1 billion and $2.2 billion. The DOE Guaranteed Loans have a final maturity date of April 2, 2045.

Concurrently with the transfer of MEAG Power's undivided ownership in Vogtle Units 3&4 to the Vogtle Units 3&4 Project Entities (as discussed in the "Vogtle Units 3&4 Project Entities" section of this Note), each Vogtle Units 3&4 Project Entity entered into, among other agreements, a Loan Guarantee Agreement (Original LGA and, as later amended and restated, each an LGA) with DOE. Each Original LGA provides that the Original DOE Guaranteed Loan thereunder is secured by a first priority lien on various assets (the Collateral) including, among other things, the applicable Project Entity's rights or interests in: (i) Vogtle Units 3&4 (primarily the units under construction, the related real property and any nuclear fuel loaded in the reactor core) and (ii) the Project Entities' rights and obligations under the principal contracts relating to Vogtle Units 3&4.

Each advance to a Project Entity under its DOE Guaranteed Loan (Advances) is evidenced by a promissory note issued to the FFB (FFB Promissory Note). Proceeds of Advances are used to reimburse each Project Entity (see the "Vogtle Units 3&4 Project Entities" section of this Note) for certain costs of construction relating to Vogtle Units 3&4 that are eligible for DOE-guaranteed loans. The maximum amount that a Project Entity may borrow under its DOE Guaranteed Loan and capitalized interest thereon has been allocated among the various FFB Promissory Notes of such Project Entity, and the Advances evidenced by each such FFB Promissory Note will bear interest at the applicable U.S. Treasury rate plus a spread equal to 0.375%. Interest is payable quarterly and principal payments began in October 2019.

Under each LGA, the applicable Project Entity is subject to customary borrower affirmative and negative covenants and events of default. In addition, each Project Entity is subject to project-related reporting requirements and other project-specific covenants and events of default.

In the event certain events of default occur under an LGA, subject to certain conditions, DOE is permitted to take possession of the Collateral, but the scheduled repayment of the Advances cannot be accelerated. Among other things, these events of default include the termination of the Vogtle Services Agreement. Under certain circumstances, insurance proceeds and any proceeds from an event of taking must be applied to prepay outstanding Advances. Each Project Entity also may voluntarily prepay outstanding Advances. Under the FFB Promissory Notes, any prepayment (whether mandatory or optional) will be made with a make-whole premium or discount, as applicable.

Recent Bond Financings

In July 2022 and July 2021, MEAG Power issued $375.2 million and $297.4 million, respectively, of its Vogtle Units 3&4 Bonds to finance additional construction costs of Vogtle Units 3&4 and, in the case of the July 2021 issuance, to provide a portion of the funds required to refund certain outstanding Vogtle Units 3&4 Bonds.

Additional information regarding these bond issuances, the financing of Vogtle Units 3&4 and the DOE Guaranteed Loans is included in the "Financing of Vogtle Units 3&4 Projects and Project Entities" section of Note 5 and certain other sections of that Note. Vogtle Units 3&4 Bonds issued in January 2023 are discussed in Note 9, "Subsequent Events" (Note 9).

Vogtle Units 3&4 Project Entities

On June 24, 2015, in order to permit each Vogtle Units 3&4 Project Entity to secure its Original DOE Guaranteed Loan by a first-priority perfected security interest in, among other things, such Project Entity's undivided ownership interest in Vogtle Units 3&4, MEAG Power divided its undivided ownership interest in Vogtle Units 3&4, as specified above in the "Vogtle Units 3&4 Projects" section of this Note, into three separate undivided interests and transferred such interests and nominally rated generating capacity to the following special-purpose, limited liability companies (LLCs), organized and existing under the laws of the State, of which MEAG Power is the sole member:

- transferred approximately 33.9% of its ownership interest, representing 169.5 MW attributable to Project M, to MEAG Power SPVM, LLC (the Project M Entity or SPVM);
- transferred approximately 41.2% of its ownership interest, representing 206.0 MW attributable to Project J, to MEAG Power SPVJ, LLC (the Project J Entity or SPVJ); and
- transferred approximately 24.9% of its ownership interest, representing 124.8 MW attributable to Project P, to MEAG Power SPVP, LLC (the Project P Entity or SPVP) and, together with the Project M Entity and the Project J Entity, referred to as the Vogtle Units 3&4 Project Entities (Project Entities).

In contemplation of the transfers described above, MEAG Power and each of the Project Entities entered into a Wholesale Power Sales Agreement, pursuant to which (a) MEAG Power is entitled to all of the capacity and output of such Project Entity's ownership interest in Vogtle Units 3&4 and (b) MEAG Power is obligated to pay such Project Entity all of its costs and expenses (including debt service on such Project Entity's DOE Guaranteed Loan, except for certain situations pertaining to Project J and Project P) in connection with the ownership and operation of such Project Entity's ownership interest in Vogtle Units 3&4. As a result, each of the Vogtle Units 3&4 Projects now includes all of MEAG Power's right, title and interest in and to the capacity and output of the related Project Entity's ownership interest in Vogtle Units 3&4, but does not include such ownership interest. Also in contemplation of those transfers, (a) MEAG Power and the Vogtle Units 3&4 Participants entered into amended and restated power sales contracts, (b) MEAG Power and JEA entered into an amended and restated PPA and (c) MEAG Power and PowerSouth entered into an amended and restated PPA, in each such case, effective as of the date of such transfer, in order to, among other things, (i) extend the term of each such contract and agreement, so that each such contract and agreement shall remain in effect for not to exceed 50 years from December 31, 2014, (ii) reflect such transfers of MEAG Power's ownership interest in Vogtle Units 3&4 and (iii) provide that the payment obligations of the Vogtle Units 3&4 Participants, JEA and PowerSouth, respectively, shall include all costs and expenses of the applicable Project Entity (including scheduled debt service on such Project Entity's DOE Guaranteed Loan) resulting from the ownership, operation and maintenance of, and renewals and replacements to, the applicable Project Entity's ownership interest.

In contemplation of MEAG Power's transfer of its ownership interest in Vogtle Units 3&4 to the Project Entities, in February 2014, the Original Vogtle Co-Owners amended certain previous agreements in order to, among other things, permit MEAG Power to assign to the Project Entities, and permit the Project Entities to assume, MEAG Power's rights and obligations thereunder with respect to Vogtle Units 3&4. As a result of such assignment and assumption, the term "Vogtle Co-Owners" includes GPC, OPC, Dalton and the Project Entities, and does not include MEAG Power. As a result of MEAG Power's transfer of its ownership interest in Vogtle Units 3&4 to the Project Entities, the Project Entities assumed MEAG Power's rights and obligations under the EPC Contract (see below), in proportion to their respective undivided ownership interests in Vogtle Units 3&4.

EPC Contract and Construction

In 2008, GPC, on behalf of itself and the other Original Vogtle Co-Owners, entered into an Engineering, Procurement and Construction Contract (EPC Contract) with a consortium consisting of Westinghouse and a company which later became its affiliate as WECTEC Global Project Services Inc., collectively, the Contractor. Pursuant to the EPC Contract, the Contractor agreed to design, engineer, procure, construct and test Vogtle Units 3&4. Certain obligations of the Contractor under the EPC Contract, including any liability of the Contractor for abandonment of work, were guaranteed by Westinghouse's parent company, Toshiba Corporation (Toshiba) (the Toshiba Guarantee).

Until March 2017, construction on Vogtle Units 3&4 continued under the EPC Contract, which was a substantially fixed price agreement. In connection with the Contractor's bankruptcy filing in March 2017, GPC, acting for itself and as agent for the other Vogtle Co-Owners, entered into several transitional arrangements to allow construction to continue.

In June 2017, GPC and the other Vogtle Co-Owners and Toshiba entered into a settlement agreement regarding the Toshiba Guarantee (Guarantee Settlement Agreement). Pursuant to the Guarantee Settlement Agreement, the Project Entities' proportionate share was $835.4 million, which Toshiba satisfied in December 2017.

Additionally, in June 2017, GPC, acting for itself and as agent for the other Vogtle Co-Owners, and the Contractor entered into (a) a services agreement between the Vogtle Co-Owners and the Contractor, as amended and restated in July 2017, for the Contractor to transition construction management of Vogtle Units 3&4 to Southern Nuclear Operating Company, Inc. (Southern Nuclear) and to provide ongoing design, engineering and procurement services to Southern Nuclear (the Vogtle Services Agreement) and (b) the related intellectual property licenses (the Vogtle Services Agreement and the intellectual property licenses, together with the Construction Agreement discussed below, the Replacement EPC Arrangements). Under the Vogtle Services Agreement, Westinghouse provides facility design and engineering services, procurement and technical support, and staff augmentation on a time and materials cost basis. The Vogtle Services Agreement provides that it will continue until the start-up and testing of Vogtle Units 3&4 are complete and electricity is generated and sold from both units. The Vogtle Services Agreement is terminable by the Vogtle Co-Owners upon 30 days' written notice.

In October 2017, GPC, acting for itself and as agent for the other Vogtle Co-Owners, entered into a Construction Completion Agreement (the Construction Agreement) with Bechtel Power Corporation (Bechtel), whereby Bechtel serves as the primary contractor for the remaining construction activities for Vogtle Units 3&4. The Construction Agreement is a cost reimbursable plus fee arrangement, whereby Bechtel is reimbursed for actual costs plus a base fee and an at-risk fee, which is subject to adjustment based on Bechtel's performance against cost and schedule targets. Each Vogtle Co-Owner is severally (not jointly) liable for its proportionate share, based on its ownership interest, of all amounts owed to Bechtel under the Construction Agreement. The Vogtle Co-Owners may terminate the Construction Agreement at any time for their convenience, provided that the Vogtle Co-Owners will be required to pay amounts related to work performed prior to the termination (including the applicable portion of the base fee), certain termination-related costs and, at certain stages of the work, the applicable portion of the at-risk fee. Bechtel may terminate the Construction Agreement under certain circumstances, including certain Vogtle Co-Owner suspensions of work, certain breaches of the Construction Agreement by the Vogtle Co-Owners, Vogtle Co-Owner insolvency and certain other events.

On February 16, 2023, GPC filed the twenty-eighth Vogtle Construction Monitoring (VCM) report (VCM 28 Report) with the Georgia Public Service Commission (GPSC) covering the period from July 1, 2022 through December 31, 2022, reporting GPC's portion of construction capital costs of $461 million incurred during that period.

Status of Units, Cost and Schedule

On May 29, 2023, Unit 3 safely reached 100 percent power, marking a major milestone towards commercial operation. This milestone marks the maximum energy the unit is licensed to produce in the reactor core and is the first time the unit has reached its expected output of approximately 1,100 electric MW.

In alignment with the testing performed throughout power ascension, testing at the 100 percent power level is focused on the operation of the reactor, control systems for the reactor and support systems, and integrated plant operations. Plant performance is monitored at various conditions and data is gathered and evaluated by site engineers. With the unit reaching full power for the first time, other tests must be performed at this power level before the unit is available for reliable dispatch in accordance with its COL.

Once all start-up testing is successfully completed and the unit is available for reliable dispatch, Unit 3 will enter commercial operation. GPC projects that Unit 3 will be placed in service during June 2023.

On March 6, 2023, Unit 3 achieved self-sustaining nuclear fission, commonly referred to as initial criticality, and, on April 1, 2023, the generator successfully synchronized to the power grid and generated electricity for the first time. Fuel load into the Unit 3 reactor vessel was completed on October 17, 2022, which marked a major milestone toward start-up and commercial operation of Unit 3. The Unit 3 fuel load came after Southern Nuclear received a 103(g) finding from the NRC on August 3, 2022, which signified that the new unit has been constructed and will be operated in conformance with its COL and NRC regulations.

Hot functional testing for Unit 4 was completed on May 1, 2023, and the first shipment of nuclear fuel for Unit 4 was received on May 3, 2023. GPC projects fuel load to occur in the third quarter 2023, with Unit 4 being placed in service during late fourth quarter 2023 or first quarter 2024.

Based on the construction cost estimate set forth in the VCM 28 Report, as well as recently updated construction cost estimate and contingency information discussed herein, and based on in-service dates of June 2023 and first quarter 2024 for Unit 3 and Unit 4, respectively, MEAG Power estimates that the Vogtle Units 3&4 Project Entities' in-service cost will be, in the aggregate, approximately $7.5 billion, including construction and financing costs through the estimated in-service dates, contingencies, initial fuel load costs, and switchyard and transmission costs. Additional financing needs relating to reserve funds and other fund deposits required under MEAG Power's and the Vogtle Units 3&4 Project Entities' financing documents result in total financing needs of approximately $8.0 billion, of which approximately $23.1 million remains to be financed. These amounts reflect the Vogtle Units 3&4 Project Entities' aggregate $835.4 million share of the payments received from Toshiba under the Guarantee Settlement Agreement, as amended.

The above in-service cost estimate and additional financing needs estimate are based on GPC's projected in-service date for Unit 3 to occur during June 2023 and GPC's projected in-service date of Unit 4 to occur during late fourth quarter 2023 or the first quarter 2024.

MEAG Power's projected construction cost includes its portion of project level contingency of approximately $30 million, and reflects its expectation of an in-service date for Unit 3 in June 2023 and for Unit 4 in first quarter 2024.

As part of its ongoing processes, Southern Nuclear continues to evaluate cost and schedule forecasts on a regular basis to incorporate current information available, particularly in the areas of start-up testing and related test results, engineering support, commodity installation, system turnovers and workforce statistics.

The projected schedule for Unit 3 primarily depends on the progression of pre-operational testing and start-up, which may be impacted by further equipment, component, and/or other operational challenges.

The projected schedule for Unit 4 primarily depends on potential impacts arising from Unit 4 testing activities overlapping with Unit 3 start-up and commissioning; maintaining overall construction productivity and production levels, particularly in subcontractor scopes of work; and maintaining appropriate levels of craft laborers. As Unit 4 completes construction and transitions further into testing, ongoing and potential future challenges include the timeframe and duration of various testing; the pace and quality of remaining commodities installation; the completion of documentation to support Inspections, Tests, Analyses, and Acceptance Criteria (ITAAC) submittals; the pace of remaining work package closures and system turnovers; and the availability of craft, supervisory, and technical support resources.

Ongoing or future challenges for both units also include management of contractors and vendors; subcontractor performance; and/or related cost escalation. New challenges also may continue to arise, as Unit 3 completes start-up and commissioning and Unit 4 moves further into testing and start-up, which may result in required engineering changes or remediation related to generating unit systems, structures, or components (some of which are based on new technology that only within the last few years began initial operation in the global nuclear industry at this scale). These challenges may result in further schedule delays and/or cost increases.

There have been technical and procedural challenges to the construction and licensing of Vogtle Units 3&4 at the federal and state level, and additional challenges may arise. GPC reports that there are processes in place that are designed to assure compliance with the requirements specified in the DCD and the COLs, including inspections by Southern Nuclear and the NRC that occur throughout construction. Unit 3 is now subject to the NRC's operating reactor oversight process and must meet applicable technical and operational requirements contained within its operating license.

Various design and other licensing-based compliance matters, including the timely submittal by Southern Nuclear of the ITAAC documentation and the related reviews and approvals by the NRC necessary to support NRC authorization to load fuel for Unit 4, may arise, which may result in additional license amendment requests or require other resolution. If any license amendment requests or other licensing-based compliance issues, including inspections and ITAACs for Unit 4, are not resolved in a timely manner, there may be delays in the project schedule that could result in increased costs.

The ultimate outcome of these matters cannot be determined at this time.

MEAG Power will continue to monitor and evaluate developments related to Vogtle Units 3&4 and will endeavor to undertake a course of action that MEAG Power believes will advance the long-term interest of MEAG Power, JEA, PowerSouth and the Vogtle Units 3&4 Participants.

The Project Entities' investment in property, plant and equipment (PP&E), including nuclear fuel, for Vogtle Units 3&4 as of December 31, 2022 totaled $5.8 billion.

Litigation

MEAG Power was previously involved in litigation with JEA and Jacksonville regarding the Project J PPA. In connection with the settlement of such litigation in 2020, following a federal district court's granting of MEAG Power's Motion for Judgment on the Pleadings and declaring that the Project J PPA is valid and enforceable and that the agreement unconditionally requires JEA to pay MEAG Power for capacity and energy at the full cost of production of Vogtle Units 3&4 relating to the Project J PPA, MEAG Power and JEA executed an amendment to the Project J PPA pursuant to which MEAG Power and JEA agreed to an increase in the "Additional Compensation Obligation" payable by JEA to MEAG Power thereunder of $0.75 per megawatt hour of energy delivered to JEA thereunder (which Additional Compensation Obligation is not pledged to the payment of either the Project J

Bonds or the Project J DOE Guaranteed Loan).

In addition, MEAG Power and JEA also entered into an agreement that, subject to the rights granted to other Project J Participants in their Project J Power Sales Contracts, grants to JEA a right of first refusal to purchase all or any portion of the entitlement share of a Project J Participant to the output and services of Project J in the event that any Project J Participant requests MEAG Power to effectuate a sale of such entitlement share pursuant to Section 310 of such Participant's Project J Power Sales Contract. This right of first refusal is applicable during the period commencing 10 years following the Commercial Operation Date of the first of Unit 3 or Unit 4 to achieve commercial operation and continues until the expiration of 20 years following such Commercial Operation Date. In order to exercise its right of first refusal as described above, JEA will be required to pay the greater of the price offered by a third-party purchaser or the fully embedded costs as provided for in the Project J Power Sales Contract.

Joint Ownership Agreements

In November 2017, the Vogtle Co-Owners amended their joint ownership agreements for Vogtle Units 3&4 to provide for, among other conditions, additional Vogtle Co-Owner approval requirements. Effective in August 2018, the Vogtle Co-Owners further amended the joint ownership agreements to clarify and provide procedures for certain provisions of the joint ownership agreements related to adverse events that require the vote of the holders of at least 90% of the ownership interests in Vogtle Units 3&4 to continue construction (as amended, and together with the November 2017 amendment, the Vogtle Joint Ownership Agreements). The Vogtle Joint Ownership Agreements also confirm that the Vogtle Co-Owners' sole recourse against GPC or Southern Nuclear for any action or inaction in connection with their performance as agent for the Vogtle Co-Owners is limited to removal of GPC and/or Southern Nuclear as agent, except in cases of willful misconduct.

Amendments to the Vogtle Joint Ownership Agreements

In connection with a September 2018 vote by the Vogtle Co-Owners to continue construction following the nineteenth VCM report (VCM 19 Report), GPC entered into a binding term sheet (Vogtle Owner Term Sheet) with the other Vogtle Co-Owners to take certain actions which partially mitigate potential financial exposure for the other Vogtle Co-Owners, including additional amendments to the Vogtle Joint Ownership Agreements and the purchase of production tax credits (PTCs) from the other Vogtle Co-Owners at pre-established prices. On February 18, 2019, the Vogtle Co-Owners entered into the amendments to the Vogtle Joint Ownership Agreements to implement the provisions of the Vogtle Owner Term Sheet (Global Amendments).

Global Amendments, Tender Option and Settlement of Disagreements with GPC

Under the Global Amendments, each of the Vogtle Co-Owners other than GPC (Co-Owners) had a one-time option to tender to GPC a portion of its ownership interest in certain circumstances based on the estimated cost at completion of Vogtle Units 3&4. In such case, GPC would pay that Co-Owner's remaining share of construction costs actually incurred in excess of the VCM 19 Forecast plus $2.1 billion, with the ownership interest of the tendering Co-Owner adjusted accordingly. The Co-Owners also have certain rights under the Global Amendments to terminate the construction of Vogtle Units 3&4 upon the occurrence of a specified Project Adverse Event (PAE).

On June 18, 2022, MEAG Power and the Project J Entity, the Project M Entity and the Project P Entity filed suit in the Superior Court of Fulton County, Georgia, (Superior Court of Fulton County) against GPC with respect to the tender option and cost-sharing provisions of the Global Amendments. On September 29, 2022, MEAG Power and the Project Entities entered into a Settlement Agreement with GPC (Settlement Agreement) to resolve the claims. Under the Settlement Agreement:

- GPC will reimburse the Project Entities for (1) 15% of their share of the actual cost of construction of Vogtle Units 3&4 in excess of $18.7 billion, up to and including $19.6 billion, and (2) 20% of their share of the actual cost of construction of Vogtle Units 3&4 in excess of $19.6 billion. Assuming the actual cost of construction equals the current budgeted construction amount of $21.0 billion, total payments to the Project Entities by GPC pursuant to this provision will total approximately $92 million. Any additional increase in construction costs will result in additional payments by GPC to the Project Entities. MEAG Power and the Project Entities released GPC from claims for additional reimbursement to the Project Entities of costs of construction of Vogtle Units 3&4 other than pursuant to the Settlement Agreement;
- The Project Entities agreed not to tender any of their ownership interests in Vogtle Units 3&4 to GPC, which will remain 22.7% in the aggregate;
- The parties dismissed with prejudice the existing litigation and delivered customary releases relating to the litigation; and
- MEAG Power agreed not to vote to discontinue the construction of Vogtle Units 3&4 upon the occurrence of any PAE, unless any of such events would cause the commercial operation date of either unit to occur after December 31, 2025.

The obligations of MEAG Power and the Project Entities to pay operations and maintenance costs or other capital costs after the completion of either unit remain unchanged.

On October 4, 2022, MEAG Power and GPC filed a notice of settlement and voluntary dismissal of their pending litigation, including GPC's counterclaim.

Project Continuation

Pursuant to the Vogtle Joint Ownership Agreements, as amended by the Global Amendments, Vogtle Co-Owners holding at least 90% of the ownership interests in Vogtle Units 3&4 must vote to continue construction, or can vote to suspend construction, if certain PAEs occur, including: (i) termination or rejection in bankruptcy of certain agreements, including the Vogtle Services Agreement, the Construction Agreement or the agency agreement with Southern Nuclear or (ii) GPC publicly announces its intention not to submit for rate recovery any portion of its investment in Vogtle Units 3&4 (or associated financing costs) or the GPSC determines that any of GPC's costs relating to the construction of Vogtle Units 3&4 will not be recovered in retail rates, excluding any additional amounts paid by GPC on behalf of the other Vogtle Co-Owners pursuant to the provisions of the Global Amendments described above and the first 6% of costs during any six-month VCM reporting period that are disallowed by the GPSC for recovery, or for which GPC elects not to seek cost recovery, through retail rates. The schedule extensions announced in February 2022, which reflected a cumulative delay of over a year for each unit from the schedules approved in the seventeenth VCM report, triggered the requirement for the holders of at least 90% of the ownership interests in Vogtle Units 3&4 to vote to continue construction. Effective February 25, 2022, all of the Vogtle Co-Owners had voted to continue construction.

Under the Global Amendments, GPC may cancel the project at any time at its sole discretion. In addition, pursuant to the Vogtle Joint Ownership Agreements, the required approval of holders of ownership interests in Vogtle Units 3&4 is at least (i) 90% for a change of the primary construction contractor and (ii) 67% for material amendments to the Vogtle Services Agreement or agreements with Southern Nuclear or the primary construction contractor, including the Construction Agreement.

The Vogtle Joint Ownership Agreements, as amended by the Global Amendments, also provide that if the holders of at least 90% of the ownership interests fail to vote in favor of continuing Vogtle Units 3&4 following any future PAE, work on Vogtle Units 3&4 would continue for a period of 30 days if the holders of more than 50% of the ownership interests vote in favor of continuing construction (the Majority Voting Owners) (see the "Global Amendments, Tender Option and Settlement of Disagreements with GPC" section of this Note). In such a case, the Vogtle Co-Owners (i) would agree to negotiate in good faith towards the resumption of Vogtle Units 3&4, (ii) if no agreement was reached during such 30-day period, Vogtle Units 3&4 would be cancelled, and (iii) in the event of such a cancellation, the Majority Voting Owners would be obligated to reimburse any other Vogtle Co-Owner for the costs it incurred during such 30-day negotiation period.

Production Tax Credits

Under Section 45J(b)(5) of the United States Internal Revenue Code, each of the Project Entities made an application on April 17, 2023 for an allocation of unutilized national megawatt capacity limitation for PTCs for their respective ownership interests in Unit 3. It is anticipated that similar applications will be made with respect to Unit 4 in the near future. If such allocations are awarded, the Project Entities currently intend to exercise their right under the Global Amendments to sell the PTCs to GPC.

The ultimate outcome of these matters cannot be determined at this time.

See Note 2 (G) "— Nuclear Generating Facilities" for a discussion of other nuclear generating and NRC matters.

(E) MUNICIPAL COMPETITIVE TRUST

The Municipal Competitive Trust (Competitive Trust) was established in 1999 to accumulate and grow, through common investment, a substantial fund to be utilized by the Participants to mitigate the high fixed cost related to Generation Station Vogtle, Unit Nos. 1 and 2 (Vogtle Units 1&2) and the impacts that may result from the deregulation of the electric industry in Georgia. It was initially funded with certain rate stabilization and debt service reserve funds totaling approximately $441 million and was comprised of the Reserve Funded Debt, Credit Support Operating and Flexible Operating accounts. The Reserve Funded Debt and Credit Support Operating accounts are held for the benefit of Project One and the General Resolution Projects.

Participants currently contribute funds into the Flexible Operating, as well as the New Generation and Capacity Funding, accounts on an elective basis. With the exception of the Flexible Operating account and the New Generation and Capacity Funding account, the funds in the Competitive Trust have been retained and invested in securities typically held to maturity. Investments of the Competitive Trust totaled $593.3 million at December 31, 2022. Changes impacting the balance in the Competitive Trust result from investment earnings and additional Participants' contributions, which are offset by scheduled distributions to the Participants.

During 2008 and 2009, several amendments to the terms of the Competitive Trust authorized MEAG Power, on behalf of the Participants executing such amendments, to, among other things, establish the New Generation and Capacity Funding account to permit the Participants to fund their share of the acquisition and construction costs of any future MEAG Power generation project joined by such Participants (including the Vogtle Units 3&4 Projects and Project Entities), as well as funding of capacity purchases proposed by MEAG Power, purchase of additional entitlement shares or obligation shares of existing MEAG Power projects, and for mitigation of certain bulk power supply cost increases.

If not otherwise expended, monies in the Reserve Funded Debt account may be withdrawn on or after December 31, 2025, and monies in the New Generation and Capacity Funding account may be withdrawn after January 1, 2037. An external trustee holds the funds in the Competitive Trust and maintains balances on an individual Participant basis. All of the Participants participate in the Competitive Trust.

The Competitive Trust is not fiduciary in nature and is not considered a fiduciary activity in the context of Governmental Accounting Standards Board (GASB) Statement No. 84, "Fiduciary Activities."

(F) TELECOMMUNICATIONS PROJECT

On September 30, 2022, Georgia Public Web, Inc. (GPW), a Georgia nonprofit corporation, sold its assets to Accelecom. GPW was established in 2001 by the 32 Participants that comprised MEAG Power's Telecommunications Project (Telecom Project) to, among other things, achieve economies of scale and serve the telecommunications needs of its members.

MEAG Power sold certain telecommunications assets to and entered into a Master Agreement with Accelecom providing indefeasible rights to use optical fibers in MEAG Power cables. MEAG Power continues to provide maintenance and repair for certain portions of the MEAG Power system. MEAG Power will close the Telecom Project's accounts during 2023 and will return any remaining funds to the applicable Participants. MEAG Power's contracts with its Participants relating to the Telecom Project remain in effect in order that any future costs incurred in connection therewith will be passed on to such Participants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

(A) BASIS OF ACCOUNTING

The electric utility accounts of MEAG Power are maintained substantially in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC), as provided by the Power Sales Contracts with the Participants. Telecom Project accounts will be maintained substantially in accordance with the Uniform System of Accounts of the Federal Communications Commission until these accounts are closed (see Note 1, section (F), "Telecommunications Project"). All such accounts are in conformity with accounting principles generally accepted in the United States (GAAP). MEAG Power's financial statements are prepared in accordance with GAAP as prescribed by the GASB and the Accounting Standards Codification of the Financial Accounting Standards Board (FASB), where such FASB pronouncements do not conflict with or contradict GASB pronouncements.

MEAG Power's Board (the Board) has authority for establishing rates billed to the Participants each year as part of the Annual System Budget approval process. Accounting guidance under GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" (Statement 62), permits an entity with cost-based rates to defer certain costs or income that would otherwise be recognized when incurred to the extent that the rate-regulated entity is recovering or expects to recover such amounts in its billings. As discussed in "Net Costs to Be Recovered and Deferred Inflows of Resources," section (D) of this Note (Note 2 (D)), differences between amounts billed and expenses determined in accordance with GAAP (Timing Differences) are charged or credited to net costs to be recovered from Participants or deferred inflows of resources.

Interproject receivables and payables have been eliminated from MEAG Power's consolidated financial statements. Certain transfers related to the Project Entities and DOE Guaranteed Loans, as discussed in Note 1, section (D) "— Vogtle Units 3&4 Projects and Project Entities (Note 1 (D)) — Structure, DOE Guaranteed Loans and Recent Bond Financings" have been eliminated from the balances of the Vogtle Units 3&4 Projects and Project Entities.

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the consolidated financial statements and the related disclosures in these Notes. Actual results could differ from those estimates.

(B) STATEMENT OF CASH FLOWS

In accordance with GASB Statement No. 34, "Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments" (Statement 34), the Consolidated Statement of Cash Flows (Statement of Cash Flows) is presented using the direct method. For reporting cash flows, highly liquid investments purchased with a maturity of three months or less are considered to be cash equivalents except for securities lending investments, as discussed in the "Securities Lending" section of Note 4, "Special Funds and Supplemental Power Account" (Note 4) For the years ended December 31, 2022 and 2021, cash and cash equivalents totaled $782.0 million and $839.6 million, respectively. Amounts presented in the Statement of Cash Flows for property additions are net of changes in the related liability accounts payable. For the years ended December 31, 2022 and 2021, such changes were $(9.3) million and $(4.0) million, respectively.

(C) REVENUES

Participant

Wholesale electric sales to the Participants are recorded as Participant revenues on an accrual basis. Billings to the Participants for delivered energy are designed to recover certain costs, as defined by the bond resolutions and Power Sales Contracts, and principally include current operating costs, scheduled debt principal and interest payments, and deposits in certain funds. Billings to Participants of Project One, the General Resolution Projects, the CC Project, as well as Project M and the Project M Entity, accounted for 89.5% and 82.8% of total revenues for the years ended December 31, 2022 and 2021, respectively. Three Participants collectively accounted for approximately 18% and 23% of Participant revenues in 2022 and 2021, respectively, with one Participant accounting for 6.5% of these revenues in 2022 and 9.8% in 2021.

Year-End Settlement

In accordance with the Power Sales Contracts and Telecom Project contracts, MEAG Power performs a year-end settlement process to determine if the aggregate amount of revenues received from the Participants and Telecom Project participants to provide recovery of costs incurred were in the proper amount. Any excess or deficit amounts resulting in adjustment of billings are refunded to or collected from the Participants and Telecom Project participants in the following year. For the years ended December 31, 2022 and 2021, the excess revenues received and included in accounts payable on MEAG Power's Balance Sheet were as follows (in thousands):

Year-End Settlement	**2022**	2021
Project One	**$11,874**	$34,705
General Resolution Projects	**3,625**	9,788
CC Project	**6,632**	4,446
Vogtle Units 3&4 Projects and Project Entities	**(149)**	(17)
Telecom Project	**(19)**	6
Total	**$21,963**	$48,928

Refunds for 2022 excess revenues will be processed beginning in the First Quarter of 2023.

Other Revenues

Sales to other utilities and power marketers, which are also recorded on an accrual basis, comprise other revenues. Such sales are primarily to The Energy Authority (TEA), as discussed in Note 6, "Investment in Alliance," and GPC, as discussed in section (G) of this Note, "Generation and Transmission Facilities — Jointly Owned Generation Facilities," as well as "— Pseudo Scheduling and Services Agreement." Debt service collections for Project J, Project P, the Project J Entity and the Project P Entity are also included in other revenues.

(D) NET COSTS TO BE RECOVERED AND DEFERRED INFLOWS OF RESOURCES

Timing Differences are charged or credited to net costs to be recovered from Participants in other non-current assets or deferred inflows of resources on the Balance Sheet. Depreciation and certain debt service billings are examples of such Timing Differences. All costs are billed to the Participants over the period of the applicable contracts. Certain investment income represents earnings on funds not subject to year-end adjustment of billings.

As discussed in Note 2 (G) "— Coal Generating Facilities," retirement and decertification of Generation Station Wansley occurred on August 31, 2022. MEAG Power recorded a regulatory asset for these assets and will amortize the remaining net book values of the units and any remaining unusable materials and supplies inventories upon retirement over the remaining period of the principal of the debt outstanding associated with such facilities through 2043. Beginning in 2021, capitalized interest is included in net costs to be recovered from Participants (see Note 2, section (N), "Recent Accounting Pronouncements").

At December 31, 2022 and 2021, net costs to be recovered from Participants and deferred inflows of resources consisted of the following (in thousands):

Net Costs to Be Recovered from Participants

December 31, 2022	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Total
Timing Differences	**$ —**	**$ —**	**$—**	**$(300,032)**	**$—**	**$—**	**$(300,032)**
Regulatory assets:							
Capitalized interest	**12,896**	**1,471**	**—**	**452,988**	**—**	**—**	**467,355**
Generation Station Wansley	**100,512**	**50,257**	**—**	**—**	**—**	**—**	**150,769**
Vogtle Units 3&4 Projects and Project Entities net non-operating expense	**—**	**—**	**—**	**456,116**	**—**	**—**	**456,116**
Other, net	**—**	**—**	**—**	**807**	**—**	**—**	**807**
Total net costs to be recovered from Participants	**$113,408**	**$51,728**	**$—**	**$609,879**	**$—**	**$—**	**$ 775,015**

December 31, 2021	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Total
Timing Differences	$ —	$ —	$—	$(230,747)	$—	$—	$ (230,747)
Regulatory asset — Capitalized interest	6,765	744	—	230,545	—	—	238,054
Vogtle Units 3&4 Projects and Project Entities net non-operating expense	—	—	—	466,245	—	—	466,245
Other, net	—	—	—	506	—	—	506
Total net costs to be recovered from Participants	$ 6,765	$744	$—	$ 466,549	$—	$—	$ 474,058

Deferred Inflows of Resources

December 31, 2022	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Total
Timing Differences	**$ 391,718**	**$376,841**	**$137,579**	**$ —**	**$—**	**$ 830**	**$ 906,968**
Certain investment income	**354,189**	**64,396**	**15,924**	**—**	**—**	**179**	**434,688**
Asset retirement obligations	**(28,024)**	**(27,100)**	**—**	**—**	**—**	**—**	**(55,124)**
Other, net	**(4,121)**	**4,572**	**5,032**	**1,218**	**—**	**(589)**	**6,112**
Total deferred inflows of resources	**$713,762**	**$418,709**	**$158,535**	**$1,218**	**$—**	**$ 420**	**$1,292,644**

December 31, 2021	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Total
Timing Differences	$322,387	$375,331	$124,897	$ —	$—	$3,080	$ 825,695
Certain investment income	357,905	64,708	16,961	—	—	179	439,753
Asset retirement obligations	56,968	(14,912)	—	—	—	—	42,056
Other, net	1,457	4,850	7,836	1,338	—	(589)	14,892
Total deferred inflows of resources	$738,717	$429,977	$149,694	$1,338	$—	$2,670	$1,322,396

(E) PROPERTY, PLANT AND EQUIPMENT

The cost of PP&E includes both direct and overhead costs, capitalized interest and the cost of major property replacements. Costs are recorded in construction work in progress (CWIP) and capitalized as a generating unit or other PP&E asset is placed in service; hence, most of the PP&E additions are transfers from CWIP. Repairs and replacement of minor items of property are charged to maintenance expense. When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its cost, together with the cost of removal less salvage, is charged to accumulated depreciation, with no gain or loss recorded. Note 3, "Property, Plant and Equipment" (Note 3) includes additional PP&E information.

Interest on amounts borrowed to finance construction of MEAG Power's projects is capitalized and included in net costs to be recovered from Participants and also recorded as a reduction to net non-operating expense. Included in MEAG Power's Consolidated Statement of Net Revenues (Statement of Net Revenues) for the years ended December 31, 2022 and 2021, respectively, was total interest expense of $412.7 million and $396.7 million, of which $229.5 million and $238.1 million was capitalized.

(F) DEPRECIATION

Depreciation of generating units or other PP&E, as applicable, is computed using the straight-line composite method over their expected life. Annual depreciation provisions, expressed as a percentage of average depreciable property, are shown below as of both December 31, 2022 and 2021 as applicable for Project One, the General Resolution Projects and the CC Project. The composite electric utility depreciation rates for generating units, transmission and distribution plant are based on engineering studies updated periodically, the most recent study being available for use by MEAG Power beginning in 2020. Depreciation expense for the PP&E components shown below, including Generation Station Wansley (see Note 2 (G), "— Coal Generating Facilities"), totaled $112.8 million and $114.9 million for the years ended December 31, 2022 and 2021, respectively, and is included in depreciation and amortization in the Statement of Net Revenues. Accumulated depreciation information is included in Note 3.

Generating Unit	Fuel	Rate
Hatch	Nuclear	3.05%
Scherer	Coal	2.48%
Vogtle Units 1&2	Nuclear	1.65%
CC Facility	Natural gas	2.92%

Other Property, Plant and Equipment	Rate
Transmission Plant	2.20%
Distribution Plant	2.70%
General/Other Plant	2.5%–33.0%

(G) GENERATION AND TRANSMISSION FACILITIES

Jointly Owned Generation Facilities

At December 31, 2022, MEAG Power's ownership percentages in jointly owned generation facilities in service were as follows:

	Ownership Percent		
Facility	Project One	General Resolution Projects	Total Ownership
Hatch Units 1&2	17.7%	—	17.7%
Scherer Units 1&2	10.0%	20.2%	30.2%
Vogtle Units 1&2	17.7%	5.0%	22.7%

MEAG Power, GPC, OPC and Dalton (collectively, the Joint-Owners) jointly own the facilities. GPC has contracted to operate and maintain the jointly owned facilities as agent for the respective Joint-Owners. MEAG Power's proportionate share of generating unit operating expenses is included in the corresponding operating expense items in the accompanying Statement of Net Revenues. MEAG Power also has a 22.7% ownership interest in Vogtle Units 3&4 through the Project Entities, currently under construction (see Note 1 (D)).

MEAG Power and GPC are parties to agreements governing the ownership and operation of electric generating and transmission facilities. GPC is agent for the operation of the generating and transmission facilities. In addition, there is a long-term agreement that provides for the sale by MEAG Power to GPC of a portion of the output of Vogtle Units 1&2. Sales to GPC pursuant to this agreement, included in other revenues, were $6.8 million in 2022 and $8.2 million in 2021 for Project One, and $1.9 million in 2022 and $2.2 million in 2021 for the General Resolution Projects.

Nuclear Generating Facilities

MEAG Power's current nuclear generating facilities consist of its 17.7% ownership in Generation Station Hatch, Unit Nos. 1 and 2 (Hatch Units 1&2) and its 22.7% ownership in Vogtle Units 1&2 (collectively, the existing Nuclear Units). Southern Nuclear, as agent for GPC, is the operator of the existing Nuclear Units.

Under contracts GPC has with the DOE, permanent disposal of spent nuclear fuel was to begin in 1998. This has not occurred, and GPC has pursued, and continues to pursue, legal remedies against the U.S. government for its partial breach of contract.

In prior years, GPC filed lawsuits against the U.S. government in the U.S. Court of Federal Claims (the Federal Claims Court) for the costs of continuing to store spent nuclear fuel at the existing Nuclear Units for the period January 1, 2011 through December 31, 2019. On June 12, 2019, the Federal Claims Court granted GPC's motion for summary judgment on damages not disputed by the U.S. government, awarding those undisputed damages to GPC. However, those undisputed damages are not collectible, and MEAG Power's share of such awards will not be recognized in its financial statements until the Federal Claims Court enters final judgment on the remaining damages.

Damages will continue to accumulate until the issue is resolved, the U.S. government disposes of GPC's spent nuclear fuel pursuant to its contractual obligations, or alternative storage is otherwise provided. No amounts have been recognized in MEAG Power's financial statements as of December 31, 2022, for any potential recoveries from any of these additional lawsuits, and the final outcome of these matters cannot be determined at this time. MEAG Power previously received its share of awards by the Federal Claims Court for spent nuclear fuel damages for the years 1998 through 2010.

Interim storage of spent fuel in an on-site dry storage facility began in 2013 at Vogtle Units 1&2. Such a facility became operational at Hatch Units 1&2 in 2000. These facilities can be expanded to accommodate spent fuel throughout the life of the generating units.

The NRC has broad authority under federal law to impose licensing and safety-related requirements for the operation of nuclear generation facilities. In the event of non-compliance with NRC licensing and safety-related requirements, the NRC has the authority to impose fines and/or shut down any unit, depending upon its assessment of the severity of the situation, until compliance is achieved. NRC orders or regulations related to increased security measures and any future safety requirements promulgated by the NRC could require MEAG Power to make substantial operating and capital expenditures at the existing Nuclear Units. In addition, although GPC has no reason to anticipate a serious nuclear incident at the existing Nuclear Units, if an incident were to occur, it could result in substantial costs to MEAG Power. A major incident at a nuclear facility anywhere in the world could cause the NRC to limit or prohibit the operation or licensing of any domestic nuclear unit that could result in substantial costs. Moreover, a major incident at any nuclear facility in the United States could require MEAG Power to make material contributory payments.

In addition, potential terrorist threats and increased public scrutiny of utilities could result in increased nuclear licensing or compliance costs that are difficult to predict.

For information regarding nuclear insurance and MEAG Power's long-term nuclear fuel commitments, see the "Nuclear Insurance" and "Fuel" sections of Note 8, "Commitments and Contingencies" (Note 8).

Coal Generating Facilities

MEAG Power's coal generating facilities consist of its 30.2% ownership in Generation Station Scherer Units 1&2 (Scherer Units 1&2) and related common facilities. For information regarding MEAG Power's long-term coal commitments, see the "Fuel" section of Note 8.

Decertification and retirement of the coal-fired units of Generation Station Wansley occurred on August 31, 2022 (Unit No. 5A was oil-fired). No unplanned impact to MEAG Power's ability to supply capacity and energy to the Participants occurred as a result, and the operation of MEAG Power's natural gas-fired combined cycle unit located at Generation Station Wansley was unaffected. MEAG Power's 15.1% ownership interest in these units aggregated 268.8 MW of capacity. MEAG Power recorded a regulatory asset for these assets and will amortize the remaining net book values of the units and any remaining unusable materials and supplies inventories upon retirement over the remaining period of the principal of the debt outstanding associated with such facilities through 2043. The debt outstanding with respect to MEAG Power's interest in the units is approximately $79 million, and the net book value of the regulatory asset is approximately $151 million as of December 31, 2022.

Natural Gas Generating Facilities

As discussed in Note 1, section (C), "Combined Cycle Project," MEAG Power wholly owns the CC Facility within the CC Project. MEAG Power has contracted with North American Energy Services Corporation (NAES) to perform the operation and maintenance of the CC Project. The agreement provides for a three-year automatic renewal, unless a 90-day notice is provided by either party, with the next scheduled renewal being October 2024. MEAG Power has contracted with Mechanical Dynamics & Analysis, formerly PW Power Systems, for long-term parts and outage services for the CC Facility. The term of the contract is based on the operations of the unit and estimated to be in place through 2030.

Transmission Facilities

MEAG Power; GPC; Georgia Transmission Corporation, a not-for-profit cooperative transmission provider to 38 electric distribution cooperatives in Georgia; and Dalton each own transmission system facilities, which together comprise a statewide ITS. MEAG Power and the other owners of those facilities may make use of the majority of such facilities included in the ITS, regardless of ownership, in serving its customers. Bulk power supply is furnished by MEAG Power to the Participants through the ITS. MEAG Power's ITS facilities are included in

Project One. MEAG Power and GPC entered into a Second Revised and Restated Integrated Transmission System Operation Agreement (the ITS Operation Agreement), effective March 23, 2017, which appointed GPC as agent for the management and operation of MEAG Power's transmission system facilities. The revisions to the ITS Operation Agreement specified: (a) an initial term through December 31, 2017, with automatic two-year renewals thereafter, with the current renewal term extending through December 31, 2023; (b) GPC's supporting compliance role for MEAG Power regarding (i) certain mandatory federal reliability standards and (ii) filing requirements of SERC Reliability Corporation (SERC) and the North American Electric Reliability Corporation (NERC) regarding Coordinated Functional Registration (CFR) agreements; (c) provisions to update certain sections of the Operation Agreement (and associated CFR agreements, as applicable) as NERC standards change; and (d) certain other legal provisions. With these revisions, GPC, as agent for MEAG Power, is responsible for compliance with the majority of mandatory federal reliability standards under FERC Order No. 693 "Mandatory Reliability Standards for the Bulk-Power System" (NERC Operations and Planning Standards or NERC O&P) and FERC Order No. 706, "Mandatory Reliability Standards for Critical Infrastructure Protection" (NERC Critical Infrastructure Protection (CIP) Standards or NERC CIP). Under these revisions, GPC also assumes the associated monetary penalty risk associated with non-compliance for these mandatory federal reliability standards that control how the transmission systems are operated and maintained, with reliability being the primary focus. Neither MEAG Power nor GPC has given the required 24 months' prior notice of cancellation for the ITS Operation Agreement.

The mandatory federal reliability standards are determined by FERC and generally enforced by NERC. There are smaller regional compliance organizations such as SERC that help facilitate compliance with these standards, or some related standards, that reflect the regional differences that are common practice in maintaining reliability among the companies in the geographic footprint of the regional compliance organization. MEAG Power's compliance with NERC O&P and NERC CIP is discussed in the "Legislative and Regulatory Issues" section of Note 8.

The Integrated Transmission System Maintenance Agreement, pursuant to which GPC maintains MEAG Power's transmission system facilities, has been effective since 1999 and has renewed annually since 2002, with the current renewal term extending through December 31, 2023. Neither party has given the required 12 months' prior notice of cancellation.

In 2006, the owners of the ITS exchanged written commitments whereby each owner agreed to waive and not to exercise its right under its respective ITS Agreement (Agreement) to terminate the Agreement on any date prior to December 31, 2027. In accordance with the five-year notice requirement in the Agreement, an owner may provide written notice after December 31, 2022, terminating its respective Agreement no earlier than five years from such notice date. These written commitments do not have the effect of modifying, superseding or terminating any Agreement.

Southeastern Power Administration

The Participants have contracts with the Southeastern Power Administration (SEPA) under which they are entitled to receive capacity and energy allocations of hydro-electric generation. Each contract remains in effect until a termination notice is given by either the Participant (with 25 months' notice) or SEPA (with 24 months' notice). The aggregate amount of capacity and associated energy received by the Participants under the SEPA contracts as of December 31, 2022 was 398 MWs.

Pseudo Scheduling and Services Agreement

MEAG Power and GPC are parties to a Pseudo Scheduling and Services Agreement (PSSA) that addresses unit scheduling and dispatch and system services required for MEAG Power to manage its resources and effectuate off-system sales and purchases within The Southern Company's (Southern Company) (parent company of GPC) system. Under this agreement, MEAG Power's schedule for the output from Scherer Units 1&2 may differ from the actual output of its ownership share and will result in sales to or purchases from GPC to reconcile the difference. During the years ended December 31, 2022 and 2021, sales and purchases with GPC under this agreement were (in thousands):

PSSA	**2022**	2021
Sales	**$ 6,857**	$13,009
Purchases	**$15,686**	$15,191

(H) ASSET RETIREMENT OBLIGATIONS AND DECOMMISSIONING

Asset retirement obligations (ARO) are calculated at the present value of a long-lived asset's applicable disposal costs and are recorded in the period in which the liability is incurred. This liability is accreted during the remaining life of the associated assets and adjusted periodically based upon updated estimates to reflect current assumptions regarding the retirement of the applicable PP&E. The costs associated with the corresponding assets have been increased and are being depreciated throughout the remaining lives of the assets.

The recognition of ARO is driven primarily by decommissioning costs associated with the existing Nuclear Units, as well as costs associated with plans to close ash ponds related to Scherer Units 1&2 in response to the final coal combustion residuals (CCR) and the effluent limitations guidelines (ELG) regulations (see the "Environmental Regulation" section of Note 8). The most recent estimates pertaining to decommissioning costs were completed in 2021. Additional updates pertaining to coal ash ponds were received in 2020.

In accordance with GASB Statement No. 83, "Certain Asset Retirement Obligations," as a minority owner (less than 50%) of applicable jointly owned generation facilities (see footnote (1) below), MEAG Power uses the measurement produced by the nongovernmental minority owner that has operational responsibility for the generating units (ARO Measurement), to account for its ARO, which is included in non-current liabilities on the Balance Sheet.

MEAG Power's share of the ARO Measurement as of December 31, 2022 and 2021 was as follows (dollars in thousands):

December 31, 2022	Total ARO	ARO at MEAG Power's Ownership Percentage [(1)]
Nuclear	**$2,713,265**	**$532,547**
Coal ash	**1,520,989**	**229,669**
Other	**136,713**	**23,355**
Total	**$4,370,967**	**$785,571**

December 31, 2021	Total ARO	ARO at MEAG Power's Ownership Percentage [(1)]
Nuclear	$2,572,569	$504,701
Coal ash	1,452,666	219,353
Other	187,975	31,555
Total	$ 4,213,210	$755,609

(1) MEAG Power's percentage of ARO approximates its ownership percentage of jointly owned common generation facilities, which ranged from 17.7% to 30.2% as of December 31, 2022, as shown in "Generation and Transmission Facilities," section (G) of this Note. As of December 31, 2021, MEAG Power's ownership percentage ranged from 15.1% to 30.2% (see Note 2 (G) "— Coal Generating Facilities" regarding the decertification and retirement of Generation Station Wansley in August 2022).

Future costs of decommissioning are recognized through the accretion of ARO as part of depreciation expense. Pursuant to NRC guidelines, funds are maintained to hold assets that will be used to pay the future costs to decommission the existing Nuclear Units. The Decommissioning Trust funds (Decommissioning Trust), which are held by a trustee, were established to comply with NRC regulations, which require licensees of nuclear power generating units to provide certain financial assurances that funds will be available when needed for required decommissioning activities.

Under current plans, the existing Nuclear Units will be decommissioned over extended periods at estimated costs (Project One and the General Resolution Projects' portion) as of the year of site-specific studies as follows (dollars in thousands):

	Hatch Units 1&2	Vogtle Units 1&2
Decommissioning period	2034–2075	2047–2079
Estimated future costs (2021 dollars)	$359,725	$438,542
Amount expensed in 2022	$ 10,959	$ 13,572
Accumulated provision in external funds	$286,107	$281,225

In 2009, the NRC extended the operating licenses for Vogtle Units 1&2 for an additional 20 years until 2047 and 2049, respectively. The NRC had previously extended the operating licenses for Hatch Units 1&2 until 2034 and 2038, respectively. These extensions are factored into the above estimates.

Actual decommissioning costs may vary due to changes in the assumed dates of decommissioning, NRC funding requirements, regulatory requirements, costs of labor and equipment, or other assumptions used in determining the estimates. Earnings and inflation assumptions of 4.2% and 2.5%, respectively, were used to determine decommissioning-related billings to the Participants for 2023 budget purposes, based on the most recent estimates pertaining to decommissioning costs.

(I) FUEL COSTS

Fuel stocks, which are stated at average cost, are recorded as inventory when purchased and expensed as burned. Amortization of nuclear fuel is calculated on a units-of-production basis.

Natural gas expense for the CC Project totaled $100.1 million and $76.9 million for 2022 and 2021, respectively. MEAG Power uses fuel-related derivative financial instruments/natural gas hedges to manage specific risks associated with procurement of natural gas for the CC Project. Such strategies are governed by MEAG Power's Fuel Risk Management Policy (the Fuel Risk Management Policy) and primarily include hedging transactions used to manage MEAG Power's natural gas cost.

MEAG Power follows GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" (Statement 53), which requires changes in the fair value of effective hedging derivative instruments to be recorded as a deferred inflow or outflow. All of MEAG Power's natural gas hedges are considered effective and, as such, the fair value of $12.8 million and $12.0 million as of December 31, 2022 and 2021, respectively, is recorded on the Balance Sheet in materials, supplies and other assets. The increase in fair value of $0.8 million and $13.7 million for 2022 and 2021, respectively, is recorded in deferred outflows of resources on the Balance Sheet.

Summary information pertaining to natural gas hedges as of December 31, 2022 and 2021 is as follows (dollars in thousands):

Contract Year	**Notional Amount* December 31, 2022**	**Fair Value December 31, 2022**	Latest Maturity Date
2023	**7,910,000**	**$ 4,733**	Dec-2023
2024	**3,280,000**	**4,623**	Dec-2024
2025	**2,840,000**	**3,223**	Nov-2025
2026	**1,050,000**	**231**	Oct-2026
Total	**15,080,000**	**$12,810**	

Contract Year	Notional Amount* December 31, 2021	Fair Value December 31, 2021	Latest Maturity Date
2022	6,180,000	$ 6,513	Dec-2022
2023	4,890,000	3,183	Dec-2023
2024	3,160,000	1,456	Dec-2024
2025	1,930,000	872	Oct-2025
Total	16,160,000	$12,024	

*In mmBtus (1 million British Thermal Units).

The above natural gas hedges were entered into between April 2018 and December 2022 with immaterial total cash paid at inception for natural gas hedges outstanding at both December 31, 2022 and 2021. The price index for all of MEAG Power's natural gas hedges is the New York Mercantile Exchange Natural Gas Futures Contract at Henry Hub (Henry Hub Contract). All of MEAG Power's natural gas hedges are with one of two counterparties that had credit ratings with Fitch Ratings (Fitch), Moody's Investors Service (Moody's) and Standard & Poor's (S&P) at December 31, 2022 and 2021 as follows:

	Counterparty Credit Rating		
	Fitch	Moody's	S&P
December 31, 2022	**AA/A**	**Aa1/A2**	**A+/BBB+**
December 31, 2021	AA/A	Aa2/A2	A+/BBB+

For a discussion of risks pertaining to derivative financial instruments, see "Derivative Financial Instruments," section (K) of this Note.

(J) MATERIALS, SUPPLIES AND OTHER ASSETS

Materials and supplies include the cost of transmission materials and the average cost of generating unit materials, which are charged to inventory when purchased and then expensed or capitalized to plant, as appropriate. Other assets consist primarily of prepaid assets and the fair value of effective natural gas hedging instruments.

(K) DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments used in the management of interest rate exposure through swap transactions are governed by MEAG Power's Asset/Liability Management Policy (ALCO Policy), as authorized by the Asset/Liability Committee of the Board. As discussed in the "Fuel Costs" section (I) of this Note, MEAG Power also uses natural gas hedges to manage specific risks associated with procurement of natural gas for the CC Project, in accordance with the Fuel Risk Management Policy. Such swap transactions and natural gas hedges are accounted for, as applicable, in accordance with Statement 53 or GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (Statement 31). These derivative instruments are not held or issued for trading purposes, and MEAG Power management has designated the swaps and hedges as hedge instruments. Under Statement 53, the swap agreements and natural gas hedges are marked-to-market monthly with the effective portion included in deferred outflows of resources. If the instrument is terminated before the end of the agreement's term, any gain or loss is amortized over a period consistent with the underlying liability.

Information about natural gas hedges and interest rate swap agreements outstanding as of December 31, 2022 and 2021 is included in the "Fuel Costs" section (I) of this Note and the "Other Financing Transactions" section of Note 5, respectively.

As a result of using derivative financial instruments, MEAG Power is subject to the following risks:

Credit Risk

MEAG Power is exposed to credit risk on all interest rate swaps and all natural gas hedges, with the largest potential for risk on swaps and hedges that are in a significant asset position and to a lesser extent through the possibility of non-performance under the swap by the counterparty. In order to minimize this risk, the ALCO Policy, which governs interest rate swaps, and the Fuel Risk Management Policy, which governs natural gas hedges, restrict potential counterparties to major financial institutions with either high investment-grade credit ratings or agreements to collateralize their net positions. In addition, the ALCO Policy and the individual agreements with the natural gas hedging counterparties limit the amount of exposure to the counterparty to certain amounts that decrease as the counterparty's credit rating decreases.

Finally, MEAG Power requires each counterparty to post collateral based on the exposure of the swap or hedge. The three outstanding interest rate swaps were in the counterparty's favor in a liability position as of December 31, 2022, thereby minimizing the credit risk to MEAG Power. The value of natural gas hedges in MEAG Power's favor totaled $15.4 million. MEAG Power held $8.3 million in collateral as of December 31, 2022 against the value of the natural gas hedges.

Interest Rate Risk

MEAG Power is exposed to various interest rate risks on the variable-rate portion of its debt portfolio and utilizes interest rate swaps to help mitigate them. In accordance with the ALCO Policy, MEAG Power may either hedge specific bonds by synthetically converting them to a fixed rate of interest or hedge a portion of the overall debt portfolio for a specific period of time. Under the terms of each interest rate swap, MEAG Power pays a fixed rate of interest and receives a floating-rate payment that is based on an index. If interest rates rise, the amount of interest MEAG Power would pay on its variable-rate debt would rise. However, the higher payments made on its variable-rate debt should be offset by higher payments received on its interest rate swaps, thereby reducing MEAG Power's interest rate risk.

Basis Risk

Basis risk occurs when the floating rates on the interest rate swaps and the variable-rate bonds do not match exactly. When investors demand an interest rate on MEAG Power's variable-rate debt that is higher or lower than the variable-rate index used to calculate the payments on the swap, the payments may not offset completely. This mismatch in payments may be a benefit or detriment to MEAG Power.

MEAG Power is also exposed to basis risk between the natural gas hedges, which settle against the Henry Hub Contract, and the hedged gas deliveries, which are typically daily spot purchases in Transcontinental Gas Pipeline Company, LLC's zone 3 or zone 4. However, the prices at each of these pricing points are highly correlated and generally very close; therefore, MEAG Power's basis risk for its natural gas hedges is not substantial.

Termination Risk

Either party to an interest rate swap or a natural gas hedge may terminate the transaction for a variety of reasons, based upon the terms of the contract. MEAG Power would be exposed to additional interest rate risk or natural gas price volatility if the counterparty to a swap or hedge transaction defaults or if the swap or hedge is terminated. If the swap or natural gas hedge is a liability to MEAG Power at the time of termination, the counterparty would be due a payment from MEAG Power equal to the liability as specified in the International Swaps and Derivatives Association Agreement. An asset position in the swap or hedge at the time of termination would generate a payment to MEAG Power from the counterparty.

Rollover Risk

The interest rate swaps that are used to hedge a portion of the overall variable-rate debt portfolio may terminate prior to the maturity of the bonds they hedge. Therefore, MEAG Power may be exposed to rollover risk as these swaps terminate.

Market-Access Risk

MEAG Power is exposed to market-access risk on future bond or swap transactions and natural gas hedges if market conditions deteriorate in the future.

(L) FAIR VALUE MEASUREMENTS

Fair value is defined in GASB Statement No. 72, "Fair Value Measurement and Application" (Statement 72) as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions maximize the use of relevant observable inputs and minimize the use of unobservable inputs. MEAG Power holds investments and derivative financial instruments that are measured at fair value on a recurring basis. Because investing is not a core part of MEAG Power's mission, MEAG Power determines that the disclosures related to these investments only need to be disaggregated by major type. MEAG Power chooses a tabular format for the fair value disclosures. MEAG Power categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability, as follows:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that MEAG Power can access at the measurement date.
- Level 2 inputs are inputs — other than quoted prices included within Level 1 — that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

Investments

Level 1 investments are valued using prices quoted in active markets for identical assets. Investments classified in Level 2 of the fair value hierarchy are valued using comparative observable input market data, including, but not limited to: benchmark yields or yield curves; historic sector, security or issuer relative pricing; observed or reported trades of like assets; broker dealer quotes; or quantitative pricing models using any or all of these market data. Money market mutual funds are recorded at amortized cost in accordance with Statement 31. For additional information pertaining to MEAG Power's investments, see Note 4.

Interest Rate Swaps

MEAG Power's interest rate swap agreements are valued using observable market interest rates, implied volatilities and credit spreads, which places them at Level 2 in the fair value hierarchy. For additional information pertaining to MEAG Power's interest rate swap agreements, see the "Other Financing Transactions" section of Note 5.

Natural Gas Hedges

MEAG Power's natural gas hedges consist of over-the-counter swaps, call options and put options. These hedges are valued using price quotes for identical assets or liabilities in active markets, which places them at Level 1 in the fair value hierarchy. For additional information pertaining to MEAG Power's natural gas hedges, see the "Fuel Costs" section (I) of this Note.

MEAG Power's fair value measurements and their levels within the fair value hierarchy as of December 31, 2022 and 2021 were as follows (in thousands):

December 31, 2022	Total	Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Treasury securities	**$ 595,506**	**$595,506**	**$ —**	**$—**
U.S. government agency and agency-backed securities	**780,071**	**—**	**780,071**	**—**
Corporate notes	**143,213**	**—**	**143,213**	**—**
Municipal bonds	**18,832**	**—**	**18,832**	**—**
Total investments by fair value level	**1,537,622**	**$595,506**	**$ 942,116**	**$—**
Investments measured at the net asset value (NAV):				
Common equity investment trusts	**165,977**			
Investments measured at cost:				
Money market mutual funds	**673,169**			
Cash/Other	**3,638**			
Total investments measured at cost	**676,807**			
Total special funds, supplemental power account and securities lending collateral	**$2,380,406**			
Derivative financial instruments:				
Interest rate swaps	**$ (19,823)**	**$ —**	**$ (19,823)**	**$—**
Natural gas hedges	**12,810**	**12,810**	**—**	**—**
Total derivative financial instruments	**$ (7,013)**	**$ 12,810**	**$ (19,823)**	**$—**

December 31, 2021	Total	Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Treasury securities	$ 998,986	$998,986	$ —	$—
U.S. government agency and agency-backed securities	877,156	—	877,156	—
Corporate notes	166,569	—	166,569	—
Municipal bonds	21,151	—	21,151	—
Total investments by fair value level	2,063,862	$998,986	$1,064,876	$—
Investments measured at the NAV:				
Common equity investment trusts	200,236			
Investments measured at cost:				
Money market mutual funds	801,899			
Cash/Other	54			
Total investments measured at cost	801,953			
Total special funds, supplemental power account and securities lending collateral	$3,066,051			
Derivative financial instruments:				
Interest rate swaps	$ (69,149)	$ —	$ (69,149)	$—
Natural gas hedges	12,023	12,023	—	—
Total derivative financial instruments	$ (57,126)	$ 12,023	$ (69,149)	$—

The valuation method for investments measured at NAV per share (or its equivalent) is presented in the following table (dollars in thousands):

Common Equity Investment Trusts Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
December 31, 2022	**$165,977**	**$ —**	**Daily, monthly**	**1–30 days**
December 31, 2021	$200,236	$ —	Daily, monthly	1–30 days

(M) ENTERPRISE RISK MANAGEMENT

The Board has established an Enterprise Risk Management (ERM) program through the approval of an ERM Policy. The ERM Policy governs the ERM program, which consists of a Board-level Risk Management and Audit Committee (RMAC), an Executive Enterprise Risk Management Committee (EERMC) and personnel dedicated to the day-to-day execution of ERM activities. The ERM function is responsible for assessing risk throughout the organization and working with the RMAC and EERMC to monitor and mitigate material risks identified through the risk-assessment process.

(N) RECENT ACCOUNTING PRONOUNCEMENTS

In June 2017, GASB issued Statement No. 87, "Leases" (Statement 87). The objective of Statement 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Statement 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under Statement 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Statement 87 was effective for MEAG Power beginning in 2022, and it did not impact MEAG Power's financial statements.

In June 2018, GASB issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period" (Statement 89). The objectives of Statement 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Statement 89 establishes accounting requirements for interest cost incurred before the end of a construction period. Statement 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity. GASB has allowed that, provided the criteria for regulated operations are met and the entity has elected regulatory accounting, qualifying interest cost may be capitalized as a regulatory asset. Statement 89 was effective for MEAG Power beginning in 2021. Capitalized interest is recorded as a regulatory asset (see section (D) of this Note, "Net Costs to Be Recovered from Participants and Deferred Inflows of Resources"), in accordance with Statement 62 and as authorized by the Board.

In May 2019, GASB issued Statement No. 91, "Conduit Debt Obligations" (Statement 91). The primary objectives of Statement 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. Statement 91 was effective for MEAG Power beginning in 2022, and it did not impact MEAG Power's financial statements.

In January 2020, GASB issued Statement No. 92, "Omnibus 2020" (Statement 92). The objectives of Statement 92 are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The section of Statement 92 pertaining to derivative instruments' terminology was adopted by MEAG Power in 2019. The remaining sections applicable beginning in 2022 did not impact MEAG Power's financial statements.

In March 2020, GASB issued Statement No. 93, "Replacement of Interbank Offered Rates" (Statement 93). The objectives of Statement 93 are to address accounting and financial reporting implications that result from the replacement of an interbank offered rate — most notably, the London Interbank Offered Rate. Statement 93 was effective for MEAG Power beginning in 2022, and it did not impact MEAG Power's financial statements.

In March 2020, GASB issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" (Statement 94). The objective of Statement 94 is to better meet the information needs of financial statements users by improving the comparability of financial statements among governments that enter into public-private and public-public partnerships and availability payment arrangements. Statement 94 is effective for MEAG Power beginning in 2023. MEAG Power does not expect Statement 94 to have an impact on its financial statements.

In May 2020, GASB issued Statement No. 96, "Subscription-Based Information Technology Arrangements" (Statement 96). The objective of Statement 96 is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. Statement 96 is effective for MEAG Power beginning in 2023. MEAG Power does not expect Statement 96 to have a material impact on its financial statements.

In June 2020, GASB issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans — an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32" (Statement 97). The objectives of Statement 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. Statement 97 was effective for MEAG Power beginning in 2022, and information about MEAG Power's 457(b) plan is included in Note 7, "Retirement Plan and Other Postemployment Benefits — Other Retirement Benefits."

In April 2022, GASB issued Statement No. 99 "Omnibus 2022" (Statement 99). The objectives of Statement 99 are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of Statement 99 effective beginning in 2022 did not have a material impact on MEAG Power's financial statements. MEAG Power does not anticipate the remaining requirements of Statement 99 to have a material impact on its financial statements.

In June 2022, GASB issued Statement No. 100, "Accounting Changes and Error Corrections — an Amendment of GASB Statement No. 62" (Statement 100). The primary objective of Statement 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Statement 100 is effective for MEAG Power beginning in 2024. The impact on MEAG Power's financial statements has not been determined.

In June 2022, GASB issued Statement No. 101, "Compensated Absences" (Statement 101). The objective of Statement 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Statement 101 is effective for MEAG Power beginning in 2024, and no impact to MEAG Power's financial statements is expected.

3. PROPERTY, PLANT AND EQUIPMENT

PP&E activity for the years ended December 31, 2022 and 2021 is shown (in thousands) in the following table. Land is included in the electric component at a non-depreciable cost basis of $44.7 million and $44.8 million as of December 31, 2022 and 2021, respectively. In 2022, capital additions totaled $621.0 million, primarily pertaining to the continued site construction within the nuclear islands, turbine islands, and balance of plant areas at Vogtle Units 3&4.

Property, Plant and Equipment	As of December 31, 2020	Increases	Decreases	As of December 31, 2021	Increases	Decreases	**As of December 31, 2022**
Project One							
Electric utility plant in service	$ 3,449,903	$ 99,754	$ (24,841)	$ 3,524,816	$ 65,229	$(128,790)	**$ 3,461,255**
Less accumulated depreciation	(1,904,564)	(77,451)	24,841	(1,957,174)	21,606	15,731	**(1,919,837)**
Electric utility depreciable plant, net	1,545,339	22,303	—	1,567,642	86,835	(113,059)	**1,541,418**
CWIP	164,658	118,566	(101,361)	181,863	(5,584)	(54,656)	**121,623**
Nuclear fuel, net	153,491	—	(10,756)	142,735	—	(5,191)	**137,544**
Total Project One	1,863,488	140,869	(112,117)	1,892,240	81,251	(172,906)	**1,800,585**
General Resolution Projects							
Electric utility plant in service	1,249,745	10,012	(11,607)	1,248,150	(21,528)	(62,487)	**1,164,135**
Less accumulated depreciation	(643,129)	(28,740)	11,607	(660,262)	27,427	4,425	**(628,410)**
Electric utility depreciable plant, net	606,616	(18,728)	—	587,888	5,899	(58,062)	**535,725**
CWIP	51,791	10,756	(10,660)	51,887	(38,106)	22,701	**36,482**
Nuclear fuel, net	20,474	—	(46)	20,428	—	(2,625)	**17,803**
Total General Resolution Projects	678,881	(7,972)	(10,706)	660,203	(32,207)	(37,986)	**590,010**
Combined Cycle Project							
Electric utility plant in service	332,860	—	—	332,860	1	—	**332,861**
Less accumulated depreciation	(155,405)	(9,197)	—	(164,602)	(9,115)	—	**173,717**
Electric utility depreciable plant, net	177,455	(9,197)	—	168,258	(9,114)	—	**159,144**
CWIP	4,492	3,293	—	7,785	4,304	—	**12,089**
Total Combined Cycle Project	181,947	(5,904)	—	176,043	(4,810)	—	**171,233**
Vogtle Units 3&4 Projects and Project Entities							
CWIP	4,595,320	591,863	—	5,187,183	444,371	—	**5,631,554**
Nuclear fuel, net	107,730	18,524	—	126,254	7,094	—	**133,348**
Total Vogtle Units 3&4 Projects and Project Entities	4,703,050	610,387	—	5,313,437	451,465	—	**5,764,902**
Telecom Project							
Telecommunications plant in service	28,871	—	—	28,871	—	(28,871)	**—**
Less accumulated depreciation	(25,901)	(720)	—	(26,621)	—	26,621	**—**
Total Telecom Project	2,970	(720)	—	2,250	—	(2,250)	**—**
Total property, plant and equipment, net	$ 7,430,336	$ 736,660	$(122,823)	$ 8,044,173	$495,699	$(213,142)	**$ 8,326,730**

4. SPECIAL FUNDS AND SUPPLEMENTAL POWER ACCOUNT

Investments

The ALCO Policy governs permitted investments, which include direct obligations of the U.S. government, certain government agency and mortgage-backed securities, general and special obligations of states, certain Georgia political subdivision and public authority obligations, certain federal agency discount notes and money market mutual funds that are permissible securities, as well as repurchase and reverse repurchase agreements collateralized by permissible securities. In the Project Entities, the ALCO Policy also permits direct obligations of the U.S. government, as well as certain government agency bonds, discount notes and money market mutual funds. In the Decommissioning Trust, in addition to these same categories of investments, the ALCO Policy permits common-equity investment trusts, asset-backed securities, commercial paper (CP), and corporate and municipal bonds, as well as other debt obligations and certificates of deposit. Based on these guidelines, special funds, the supplemental power account and securities lending investments (discussed below) are considered restricted assets as defined by Statement 34.

All of MEAG Power's investments are recorded and carried at fair value except for money market mutual funds, which are recorded at amortized cost. Quoted market prices or other inputs as permitted by Statement 72 (see Note 2, section (L), "Fair Value Measurements") are used in the determination of fair value. Unrealized gains/losses on investment securities are reported in net change in the fair value of financial instruments in the Statement of Net Revenues.

Credit Risk

Credit risk is the risk that MEAG Power will be unable to recover its investments either by an inability to withdraw the funds through insolvency or nonperformance of a counterparty or an inability to recover collateral. In accordance with the ALCO Policy, MEAG Power manages exposure to credit risk by restricting investments to issuers that meet certain qualifications and therefore limits any potential credit exposure. In addition, all repurchase agreements must be collateralized using cash or securities permissible under the ALCO Policy at 102% of the market value of principal and accrued interest. As of December 31, 2022, substantially all of MEAG Power's investments were in U.S. Treasury and agency securities that are rated Aaa by Moody's and AA+ by S&P, and/or guaranteed by the issuer, which carries the Aaa/AA+ ratings. Common equity investment trusts are not rated. Credit risk considerations for the securities lending program are discussed in "Securities Lending" below.

The ALCO Policy establishes a framework to govern the management of MEAG Power's financial assets and liabilities. The primary objectives of the ALCO Policy are to preserve MEAG Power's capital, satisfy its liquidity and cash flow requirements, and create investment returns to reduce the overall revenue requirements of Participants without exposing MEAG Power's assets to undue or inappropriate risks. The ALCO Policy is consistent with the requirements for state and local governments contained within State statutes, as well as applicable MEAG Power bond resolutions. As such, the following investment credit risk components are derived directly from the ALCO Policy: (1) U.S. Treasury securities held in the portfolio are direct obligations of the U.S. Treasury that carry the full faith and credit backing of the U.S. government; (2) U.S. government agency and agency-backed securities held are issued or otherwise guaranteed by agencies created pursuant to an Act of the U.S. Congress (Congress) as an agency, corporation, or instrumentality of the U.S. government; (3) Municipal bonds held are general or special obligations of states carrying at least a AA rating by two nationally recognized rating agencies or other State obligations, including political subdivisions or public authorities created by the State legislature; (4) Corporate notes and common equity investment trusts are held only in the Decommissioning Trust managed by external money managers and are subject to the "Prudent Investor" standard established by FERC, as well as the NRC, related to the Decommissioning Trust; and (5) Money market mutual funds are U.S. Treasury or government agency class-only funds rated AAAm by S&P and Aaa-mf by Moody's.

Custodial Credit Risk

In the event of failure of the counterparty, custodial credit risk is the risk that MEAG Power would not be able to recover the value of its investments or collateral securities that are in possession of an outside party. MEAG Power limits the potential of such risk by ensuring that all investments are held by MEAG Power or by an agent in its name.

Concentration of Credit Risk

Concentration of credit risk is the chance of a loss due to the magnitude of MEAG Power's investment in a single issuer. Under the ALCO Policy, MEAG Power restricts possible concentration of credit risk by placing maximum exposure restrictions by security type. The ALCO Policy also requires diversification to control the risk of loss resulting from over-concentration of assets in a specific maturity, issuer, instrument, dealer or bank. Investments with one issuer that comprised 5% or more of MEAG Power's portfolio (excluding those issued or explicitly guaranteed by the U.S. government, as well as mutual funds) as of December 31, 2022 were (dollars in thousands):

Issuer	Fair Value	Percentage of Portfolio
Federal Home Loan Bank	$391,221	16.44%
Federal Farm Credit Bank	$206,316	8.67%
Federal National Mortgage Association	$151,826	6.38%

Securities Lending

The Board has approved a securities lending program (the Program), which allows MEAG Power to lend securities held in the Decommissioning Trust in return for collateral in the form of cash or authorized security types, with a simultaneous agreement to return collateral for the same securities in the future. All investments in the Program are considered other investment securities for reporting cash flows.

MEAG Power's Trustee for the Decommissioning Trust is the lending agent for the Program, and collateral is pledged at 102% of the fair value of the investments loaned and is valued daily. There are no restrictions on the amount of securities that can be loaned.

At December 31, 2022, MEAG Power and the lending agent had no credit risk exposure to borrowers for direct lending activity because the fair value of the collateral held was greater than the fair value of the securities loaned. Contracts with the lending agent require it to indemnify MEAG Power if the borrowers fail to return the securities and the collateral is inadequate to replace the securities loaned or they fail to pay MEAG Power for income distributions while the securities are on loan. There were no violations of legal or contractual provisions, no realized borrower or lending agent default losses, and no recoveries of prior-period counterparty losses during the year. There were no income distributions owing on the securities loaned.

All securities loans can be terminated on demand by either MEAG Power or the borrower. MEAG Power is not exposed to custodial credit risk, as the collateral securities and cash collateral are held in MEAG Power's name. MEAG Power cannot pledge or sell collateral securities without an act of insolvency on the part of the borrower. Cash collateral is invested in short-term securities that generally match the obligations of the investments on loan. A portion of the investments may be specifically matched to the loans.

Interest Rate Risk

All fixed-income investments are exposed to interest rate risk. MEAG Power's investments would be subject to changes in fair value due to potential changes in interest rates. The ALCO Policy describes the maximum maturity limitations and performance benchmarks for each account in the funds established under the various bond resolutions and agreements pertaining to the Competitive Trust, as well as certain agreements with the DOE. These limits are based upon the underlying use of the monies deposited into each account. The maturity restrictions are designed to ensure that the assets are not invested longer than the intended use of the funds. The ALCO Policy prohibits the use of leverage or mortgage investments that are highly sensitive to interest rate changes, such as interest-only and principal-only securities. For reporting purposes, MEAG Power assumes that callable securities in its investment portfolio will be held until maturity. As of December 31, 2022, maturities of special funds, the supplemental power account and securities lending were as follows (in thousands):

	Maturities (in years)						
Investment Type	Under One	One–Three	Three–Seven	Seven–Ten	Over Ten	No Specific Maturity	Total
U.S. Treasury securities	$ 188,841	$223,751	$140,318	$42,596	$ —	$ —	$ 595,506
U.S. government agency and agency-backed securities	359,135	187,031	199,996	24,081	9,828	—	780,071
Corporate notes	12,765	41,976	60,866	27,606	—	—	143,213
Common equity investment trusts	—	—	—	—	—	165,977	165,977
Municipal bonds	—	8,179	10,653	—	—	—	18,832
Money market mutual funds	673,154	—	—	—	15	—	673,169
Cash/Other	—	—	—	—	—	3,638	3,638
Total special funds, supplemental power account and securities lending collateral	$1,233,895	$460,937	$411,833	$94,283	$9,843	$169,615	$2,380,406

Classification

Investments are classified as current or non-current assets based on whether the securities represent funds available for current disbursement under the terms of the related trust agreement or other contractual provisions. Brief descriptions of funds not discussed elsewhere in these Notes are as follows:

- Construction funds are established to maintain funds for the payment of all costs and expenses related to the cost of acquisition and construction of a project, which MEAG Power is permitted to finance through the issuance of debt.
- Revenue and Operating funds are used for the purpose of depositing all revenues and disbursement of operating expenses and required fund deposits of the projects.
- Reserve and Contingency funds are used to accumulate and maintain a reserve for payment of the costs of major renewals, replacements, repairs, additions, betterments and improvements for the projects (Reserve and Contingency).
- Debt Service accounts are established for the purpose of accumulating funds for the payment of interest and principal on each payment date of the bonds and notes issued for the projects.
- Debt Service Reserve accounts (DSRA) are established for certain funding requirements in accordance with applicable bond resolutions and DOE financing documents.

At December 31, 2022 and 2021, investments in special funds, the supplemental power account and securities lending were classified on the Balance Sheet as follows (in thousands):

December 31, 2022	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Eliminations	Total
Special funds, non-current:								
Decommissioning Trust	**$507,999**	**$ 59,333**	**$ —**	**$ —**	**$ —**	**$ —**	**$—**	**$ 567,332**
Construction fund	**95,358**	**12,787**	**183**	**99,611**				**207,939**
Debt Service fund —								
Reserve and Retirement accounts	**48,477**	**12,663**	**22,337**	**397,711**	**—**	**—**	**—**	**481,188**
Revenue and Operating fund	**—**	**—**	**5,248**	**—**	**—**	**—**	**—**	**5,248**
Reserve and Contingency fund	**19,976**	**13,729**	**3,451**	**—**	**—**	**—**	**—**	**37,156**
Competitive Trust:								
New Generation and Capacity Funding account	**—**	**—**	**—**	**—**	**238,899**	**—**	**—**	**238,899**
Reserve Funded Debt account	**—**	**—**	**—**	**—**	**1,689**	**—**	**—**	**1,689**
Total special funds, non-current	**671,810**	**98,512**	**31,219**	**497,322**	**240,588**	**—**	**—**	**1,539,451**
Special funds, current:								
Revenue and Operating fund	**58,727**	**33,994**	**34,086**	**603**	**—**	**329**	**—**	**127,739**
Debt Service fund —								
Debt Service account	**29,041**	**9,310**	**3,907**	**133,210**	**—**	**—**	**—**	**175,468**
Subordinated Debt Service fund —								
Debt Service accounts	**97,017**	**18,997**	**—**	**—**	**—**	**—**	**—**	**116,014**
Construction fund	**2,924**	**(4)**	**(1)**	**57,988**	**—**	**—**	**—**	**60,907**
Competitive Trust:								
Flexible Operating account	**—**	**—**	**—**	**—**	**352,733**	**—**	**—**	**352,733**
Total special funds, current	**187,709**	**62,297**	**37,992**	**191,801**	**352,733**	**329**	**—**	**832,861**
Supplemental power account	**7,960**	**—**	**—**	**—**	**—**	**—**	**—**	**7,960**
Securities lending collateral	**120**	**14**	**—**	**—**	**—**	**—**	**—**	**134**
Total special funds, supplemental power account and securities lending collateral	**$867,599**	**$160,823**	**$69,211**	**$689,123**	**$593,321**	**$329**	**$—**	**$2,380,406**

December 31, 2021	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Eliminations	Total
Special funds, non-current:								
Decommissioning Trust	$ 568,488	$ 65,668	$ —	$ —	$ —	$ —	$—	$ 634,156
Construction fund	130,109	12,716	198	362,845	—	—	—	505,868
Debt Service fund — Reserve and Retirement accounts	52,343	12,961	23,412	391,641	—	—	—	480,357
Revenue and Operating fund	—	—	12,149	—	—	—	—	12,149
Reserve and Contingency fund	22,735	11,078	2,081	—	—	—	—	35,894
Competitive Trust:								
New Generation and Capacity Funding account	—	—	—	—	254,227	—	—	254,227
Reserve Funded Debt account	—	—	—	—	1,672	—	—	1,672
Total special funds, non-current	773,675	102,423	37,840	754,486	255,899	—	—	1,924,323
Special funds, current:								
Revenue and Operating fund	91,880	54,291	45,360	(9)	—	335	—	191,857
Debt Service fund — Debt Service account	48,406	9,209	3,645	97,940	—	—	—	159,200
Subordinated Debt Service fund — Debt Service accounts	168,073	90,837	—	—	—	—	—	258,910
Construction fund	3,750	—	—	140,039	—	—	—	143,789
Competitive Trust:								
Flexible Operating account	—	—	—	—	380,595	—	—	380,595
Total special funds, current	312,109	154,337	49,005	237,970	380,595	335	—	1,134,351
Supplemental power account	4,245	—	—	—	—	—	—	4,245
Securities lending collateral	2,808	324	—	—	—	—	—	3,132
Total special funds, supplemental power account and securities lending collateral	$1,092,837	$257,084	$86,845	$992,456	$636,494	$335	$—	$3,066,051

5. LONG- AND SHORT-TERM DEBT, CREDIT AGREEMENTS AND INTEREST RATE SWAPS

All outstanding bonds issued under a resolution are secured by a pledge of electric power revenues, attributable to the respective projects after payment of operating costs, as well as by pledges of the assets in the funds established by the bond resolutions. In addition, each Participant's payment obligations under the Power Sales Contracts are general obligations to which each Participant's full faith and credit are pledged. Also, each Power Sales Contract includes a provision for the assessment and collection of an ad valorem tax by the Participant, if necessary to meet its obligations under the applicable Power Sales Contract.

Project One has been financed through the issuance of senior lien bonds (Power Revenue Bonds) and subordinated lien bonds under the Power Revenue Bond Resolution. The General Resolution Projects have also been financed through the issuance of senior lien bonds (General Power Revenue Bonds) and subordinated lien bonds under the General Power Revenue Bond Resolution. The CC Project has been financed through the issuance of senior lien bonds (CC Project Bonds) under the Combined Cycle Project Bond Resolution (CC Project Bond Resolution). Bonds issued for the Vogtle Units 3&4 Projects under the applicable resolutions are senior debt.

As discussed in the first paragraph of this Note, MEAG Power has pledges of revenues and certain assets as collateral for Power Revenue Bonds, General Power Revenue Bonds, CC Project Bonds and subordinated bonds. Similar provisions also apply to Vogtle Units 3&4 Bonds (see the "Financing of Vogtle Units 3&4 Projects and Project Entities" section of this Note), as well as other collateral aspects for DOE Guaranteed Loans, as discussed in Note 1 (D) "— Structure, DOE Guaranteed Loans and Recent Bond Financings — DOE Loan Guarantee Program."

Power Revenue Bonds, General Power Revenue Bonds and Subordinated Debt

Under the Act, prior to the issuance of any of its revenue bonds, MEAG Power is required to cause such bonds, and the security therefor, to be confirmed and validated in a judicial proceeding in the Superior Court of Fulton County. Prior to 2018, MEAG Power had caused the following principal amounts of its Power Revenue Bonds, General Power Revenue Bonds and subordinated lien bonds to finance and refinance Project One and the General Resolution Projects to be confirmed and validated (in thousands):

	Validated Amount
Project One:	
Power Revenue Bonds	$ 8,015,100
Subordinated lien bonds	5,377,855
General Resolution Projects:	
General Power Revenue Bonds	3,337,449
Subordinated lien bonds	1,776,038
Total	$18,506,442

The bond resolutions permit the issuance of bonds in the future for certain purposes. No scheduled debt maturity for Project One or the General Resolution Projects may extend beyond June 2054, the expiration of the Power Sales Contracts for the respective project — see Note 1, section (B), "Project One and the General Resolution Projects."

On July 17, 2018, the Superior Court of Fulton County entered a judgment (the 2018 Validation Judgment) which confirmed and validated bonds of MEAG Power to finance the cost of acquisition and construction of capital improvements to the applicable project and to refund Power Revenue Bonds, General Power Revenue Bonds and subordinated lien bonds, as applicable, in the following aggregate principal amounts (in thousands):

	Validated Amount
Project One	$4,706,900
General Resolution Projects	1,396,900
Total	$6,103,800

The Superior Court of Fulton County also confirmed and validated (i) a method or formula for structuring debt service on Power Revenue Bonds, General Power Revenue Bonds and subordinated lien bonds that provides MEAG Power with additional flexibility in the structuring of such debt service and (ii) the validity and enforceability of bond resolutions, as amended and restated, for Project One and the General Resolution Projects.

In October 2021, MEAG Power issued the following Project One Subordinated Bonds, Series 2021A and Taxable Series 2021B, as well as General Resolution Projects Subordinated Bonds, Series 2021A and Taxable Series 2021B to (a) finance or refinance certain capital improvements (including the repayment of certain interim borrowings) and (b) refund certain subordinated lien bonds, CP notes and revolving credit notes (in thousands):

Project(s)	Series	Validated Amount
One	2021A	$136,365
One	Taxable 2021B	104,605
General Resolution	2021A	42,355
General Resolution	Taxable 2021B	20,590
Total		$303,915

On December 16, 2011, MEAG Power adopted various resolutions (the Amending Resolutions) for the purpose of making certain amendments (the Proposed Amendments) to the Power Revenue Bond Resolution and the General Power Revenue Bond Resolution (collectively, the Senior Resolutions). As a result of changes in market conditions and standard practices, MEAG Power undertook this process to modernize the Senior Resolutions via a "springing lien" amendment to the Senior Resolutions. The Amending Resolutions allow MEAG Power to, among other things, more easily issue Power Revenue Bonds and General Power Revenue Bonds, as well as be more consistent with the bond resolutions of the CC Project and the Vogtle Units 3&4 Projects. MEAG Power published notice of the receipt of the required consents on March 8, 2017, which caused the Proposed Amendments (other than certain amendments that will not become effective until all Power Revenue Bonds and General Power Revenue Bonds, respectively, outstanding at December 16, 2011, are no longer outstanding) to become effective. As discussed above, the 2018 Validation Judgment validated and confirmed the validity and enforceability of the Senior Resolutions, as so amended.

Debt issued under the subordinated bond resolutions is subordinate in all respects to the Power Revenue Bonds and the General Power Revenue Bonds.

Various bond issues have been defeased by creating separate irrevocable trust funds. New debt was issued, and a portion of the proceeds were used to purchase U.S. government securities that were placed in such trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Balance Sheet of Project One and the General Resolution Projects. As of December 31, 2022, the amount held in escrow to defease Power Revenue Bonds and General Power Revenue Bonds removed from the Balance Sheet amounted to $1.6 million.

Combined Cycle Project Revenue Bonds

As of December 31, 2022, MEAG Power had validated by court judgments $1.3 billion of CC Project bonds, which includes $200.0 million for prepayment of fuel costs. Reference to "court judgments" for these bonds, as well as for the Vogtle Units 3&4 Bonds described below, indicates that MEAG Power is authorized to issue such bonds up to the validated amount.

Financing of Vogtle Units 3&4 Projects and Project Entities

Project M, Project J and Project P are being financed, in part, through the issuance of bonds, including bond anticipation notes (BANs) and revenue bonds constituting Build America Bonds (Build America Bonds) for purposes of the American Recovery and Reinvestment Act of 2009 (Recovery Act) under the applicable Project M Bond Resolution, Project J Bond Resolution and Project P Bond Resolution, respectively. All bonds (including BANs) heretofore or hereafter issued under these resolutions, as applicable, are referred to herein as Project M Bonds, Project J Bonds and Project P Bonds, respectively, and are collectively referred to herein as the Vogtle Units 3&4 Bonds.

As of December 31, 2022, MEAG Power had validated by court judgments $5.0 billion of Project M Bonds for the purpose of financing Project M and refunding Project M Bonds and the Project M Original DOE Guaranteed Loan, $6.0 billion of Project J Bonds for the purpose of financing Project J and refunding Project J Bonds and the Project J Original DOE Guaranteed Loan, and $3.4 billion of Project P Bonds for the purpose of financing Project P and refunding Project P Bonds and the Project P Original DOE Guaranteed Loan.

Under the Recovery Act, MEAG Power, provided it complies with the requirements of the Recovery Act, may receive cash subsidy payments rebating a portion of the interest on the Build America Bonds from the U.S. Treasury up to 35% of the interest payable on such bonds. No assurance can be given by MEAG Power of the receipt of such cash subsidy payments. MEAG Power is obligated to make payments of the principal and interest on the Build America Bonds whether or not it receives such cash subsidy payments. Section 30101 of the Bipartisan Budget Act of 2018 extended sequester reduction on all subsidy payments owed to issuers of direct-pay Build America Bonds until 2027 (the Sequester Reduction). The Sequester Reduction percentage for the federal fiscal year ended September 30, 2022 was 5.7% and is also 5.7% for the federal fiscal year ending September 30, 2023.

To finance additional construction costs for Vogtle Units 3&4, in July 2022, MEAG Power issued the following Series 2022A bonds for each of Project M, Project J and Project P and 2022B (taxable) bonds for Project P (in thousands):

Vogtle Units 3&4	Series	Amount
Project M	2022A	$ 51,185
Project J	2022A	212,005
Project P	2022A	50,405
Project P	2022B	61,565
Total		$375,160

As discussed in Note 9, on January 19, 2023, MEAG Power issued an aggregate of $452.1 million of Series 2023A bonds for Project M, Project J and Project P and Series 2023B (taxable) bonds for Project P to finance additional construction costs for Vogtle Units 3&4.

In July 2021, MEAG Power issued the following Series 2021A bonds for each of Project M, Project J and Project P to finance additional construction costs for Vogtle Units 3&4 and to provide a portion of the funds required to refund certain outstanding Vogtle Units 3&4 Bonds (in thousands):

Vogtle Units 3&4	Amount
Project M	$ 83,000
Project J	150,350
Project P	64,010
Total	$ 297,360

For information pertaining to DOE Guaranteed Loans, see Note 1 (D) "— Structure, DOE Guaranteed Loans and Recent Bond Financings — DOE Loan Guarantee Program."

Credit Agreements and Other Short-Term Debt

On November 17, 2022, MEAG Power extended its letters of credit with a commercial bank for Project One and with another commercial bank for the General Resolution Projects until November 17, 2026. As of both December 31, 2022 and 2021, $155.9 million in aggregate amount of letters of credit were in effect to support CP notes, none of which were issued and outstanding as of such dates. Any amounts drawn under the letters of credit would be payable by MEAG Power on a semiannual basis over a three-year period using the bank's interest rates. The maximum amount of CP authorized to be issued is $410.0 million, but in no event can the aggregate principal amount of all CP notes outstanding, and the interest thereon due at maturity, exceed the aggregate stated amounts of all such letters of credit at any time outstanding and in effect. A principal amount of validated but unissued Power Revenue Bonds and General Power Revenue Bonds of not less than the amount of subordinated bonds issued as BANs is required and was maintained as of both December 31, 2022 and December 31, 2021.

On November 9, 2022, MEAG Power and two commercial banks renewed its revolving credit agreements (RCAs) for Project One and the General Resolution Projects that permit MEAG Power to borrow from such banks, until the end of the revolving credit period thereunder (until November 9, 2025 unless earlier terminated, and subject to extension at the sole discretion of the applicable bank), in the aggregate, not to exceed $225.0 million. Any amounts borrowed under the RCAs would be payable by MEAG Power following the end of the revolving credit period on a quarterly basis over a three-year period using the bank's interest rates. Since the notes evidencing such banks' right to be repaid for such borrowings constitute subordinated bonds issued as BANs, a principal amount of validated but unissued Power Revenue Bonds and General Power Revenue Bonds of not less than the amount of such subordinated bonds is required and was maintained as of both December 31, 2022 and 2021.

Subordinated bonds issued as variable-rate demand obligations and outstanding as of December 31, 2022 totaled $148.1 million. Bondholders may require repurchase of these subordinated bonds at the time of periodic interest rate adjustments. An agreement has been entered into to provide for the remarketing of the subordinated bonds if such repurchase is required. An agreement has also been entered into with a certain bank, which generally provides for the purchase by the bank of subordinated bonds which are not remarketed. In January 2022, this agreement was extended for three years to February 11, 2025. As of December 31, 2022, none of the aforementioned bonds were held by the bank. Under the terms of this agreement, any bonds purchased by the bank would be payable by MEAG Power on a semiannual basis over five years.

On April 5, 2022, MEAG Power entered into three revolving credit agreements with a commercial bank, one for Project One, one for the General Resolution Projects and one for the CC Project (respectively, the Project One Revolving Credit Agreement, the General Resolution Projects Revolving Credit Agreement and the CC Project Revolving Credit Agreement and, collectively, the Lines of Credit), in substitution for previous lines of credit entered into for Project One, the General Resolution Projects and the CC Project, respectively. The aggregate commitment under all three Lines of Credit is $72.5 million. Amounts outstanding under one of these Lines of Credit reduces the amount that may be borrowed under the other Lines of Credit. All loans under the Lines of Credit are evidenced by notes that constitute bond anticipation notes in accordance with the Act. Under the Lines of Credit, prior to the "termination date" thereof (which currently is April 4, 2025, but is subject to extension from time to time at the sole discretion of the bank), MEAG Power is required to issue and sell Power Revenue Bonds, General Power Revenue Bonds or CC Project Bonds, as applicable, in an amount sufficient to repay the notes in full at their maturity, unless other funds have been provided therefor. The Lines of Credit provide that, upon the occurrence and continuation of any event of default on the part of MEAG Power thereunder, the bank may, among other things, require MEAG Power to issue a series of Power Revenue Bonds, General Power Revenue Bonds or CC Project Bonds, as applicable in exchange for the notes, which bonds shall mature in one, two or three years, at the option of the bank.

Changes in Lines of Credit and other short-term debt during the years ended December 31, 2022 and 2021 were (in thousands):

Lines of Credit and Other Short-Term Debt	Balance December 31, 2020	Proceeds	Payments	Balance December 31, 2021	Proceeds	Payments	**Balance December 31, 2022**
Project One	$1,109	$51,700	$50,809	$2,000	$124,600	$114,100	**$12,500**
General Resolution Projects	72	—	72	—	3,000	1,000	**2,000**
CC Project	2,700	—	—	2,700	1,172	3,872	**—**
Total	$3,881	$51,700	$50,881	$4,700	$128,772	$118,972	**$14,500**

MEAG Power had unused Lines of Credit of $58.0 million and $67.8 million as of December 31, 2022 and 2021, respectively.

Project Borrowings from the Competitive Trust

In 2012, in order to facilitate certain financings of MEAG Power, the Series 2012B Bonds were purchased by the Competitive Trust as an investment. During 2021, payments on the Series 2012B Bonds totaled $19.6 million for Project One and $13.3 million for the General Resolution Projects, which paid off the bonds. As of December 31, 2021, no such borrowings were outstanding, and no borrowings from the Competitive Trust were made by the projects during 2022.

Other Financing Transactions

MEAG Power uses various methods of hedging, including floating-to-fixed interest rate swap agreements, as part of its debt management under the ALCO Policy. Floating-to-fixed interest rate swaps, as discussed in these Notes, are hedging instruments whereby MEAG Power pays a fixed rate and receives a floating rate.

Under certain circumstances, a swap transaction is subject to early termination prior to its scheduled termination and prior to the maturity of the related bonds, in which event MEAG Power may be obligated to make or receive a substantial payment to or from the counterparty. As of both December 31, 2022 and 2021, MEAG Power had interest rate swap transactions outstanding under interest rate swap master agreements with three and four counterparties, respectively.

The mark-to-market value of interest rate swap agreements is recorded in other non-current liabilities on the Balance Sheet and totaled $21.0 million and $70.6 million as of December 31, 2022 and 2021, respectively. Statement 53 requires hedging instruments to be evaluated for effectiveness, with the change in the fair value of effective hedging instruments recorded as a deferred inflow or outflow. For the years ended December 31, 2022 and 2021, a fair value increase of $49.6 million and $19.1 million, respectively, was recorded in deferred outflows of resources on the Balance Sheet.

The terms of the interest rate swap agreements outstanding as of December 31, 2022 and 2021 were as follows (dollars in thousands):

	Notional Amount Outstanding	Interest Rate*		Term Dates		Counterparty Credit Rating		
Project	**December 31, 2022**	Paid	Received	Start	End	Fitch	Moody's	S&P
One	**$ 49,225**	**4.43%**	**SIFMA**	**Jan. 2005**	**Jan. 2048**	**AA**	**Aa3**	**A+**
One	**59,275**	**4.31%**	**SIFMA**	**Jan. 2005**	**Jan. 2048**	**AA-**	**Aa2**	**A+**
One	**39,150**	**4.20%**	**SIFMA**	**Jan. 2005**	**Jan. 2044**	**AA-**	**A2**	**A-**
Total	**$147,650**							

	Notional Amount Outstanding	Interest Rate*		Term Dates		Counterparty Credit Rating		
Project	December 31, 2021	Paid	Received	Start	End	Fitch	Moody's	S&P
One	$ 39,150	4.20%	SIFMA	Jan. 2005	Jan. 2044	A+	A2	A-
One	59,275	4.31%	SIFMA	Jan. 2005	Jan. 2048	AA-	Aa2	A+
One	49,225	4.43%	SIFMA	Jan. 2005	Jan. 2048	AA	Aa2	A+
One	10,600	3.90%	CPI Rate + 1.05%	Jan. 2007	Jan. 2022	AA-	A2	A-
Total	$158,250							

*SIFMA is the Securities Industry and Financial Markets Association Municipal Swap Index, produced by Municipal Market Data, and is a seven-day, high-grade market index comprising tax-exempt, variable-rate debt obligations. CPI is the Consumer Price Index.

For a discussion of risks pertaining to interest rate swap agreements, see Note 2, section (K), "Derivative Financial Instruments."

Long-Term Debt Activity

Changes in long-term debt during the years ended December 31, 2022 and 2021 were (in thousands):

Senior and Subordinated Debt	As of December 31, 2020	Increases	Decreases	As of December 31, 2021	Increases	Decreases	**As of December 31, 2022**
Project One							
Power Revenue bonds	$ 364,285	$ —	$ (12,455)	$ 351,830	$ —	$ (40,440)	**$ 311,390**
Unamortized (discount) premium, net	17,511	—	(3,274)	14,237	—	(2,412)	**11,825**
Subordinated debt	1,274,950	263,404	(192,762)	1,345,592	450	(143,046)	**1,202,996**
Unamortized (discount) premium, net	109,626	33,002	(17,879)	124,749	—	(16,790)	**107,959**
Total Project One	1,766,372	296,406	(226,370)	1,836,408	450	(202,688)	**1,634,170**
General Resolution Projects							
General Power Revenue bonds	115,385	—	(7,015)	108,370	—	(7,295)	**101,075**
Unamortized (discount) premium, net	4,134	—	(590)	3,544	—	(561)	**2,983**
Subordinated debt	281,120	28,505	(14,820)	294,805	4,450	(82,105)	**217,150**
Unamortized (discount) premium, net	19,501	12,149	(3,567)	28,083	—	(4,146)	**23,937**
Total General Resolution Projects	420,140	40,654	(25,992)	434,802	4,450	(94,107)	**345,145**
Combined Cycle Project							
Combined Cycle Project Revenue bonds	101,915	—	(18,000)	83,915	—	(18,290)	**65,625**
Unamortized (discount) premium, net	12,179	—	(3,106)	9,073	—	(2,685)	**6,388**
Total Combined Cycle Project	114,094	—	(21,106)	92,988	—	(20,975)	**72,013**
Vogtle Units 3&4 Projects and Project Entities							
Vogtle Units 3&4 Projects Revenue bonds	4,116,780	297,360	(30,520)	4,383,620	375,160	(28,890)	**4,729,890**
Unamortized (discount) premium, net	122,385	64,949	(7,532)	179,802	(644)	(9,464)	**169,694**
DOE Guaranteed Loans	2,195,654	—	(37,882)	2,157,772	—	(33,120)	**2,124,652**
Total Vogtle Units 3&4 Projects and Project Entities	6,434,819	362,309	(75,934)	6,721,194	374,516	(71,474)	**7,024,236**
Total senior and subordinated debt	$8,735,425	$699,369	$(349,402)	$9,085,392	$379,416	$(389,244)	**$9,075,564**

Long-Term Debt by Series and DOE Guaranteed Loans

All Power Revenue Bonds, General Power Revenue Bonds, CC Project Bonds, as well as Vogtle Units 3&4 Bonds, and certain subordinated bonds bear interest at fixed rates. The remaining subordinated bonds bear interest at variable interest rates. Advances under the DOE Guaranteed Loans are at both fixed and variable rates. At December 31, 2022 and 2021, MEAG Power's long-term debt consisted of the following (in thousands):

Project One	2022	2021
Power Revenue Bonds (senior):		
Series BB	**$ 8,550**	$ 11,135
Series EE	**38,125**	38,125
Series GG	**85,625**	113,535
Series HH	**159,635**	166,220
Taxable Series Four	**19,455**	22,815
Total	**311,390**	351,830
Unamortized (discount) premium, net	**11,825**	14,237
Total Power Revenue Bonds outstanding	**323,215**	366,067
Subordinated debt:		
Series 2005A-1 — Taxable fixed rate	**45,705**	48,265
Series 2007A-2 — Variable rate	**—**	10,600
Series 2007B — Taxable fixed rate	**10,310**	10,830
Series 2008B — Variable rate	**148,065**	148,065
Series 2012A — Taxable fixed rate	**—**	40,960
Series 2012C — Fixed rate	**—**	36,005
Series 2015A — Fixed rate	**123,890**	125,755
Series 2015A — Fixed rate CABs	**10,090**	10,090
Series 2016A — Fixed rate	**218,560**	239,840
Series 2019A — Fixed rate	**230,935**	237,460
Series 2020A — Fixed rate	**171,625**	194,355
Series 2021A — Fixed rate	**136,365**	136,365
Series 2021B — Taxable fixed rate	**104,605**	104,605
Total	**1,200,150**	1,343,195
Accretion of CABs	**2,846**	2,397
Unamortized (discount) premium, net	**107,959**	124,749
Total subordinated debt	**1,310,955**	1,470,341
Total senior and subordinated debt	**1,634,170**	1,836,408
Current portion of long-term debt	**(98,194)**	(112,944)
Total Project One long-term debt	**$1,535,976**	$1,723,464

Combined Cycle Project	2022	2021
Revenue bonds (senior):		
Series 2012A	**$ —**	$ 12,445
Series 2020A	**65,625**	71,470
Total	**65,625**	83,915
Unamortized (discount) premium, net	**6,388**	9,073
Total senior bonds outstanding	**72,013**	92,988
Current portion of long-term debt	**(20,620)**	(18,290)
Total Combined Cycle Project long-term debt	**$ 51,393**	$ 74,698

General Resolution Projects	2022	2021
General Power Revenue Bonds (senior):		
1993B Series	**$ 20**	$ 25
1993C Series	**850**	1,705
2012B Series	**4,605**	4,955
2018A Series	**60,870**	61,995
Taxable 2012A Series	**34,730**	39,690
Total	**101,075**	108,370
Unamortized (discount) premium, net	**2,983**	3,544
Total General Power Revenue Bonds outstanding	**104,058**	111,914
Subordinated debt:		
Series 2007A — Taxable fixed rate	**20,735**	21,775
Series 2012A — Taxable fixed rate	**—**	73,465
Series 2015A — Fixed rate	**8,645**	8,900
Series 2016A — Fixed rate	**56,775**	60,660
Series 2019A — Fixed rate	**7,845**	8,605
Series 2020A — Fixed rate	**55,755**	58,455
Series 2021A — Fixed rate	**42,355**	42,355
Series 2021B — Taxable fixed rate	**20,590**	20,590
Revolving credit note — variable rate	**4,450**	—
Total	**217,150**	294,805
Unamortized (discount) premium, net	**23,937**	28,083
Total subordinated debt	**241,087**	322,888
Total senior and subordinated debt	**345,145**	434,802
Current portion of long-term debt	**(21,915)**	(16,130)
Total General Resolution Projects long-term debt	**$ 323,230**	$ 418,672

Vogtle Units 3&4 Projects and Project Entities	2022	2021
Revenue bonds (senior):		
Series 2010A, Project J — Taxable (Build America Bonds)	**$1,178,205**	$1,191,845
Series 2015A, Project J	**185,180**	185,180
Series 2019A, Project J	**570,925**	570,925
Series 2021A, Project J	**150,350**	150,350
Series 2022A, Project J	**212,005**	—
Series 2010A, Project M — Taxable (Build America Bonds)	**971,445**	982,655
Series 2019A, Project M	**445,635**	445,635
Series 2021A, Project M	**83,000**	83,000
Series 2022A, Project M	**51,185**	—
Series 2010A, Project P — Taxable (Build America Bonds)	**369,760**	373,800
Series 2015A, Project P	**69,245**	69,245
Series 2019B, Project P	**266,975**	266,975
Series 2021A, Project P	**64,010**	64,010
Series 2022A, Project P	**50,405**	—
Series 2022B, Project P — Taxable	**61,565**	—
Total	**4,729,890**	4,383,620
Unamortized (discount) premium, net	**169,694**	179,802
Current portion of long-term debt	**(66,330)**	(58,890)
Total Vogtle Units 3&4 Bonds	**4,833,254**	4,504,532
DOE Guaranteed Loans:		
Federal Financing Bank, SPVJ — Fixed rate	**$ 347,114**	$ 354,675
Federal Financing Bank, SPVJ — Variable rate	**307,263**	311,254
Federal Financing Bank, SPVM — Fixed rate	**390,709**	396,393
Federal Financing Bank, SPVM — Variable rate	**281,363**	285,512
Federal Financing Bank, SPVP — Fixed rate	**592,052**	601,624
Federal Financing Bank, SPVP — Variable rate	**206,151**	208,314
Total	**2,124,652**	2,157,772
Current portion of long-term debt	**(33,951)**	(33,120)
Total DOE Guaranteed Loans	**2,090,701**	2,124,652
Total Vogtle Units 3&4 Projects and Project Entities long-term debt	**$6,923,955**	$6,629,184

Debt Service

At December 31, 2022, expected debt service payments for the Power Revenue Bonds, General Power Revenue Bonds, CC Project Bonds, Vogtle Units 3&4 Bonds and DOE Guaranteed Loans (net of applicable subsidy payments on the Build America Bonds and capitalized interest payments totaling $1.6 billion collectively for the Vogtle Units 3&4 Bonds and DOE Guaranteed Loans, including other borrowings for capitalized interest of $130.2 million, and excluding amounts paid under PPA of $1.6 billion for principal and $3.4 billion for interest net of subsidy payments on the Build America Bonds), are shown in the table below (in thousands):

	Project One		General Resolution Projects		Combined Cycle Project		Vogtle Units 3&4 Projects and Project Entities		
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2023	$ 22,075	$ 15,883	$ 7,555	$ 4,697	$20,703	$2,683	$ 23,539	$ 93,633	$ 190,768
2024	29,210	14,792	6,905	4,359	18,318	1,855	28,678	94,766	198,883
2025	42,220	13,106	5,875	4,047	4,366	1,122	30,111	92,029	192,876
2026	24,730	10,445	7,490	3,779	4,560	940	31,227	90,872	174,043
2027	8,310	9,216	8,010	3,422	4,800	712	32,422	89,525	156,417
2028–2032	32,730	40,427	19,362	12,689	9,441	692	181,633	423,621	720,595
2033–2037	42,719	31,927	13,360	9,538	—	—	219,527	381,204	698,275
2038–2042	46,222	20,266	8,780	6,830	—	—	265,311	333,230	680,639
2043–2047	40,852	11,766	12,990	6,133	—	—	882,913	887,195	1,841,849
2048–2052	22,322	1,786	10,747	1,118	—	—	1,152,171	743,118	1,931,262
2053–2057	—	—	—	—	—	—	1,275,529	445,049	1,720,578
2058–2062	—	—	—	—	—	—	651,463	130,449	781,912
2063–2064	—	—	—	—	—	—	34,708	4,544	39,252
Total	$311,390	$169,614	$101,074	$56,612	$62,188	$8,004	$4,809,232	$3,809,235	$9,327,349

The reduction of subsidy payments on the Build America Bonds as a result of the Sequester Reduction has been excluded from the above table.

At December 31, 2022, scheduled debt service payments, including Capital Appreciation Bonds (CABs), which are accreted through December 31, 2022, for the subordinated debt were as follows (in thousands):

	Project One			General Resolution Projects		
Year	Principal	Interest	Net Swap Cash Flows	Principal	Interest	Total
2023	$ 69,310	$ 53,649	$ 893	$ 6,995	$ 9,948	$ 140,795
2024	36,650	50,281	893	6,735	9,666	104,225
2025	32,405	48,555	893	11,605	9,354	102,812
2026	69,715	47,025	893	6,360	8,873	132,866
2027	42,075	43,942	893	19,270	8,545	114,725
2028 - 2032	213,690	200,742	4,465	77,255	31,894	528,046
2033 - 2037	241,960	142,326	4,115	63,385	13,912	465,698
2038 - 2042	184,780	91,117	2,802	18,395	4,507	301,601
2043 - 2047	189,105	57,513	1,107	2,510	1,767	252,002
2048 - 2052	117,250	11,725	—	4,640	494	134,109
2053 - 2057	4,555	369	—	—	—	4,924
Total	$1,201,495	$747,244	$16,954	$217,150	$98,960	$2,281,803

Variable-rate debt may be in various modes including, but not limited to, money-market mode, daily mode, weekly mode and CP mode and is reset in time increments ranging from one day to 180 days. The interest rates on variable-rate subordinated debt at December 31, 2022 were used to calculate future interest expense on this debt. Principal amounts include both refundable principal installment bonds that have been extended to the expected maturity dates of the bonds that will refund them and also bonds that will be paid with funds on hand.

The Power Revenue Bond Resolution and General Power Revenue Bond Resolution require that MEAG Power charge and collect, in each year, rates, fees and other charges that, together with other available funds, are sufficient for the payment of operating expenses, 1.10 times senior debt service and all other charges and liens payable out of revenues (Senior Requirement), including 1.0 times subordinated debt service (Subordinated Requirement). The CC Project Bond Resolution requires that MEAG Power charge and collect, in each year, rates, fees and other charges that, together with other available funds, are sufficient for the payment of operating expenses, 1.0 times debt service, the collections for the Reserve and Contingency funds and all other charges and liens payable out of revenues (CC Requirement). The Project M Bond Resolution, Project J Bond Resolution and Project P Bond Resolution and the Project Entities' LGAs (collectively, the Vogtle Units 3&4 Projects Bond Resolutions and Lending Agreements) require that MEAG Power charge and collect, in each year, for each Vogtle Units 3&4 Project, rates, fees and other charges that, together with other available funds, are sufficient for the payment of such Project's operating expenses, 1.0 times such Project's debt service on both the applicable Project's Bonds and DOE Guaranteed Loan and, during commercial operation, funding of such Project's Reserve and Contingency fund and account (with respect to each Vogtle Units 3&4 Project, the Vogtle Units 3&4 Requirement).

For 2022 and 2021, the Senior Requirement and the Subordinated Requirement were met for the Power Revenue Bond Resolution and the General Power Revenue Bond Resolution; the CC Requirement was met for the CC Project Bond Resolution; and the Vogtle Units 3&4 Requirements were met for the Vogtle Units 3&4 Projects Bond Resolutions and Lending Agreements, as shown in the following table (dollars in thousands):

2022	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Total
Total revenues	**$571,553**	**$143,038**	**$134,824**	**$124,190**	**$973,605**
Deferred inflows of resources (1)	**(25,099)**	**(11,332)**	**8,885**	**—**	**(27,546)**
Adjusted revenues	**$546,454**	**$131,706**	**$143,709**	**$124,190**	**$946,059**
Operating expenses (excluding depreciation and amortization)	**$357,087**	**$ 93,151**	**$117,911**	**$ 352**	**$568,501**
Total investment income	**$ 11,218**	**$ 2,103**	**$ 977**	**$ 10,677**	**$ 24,975**
Excluding Decommissioning Trust income (2)	**(8,552)**	**(1,076)**	**—**	**—**	**(9,628)**
Including subsidy received on Build America Bonds	**—**	**—**	**—**	**43,257**	**43,257**
Total other income	**$ 2,666**	**$ 1,027**	**$ 977**	**$ 53,934**	**$ 58,604**
Available amounts to pay debt service	**$192,033**	**$ 39,582**	**$ 26,775**	**$177,772**	**$436,162**
Amounts released from DSRA (3)	**44**	**38**	**9**	**—**	**91**
Amounts drawn for capitalized interest (4)	**6,331**	**755**	**—**	**222,443**	**229,529**
Total amounts available to pay debt service	**$ 198,408**	**$ 40,375**	**$ 26,784**	**$400,215**	**$665,782**
Total Senior Debt Service (5)	**$ 46,696**	**$ 14,757**	**$ 21,947**	**$338,851**	**$422,251**
Senior Debt Service Coverage	**4.25**	**2.74**	**1.22**	**1.18**	**1.58**
Total Subordinated Debt Service (5)	**$110,297**	**$ 16,189**	**$ —**	**$ —**	**$126,486**
Total Debt Service (5)	**$156,993**	**$ 30,946**	**$ 21,947**	**$338,851**	**$548,737**
Debt Service Coverage on Total Debt Service	**1.26**	**1.30**	**1.22**	**1.18**	**1.21**

(1) Deferred inflows of resources represent, among other things, Timing Differences (see Note 2 (D)).
(2) Income on funds reserved for the decommissioning of nuclear generating units at retirement.
(3) Planned fund releases from reserves for debt service.
(4) Amounts on hand to fund interest expense during construction of facilities.
(5) Total Senior and Subordinated debt service reflects principal and interest accrued during the reporting year.

2021	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Total
Total revenues	$387,736	$126,837	$114,559	$ 84,097	$ 713,229
Deferred inflows of resources (1)	103,062	(1,944)	15,347	—	116,465
Adjusted revenues	$490,798	$124,893	$129,906	$ 84,097	$ 829,694
Operating expenses (excluding depreciation and amortization)	$265,873	$ 82,525	$103,432	$ (200)	$ 451,630
Total investment income	$ 34,969	$ 3,791	$ 71	$ 2,671	$ 41,502
Excluding Decommissioning Trust income (2)	(8,975)	(1,107)	—	—	(10,082)
Including subsidy received on Build America Bonds	—	—	—	80,956	80,956
Total other income	$ 25,994	$ 2,684	$ 71	$ 83,627	$112,376
Available amounts to pay debt service	$250,919	$ 45,052	$ 26,545	$ 167,924	$490,440
Amounts released from DSRA (3)	44	38	9	—	91
Amounts drawn for capitalized interest (4)	6,838	753	—	230,545	238,136
Total amounts available to pay debt service	$257,801	$ 45,843	$ 26,554	$ 398,469	$728,667
Total Senior Debt Service (5)	$ 58,413	$ 12,311	$ 22,663	$ 359,164	$452,551
Senior Debt Service Coverage	4.41	3.72	1.17	1.11	1.61
Total Subordinated Debt Service (5)	$153,631	$ 17,527	$ —	$ —	$171,158
Total Debt Service (5)	$212,044	$ 29,838	$ 22,663	$359,164	$623,709
Debt Service Coverage on Total Debt Service	1.22	1.54	1.17	1.11	1.17

(1) Deferred inflows of resources represent, among other things, Timing Differences (see Note 2 (D)).

(2) Income on funds reserved for the decommissioning of nuclear generating units at retirement.

(3) Planned fund releases from reserves for debt service.

(4) Amounts on hand to fund interest expense during construction of facilities.

(5) Total Senior and Subordinated debt service reflects principal and interest accrued during the reporting year.

6. INVESTMENT IN ALLIANCE

Investment in Alliance reflects MEAG Power's 17.6% ownership interest in TEA, a governmental nonprofit power marketing corporation. As of December 31, 2022, seven members (Members) including MEAG Power comprised TEA: American Municipal Power, Inc.; City Utilities of Springfield, Missouri; the City of Gainesville, Florida, doing business as Gainesville Regional Utilities; JEA; Nebraska Public Power District; and South Carolina Public Service Authority (Members). TEA provides energy products and resource management services to Members and non-members and allocates transaction savings and operating expenses to Members pursuant to Settlement Procedures under the TEA Operating Agreement. TEA has access to more than 24,000 MW of its Members' and non-members' generation resources.

In the Statement of Net Revenues, certain portions of MEAG Power's sales to TEA are recorded in either other revenues or netted against related fuel expense. Purchases from TEA are recorded in purchased power expense. For the years ended December 31, 2022 and 2021, sales to TEA totaled $34.1 million and $34.5 million, with net purchases from TEA totaling $85.1 million and $12.6 million, respectively. During 2022 and 2021, an aggregate of $8.6 million and $9.3 million, respectively, of net revenues received from TEA were netted against related fuel, transmission and operating expenses, based on methodology approved by the Board for the application of off-system sales revenues. In 2021, MEAG Power was allocated $16.0 million from TEA pertaining to power marketing activities. Remaining net revenues of TEA were allocated as sales margins as follows (in thousands):

Project(s)	**2022**	2021
One	**$2,750**	$1,304
General Resolution	**373**	1,817
CC	**6,027**	3,510
Total	**$9,150**	$6,631

In addition to $3.8 million of contributed capital as of both December 31, 2022 and 2021, MEAG Power had committed up to an additional $82.1 million and $42.9 million through a combination of guarantees as of December 31, 2022 and 2021, respectively. In January 2023, MEAG Power's commitment for such guarantees increased to $97.0 million. TEA evaluates its credit needs periodically and requests Members to adjust their guarantees accordingly. The guarantee agreements are authorized by the Board and intended to provide credit support for TEA when entering into transactions on behalf of its Members. Such guarantees would require Members to make payments to TEA's counterparties if TEA failed to deliver energy, capacity or natural gas as required by contract with a counterparty, or if TEA failed to make payment for purchases of such commodities. If guaranty payments are required, MEAG Power has rights with other Members that such payments would be apportioned based on certain criteria.

The guarantees generally have indefinite terms; however, MEAG Power can terminate its guaranty obligations by providing notice to counterparties and others, as required by the agreements. Such termination would not pertain to any transactions TEA entered into prior to notice being given. As of December 31, 2022 and 2021, MEAG Power had no liability related to these guarantees outstanding.

As of December 31, 2022 and 2021, MEAG Power's current other receivables due from TEA totaled $13.5 million and $5.5 million, respectively.

7. RETIREMENT PLAN AND OTHER POSTEMPLOYMENT BENEFITS

Retirement Plan Description

MEAG Power is the sponsor and administrator of a single-employer, non-contributory retirement plan that provides a defined benefit to employees hired before 2014 based on years of service and average earnings. The Municipal Electric Authority of Georgia Retirement Plan (the Retirement Plan) was established by the Board, and Board action is required to terminate the Retirement Plan or for material changes made to Retirement Plan benefits. The Retirement Plan is funded through a tax-exempt trust fund qualified under sections of the Internal Revenue Code. An independent actuarial firm is used to calculate MEAG Power's contribution to the Retirement Plan, which is based on actuarial valuations as of January 1 of each year, approved by the Board and included as part of the annual system budget. The Retirement Plan is not required to issue a separate financial report.

Benefits Provided

Prior to January 1, 2014, employees who attained age 25 with at least one year of service were eligible to participate in the Retirement Plan (Plan participant), as were former employees rehired prior to that date, under certain vesting guidelines of the Retirement Plan. The Retirement Plan is closed to new entrants. As discussed in the "Other Retirement Benefits" section of this Note, employees hired after December 31, 2013 are eligible to receive a non-matching contribution to MEAG Power's 403(b) defined contribution plan (403(b) Plan).

A Plan participant who retires on such participant's normal retirement date (considered to be age 62) will receive a monthly benefit (Accrued Benefit), based on the applicable vesting percentage, equal to 2.4% of final average earnings (FAE) multiplied by years of benefit service (Benefit Service) (up to a maximum of 25 years), if employed as of February 1, 1991, or 2.0% of FAE multiplied by Benefit Service (up to a maximum of 30 years), if employed after that date. The Accrued Benefit of a Plan participant who retires prior to such participant's normal retirement date is reduced by 6.0% for each year the early retirement date precedes age 62. FAE is calculated using different methods to determine the highest average earnings, generally based on the average of the 60 consecutive or non-consecutive (depending on employment date) calendar months during the Plan participant's final 120 consecutive calendar months of employment (or fewer number of actual months). Vesting percentage increases up to 100% at five years of service. A Plan participant who retires or terminates service after age 55 is 100% vested regardless of years of service.

Employees Covered by Benefit Terms

The number of Plan participants covered by Retirement Plan benefits at December 31, 2022 and 2021 were:

Plan participants	**2022**	2021
Active	**62**	70
Inactive, vested	**73**	74
Retirees and beneficiaries	**150**	143
Total	**285**	287

Contributions

The actuarially determined contribution to the Retirement Plan by MEAG Power is pursuant to the Official Code of Georgia Annotated, section 47-20-10 (OCGA 47-20-10). Historically, MEAG Power's contribution has been well in excess of the minimum required contribution under OCGA 47-20-10. For the years ended December 31, 2022 and 2021, MEAG Power contributed 8.1% and 8.3%, respectively, of covered payroll. No contributions by Plan participants are required.

Net Pension Liability

MEAG Power's net pension liability was measured as of December 31, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by the entry age normal valuation method as of that date. The following schedule presents the change in net pension liability for the years ended December 31, 2022 and 2021 (in thousands):

	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Position Liability (a)–(b)
Balance at December 31, 2021	$67,961	$85,285	$(17,324)
Changes for the year:			
Service cost	**654**	**—**	**654**
Interest on the total pension liability	**4,965**	**—**	**4,965**
Difference between expected and actual experience	**435**	**—**	**435**
Assumption changes	**—**	**—**	**—**
MEAG Power contributions	**—**	**775**	**(775)**
Net investment income	**—**	**(14,515)**	**14,515**
Benefit payments	**(3,588)**	**(3,588)**	**—**
Administrative expenses	**—**	**—**	**—**
Net change	**2,466**	**(17,328)**	**19,794**
Balance at December 31, 2022	**$70,427**	**$67,957**	**$ 2,470**

	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Position Liability (a)–(b)
Balance at December 31, 2020	$64,828	$77,822	$(12,994)
Changes for the year:			
Service cost	659	—	659
Interest on the total pension liability	4,735	—	4,735
Difference between expected and actual experience	1,064	—	1,064
Assumption changes	101	—	101
MEAG Power contributions	—	775	(775)
Net investment income	—	10,114	(10,114)
Benefit payments	(3,426)	(3,426)	—
Administrative expenses	—	—	—
Net change	3,133	7,463	(4,330)
Balance at December 31, 2021	$67,961	$85,285	$(17,324)

Actuarial Assumptions and Methods

The assumptions used to measure the total pension liability as of December 31, 2022 include a 7.5% investment rate of return, a long-term expected inflation rate of 2.5% per year and salary increases of 4.0% per year. The mortality table was updated to the PUB-2010 General Employees Mortality, male and female, projected generationally using the MP-2021 improvement scale.

The long-term expected rates of return on Retirement Plan investments, valued as of December 31, 2022 were determined using geometric mean methodology, including measures of standard deviation and correlation, in which best-estimate ranges of expected future rates of returns were derived for each investment asset class. Analysis included information on past, current and future capital market performance, key economic indicators and inflation expectations. A 10-year period was chosen for analysis to capture a full market cycle. These best estimate ranges, net of assumed long-term inflation and investment expenses, are combined to produce the long-term expected rate of return. Factors likely to produce additional higher returns for Retirement Plan assets such as active portfolio management (35% of assets), a longer-term investment cycle (30 years), flexibility in the annual budgeting of voluntary contributions and possible changes in asset allocation are considered in the overall management of the Retirement Plan, but were not included in the expected rates of return methodology. The target allocation for each major asset class is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Domestic Large-Cap Equity	30%	7.25%
Domestic Mid-Cap/Small-Cap Equity	15%	7.45%
International Equity	15%	7.25%
Domestic Fixed Income	40%	4.25%
Total	100%	

*10-year horizon, passively managed

Retirement Plan's Assets

The fair value of the Retirement Plan's assets, based on quoted market prices, with substantially all of these assets being measured at Level 1 within the fair value hierarchy, as per Statement 72 guidelines (see Note 2, section (L), "Fair Value Measurements"), as of the measurement dates of December 31, 2022 and 2021, were as follows (in thousands):

	2022	2021
Mutual Funds:		
U.S. Equity Index Fund	**$19,419**	$26,969
Mid-Cap Index Fund	**7,415**	8,964
Small-Cap Index Fund	**3,207**	4,022
Diversified International Fund	**10,016**	13,156
Aggregate Bond Fund	**20,172**	23,281
Total Bond Fund	**7,708**	8,882
Institutional Government Portfolio	**3**	3
Cash	**17**	8
Total	**$67,957**	$85,285

Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2022 and 2021 was 7.5%. The projection of cash flows used to determine the discount rate assumed that future employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Retirement Plan's fiduciary net position was projected to be available to make all projected future benefit payments of Plan participants. Therefore, the long-term expected rate of return on Retirement Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate (dollars in thousands):

Net Pension Liability	1% Lower 6.5%	Current Discount Rate 7.5%	1% Higher 8.5%
December 31, 2022	**$ 9,980**	**$ 2,470**	**$ (3,913)**
December 31, 2021	$(9,958)	$(17,324)	$(23,575)

Retirement Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Plan and additions to/ deductions from the Retirement Plan's fiduciary net position have been determined on the same basis as they are reported by the Retirement Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

The accounting for pension activity under GASB Statement No. 68, "Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27" (Statement 68) results in deferred outflows (delayed recognition of unfavorable investment income changes or unfavorable actuarial changes) and deferred inflows (delayed recognition of favorable investment income changes or favorable actuarial changes). All deferred investment income changes (whether favorable or unfavorable) are combined for a net balance sheet presentation. These changes will be amortized into net pension expense over five years for investment-related deferrals, and approximately two years for actuarially determined deferrals beginning in the year that the inflow or outflow is initially recognized.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Retirement Plan

For the years ended December 31, 2022 and 2021, MEAG Power recognized pension expense of $2.2 million and $(2.5) million, respectively. At December 31, 2022 and 2021, the Retirement Plan reported deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

Deferred Outflows of Resources	**2022**	2021
Differences between expected and actual experience	**$ 114**	$ 374
Assumption changes	**—**	35
Net difference between projected and actual earnings on Retirement Plan investments	**16,630**	1,482
Total	**$16,744**	$1,891

Deferred Inflows of Resources	**2022**	2021
Differences between expected and actual experience	**$ —**	$ —
Assumption changes	**—**	—
Net difference between projected and actual earnings on Retirement Plan investments	**6,254**	9,758
Total	**$ 6,254**	$ 9,758

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Retirement Plan will be recognized in pension expense in future years as follows (in thousands):

Year	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 4,271	$3,504
2024	4,158	1,869
2025	4,158	881
2026	4,157	—
2027	—	—
Total	$16,744	$6,254

Other Retirement Benefits

MEAG Power also offers a 403(b) Plan to all employees and matches regular employee contributions at the rate of 100% of the first 5% of compensation contributed by the employee, as well as 50% of certain additional contributions. Total matching contributions made by MEAG Power to the 403(b) Plan were $1.1 million in both 2022 and 2021. Employees hired after December 31, 2013 are eligible to receive a non-matching contribution equal to a specified percentage of the employees' compensation based on years of service.

MEAG Power also offers a 457(b) Plan to all employees to provide an opportunity to increase their savings for retirement on a before-tax or Roth after-tax basis. The 457(b) Plan does not provide for employer matching contributions and is not subject to the Internal Revenue Code annual limitations that apply to the 403(b) Plan.

Other Postemployment Benefits

Information regarding MEAG Power's OPEB is as follows:

Plan Description

The MEAG Power Retiree Medical Premium Reimbursement Plan (the Plan) is administered by MEAG Power's Retirement Investment Committee and is a single employer defined benefit retirement health benefits plan. The Board has sole authority to amend the Plan. The Plan operates on a pay-as-you-go basis and has no trust for accumulating assets.

Plan Benefits

The Plan reimburses each eligible retiree and/spouse or surviving spouse for eligible medical premium expenses subject to certain criteria and maximum amounts. An eligible retiree is a former employee who retired after attaining age 55 and completing at least 10 years of service, and who retired on or after January 1, 1997.

Employees Covered by the Plan
At December 31, 2022 and 2021, the following participants were covered by the Plan benefits:

	2022	2021
Active employees	**130**	127
Retired employees or beneficiaries	**73**	82
Total	**203**	209

Actuarial Assumptions
Actuarial assumptions used to determine MEAG Power's OPEB liability, measured as of December 31, 2022 and 2021, were as follows:

Inflation	2.50%
Salary Increases	4.00%
Discount Rate	3.72% for December 31, 2022 actuarial valuation
Healthcare cost trend rates	Not applicable for eligible retirees, as the benefit payable is a fixed amount that does not vary with healthcare cost trends. For a minimal number of grandfathered participants, an appropriate graded trend scale was used.
Mortality	PUBH-2010 General Employees and Healthy Retiree Mortality table, male and female, projected generationally using the MP-2021 improvement scale.

Changes in the OPEB Liability
MEAG Power's total OPEB liability as of December 31, 2022 and 2021 was as follows (in thousands):

	2022	2021
Beginning total OPEB Liability	**$13,008**	$ 12,780
Changes for the year:		
Service cost	**352**	359
Interest	**264**	266
Change of benefit terms	**—**	—
Differences between expected and actual experience	**(1,593)**	(81)
Benefits payments	**(363)**	(453)
Changes of assumptions or other inputs	**(2,112)**	137
Net changes	**(3,452)**	228
Ending total OPEB liability	**$ 9,556**	$13,008

Changes of assumptions or other inputs reflect an increase in the discount rate from 2.06% to 3.72%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
MEAG Power's OPEB expense was $0.2 million and $1.0 million for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

Deferred Outflows of Resources	**2022**	2021
Differences between expected and actual experience	**$ 42**	$ 87
Changes of assumptions or other inputs	**565**	1,137
Total	**$ 607**	$1,224

Deferred Inflows of Resources	**2022**	2021
Differences between expected and actual experience	**$1,302**	$ 173
Changes of assumptions or other inputs	**1,667**	118
Total	**$2,969**	$ 291

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future years as follows (in thousands):

Year	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$495	$ 799
2024	99	799
2025	13	788
2026	—	583
2027	—	—
Total	$607	$2,969

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate or Healthcare Cost Trend Rate

The following presents the effect of a 1% increase or decrease of the discount rate and the healthcare cost trend rate, respectively, on MEAG Power's OPEB liability as of December 31, 2022 and 2021 (dollars in thousands):

Discount Rate Sensitivity

	December 31, 2022		
	2.72%	3.72%	4.72%
Total OPEB Liability	**$10,747**	**$9,556**	**$8,565**
	December 31, 2021		
	1.06%	2.06%	3.06%
Total OPEB Liability	$14,768	$13,008	$11,561

Healthcare Cost Trend Rate Sensitivity

	December 31, 2022		
	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	**$9,517**	**$9,556**	**$9,598**
	December 31, 2021		
	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	$12,908	$13,008	$13,118

8. COMMITMENTS AND CONTINGENCIES

Nuclear Insurance

Under the Price-Anderson Amendments Act (the Amendments Act), MEAG Power is afforded certain indemnities, and has certain obligations, as an owner of nuclear generating units. The Amendments Act provisions, together with private insurance, cover third-party liability arising from any nuclear incident occurring at the nuclear generating units in which MEAG Power has an ownership interest. The Amendments Act provides for the payment of funds up to a maximum of $13.7 billion for public liability claims that could arise from a single nuclear incident. Each nuclear generating unit is insured against this liability to a maximum of $450.0 million by American Nuclear Insurers (ANI).The remaining coverage is provided by a mandatory program of deferred premiums that could be assessed, after a nuclear incident, against all owners of nuclear reactors. The owners of a nuclear generating unit could be assessed up to $137.6 million per incident for each licensed reactor they operate, but not more than an aggregate of $20.5 million per reactor, per incident, to be paid in a calendar year. MEAG Power's share of the potential ANI deferred premiums could be up to $139.3 million, with an annual limit of $20.7 million. Both the maximum assessment per reactor and the maximum yearly assessment are adjusted for inflation at least every five years. The next scheduled adjustment is due by November 2023.

GPC, on behalf of all the Joint-Owners of the existing Nuclear Units, is a member of Nuclear Electric Insurance Limited (NEIL), a mutual insurer established to provide property damage insurance for members' nuclear generating facilities. NEIL provides three types of property coverage for the Joint-Owners through GPC, primary property insurance, excess property insurance and excess non-nuclear property insurance. The primary property insurance provides coverage limits of $1.5 billion per generating unit. The excess property insurance provides coverage limits up to $1.25 billion per generating unit above the primary property coverage levels. These policies have a combined sublimit of $1.5 billion for non-nuclear losses. The excess non-nuclear property insurance provides additional coverage limits of $750.0 million per generating unit above the primary policy.

MEAG Power is also a member of NEIL in its capacity to provide insurance to cover members' costs of replacement power and other costs that might be incurred during a prolonged accidental outage of the existing Nuclear Units. The coverage begins after the outage has exceeded 12 weeks, with a maximum per occurrence, per unit limit of $490.0 million. MEAG Power's share of the policy limit is $127.9 million per unit for Hatch Units 1&2, as well as $154.5 million per unit for Vogtle Units 1&2. For non-nuclear losses, the policy limit of liability is $327.6 million per generating unit. MEAG Power's share of the non-nuclear policy limit is $85.5 million per unit for Hatch Units 1&2, as well as $103.3 million per unit for Vogtle Units 1&2. These policies, similar to the other NEIL policies, contain provisions for a retrospective premium adjustment for a member of up to ten times its annual premium, as discussed below. Under each of the NEIL policies, members are subject to assessments if losses each year exceed the accumulated funds available to the insurer under that policy.

GPC, on behalf of the Vogtle Co-Owners, subscribed to a builders' risk policy addressing the construction of Vogtle Units 3&4. The policy is through NEIL and provides coverage limits of $2.75 billion for accidental property damage occurring during construction. The policy has a natural catastrophe sublimit of $300.0 million, includes $200.0 million delay-in-startup coverage, full terrorism coverage and nuclear exposure during hot testing.

MEAG Power's share of retrospective premium assessments, based on policies effective April 1, 2022, could be as much as $16.2 million for primary, excess property insurance and excess non-nuclear property, and $7.3 million per incident for replacement power and other costs. The aggregate of the Vogtle Units 3&4 Project Entities' shares of retrospective premium assessments for the Vogtle Units 3&4 builders' risk policy, based on the policy effective through December 31, 2023, could be as much as $12.1 million during each policy year. All retrospective assessments, whether generated for liability, property or replacement power may be subject to applicable state premium taxes.

Claims resulting from terrorist acts and cyber events against commercial nuclear generating units are covered under both the ANI and NEIL policies, subject to normal policy limits. The Terrorism Risk Insurance Program Reauthorization Act of 2019 extended coverage of domestic acts of terrorism until December 31, 2027. The aggregate, however, that NEIL will pay for all claims resulting from terrorist acts and cyber events in any 12-month period is $3.2 billion plus such additional amounts NEIL can recover through reinsurance, indemnity or other sources.

In accordance with NRC regulations related to on-site property damage insurance policies for commercial nuclear generating units, the proceeds of such policies pertaining to MEAG Power shall be dedicated first for the sole purpose of placing the reactor in a safe and stable condition after an accident. Any remaining proceeds are next to be applied toward the costs of decontamination or debris removal operations ordered by the NRC; then, any further remaining proceeds are to be paid to either the owners of the facility or their bond trustees as may be appropriate under applicable trust indentures. In the event of a loss, the amount of insurance available might not be adequate to cover property damage and other expenses incurred. Uninsured losses and other expenses would be borne by MEAG Power and could have a material adverse effect on MEAG Power's financial condition and results of operations.

Fuel

Project One and the General Resolution Projects, through GPC, are obligated by various long-term commitments for the procurement of fossil and nuclear fuel to supply a portion of the fuel requirements of their generating units. Coal and/or related transportation commitments for the period 2023–2025 total $32.6 million. For the years beginning 2023 through 2027, nuclear fuel commitments total $147.0 million. Commitments for nuclear fuel are calculated based on MEAG Power's ownership percentage of jointly owned generation facilities per operating agreements with GPC, as discussed in Note 2 (G) "— Jointly Owned Generation Facilities." MEAG Power understands that Southern Nuclear has sufficient inventory on hand and access to fuel procurement to operate the nuclear units for the foreseeable future.

With respect to its long-term coal commitments, MEAG Power manages its own coal stockpile inventory, including selection of fuel sources, contract arrangements and coal inventory levels. GPC, as the coal agent for MEAG Power, has contracted with Southern Company Fuel Services to act as coal procurement agent, and it is responsible for issuance of requests for proposals for coal supply, contract negotiations and scheduling coal delivery. Also discussed within that Note is information regarding sales by MEAG Power to GPC of a portion of the output of Vogtle Units 1&2, which have the effect of reducing MEAG Power's gross commitments for nuclear fuel. Railcar lease commitments through 2023 are immaterial. In general, most, if not all, of the contracted material and services reflected in these estimates could be sold on the market, thereby reducing MEAG Power's liability.

TEA provides natural gas fuel management services for MEAG Power, including procurement, scheduling and risk management of the transportation and supply portfolio. MEAG Power entered into two 30-year-term gas purchase agreements with the Municipal Gas Authority of Georgia (see table below for details). Such purchases are structured to match the usage in the peak operating months and are expected to equal an approximate percentage of MEAG Power's natural gas requirements for its native load, which are 6% and 9% for the contracts that began on July 1, 2022 and August 1, 2022, respectively. The price paid by MEAG Power is based on a discount from a natural gas index. The volatility of the natural gas market precludes MEAG Power from precisely estimating a cost for each contract term; however, based on February 1, 2023 market prices, the commitments are calculated net of a prepaid discount. MEAG Power has the right to opt-out of the contracts if the minimum discounts are not met at the end of the remainder of the initial pricing period. Additionally, there are provisions for permanent load losses or the cessation of natural gas-fired generation.

Long-Term Gas Purchase Agreements

Entered Date	Begin Date	End Date	Take and Pay /mmBtus per day*	Remainder of the Initial Pricing Period	Gas Commitments
February 1, 2022	July 1, 2022	June 30, 2052	2,490	January 1, 2023– October 31, 2027	$14.0 million
March 17, 2022	August 1, 2022	July 31, 2052	3,898	January 1, 2023– November 30, 2029	$34.9 million

*On an average annual basis

Through participation in the Momentum Expansion Phase II, previously known as the "Cornerstone Expansion," of the Transco natural gas pipeline system (Transco), MEAG Power has secured firm natural gas transportation capacity sufficient to deliver 65% of the natural gas required to operate the CC Project at projected peak period capacity factors. The primary term of the Transco agreement began in 2004 and ended January 31, 2019. The contract continues on an evergreen basis, and MEAG Power has certain retention rights that ensure continued service. For the remainder of the facility's natural gas transportation requirements, MEAG Power uses a combination of daily and short-term capacity purchases.

MEAG Power has also entered into agreements with Petal Gas Storage, L.L.C., providing for storage and associated transportation of 200,000 mmBtus of natural gas for a term of 15 years that began in 2008. Natural gas pipeline and storage commitments through August 2024 total $4.2 million.

Long-Term Purchases and Sales of Power

During 2017, MEAG Power entered into five-year purchase power agreements with the Alabama cities of Hartford and Evergreen to provide full requirements service, effective January 1, 2018 through December 31, 2022. These agreements provide 11.0 MW and 11.5 MW, respectively, of system capacity and associated energy to meet their needs net of their resources from SEPA and include provisions for MEAG Power to sell additional capacity. The Hartford and Evergreen sales are served from the resources of 16 and 15 subscribed Participants, respectively. These agreements were extended through December 31, 2023 and were updated to provide 10.0 MW to Hartford and 15.0 MW to Evergreen. During 2023, the Hartford and Evergreen sales are served from the resources of three Participants.

MEAG Power entered into an eight-year purchase power agreement with the City of Robertsdale, Alabama (Robertsdale), during 2016 to provide full requirements service to Robertsdale, effective January 1, 2018 through December 31, 2025. The agreement provides 25 MW of system capacity and energy to meet Robertsdale's needs net of its resources from SEPA and includes provisions for MEAG Power to sell additional capacity. This sale is served from the resources of nine subscribed Participants.

MEAG Power has a 20-year power purchase agreement with Southern Power Company, an affiliate of GPC, for the output and services of a combustion turbine nominally rated from 149 MW to 165 MW, depending on the season. The effective date of the power purchase agreement was May 1, 2009. Twenty Participants have subscribed to this resource.

MEAG Power entered into a power sale agreement with PowerSouth through TEA for 50 MW of system-firm capacity and an associated energy call option effective December 1, 2020. The sale included all hours during the months of December, January, and February during the contract term of December 1, 2020 through February 28, 2023.

MEAG Power entered into a 10-month power purchase agreement with Mercuria Energy America, LLC (Mercuria) through TEA for 30 MW of firm capacity effective March 1, 2021. This resource was subscribed to by four of the Participants.

For 2022, MEAG Power entered into one-year power purchase agreements with:

- Morgan Stanley Capital Group Inc. (Morgan Stanley) through TEA for 48 MW of firm capacity. This resource was subscribed to by five of the Participants.
- Mercuria through TEA for 70 MW of firm capacity. This resource was subscribed to by one Participant.

For 2023, MEAG Power entered into one-year power purchase agreements with:

- Morgan Stanley through TEA for 27 MW of firm capacity. This resource is subscribed to by four of the Participants.
- Macquarie Energy LLC through TEA for 10 MW of firm energy effective April 1, 2023. This resource was subscribed to by one Participant.

Environmental Regulation

The existing Nuclear Units, Scherer Units 1&2, the CC Project and Vogtle Units 3&4 are subject to various federal and state environmental regulatory requirements. The Environmental Protection Agency (EPA) and the Georgia Environmental Protection Division (EPD) of the Department of Natural Resources have primary responsibility for developing and enforcing the requirements where directed or authorized by statutes such as the Federal Clean Air Act (CAA), Federal Clean Water Act (CWA), Federal Resource Conservation and Recovery Act, Georgia Air Quality Act, Georgia Water Quality Control Act and Georgia Comprehensive Solid Waste Management Act.

Compliance with environmental regulatory requirements require owners/operators of affected facilities, including MEAG Power, to commit significant expenditures for installation, operation and maintenance of pollution control and environmental monitoring equipment. Failure to comply with these requirements could lead to fines, sanctions or civil and criminal penalties. Environmental regulatory requirements are complex; they are subject to change due to continuing legislative, regulatory and judicial actions; and they have become substantially more stringent over time. MEAG Power cannot predict at this time whether any additional legislation, regulations, permit requirements or other rules will be enacted which will affect its operations or the cost of continuing compliance.

For Scherer Units 1&2 and Generation Station Wansley, prior to decertification and retirement of the Wansley units in 2022 (see Note 2 (G) "— Coal Generating Facilities"), MEAG Power has invested $682.3 million from 2000 through 2022 in generating unit environmental enhancements, including a switch to lower-sulfur coal at Scherer Units 1&2, and installing control technologies to reduce emissions of mercury, sulfur dioxide (SO2), nitrogen oxides (NOx), non-mercury metals and acid gases. MEAG Power anticipates total capital investment for environmental improvements at Scherer Units 1&2 for the years 2023 through 2027, including additions to comply with CCR and ELG regulations (see "Coal Combustion Residuals and Effluent Limitations Guidelines Regulations" within this Note), will be approximately $45.9 million.

Greenhouse Gas Regulation

The final Affordable Clean Energy (ACE) rule was issued on June 19, 2019. The ACE rule repealed the Clean Power Plan (CPP), which was issued by the Obama Administration's EPA, and replaced it with more limited regulations of carbon dioxide emissions from existing power plants.

The U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit) issued its opinion in the *American Lung Association et al. v. EPA* on January 19, 2021, vacating and remanding the EPA's ACE rule. On October 29, 2021, the U.S. Supreme Court (Supreme Court) said it would review the D.C. Circuit's decision in *American Lung Association et al. v. EPA*. The Supreme Court's review focused on the extent of the EPA's authority to regulate greenhouse gas emissions from the power plant sector under Section 111(d) of the CAA.

On June 30, 2022, the Supreme Court reversed the D.C. Circuit ruling that struck down the Trump administration's ACE rule. The court's 6-3 ruling objected to the EPA using the CPP to give states the option to promulgate regulations that would encourage "generation shifting," or moving away from sources, such as coal, to cleaner sources of generation, such as natural gas or renewables. The majority opinion said that type of regulation, which would affect larger economic forces beyond the fence lines of individual power plants, is not permitted under section 111(d) of the CAA. EPA announced on July 1, 2022 that it will issue a new greenhouse gas rule in the fall of 2023.

On May 11, 2023, EPA issued proposed rules to limit carbon dioxide emissions from the new, existing, modified, and reconstructed power plants. The rules would regulate new gas-fired combustion turbines, existing coal plants and certain large and base-loaded existing gas plants. EPA is proposing to update and establish more stringent new source performance standards for greenhouse gas (GHG) emissions from new and reconstructed fossil fuel-fired stationary combustion turbine electric generating units (EGUs) that are based on highly efficient generation, hydrogen co-firing, and carbon capture and sequestration (CCS). EPA is also proposing to establish new emission guidelines for existing fossil fuel-fired steam-generating EGUs that reflect the application of CCS and the availability of natural gas co-firing. In addition, EPA proposes repealing the ACE rule because the emissions guidelines established in ACE do not reflect the best emissions reduction system for steam generating EGUs and are inconsistent with further aspects of section 111 of the CAA. To address GHG emissions from existing fossil fuel-fired stationary combustion turbines, EPA is proposing emissions guidelines for large and frequently used existing stationary combustion turbines. EPA is also soliciting comments on how the agency should approach its legal obligation to establish emissions guidelines for the remaining existing fossil fuel-fired combustion turbines not covered by this proposal, including smaller, frequently used, and less frequently used, combustion turbines.

These proposed rules are subject to modification through the rule making process and are also subject to court challenge. EPA is expecting to finalize the rules by March 2024. Based on the preliminary state of the rules and the potential for court challenge, the potential impact of these rules on MEAG Power cannot be determined at this time.

National Ambient Air Quality Standards and Regional Haze Regulations

2015 Ozone National Ambient Air Quality Standards

On October 17, 2022, the EPA announced the approval of Georgia's request to have the Atlanta Nonattainment Area re-designated to attainment status for the 2015 ozone National Ambient Air Quality Standard (NAAQS). The Atlanta Nonattainment Area included the counties of Bartow, Clayton, Cobb, DeKalb, Fulton, Gwinnett and Henry (Atlanta Nonattainment Area).

In October 2015, EPA lowered the level of the ozone NAAQS from 0.075 parts per million (ppm) to a more protective level of 0.070 ppm. On September 15, 2022, EPA announced the final determination that the Atlanta Nonattainment Area had met the 2015 ozone NAAQS, based on certified air quality monitoring data for the years 2018–2020, and approved the re-designation to attainment one month later.

On March 11, 2022, EPA released a proposed rule to address the interstate transport of air pollution from 26 upwind states under the CAA. The proposed rule would establish a federal implementation plan for reducing NOx emissions from fossil-fueled electric generating units (that combust coal, gas or oil) in 25 of these states. These proposed NOx reductions are intended to address nonattainment problems in downwind states in violation with the 2015 NAAQS for ozone. Georgia is not an upwind state, so MEAG Power is not affected by this proposal. On March 15, 2023, the EPA issued a final rule to address the interstate transport of air pollution from 23 upwind states under the CAA.

Regional Haze Regulations

In the CAA, Congress declared as a national goal the prevention of any future, and the remedying of any existing, impairment of visibility in mandatory Class I federal areas (e.g., national parks and wilderness areas) for which visibility impairment results from man-made air pollution. The CAA directs EPA to issue regulations to assure reasonable progress toward meeting the national goal. Current EPA regulations set 2064 as the target year to achieve natural visibility conditions via a uniform rate of progress over specific periods, and a State Implementation Plan (SIP) is required from states that contribute to visibility impairment.

In January 2017, EPA published in the Federal Register a final revised regulation, "Protection of Visibility: Amendments to Requirements for State Plans." The revised regulation deferred the due date for the next round of SIP submittals to EPA, from July 31, 2018 to July 31, 2021 (EPD submitted a SIP on July 31, 2022) and addresses issues such as wildfires, anthropogenic sources outside of the United States and prescribed fires. However, in January 2018, EPA announced that it would revisit certain aspects of its 2017 regulation through a proposed rulemaking.

As of August 2022, 15 states have failed to submit regional haze SIPs for EPA review. Of the 35 remaining states, including Georgia, that have submitted complete regional haze plans, many are proposing to meet their regulatory obligations by relying on existing emission reductions already being achieved by the shutdown and curtailment of existing coal-fired power plants instead of imposing additional emission control requirements on those plants still in operation. EPA is still in the early stages in reviewing those plans.

MEAG Power does not expect that the proposed SIP will have any significant financial or operational impacts to its generating units.

Startup, Shutdown and Malfunction Regulations

In June 2015, EPA published a final rule/action in the Federal Register pertaining to Startup, Shutdown and Malfunction (SSM) regulations, "State Implementation Plans: Response to Petition for Rulemaking; Restatement and Update of EPA's SSM Policy Applicable to SIPs; Findings of Substantial Inadequacy; and SIP Calls To Amend Provisions Applying to Excess Emissions During Periods of Startup, Shutdown and Malfunction." In this rule/action, EPA issued a finding that certain SIP provisions in 36 states were substantially inadequate to meet CAA requirements and thus issued a SIP call for each of those 36 states. EPA also established a due date for states subject to the SIP call action to submit "corrective SIP" revisions. Georgia was named as one of the 36 states. Many states, including Georgia, and industry groups filed Petitions for Review with the D.C. Circuit. In April 2017, the D.C. Circuit issued an order holding the case in abeyance.

EPD had developed revised state SSM regulations that were adopted by the Georgia Board of Natural Resources in October 2016. EPD submitted a timely corrective SIP, including the revised regulations to EPA for approval in November 2016. On November 28, 2022, EPA proposed in the Federal Register its disapproval of the Georgia SSM SIP. EPD withdrew the SIP and is working on developing a new SSM rule. EPD has reached out to MEAG Power and other affected parties for discussions on potential draft rule language.

Until EPD issues a new SIP, MEAG Power is not able to determine whether there would be any significant financial or operational impacts to its generating units.

National Emissions Standards for Hazardous Air Pollutants

In February 2012, EPA published a final regulation in the Federal Register, "National Emission Standards for Hazardous Air Pollutants From Coal and Oil-Fired Electric Utility Steam Generating Units and Standards of Performance for Fossil-Fuel-Fired Electric Utility, Industrial-Commercial-Institutional, and Small Industrial-Commercial-Institutional Steam Generating Units." The regulation set National Emissions Standards for Hazardous Air Pollutants (NESHAP) for both new and existing coal- and oil-fired electric utility steam generating units. Scherer Units 1&2 are subject to the regulation, which set limits on emissions of mercury, non-mercury metals and acid gases, commonly referred to as the Mercury and Air Toxic Standards (MATS). To comply with MATS, hydrated lime injection systems have been added to Scherer Units 1&2. Scherer Units 1&2 are in compliance with the regulation.

On May 22, 2020, EPA finalized a finding that it is not appropriate and necessary to regulate hazardous air pollutant emissions from coal- and oil-fired power plants under CAA section 112, reversing a determination first made in 2000, and later affirmed in 2012 and 2016. On January 31, 2022, EPA issued a Notice of Proposed Rulemaking on the Mercury and Air Toxics Standards that reaffirms the finding that it is appropriate and necessary to regulate hazardous air pollutants from coal- and oil-fired power plants. The proposed rule would ensure that the existing emissions standards for MATS would remain in effect. The proposed rule also solicits information on the cost and performance of new or improved technologies and methods of operation for controlling hazardous air pollutant emissions. Until a new MATS rule is finalized, MEAG Power is not able to determine whether there would be any significant financial or operational impacts to Scherer Units 1 &2.

Coal Combustion Residuals and Effluent Limitations Guidelines Regulations

In April 2015, EPA promulgated a comprehensive set of requirements for the management of CCR in landfills and impoundments. CCR include a variety of waste streams, specifically fly ash, bottom ash (BA), boiler slag and flue gas desulfurization materials generated from coal-fired electric utilities; these waste streams are commonly known as coal ash. The rule established corrective action, closure and post closure technical standards, and inspection, monitoring, recordkeeping and reporting requirements.

On November 22, 2016, EPD amended the Georgia Rules of Solid Waste Management to include comprehensive requirements for the disposal of CCRs in landfills and surface impoundments in Georgia at electric generating facilities, regardless of their operational status or when the electric generating facility ceased producing electricity. The Georgia CCR rule required owners and operators of landfills and surface impoundments containing CCRs to submit an application for a Solid Waste Handling Permit by November 22, 2018. The EPD's CCR requirements are enforced through the solid waste handling permit system, and Georgia's program was the second state program in the U.S. to be approved by EPA on December 16, 2019.

GPC submitted a Notice of Intent to Initiate Closure of CCR Ash Pond-1 at Generation Station Scherer on October 30, 2020. The closure plan contemplated consolidating CCR from the prior 550-acre unit to a smaller, approximately 300-acre area. At present, all closure activities are estimated to be complete in 2034.

GPC, as the operator of Scherer Units 1&2, is meeting the compliance requirements under the CCR rule. These requirements include: completion of fugitive dust control plans, conducting periodic structural inspections, conducting groundwater monitoring and placing required information on a publicly accessible Internet site. The hydrological assessment reports for Scherer Units 1&2 have been submitted to EPD. The most recent semiannual groundwater reports were submitted on August 31, 2022, and all of the monitoring results were within the maximum containment level standards for all parameters.

On October 13, 2020, EPA published its final rule revising the ELG regulation (or ELG rule). The ELG rule establishes effluent limitations based on Best Available Technology Economically Achievable (BAT) for steam electric generating units. For the discharge of Flue Gas Desulfurization (FGD) wastewater, there are numeric effluent limitations for mercury, arsenic, selenium and nitrate/nitrite as nitrogen. For the discharge of BA transport water, the ELG rule requires high recycle rate systems and allows for site-specific discharge that cannot exceed 10% of the BA transport water system volume.

The ELG rule includes subcategories for high flow units, low utilization boilers and boilers that will cease coal combustion by 2028. The ELG rule provides effluent limitation requirements for units in these subcategories. For high flow facilities and low utilization boilers, the ELG rule establishes numeric effluent limitations on mercury and arsenic for FGD wastewater discharges. For low utilization boilers, the ELG rule establishes numeric limitations for total suspended solids (TSS) and requires implementation of a best management practices plan for BA transport water. For boilers ceasing combustion of coal by 2028, the ELG rule establishes numeric limitations for TSS in FGD wastewater and BA transport water.

Under the ELG Rule, a particular power plant's compliance deadline for effluent limitation based on BAT is established during the National Pollutant Discharge Elimination System permitting process by its permitting authority. The earliest date that a plant must comply with the new effluent limitations is one year from the date that the ELG Rule is published in the Federal Register. The latest date that a plant must comply with the new effluent limitations is December 31, 2025 for FGD and BA transport water.

The ELG rule also includes a Voluntary Incentives Program (VIP) that provides a compliance date of December 31, 2028 for plants adopting additional process changes and controls that achieve more stringent limitations on mercury, arsenic, selenium, nitrate/nitrite, bromide and total dissolved solids in FGD wastewater. The ELG rule required submission of a notice of planned participation (NOPP) by October 13, 2021, if a steam electric generating unit falls within one of the aforementioned subcategories or chooses the VIP option. GPC submitted a NOPP to EPD on October 13, 2021, electing the VIP option for Scherer Units 1&2 and reserving its ability to submit a later determination of a new compliance pathway as allowed by the ELG rule if circumstances change. GPC also submitted a NOPP to EPD on October 13, 2021, electing compliance by cessation of combustion by 2028 for Wansley Units 1&2. On January 31, 2021, GPC filed its Integrated Resource Plan with the GPSC, requesting the retirement and decertification of Generation Station Wansley by August 31, 2022, stating that such retirement is in the public interest. As discussed in Note 2 (G) "— Coal Generating Facilities," retirement and decertification of Generation Station Wansley occurred on August 31, 2022.

The final ELG rule was immediately challenged in the D.C. Circuit and then transferred to the U.S. Court of Appeals for the Fourth Circuit (Fourth Circuit Appeals Court) for consolidation with other cases. On July 26, 2021, the EPA announced initiation of a rulemaking process to determine whether the ELG rule should be revised to include more stringent limitations and standards, and, in coordination with the U.S. Department of Justice, filed a request to the Fourth Circuit Appeals Court to hold the litigation in abeyance.

On March 8, 2023, the EPA issued the proposed ELG rule that proposes zero-discharge effluent limitations for all pollutants in FGD wastewater and BA transport water. It also proposes numeric discharge limitations for mercury and arsenic in combustion residual leachate. The rule is expected to be finalized in 2024. While the proposed rule does not change the existing subcategory for power plants that plan to cease coal combustion by 2028 (by retiring or fuel switching), it creates separate requirements for coal plants slated to retire by 2032.

The Joint-Owners are finalizing plans for the development of environmental control systems required to comply with the existing ELG rule for Scherer Units 1&2. These plans are currently being revisited to understand the impacts of the proposed rule.

Waters of the United States Regulation

On December 30, 2022, EPA and the Army Corps of Engineers (the Army Corps) issued a final rule "Revised Definition of 'Waters of the United States'" (WOTUS) under the CWA. The purpose of this rule is to re-establish the pre-2015 framework of WOTUS, which had been in place for decades and used by EPA and the Army Corps prior to the expansive rule adopted by the Obama administration in 2015 and the much narrower Navigable Waters Protection Rule of the Trump Administration. Under the final Phase I rule, the WOTUS would include: Traditional navigable waters, interstate waters, and the territorial seas and their adjacent wetlands; most impoundments of "waters of the United States;" tributaries to traditional navigable waters, interstate waters, the territorial seas and impoundments that meet either the "relatively permanent" standard or the "significant nexus" standard; wetlands, adjacent to impoundments and tributaries, that meet either the relatively permanent standard or the significant nexus standard; and "other waters" that meet either the relatively permanent standard or the significant nexus standard. The Phase I rule became effective on March 20, 2023 for Georgia, and all but two states that were involved in legal action related to the rule.

The new definition of WOTUS under the Phase I rule would apply in the interim while EPA and the Army Corps develop an entirely new WOTUS definition through a second Phase II rulemaking over the next few years. As a general matter, this second rulemaking will establish a new framework for defining those surface waters that are subject to regulation under the CWA and reflect state/stakeholder input, scientific developments and environmental justice values. No specific scheduled has been set for completing the Phase II WOTUS rulemaking.

On May 25, 2023, the Supreme Court issued a decision in a case connected to the Phase I rule that rejected the EPA's broad definition of what bodies of waters are federally protected. EPA is now in the position of having to revise the regulatory framework under the Phase I rule. Until the EPA issues a revised rule, MEAG Power cannot predict whether there would be any significant financial or operational impacts to its generating units or plans for construction or operation of new units or related facilities, such as transmission lines and substations.

Legislative and Regulatory Issues

A variety of proposals to restructure the electric industry have been introduced at the federal level and in certain state jurisdictions. Restructuring initiatives have the potential for materially affecting revenues, operations and financial results and condition. The nature of these effects will depend on the content of any legislative or regulatory actions that may be applicable to Project One, the General Resolution Projects, the CC Project, the Vogtle Units 3&4 Projects and Project Entities or the Participants and cannot be identified with any degree of certainty at the current time. Neither MEAG Power nor the Participants are subject to regulation by the GPSC, the State regulatory body for certain utility matters.

Federal Legislative Initiatives

In recent sessions of Congress, various members have introduced legislation relevant to the electric industry, including that to address global climate change. MEAG Power actively provides input to the legislative process through its participation in the Alliance for Fuel Options Reliability and Diversity, the American Public Power Association and the Large Public Power Council, as well as through interaction with members of Congress, Congressional Committees and their staffs.

Georgia Legislative Initiatives

At present, there are no pending bills that would mandate restructuring of the electric industry in Georgia or amend the Georgia Territorial Electric Service Act (Territorial Act). In addition, projections of MEAG Power's operations used for planning purposes assume that there will not be any significant changes in the electric utility industry in Georgia and that the Territorial Act will remain unchanged and in effect.

Legislation in recent years addressing distributed generation, CCRs, air quality and eminent domain, among other issues, has not been significant. MEAG Power continues to work diligently with allied organizations and trade associations to monitor and have input on harmful legislative proposals.

FERC Matters

MEAG Power is not a FERC-jurisdictional utility; however, it is affected by certain FERC rulemakings, including Open Access Transmission Tariffs (OATT) and Standards of Conduct for Transmission Providers. MEAG Power has an OATT in substantially the form of the pro forma open access transmission tariffs set forth by FERC in Order Nos. 888 and 888-A, which required all "public utilities" under the Federal Power Act (FPA) that own, control or operate transmission facilities used in interstate commerce to file open access non-discriminatory tariffs containing minimum terms and conditions of service with FERC. While MEAG Power is not a public utility under the FPA, MEAG Power believes that its OATT satisfies the "reciprocity" requirements of Order Nos. 888 and 888-A.

Owners and operators of bulk power systems, including MEAG Power, have been subject to mandatory reliability standards since 2007. These reliability standards, enacted by NERC and enforced by FERC, have been revised and expanded from time to time, and MEAG Power expects them to continue to change. In addition to maintaining the reliability of the bulk electric system, NERC standards cover areas such as maintenance, training, operations, planning, modeling, critical infrastructure, physical and cyber security, vegetation management and facility ratings. MEAG Power has a formal compliance program designed to monitor and maintain compliance with the reliability standards applicable to MEAG Power. Noncompliance with the mandatory reliability standards could subject MEAG Power to sanctions, including substantial monetary penalties.

In recent years, NERC has issued new and revised CIP standards. In partnership with GPC, MEAG Power transfers the majority of its transmission NERC CIP compliance responsibility and associated financial risk to GPC via certain sections of the ITS Operation Agreement. Both parties executed updates to applicable sections of the ITS Operation Agreement on December 1, 2020, May 9, 2022 and September 21, 2022 to reflect each party's respective compliance responsibilities associated with all NERC CIP Standards effective by January 1, 2023. In addition, both parties have filed CFR documents with NERC that are consistent with the NERC CIP compliance support details within the ITS Operation Agreement. Through this agreement and associated NERC CFR documents, MEAG Power has assumed administrative responsibilities for portions of NERC CIP, thereby reducing its exposure to compliance risk and associated monetary penalty risk.

MEAG Power has CFRs with GPC covering operating and planning functions relating to projects other than the CC Project. Under these CFRs, GPC agreed to undertake NERC reliability obligations associated with those projects. MEAG Power also has entered into a CFR with GPC with respect to the CC Project, which transferred certain asset compliance responsibilities to GPC. MEAG Power signed an agreement with NAES that was approved by SERC and NERC in 2019, pursuant to which MEAG Power transferred all generator owner and generator operator responsibilities for the CC Project to NAES. By transferring the responsibilities for compliance with these obligations to GPC and NAES, MEAG Power believes that it has significantly reduced its regulatory risks relating to reliability and the associated risks of monetary penalties.

In the Third Quarter 2021, SERC completed a joint NERC CIP standards audit with MEAG Power and Southern Company. For MEAG Power's portion of the audit, SERC reported no findings and no recommendations, which ended the audit. SERC conducted another audit of MEAG Power's compliance with certain NERC reliability standards in 2022. MEAG Power believes it is in compliance with its current NERC and SERC reliability obligations.

On July 21, 2011, FERC issued Order No. 1000 entitled "Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities." Order No. 1000 required public utility transmission providers to amend their open access transmission tariffs to include a methodology for planning and allocating the costs of new regional and inter-regional transmission facilities. Order No. 1000 did not, however, disturb the charges for transmission facilities that existed on such order's effective date.

As a non-public utility, MEAG Power is not directly subject to the requirements of Order No. 1000. However, in the order, FERC stated that non-public utilities that decline to bear their assigned share of the costs for new regional facilities may be denied tariff-based transmission service from public utilities and that FERC will consider using the authority it has under Section 211A of the FPA against such non-public utilities. MEAG Power continues to monitor regulatory actions related to Order No. 1000 and has intervened in the Order No. 1000 compliance filings of Southern Company and certain other FERC-jurisdictional utilities. At this time, MEAG Power is continuing to participate, voluntarily, in a regional and inter-regional transmission planning process with Southern Company and certain other Southeast utilities. The effect of Order No. 1000 on MEAG Power, the Participants or the ITS cannot be determined at this time.

Mutual Aid Agreement

MEAG Power has entered into a mutual aid agreement with six utilities in the State of Florida (Florida) for provision of replacement power during an extended outage of certain specified baseload generating units. In the event of an outage of Scherer Unit No. 1 or Scherer Unit No. 2 that extends beyond 60 days, MEAG Power will receive 100 MW at a price based upon a fixed heat rate and a published gas price index or, if replacement power is provided by a coal unit, such coal unit's actual dispatch cost. In the event of an outage of the CC Project that extends beyond 60 days, MEAG Power will receive 150 MW at a price based upon a fixed heat rate and a published gas price index or, if replacement power is provided by a coal unit, such coal unit's actual dispatch cost. If a counterparty has an extended outage, MEAG Power expects that it would be required to provide between 14 MW and 35 MW for a maximum of 305 days, also at a price based upon a fixed heat rate and a published gas price index or, if replacement power is provided by a coal unit, such coal unit's actual dispatch cost. The mutual aid agreement expires in October 2027 and will automatically renew for an additional five years unless a 90-day notice is provided.

Litigation

Prior to July 2012, several federal lawsuits were pending that may have had an impact on water storage and related issues at Lake Lanier, Georgia. These lawsuits related to over 20 years of litigation and periodic settlement discussions pertaining to water allocations, including for drinking water and hydropower, of the Apalachicola-Chattahoochee-Flint River Basin (ACF) and the Alabama-Coosa-Tallapoosa River Basin (ACT). Parties involved in these proceedings included Southeastern Federal Power Customers, Inc., a coalition of municipal and cooperative utilities, the Army Corps, as well as Georgia, Florida and the State of Alabama (Alabama). The Army Corps issued a revised water allocation plan for the ACT in May 2015 and, on March 30, 2017, released the final revised water allocation plan for the ACF.

The ACT revised water allocation plan has been challenged in three separate federal lawsuits filed by Georgia, the Atlanta Regional Commission (ARC), the Cobb County-Marietta Water Authority, Alabama and Alabama Power Company (an affiliate of GPC), with several Alabama municipalities also intervening. It is currently unclear what effect, if any, the result of such challenge or finalized water allocation plan may have on the financial condition of MEAG Power.

The ACF revised water allocation plan was challenged in two federal lawsuits filed by Alabama and three environmental groups, and Georgia, ARC and several metropolitan Atlanta area water providers intervened in the lawsuits to defend the Army Corps' decision.

In October 2013, Florida filed a Motion for Leave to File a Complaint, invoking the Supreme Court's original jurisdiction, asking the Supreme Court to equitably apportion the waters of the ACF.

On August 9, 2018, the Supreme Court appointed a senior federal judge to replace the previously appointed special master and to preside over this case.

Based upon the record developed at trial, as well as written and oral argument by the parties, the special master filed a report on December 11, 2019 recommending that the Supreme Court deny Florida's request for a decree equitably apportioning the waters of the ACF on the grounds that the evidence did not show harm to Florida caused by Georgia. The special master also concluded that the evidence demonstrated that Georgia's water use was reasonable and further determined that the evidence did not demonstrate that the benefits of apportionment would outweigh the potential harms. On April 1, 2021, in a unanimous opinion, the Supreme Court ruled in favor of Georgia.

In July 2020, a group of individual plaintiffs filed a complaint, which was amended on December 9, 2022, in the Superior Court of Fulton County against GPC alleging that the construction and operation of Generation Station Scherer, of which MEAG Power is a co-owner, has impacted groundwater and air, resulting in alleged personal injuries and property damage. The plaintiffs seek an unspecified amount of monetary damages, including punitive damages, a medical monitoring fund and injunctive relief. MEAG Power is not named as a defendant in the complaint, but GPC does act as MEAG Power's agent in connection with the operation of the facility. GPC has filed multiple motions to dismiss the complaint. On December 29, 2022, the Superior Court of Fulton County granted GPC's motion to transfer the case to the Superior Court of Monroe County, Georgia (Superior Court of Monroe County). On May 9, 2023, the Superior Court of Monroe County entered an Order denying GPC's Motion to Dismiss for lack of subject matter jurisdiction. On May 22, 2023, this Order was appealed by the defendants to the Court of Appeals of Georgia.

In October 2021, February 2022 and January 2023, a total of eight additional complaints were filed in the Superior Court of Monroe County against GPC, alleging that releases from Generation Station Scherer have impacted groundwater and air, resulting in alleged personal injuries and property damages. The plaintiffs seek an unspecified amount of monetary damages including punitive damages. GPC removed each of these cases to the U.S. District Court for the Middle District of Georgia. On November 16, 2022, the plaintiffs voluntarily dismissed seven of the cases, and on February 21, 2023, the remaining plaintiff voluntarily dismissed the eighth case. On May 12, 2023, the plaintiffs re-filed eight cases that they had voluntarily dismissed plus one additional case. On May 18, 2023, the defendants removed each of these nine lawsuits to the U. S. District Court for the Middle District of Georgia. The ultimate outcome of such proceedings and the amount of any possible losses from these matters cannot be estimated at this time.

Both Florida Power & Light Company (FP&L) and JEA, the owners of Scherer Generation Station Unit No. 4, have asserted that they are not responsible for the payment of certain Generation Station Scherer Common Facilities operations and maintenance expenses and certain capital budget items. Accordingly, they have each submitted payment to GPC, as agent, for these disputed items under protest. On May 5, 2022, FP&L and JEA filed a civil complaint in the U.S. District Court for the Northern District of Georgia, seeking declaratory judgment that they have no cost responsibility for the design, construction, operation, maintenance or closure of (a) future landfills and cells to store by-products of the coal combustion process and corresponding air quality control systems for Scherer Units 1&2 and (b) any wastewater treatment systems to comply with the federal rules concerning effluent limitation guidelines, including the 2020 Steam Electric Reconsideration Rule. GPC, MEAG Power, OPC and Dalton were named as defendants in the proceeding. On February 9, 2023, the court issued an Order granting all co-defendants' Motion to Dismiss and giving the plaintiffs 30 days to file an amended complaint. The plaintiffs filed a First Amended Complaint on March 24, 2023, and the co-defendants filed their response on April 17, 2023.

No other litigation or proceeding is pending against MEAG Power that could reasonably be expected to have any material adverse effect on the financial condition, results of operations or cash flows of MEAG Power.

Other

In January 2011, MEAG Power purchased certain portions of the distribution system of the City of Hogansville (Hogansville), one of MEAG Power's Participants. Pursuant to an Installment Sales Agreement, MEAG Power was scheduled to pay the purchase price of $6.0 million in 26 semiannual installments from February 2011 through April 2023. MEAG Power took title to Hogansville's distribution system in order to facilitate the lease of the distribution system back to Hogansville. On July 20, 2021, Hogansville exercised its call option and purchased its electrical distribution system from MEAG Power.

As of December 31, 2022, MEAG Power had lease transactions with three of the Participants through its Distribution Lease Financing Policy, in order to finance the costs of the acquisition, construction, replacement and installation of certain extensions and improvements to the Participant's electrical system. These obligations are secured by a pledge of rentals to be received from lease agreements between MEAG Power and the applicable Participant. The lease transactions do not constitute a debt or pledge of the faith and credit of MEAG Power and, accordingly, have not been reported in the accompanying financial statements. As of December 31, 2022, the balance outstanding pertaining to the lease transactions totaled $2.6 million.

MEAG Power has no other conduit debt obligations.

9. SUBSEQUENT EVENTS

In accordance with GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards," MEAG Power's management evaluated operating activities through May 30, 2023 and reports that on January 19, 2023, MEAG Power issued the following Series 2023A and 2023B (taxable) bonds to finance additional construction costs for Vogtle Units 3&4 (in thousands):

Vogtle Units 3&4	Series	Amount
Project M	2023A	$128,035
Project J	2023A	192,370
Project P	2023A	61,665
Project P	2023B	69,985
Total		$452,055

Certain other 2023 developments are discussed in Note 1 (D), Note 6, "Investment in Alliance" and the "Long-Term Purchases and Sales of Power," "Environmental Regulation" and "Litigation" sections of Note 8.

Required Supplementary Information
(Unaudited)

Retirement Plan

Schedule of Changes in Net Pension Liability and Related Ratios

Pursuant to Statement 68, a 10-year history of the following information is required. However, until a full 10-year trend is compiled, information for those years available may be presented (dollars in thousands):

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service cost	**$ 654**	$ 659	$ 692	$ 703	$ 769	$ 795	$ 904	$ 1,012
Interest on the total pension liability	**4,965**	4,735	4,607	4,334	4,189	4,152	4,040	3,738
Difference between expected and actual experience	**435**	1,064	(112)	295	(183)	(212)	(661)	362
Assumption changes	**—**	101	(233)	1,277	(136)	(915)	(273)	(134)
Benefit payments	**(3,588)**	(3,426)	(3,054)	(2,883)	(2,557)	(2,540)	(2,269)	(1,938)
Net change in total pension liability	**2,466**	3,133	1,900	3,726	2,082	1,280	1,741	3,040
Total pension liability — beginning of year	**67,961**	64,828	62,928	59,202	57,120	55,840	54,099	51,059
Total pension liability — end of year (a)	**70,427**	67,961	64,828	62,928	59,202	57,120	55,840	54,099
Plan fiduciary net position								
MEAG Power contributions	**775**	775	100	775	775	3,141	934	8,500
Net investment income	**(14,515)**	10,114	10,130	12,594	(2,643)	8,098	3,969	325
Benefit payments	**(3,588)**	(3,426)	(3,054)	(2,883)	(2,557)	(2,540)	(2,269)	(1,938)
Administrative expenses	**—**	—	—	—	—	—	—	—
Net change in plan fiduciary net position	**(17,328)**	7,463	7,176	10,486	(4,425)	8,699	2,634	6,887
Plan fiduciary net position — beginning of year	**85,285**	77,822	70,646	60,160	64,585	55,886	53,252	46,365
Plan fiduciary net position — end of year (b)	**67,957**	85,285	77,822	70,646	60,160	64,585	55,886	53,252
Net pension liability — ending (a)–(b)	**$2,470**	$(17,324)	$(12,994)	$ (7,718)	$ (958)	$ (7,465)	$ (46)	$ 847
Plan fiduciary net position as a percentage of total pension liability	**96.49%**	125.49%	120.04%	112.26%	101.62%	113.07%	100.08%	98.43%
Covered payroll	**$ 9,524**	$ 9,364	$ 9,482	$ 9,836	$ 10,664	$ 10,922	$ 11,230	$11,013
Net pension liability as a percentage of covered payroll	**25.93%**	-185.01%	-137.04%	-78.46%	-8.98%	-68.35%	-0.41%	7.69%

Required Supplementary Information
(Unaudited)

Schedule of Employer Contributions to the Pension Plan

Pursuant to Statement 68, a 10-year history of the following information is required. However, until a full 10-year history is compiled, information for those years available may be presented (dollars in thousands):

Year	Actuarially Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percent of Covered Payroll
2022	**$ —**	**$ 775**	**$ (775)**	**$ 9,524**	**8.14%**
2021	$ —	$ 775	$ (775)	$ 9,364	8.28%
2020	$ 91	$ 100	$ (9)	$ 9,482	1.05%
2019	$ —	$ 775	$ (775)	$ 9,836	7.88%
2018	$ —	$ 775	$ (775)	$10,664	7.27%
2017	$ 637	$ 3,141	$(2,504)	$10,922	28.76%
2016	$ 900	$ 934	$ (34)	$11,230	8.32%
2015	$1,875	$8,500	$(6,625)	$11,013	77.18%
2014	$1,871	$2,400	$ (529)	$11,956	20.07%

The actuarially determined employer contribution is determined pursuant to OCGA 47-20-10. MEAG Power's contribution policy is to contribute at least the minimum required contribution calculated under OCGA 47-20-10. Historically, MEAG Power has contributed well in excess of that amount.

OPEB

Schedule of Changes in Total OPEB Liability and Related Ratios

Pursuant to GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," a 10-year history of the following information is required. However, until a full 10-year trend is compiled, information for those years available may be presented (dollars in thousands):

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	**$ 352**	$ 359	$ 331	$ 235	$ 262	$ 226
Interest	**264**	266	325	384	363	394
Changes of benefit terms	**—**	—	—	—	—	—
Differences between expected and actual experiences	**(1,593)**	(81)	39	177	(715)	244
Benefit payments	**(363)**	(453)	(453)	(356)	(335)	(298)
Changes of assumptions or other inputs	**(2,112)**	137	428	2,132	(757)	156
Net change in total OPEB liability	**(3,452)**	228	670	2,572	(1,182)	722
Total OPEB liability — beginning of year	**13,008**	12,780	12,110	9,538	10,720	9,998
Total OPEB liability — end of year	**$ 9,556**	$13,008	$12,780	$12,110	$ 9,538	$10,720
Covered employee payroll	**$17,003**	$16,153	$15,760	$15,512	$15,030	$14,632
Total OPEB liability as a percentage of covered payroll	**56.20%**	80.53%	81.09%	78.07%	63.46%	73.26%

Notes to Schedule:

- The Plan has no trust for accumulating assets.
- The discount rate increased from 2.06% to 3.72%, and the mortality improvement scale was updated to the MP-2021 scale.

Report of Independent Auditors

To the Board of Directors of Municipal Electric Authority of Georgia

Opinions

We have audited the accompanying financial statements of the total business-type activities, the Project One major fund, the General Resolution Projects major fund, the Combined Cycle Project major fund, the Vogtle Units 3&4 Projects and Project Entities major fund, the Municipal Competitive Trust major fund, and the Telecommunications Project aggregate nonmajor fund of Municipal Electric Authority of Georgia ("MEAG Power") as of and for the years ended December 31, 2022 and 2021, including the related notes, which collectively comprise MEAG Power's basic consolidated financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial positions of the total business-type activities, the Project One major fund, the General Resolution Projects major fund, the Combined Cycle Project major fund, the Vogtle Units 3&4 Projects and Project Entities major fund, the Municipal Competitive Trust major fund, and the Telecommunications Project aggregate nonmajor fund of MEAG Power as of December 31, 2022 and 2021, and the respective changes in their financial position and their cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 from 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 MEAG Power's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. 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 US 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 US 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 MEAG Power'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 MEAG Power'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.

Report of Independent Auditors

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 17, schedule of changes in net pension liability and related ratios on page 78, schedule of employer contributions to the pension plan on page 79, and schedule of changes in total OPEB liability and related ratios on page 79 be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management, although not a part of the basic consolidated financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, 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 basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information on pages 2 through 6, but does not include the basic consolidated financial statements and our auditors' report thereon. Our opinions on the basic consolidated financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Pricewaterhouse Coopers LLP

Atlanta, Georgia
May 30, 2023

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