# POWERED UP

VOGTLE UNITS 3 & 4

2023 ANNUAL REPORT

MEAGPOWER

# 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 since 2016 — 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 324,000 customer accounts.

## MEAG POWER COMMUNITIES

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

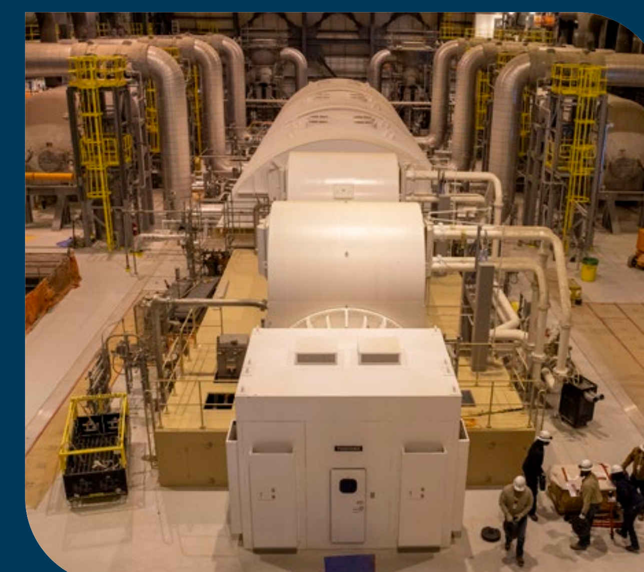
## FINANCIAL HIGHLIGHTS

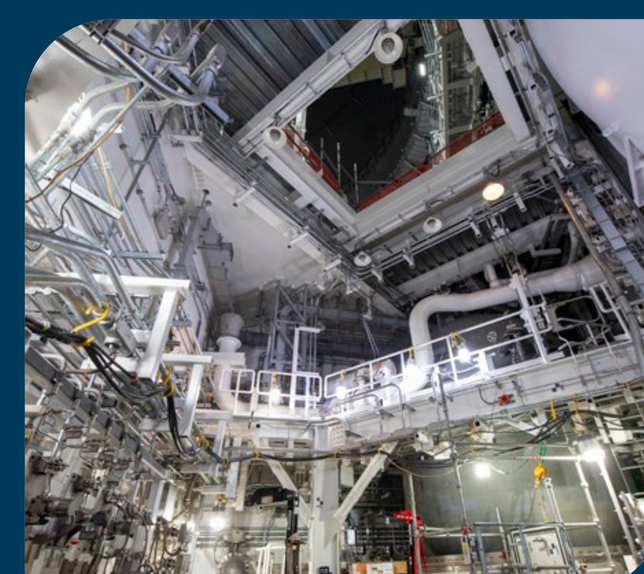
Three-Year Summary of Selected Financial and Operating Data (dollars in thousands)

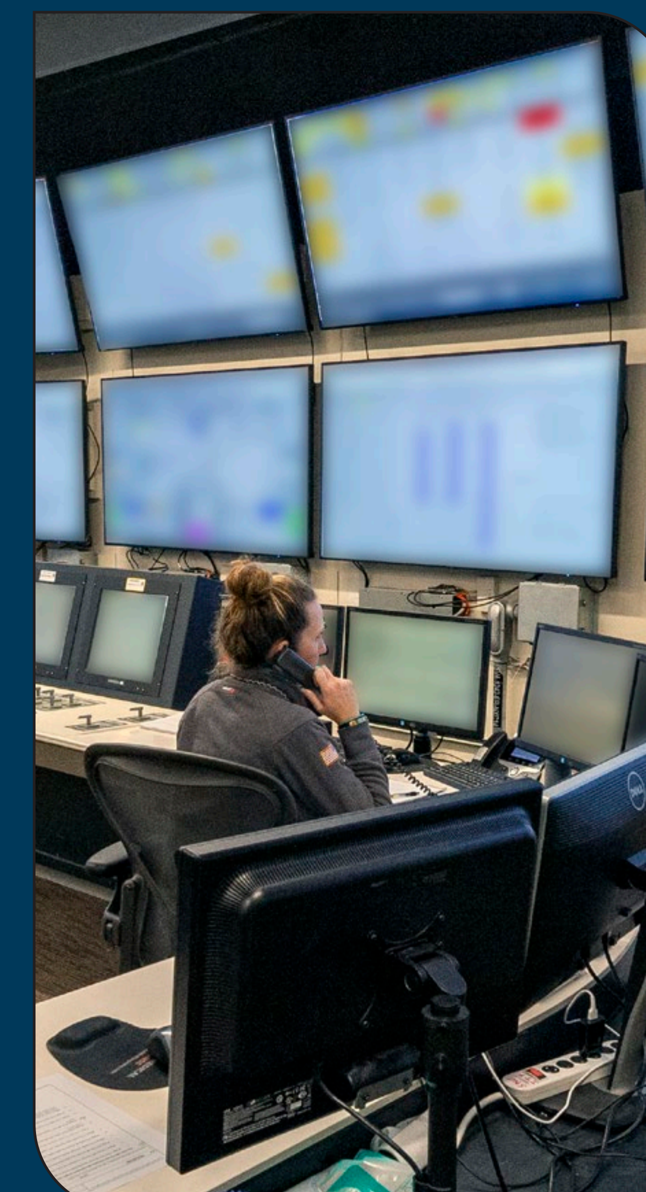
| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Total revenues | **$ 877,605** | $ 974,385 | $ 714,194 |
| Total assets and deferred outflows of resources | **$ 12,719,777** | $ 12,127,476 | $ 12,213,921 |
| Property, plant and equipment, net | **$ 8,624,312** | $ 8,326,730 | $ 8,044,173 |
| Debt outstanding (excluding defeased bonds) | **$ 9,459,180** | $ 9,090,064 | $ 9,090,092 |
| Total delivered energy to MEAG Power Participants (MWh)[1] | **11,842,834** | 12,018,602 | 11,009,774 |
| Cost to MEAG Power Participants (cents per kWh): | | | |
| Total cost[1] | **7.03** | 7.23 | 6.58 |
| Bulk power cost | **7.00** | 7.23 | 6.59 |
| SEPA cost[1] | **7.59** | 7.37 | 6.49 |
| Peak demand (MW) | **2,204** | 2,188 | 1,985 |
| Total nominal generating capacity in service (MW)[2] [3] | **2,050** | 1,800 | 2,069 |

(1) Participants purchase hydro energy directly from the Southeastern Power Administration (SEPA). Such energy is included in these calculations.
(2) Excludes SEPA capacity which is purchased by the Participants and capacity purchased by MEAG Power from others. Decertification and retirement of Generation Station Wansley occurred on August 31, 2022.
(3) Vogtle Unit 3 and Unit 4 entered commercial operation on July 31, 2023 and April 29, 2024, respectively, with each unit adding 250 MW of clean energy to MEAG Power's generating capacity. With Unit 4, MEAG Power's total capacity is 2,300 MW.

**PLANT VOGTLE UNITS 3 AND 4 HAVE ENTERED COMMERCIAL OPERATION AND ARE NOW PROVIDING 500MW OF CLEAN, RELIABLE AFFORDABLE ENERGY TO OUR PARTICIPANT COMMUNITIES.**







# CHAIRMAN AND CEO MESSAGE

**2023 was a year of accomplishments – none greater than Plant Vogtle Unit 3 starting commercial operation after years of development. Not to be outdone, Unit 4 followed achieving commercial service in April 2024. This is a historic achievement for Georgia and a major step forward for the U.S. nuclear industry.**

The new supply of emissions-free energy comes during a momentous time for the power industry. Projected demand for electricity is accelerating at a rate we have never before seen, driven by electrification, the growth of energy-intensive data centers and in Georgia, some of the largest economic development projects in the state's history.

While these trends are helping fuel the economies in many of our Participant communities, they also pose a potential strain on the industry's available energy supplies.

As the dedicated provider of reliable, competitive power to MEAG Power Participants, it's our mission to help ensure they can meet their current and future needs as load demand grows. Our Participants are our singular priority, and our focus always centers on supporting their communities and delivering on our commitments.

To that end, we forecast supply and demand scenarios for each of our Participants, and look at all energy supply options to ensure we have every base covered. A great example of this is our participation in Vogtle Units 3 and 4.

## COMMERCIAL OPERATION OF PLANT VOGTLE UNITS 3 AND 4

Unit 3 entering commercial service on July 31, 2023 marked the first newly constructed U.S. nuclear reactor to enter service in more than 30 years. By year's end, Unit 3 had produced well over 3 million net MWh of total generation and operated at 100 percent capacity factor.

With the addition of Unit 4, both reactors are expected to add 500 MW of clean energy to MEAG Power's portfolio over the next 60-80 years, which will be provided to the 41 MEAG Power Participants that opted in the project, along with JEA and PowerSouth, offtakers in Project J and Project P. That's the equivalent needed to power an estimated 227,000 homes and businesses each year. Combined, Plant Vogtle's four units will produce more zero-emissions electricity than any other energy facility currently operating in the U.S.

Getting Units 3 and 4 across the finish line was no easy task. In addition to the inherent complexities of building an advanced nuclear plant, we persevered through many unforeseen challenges. This included the COVID-19 impact on the workforce and supply chains, the Fukushima reactor crisis in Japan that threatened licensing approval of nuclear projects in the U.S., and the bankruptcy of Westinghouse in 2017.

Overcoming these hurdles took incredible commitment and determination from everyone involved in the project, and reflected the successful partnership and long-term vision of MEAG Power and our Participants.

In addition to commercial operation, another related milestone was the completion of our Vogtle expansion financing. In 2023, MEAG Power issued $452.1 million of bonds to fund additional construction for Units 3 and 4.

Our approach has served as a model for others in how to finance large-scale nuclear construction. We prefunded almost three quarters of our cost commitments through locked-in, low-rate Build America Bonds and U.S. Department of Energy (DOE) loan guarantees. In fact, the DOE financing was at such low rates that we are projected to achieve significant savings over the course of the 30-year loan, compared to public market borrowing.

Additionally, MEAG Power was one of the first tax-exempt entities to gain the ability to monetize production tax credits. We also executed Power Purchase Agreements (PPAs) that spread debt service payments and construction risk among partners for the first 20 years.

The end result is a responsible, affordable path to advanced nuclear that is now providing critical non-emitting power to many thousands in Georgia, Florida and Alabama. And because these units are financed over their initial 40-year operating license, the remaining 20-40 years of expected operating life will be at reduced cost, as the initial debt will have been paid.

## THE RISE IN ENERGY DEMAND

The added baseload production from Plant Vogtle coincides with the rise of AI and cryptocurrency mining facilities in Georgia. These power-hungry data centers contain rows and rows of advanced servers that run all day, every day of the year.

It's important to highlight these data centers for several reasons. Most notably, they can consume up to 50 times more electricity per square foot than a typical commercial office space. That's a great deal of potential demand that could get placed on a Participant community grid literally overnight.

Also important is the growth of Georgia as a major hub for data centers. Georgia now ranks third in the U.S. for hosting cryptocurrency data centers, while the 28-county Atlanta metropolitan area has been cited as the fastest growing data center market in the U.S.

Already home to more than 50 major data centers, the state is likely to see continued growth given the number of developments in the pipeline. The availability of reliable, clean and competitively-priced power is a primary reason why so many data centers have located in Georgia. It's also helping attract many other development projects, which will further increase energy demand.

In fact, Georgia broke economic development records in 2023. New investments in more than 400 projects totaled over $24 billion according to the Georgia Department of Economic Development. The investments are spread across the state with the vast majority ($20 billion) located in communities outside of metro Atlanta.

Georgia also continued to grow its stature as a leader in e-mobility. Roughly 50 e-mobility projects have contributed $25 billion in investments in Georgia since 2020, $2 billion of which came in 2023.

These mostly comprise new EV, battery and solar manufacturing facilities, including the buildout of SK On/Hyundai Motor Group's $5 billion EV battery facility in Cartersville. E-mobility companies are locating in Georgia, in part, because they want to power their operations with as much clean energy as possible.

## UPDATE OF THE INTEGRATED RESOURCE PLAN

The increased demand for clean energy and need for more electricity are part of the 3-year update to our Integrated Resource Plan (IRP) that we finalized in 2023. The IRP provides a roadmap for optimizing our resource portfolio over time to meet anticipated capacity and energy requirements of Participants through 2048.

MEAG Power's 2023 update to the IRP centers on identifying optimal resource needs over the next decade. Key recommendations resulting from the latest analysis include:

- Maintaining our current diversified resource mix.
- Keeping Plant Scherer as a valuable asset to the portfolio, as it provides a reliable and resilient supply of energy during times of peak demand, including extreme weather events and unit outages. Assumed in this recommendation is continuing with investments necessary to remain in compliance for effluent limitations guidelines.

> ***"AS THE DEDICATED PROVIDER OF RELIABLE, COMPETITIVE POWER TO MEAG POWER PARTICIPANTS, IT'S OUR MISSION TO HELP ENSURE THEY CAN MEET THEIR CURRENT AND FUTURE NEEDS AS LOAD DEMAND GROWS."***

## PARTICIPANT AWARDS & NEWS

- Albany, Calhoun, Cartersville, Fort Valley, Marietta and Newnan received the prestigious RP3 Designation from the American Public Power Association (APPA) for excellence in providing reliable and safe electric service.
- Camilla, LaGrange and Norcross were among the nine cities recognized by the Georgia Municipal Association (GMA) and Georgia Trend magazine in the fourth annual Visionary Cities Awards for projects that create positive change through collaboration and civic engagement.
- Hyundai Motor Group (HMG) and SK On approved a $5 billion development plan to build a 35-gigawatt-hour (GWh) EV battery cell factory near Cartersville, which is expected to start production in the second half of 2025.
- Ascend Elements opened its first commercial-scale lithium-ion battery recycling facility in Covington in 2023. The plant represents a $50 million investment and is North America's largest electric vehicle battery recycling facility.
- Hyundai Industrial announced it will invest more than $24 million in a new manufacturing facility in Coweta County. Hyundai Industrial purchased an existing building in Coweta County and plans to retrofit it to produce arm and head rests for manufacturers, including Hyundai Motor Group Metaplant America.
- Covington was chosen by Archer Aviation for a new 350,000 sq. ft. manufacturing facility that will produce up to 650 electric vertical takeoff and landing (eVTOL) aircraft per year, making it the world's largest eVTOL aircraft manufacturing facility by volume.

- Adding solar PPA resources and battery storage to satisfy future requirements – including adding 500 MW of solar and 250 MW max power with battery capacity for flexible integration of solar and excess nuclear energy.
- Adjusting to any new Environmental Protection Agency (EPA) rulings and associated costs for reduction of carbon emissions.

In developing the recommendations, MEAG Power analyzed several potential scenarios, such as an early retirement of Plant Scherer and various $CO_2$ compliance outcomes, based on a variety of metrics and changing assumptions. We also took into account terms outlined in the Inflation Reduction Act, including additional credits on top of a base credit value for qualifying clean energy projects, investment tax credits of 30 percent for solar build transfer projects and a production tax credit for the solar PPA.

In going through our analysis, it became clear that solar and batteries will play an important role in fulfilling future capacity needs. Also, traditional thermal resources will be needed to replace baseload resources to help maintain system reliability and flexibility.

### GRIDEX SECURITY READINESS

In addition to ongoing energy planning, MEAG Power also continued to prepare for security and threats to physical and digital infrastructure in 2023. This includes participating in GridEx VII, the largest grid security and resilience exercise in North America hosted by North American Electric Reliability Corporation's (NERC) Electricity Information Sharing and Analysis Center (E-ISAC). We were one of more than 250 organizations taking part in the biennial event.

GridEx provides a forum to practice response and recovery from real-world cyber and physical security threats and incidents, both across the industry and internal to MEAG Power. The exercise is designed to stress-test crisis response and recovery plans.

MEAG Power has participated in all seven iterations of GridEx – enabling employees across various departments to gain experience managing through a real-world crisis scenario. In 2023, 26 MEAG Power employees from four departments participated, including five executives in differing roles. And, for the first time, two Participants were part of the exercise, adding another level of realism.

NERC and the E-ISAC apply the overall outcomes and lessons learned from GridEx exercises to help improve the security of the North American grid. We also are taking the lessons learned to enhance our policies and procedures.

Safeguarding the grid to ensure the delivery of reliable power is inherent in our mission, and is another example of how we continually make our Participants our priority.

### EPA EMISSIONS RULES

In 2023, the EPA proposed sweeping changes to strengthen limits on greenhouse gas emissions (GHG) from fossil fuel-fired electric generating units. It subsequently issued a final rule in April 2024 with revised recommendations to focus on existing coal-fired power plants and new gas-fired power plants, with plans to issue separate regulatory standards for existing gas-fired power plants by the end of 2024.

The EPA's rule calls for existing coal-fired power plants to reduce GHG emissions by 90 percent through carbon capture technology by 2040, or face retirement by 2032. The rule allows interim operation for the period 2032 - 2039 if the unit cofires 40% natural gas; however, by 2040, full compliance or retirement would be required.

MEAG Power worked with industry trade organizations to provide input into comments sent to the EPA on these rules, and we submitted our own comments on how these changes could potentially impact our ability to supply low-cost, reliable power to our Participants.

The EPA rules, will likely will be met with one or more court challenges that would delay implementation. We are closely monitoring developments and will respond as appropriate to protect the interests of our Participants.

### EMISSIONS-FREE ENERGY

When it comes to clean energy, we are proud of our performance over time. Since 2016, MEAG Power has delivered an average of 66 percent emissions-free generation.

Our non-emitting, delivered energy mix compares favorably to all of Georgia (34 percent) and the U.S. (38 percent). Also, our total generation of clean energy increased in 2023 to its highest in many years, thanks to the addition of Vogtle Unit 3. We expect to see our total output of clean energy increase in the future with full-year generation of Units 3 and 4.

> **"SINCE 2016, MEAG POWER HAS DELIVERED AN AVERAGE OF 66 PERCENT EMISSIONS-FREE GENERATION."**

That will help keep us on track to meet the long-term projections of our IRP, which sees our emissions-free energy mix rise to nearly 90 percent by 2045 as a result of our resource portfolio optimization efforts. This includes the receipt of the full output from Vogtle Units 3 and 4 and the addition of solar and battery storage to our portfolio mix, which offers an effective solution for meeting predicted increases in peak demand, especially during summer months.

MEAG Power remains engaged in adding solar, including a 20-year PPA for the off-take of an 80 MW solar facility. A DOE ruling in 2022 aimed at anti-dumping practices of solar panels from markets abroad impacted the Pineview project. In response, we executed a second amendment to the PPA in 2023 that adjusted the contract price, commercial operation date and term of the PPA in an effort to improve the project's footing.

We will continue to evaluate opportunities to add solar resources to our portfolio. As always, our priority is finding the best solutions that meet the evolving needs of our Participants.

Looking ahead, our accomplishments in 2023 have given us a great deal of momentum for 2024 and beyond. Challenges remain, both old and new, but our improved ability to serve the needs of our Participant communities gives us renewed confidence and optimism for the future.

**Larry M. Vickery**
Chairman

**James E. Fuller**
President and Chief Executive Officer

May 20, 2024

MEAG POWER

# SENIOR MANAGEMENT

**Paul J. Warfel**
Vice President of Participant & External Affairs

**Peter M. Degnan, Esq.**
Senior Vice President & General Counsel

**James E. Fuller**
President & CEO

**Steven M. Jackson**
Senior Vice President & Chief Operating Officer

**Douglas K. Lego**
Senior Vice President, Transmission

**Reiko A. Kerr**
Senior Vice President, Finance & Administration, & Chief Financial Officer



# THE MEAG POWER BOARD

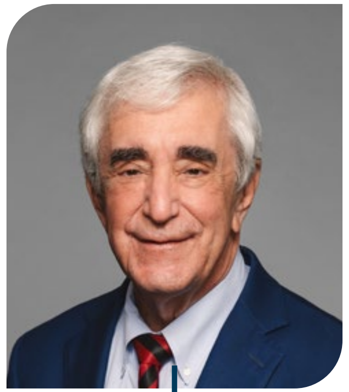
**Larry M. Vickery**
Chairman
Former General Manager, Calhoun Utilities

**L. Timothy Houston, Sr.**
Vice Chairman
Alderman, Acworth

**Patrick C. Bowie, Jr.**
City Manager, LaGrange

**Terrell D. Jacobs**
Municipal Operations Consultant, Georgia Municipal Association

**Gregory P. Thompson**
Council Member, Monroe



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

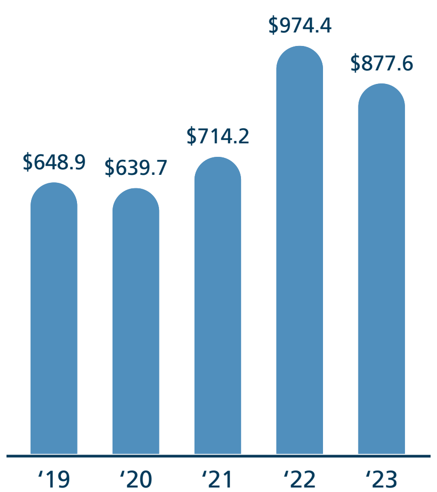
**Chad E. Warbington**
Mayor Pro Tem, Albany

**Eric S. Wilson**
Mayor, Forsyth

**William J. Yearta**
State Representative, Sylvester

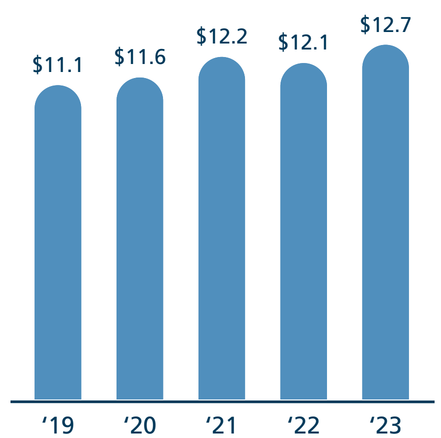
# SELECTED FINANCIAL HIGHLIGHTS

### TOTAL REVENUES
(dollars in millions)



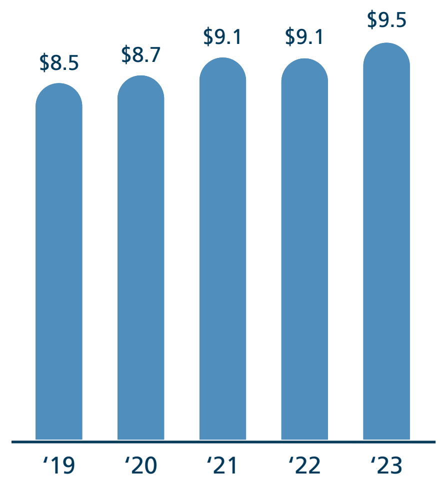

Total revenues decreased $96.8 million during 2023, due primarily to fair value-related changes. Other factors include lower Participant billings for purchased power related to supplemental bulk supply and fuel, which were partially offset by an increase in Vogtle Units 3&4 fixed and variable costs.

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



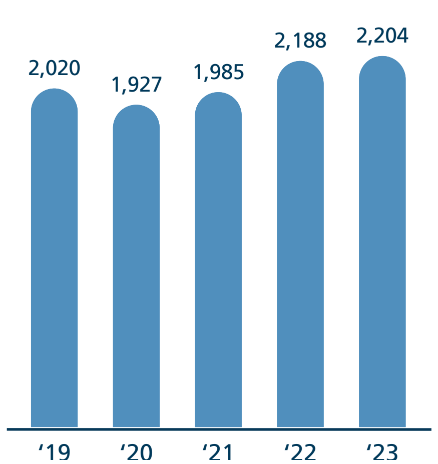

During 2023, an increase of $592.3 million in total assets and deferred outflows of resources was primarily due to net additional capital investment in Vogtle Units 3&4, transmission and other generating units. Fair value changes and higher investment balances were also factors.

### TOTAL DEBT OUTSTANDING
(dollars in billions)



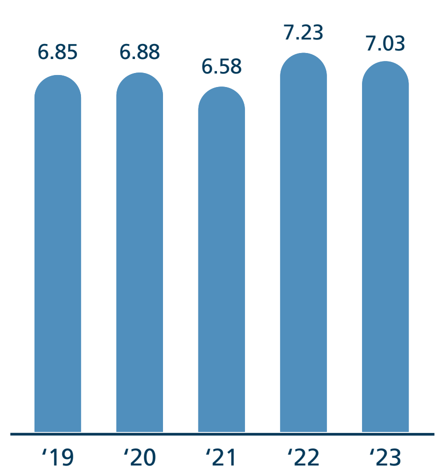

Total debt outstanding increased $369.1 million in 2023, primarily due to bond issuances and advances from credit facilities, which were partially offset by scheduled principal payments.

### PEAK DEMAND
(MW)




In 2023, peak demand increased slightly due primarily to warmer summer weather.

### COST TO PARTICIPANTS
(cents/kWh)




In 2023, total cents per kWh was 7.03, compared with 7.23 in 2022. The decrease was primarily due to lower Participant billings for purchased power related to supplemental bulk supply and fuel, which were partially offset by an increase in Vogtle Unit 3 fixed and variable costs, and a slight decrease in delivered energy.



# MEAG POWER
# 2023 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).

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 operating, 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.

## Vogtle Units 3&4 Projects and Project Entities

Vogtle Unit No. 4 (Unit 4) entered commercial service on April 29, 2024, adding 250 megawatts (MW) of emissions-free generation capacity to MEAG Power's portfolio. Together with Vogtle Unit No. 3 (Unit 3), which entered commercial service on July 31, 2023, MEAG Power has added 500 MW of clean energy to its portfolio, an equivalent amount to power an estimated 227,000 homes and businesses. Approximately 330 MW will be provided to JEA and PowerSouth for the first 20 years of commercial operation, pursuant to their respective amended power purchase agreements.

Collectively, Unit 3 and Unit 4 are referred to herein as Vogtle Units 3&4. For additional information, see Note 1, section (D), "Vogtle Units 3&4 Projects and Project Entities" (Note 1 (D)).

## Financial Condition Overview

MEAG Power's Balance Sheet as of December 31, 2023, 2022 and 2021 is summarized below (in thousands):

| | **2023** | 2022 | 2021 |
|---|---|---|---|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Property, plant and equipment, net | **$ 8,624,312** | $ 8,326,730 | $ 8,044,173 |
| Other non-current assets | **2,599,403** | 2,412,791 | 2,499,093 |
| Current assets | **1,193,759** | 1,120,074 | 1,369,606 |
| Total assets | **12,417,474** | 11,859,595 | 11,912,872 |
| Deferred outflows of resources | **302,303** | 267,881 | 301,049 |
| Total Assets and Deferred Outflows of Resources | **$12,719,777** | $ 12,127,476 | $ 12,213,921 |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES: | | | |
| Long-term debt | **$ 9,211,985** | $ 8,834,554 | $ 8,846,018 |
| Non-current liabilities | **1,130,799** | 1,062,080 | 1,077,446 |
| Current liabilities | **971,872** | 938,198 | 968,061 |
| Total liabilities | **11,314,656** | 10,834,832 | 10,891,525 |
| Deferred inflows of resources | **1,405,121** | 1,292,644 | 1,322,396 |
| Total Liabilities and Deferred Inflows of Resources | **$12,719,777** | $ 12,127,476 | $ 12,213,921 |

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (UNAUDITED)

The primary changes in MEAG Power's consolidated financial condition as of December 31, 2023 and 2022 were as follows:

## 2023 COMPARED WITH 2022

### Assets and Deferred Outflows of Resources

During 2023, total assets and deferred outflows increased $592.3 million, or 4.9%. Within asset components:

- Property, Plant & Equipment (PP&E) increased $297.6 million, primarily due to net PP&E additions for Vogtle Units 3&4, transmission and other generating units.
- A $186.6 million increase in other non-current assets was primarily related to a $123.8 million increase in special funds, which was primarily due to a net increase in the fair value of financial instruments (see "Non-Operating Expense (Income), net"), and higher Vogtle Units 3&4 investment balances due to funding of reserve accounts and bond proceeds, which were partially offset by construction work-in-progress (CWIP) payments for Vogtle Units 3&4. Net costs to be recovered from Participants increased $69.1 million, due mainly to Vogtle Units 3&4 capitalized interest, 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).
- Current assets increased $73.7 million, primarily due to a $91.5 million increase in special funds, which was primarily due to Unit 3 operating funds. Other receivables decreased $19.6 million, which was primarily related to decreases of $13.0 million in accruals on Build America Bonds related to the timing of subsidy payments received from the U.S. Treasury, and $6.0 million in supplemental power due to weather conditions. Materials, supplies and other assets decreased $10.7 million, mainly due to a decrease in the fair value of gas hedges (see "Deferred Outflows of Resources" below), which was partially offset by an increase in prepayments.

Deferred outflows of resources increased $34.4 million, primarily due to decreases in the fair value of gas hedges and interest rate swap agreements of $15.5 million and $7.6 million, respectively. Asset retirement obligations (ARO) increased $17.1 million due to the initial ARO for Unit 3 (see non-current liabilities discussion in "Liabilities and Deferred Inflows of Resources"), which was partially offset by normal amortization of ARO.

### Liabilities and Deferred Inflows of Resources

Total liabilities increased $479.8 million, or 4.4%, during 2023, as follows:

- Long-term debt increased $377.4 million due primarily to $452.1 million in bond issuances to finance additional construction costs for Vogtle Units 3&4 (see "Financing Activities") and $125.6 million in advances from credit facilities. These factors were partially offset by scheduled principal payments.
- A $68.7 million increase in non-current liabilities was mainly due to an increase of $49.4 million in ARO due primarily to the initial recording of an ARO for Unit 3. Competitive Trust obligations increased $9.5 million due mainly to Participant deposits to defray the future costs of new generation projects, including Vogtle Units 3&4. Other non-current liabilities increased $9.8 million due primarily to the decrease in the fair value of interest rate swap obligations and a $5.9 million increase in accruals pertaining to Vogtle Units 3&4. These factors were partially offset by a $4.8 million reduction in net pension obligations.
- Current liabilities increased $33.7 million due mainly to increases of:
  - $20.8 million in accounts payable, primarily due to operating expenses of Unit 3, which were partially offset by a reduction in payments in lieu of ad valorem taxes pertaining to tangible property and a decrease in gas hedge collateral,
  - $10.5 million in borrowings under lines of credit for temporary financing purposes,
  - $6.8 million due to an increase in fair value in the Competitive Trust Flexible Operating account, and
  - $13.6 million in accrued interest mainly pertaining to the 2023 Vogtle Units 3&4 bond issuances and higher variable interest rates.

These factors were partially offset by a decrease of $18.8 million in the current portion of long-term debt due to scheduled bond amortization.

A $112.5 million increase in deferred inflows of resources was primarily related to Timing Differences and an increase in the fair value of financial instruments.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (UNAUDITED)

## 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 PP&E was primarily due to CWIP additions at Vogtle Units 3&4, 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), and the sale of the Telecommunications Project's plant in service.
- 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. 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. 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.
- 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 ARO, related to decommissioning costs and coal combustion residual and effluent limitations guidelines. Net pension obligations also increased $19.8 million.
- 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, 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, which was partially offset by Timing Differences and ARO-related items.

### Results of Operations

MEAG Power's Statement of Net Revenues for each of the years ended December 31, 2023, 2022 and 2021 is summarized below (in thousands):

| | **2023** | 2022 | 2021 |
|---|---|---|---|
| Revenues: | | | |
| Participant | **$692,697** | $874,545 | $592,225 |
| Other | **184,908** | 99,840 | 121,969 |
| Total revenues | **877,605** | 974,385 | 714,194 |
| Operating expenses | **687,928** | 722,685 | 604,628 |
| Net operating revenues | **189,677** | 251,700 | 109,566 |
| Non-operating expense, net | **47,269** | 172,616 | 32,526 |
| Change in net costs to be recovered from Participants or Competitive Trust obligations | **142,408** | 79,084 | 77,040 |
| Net Revenues | **$ —** | $ — | $ — |

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (UNAUDITED)

The primary changes in MEAG Power's results of operations for the years ended December 31, 2023 and 2022 were as follows:

## 2023 COMPARED WITH 2022

Total revenues were $877.6 million during 2023, compared with $974.4 million for 2022, a decrease of 9.9%:

### Revenues

- Participant revenues decreased $181.8 million, or 20.8%, primarily due to the accounting treatment of the net change in the fair value of financial instruments of $173.7 million (see "Non-Operating Expense (Income), net"), and reductions in Participant billings for purchased power related to supplemental bulk supply and fuel totaling $93.1 million (see "Operating expenses"). These factors were partially offset by billing increases of $51.7 million in debt service and other fixed costs, as well as $4.5 million in Unit 3 fuel costs pertaining to the Project M Participants in Vogtle Units 3&4.
- An $85.1 million increase in other revenues was mainly due to billings for debt service and other fixed costs of $73.3 million under the Vogtle Units 3&4 power purchase agreements pertaining to JEA and PowerSouth Energy Cooperative (PowerSouth), 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)), and $8.9 million in Unit 3 fuel costs.

### Operating Expenses

During 2023, operating expenses decreased 4.8% to $687.9 million, compared with $722.7 million for 2022:

- A $75.4 million decrease in purchased power was primarily due to lower prices and the availability of coal generation due to inventories changing from minimum to maximum capacity levels.
- Total fuel expense decreased $17.7 million, primarily due to a $27.7 million decrease in natural gas expense, which was partially offset by a $8.3 million increase in nuclear fuel expense. The decrease in natural gas expense was primarily due to lower gas prices, which was partially offset by a 26.5% increase in generation at the Wansley Combined Cycle Facility (CC Facility) mainly due to fewer scheduled outages and market conditions. The increase in nuclear fuel expense was mainly due to generation from Vogtle Unit 3 after the unit achieved commercial operation, which was partially offset by a reduction in fuel used in other nuclear units due to scheduled maintenance.
- Depreciation and amortization increased $28.2 million primarily due to the following increases:
  - $16.6 million in depreciation expense mainly due to Unit 3 entering commercial operation.
  - $6.1 million in ARO due to normal accretion.
  - $6.3 million in amortization of regulatory assets.
- Other generating and operating expense increased $21.2 million, primarily due to Unit 3 operating expenses, which were partially offset by a decrease in scheduled major maintenance performed on the CC Facility.

### Non-Operating Expense (Income), net

Non-Operating Expense (Income), net, 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, totaled $47.3 million during 2023. This $125.3 million decrease from the total of $172.6 million for 2022 was due primarily to changes in these components of Non-Operating Expense (Income), net:

- A $173.7 million increase in the fair value of financial instruments was mainly due to an increase in the market value of securities held in the decommissioning trust account. An increase in Vogtle Units 3&4 reserve accounts was also a factor.
- Investment income increased $24.6 million, primarily driven by higher investment balances and interest rates over YTD 2023 compared with YTD 2022.
- Interest expense increased $55.0 million, primarily due to 2023 and 2022 bond issuances and higher variable interest rates.
- A $15.4 million decrease in capitalized interest was primarily due to Unit 3 entering commercial operation.

### Net Costs to Be Recovered or Competitive Trust Obligations

The change in net costs to be recovered from Participants or Competitive Trust obligations was $142.4 million and $79.1 million for years ended December 31, 2023 and 2022, respectively. The net costs to be recovered portion that pertained to the Vogtle Units 3&4 Projects and Project Entities was related to Timing Differences and Non-Operating Expense (Income), net. The change in Competitive Trust obligations was immaterial in both years.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (UNAUDITED)

## 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, and the accounting treatment of the net change in the fair value of financial instruments.
- Other revenues decreased $22.1 million, or 18.1%, primarily due to an allocation from The Energy Authority (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 CC Facility.

### Non-Operating Expense (Income), Net

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, 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (UNAUDITED)

## 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 (Pineview) 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. In November 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.

Based on market conditions in mid-2023, Pineview requested a second amendment to the PPA, adjusting the contract price for power for a second time. The Board conditionally approved a second amendment to the PPA pending acceptance by the 23 Participants, which was achieved with 22 Participants in June 2023. The entitlement share of one dissenting Participant was allocated to eight of the 22 Participants. MEAG Power entered into PPA Amendment No. 2 on August 7, 2023. Pursuant to the PPA, project delays beyond the guaranteed commercial operation date may result in delay damages.

***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 17 other members. SEEM's members include 23 entities in parts of 12 states with more than 180,000 MW of capacity.

On July 14, 2023, the U.S. Court of Appeals for the District of Columbia Circuit vacated certain orders of the Federal Energy Regulatory Commission (FERC) related to SEEM and remanded the proceeding to FERC. In view of the low level of trading activity by MEAG Power involving SEEM, MEAG Power does not believe that the outcome of these matters will have a material impact on its business operations.

***The Energy Authority***

Effective March 31, 2024, MEAG Power withdrew as a member of TEA and began taking interim services under a resource management agreement with TEA. This interim agreement will terminate on May 30, 2024. On May 31, 2024, MEAG Power will transition its market trading activities to Alliance for Cooperative Energy Services Power Marketing, LLC (ACES). The ACES business model will enable MEAG Power to provide financial support for market trading activities related solely to its Participants' energy needs, which supports MEAG Power's approach to managing risk in this rapidly changing market environment.

## 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, 2023, were as follows (in thousands):

| | Net Plant in service | Total CWIP |
|---|---|---|
| Nuclear | $3,626,565 | $3,208,915 |
| Coal | 559,982 | 12,848 |
| Natural gas | 150,628 | 9,660 |
| Transmission | 439,145 | 61,665 |
| Distribution | 208,243 | 30,119 |
| General/other plant | 22,843 | 12,041 |
| Total | $5,007,406 | $3,335,248 |

## Financing Activities

Funds generated from operations are estimated to provide approximately 44% of construction expenditures in 2024, 45% in 2025 and 57% in 2026, 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. Billings for fixed and variable costs of Vogtle Units 3&4 are being made in accordance with the applicable Wholesale Power Sales and power purchase agreements, as discussed in Note 1 (D). Revenues from pre-commercial operations at Vogtle Units 3&4, including test power sales, were used to offset construction expenditures. To meet short-term cash needs and contingencies, $402.5 million of unused credit was available through lines of credit and other arrangements with banks (collectively, the Credit Arrangements) as of December 31, 2023, as described in "Liquidity and Capital Resources."

To finance additional construction for Vogtle Units 3&4, in January 2023, MEAG Power issued the following Series 2023A and 2023B (taxable) bonds (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 17, 2024 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 | Stable |
| | Subordinated | A- | Stable | A2 | Stable | A- | Stable |
| General Resolution Projects | Senior | A | Stable | A1 | Stable | A | Stable |
| | Subordinated | A- | Stable | A2 | Stable | A- | Stable |
| Combined Cycle Project | Senior | A- | Stable | A1 | Stable | A- | Stable |
| Vogtle Units 3&4 Projects: | | | | | | | |
| Project M | Senior | BBB+ | Positive | A2 | Stable | A | Stable |
| Project J | Senior | BBB+ | Positive | A3 | Stable | A | Stable |
| Project P | Senior | BBB+ | Stable | Baa2 | Stable | BBB+ | Stable |

Additional information pertaining to MEAG Power's debt balances is provided in Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps" (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, 2023, MEAG Power had $2.6 billion of special funds deposits, of which $1.3 billion was available to fund various operating, construction, debt service and contingency requirements. Within the Competitive Trust, $610.5 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 $610.5 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, section H, "Asset Retirement Obligations and Decommissioning") totaled $631.7 million.

Credit Arrangements with banks at December 31, 2023 totaled $557.5 million, of which $155.0 million was drawn with the remaining $402.5 million available. An additional credit agreement provided liquidity support to $148.1 million of outstanding variable-rate demand obligations. In March 2024, certain credit agreements pertaining to the Vogtle Units 3&4 Projects were amended to, among other things, extend the maturity date to December 2025 and increase the total amount available by $55 million. As a result, all of 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 Short-Term Debt" sections of Note 5.

During 2024 through 2026, maturities of long-term debt and sinking fund redemptions are expected to total $393.3 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, in the case of Project J and Project P, respectively.

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 $205.7 million, $186.3 million and $137.7 million for the years 2024, 2025 and 2026, 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 Regulations" 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 2024 through 2026 are $244.4 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, 2023 totaled $3.3 billion.

# 2023 CONSOLIDATED BALANCE SHEET

| December 31, 2023 | 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 | $ 3,546,269 | $1,189,242 | $ 333,459 | $2,757,437 | $ — | $ — | $ — | $ 7,826,407 |
| Less accumulated depreciation | (1,967,886) | (652,266) | (182,831) | (16,018) | — | — | — | (2,819,001) |
| Property in service, net | 1,578,383 | 536,976 | 150,628 | 2,741,419 | — | — | — | 5,007,406 |
| Construction work in progress | 177,761 | 17,395 | 9,660 | 3,130,432 | — | — | — | 3,335,248 |
| Nuclear fuel, net of accumulated amortization | 136,997 | 18,222 | — | 126,439 | — | — | — | 281,658 |
| Total property, plant and equipment, net | 1,893,141 | 572,593 | 160,288 | 5,998,290 | — | — | — | 8,624,312 |
| Other non-current assets: | | | | | | | | |
| Investment in Alliance | 27,165 | — | 104 | — | — | — | — | 27,269 |
| Special funds, including cash and cash equivalents | 741,414 | 101,642 | 33,442 | 536,030 | 250,759 | — | — | 1,663,287 |
| Other receivables | — | — | — | 42 | — | — | — | 42 |
| Net costs to be recovered from Participants | 115,620 | 51,588 | — | 676,859 | — | — | — | 844,067 |
| Unamortized bond issuance costs | 5,948 | 1,265 | 275 | 57,250 | — | — | — | 64,738 |
| Total other non-current assets | 890,147 | 154,495 | 33,821 | 1,270,181 | 250,759 | — | — | 2,599,403 |
| Current assets: | | | | | | | | |
| Special funds, including cash and cash equivalents | 164,498 | 59,320 | 29,026 | 311,289 | 359,763 | 428 | — | 924,324 |
| Supplemental power account, including cash and cash equivalents | 7,088 | — | — | — | — | — | — | 7,088 |
| Securities lending collateral | 117 | 14 | — | — | — | — | — | 131 |
| Receivables from Participants | 41,123 | 10,234 | 6,738 | 5,334 | — | — | | 63,429 |
| Other receivables | 8,689 | 1,744 | — | 30,782 | — | — | (16,593) | 24,622 |
| Fuel stocks, at average cost | 12,018 | 23,728 | — | 275 | — | — | — | 36,021 |
| Materials, supplies and other assets | 92,415 | 15,349 | 9,482 | 20,898 | — | — | — | 138,144 |
| Total current assets | 325,948 | 110,389 | 45,246 | 368,578 | 359,763 | 428 | (16,593) | 1,193,759 |
| Total assets | 3,109,236 | 837,477 | 239,355 | 7,637,049 | 610,522 | 428 | (16,593) | 12,417,474 |
| Deferred outflows of resources: | | | | | | | | |
| Accumulated decrease in fair value of hedging derivative instruments | 28,599 | — | 2,693 | — | — | — | — | 31,292 |
| Unamortized loss on refunded debt | 3,720 | — | 65 | — | — | — | — | 3,785 |
| Pensions and other postemployment benefits | 9,786 | 2,186 | 653 | 1,713 | — | — | — | 14,338 |
| Asset retirement obligations | 123,265 | 85,177 | — | 44,446 | — | — | — | 252,888 |
| Total deferred outflows of resources | 165,370 | 87,363 | 3,411 | 46,159 | — | — | — | 302,303 |
| Total Assets and Deferred Outflows of Resources | $ 3,274,606 | $ 924,840 | $ 242,766 | $7,683,208 | $ 610,522 | $ 428 | $(16,593) | $12,719,777 |

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

# 2023 CONSOLIDATED BALANCE SHEET

| December 31, 2023 | 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 | $ 260,105 | $ — | $ — | $ — | $ — | $ — | $ — | $ 260,105 |
| General Power Revenue bonds | — | 86,615 | — | — | — | — | — | 86,615 |
| Combined Cycle Project Revenue bonds | — | — | 23,890 | — | — | — | — | 23,890 |
| Vogtle Units 3&4 Projects' Revenue bonds | — | — | — | 5,072,665 | — | — | — | 5,072,665 |
| DOE Guaranteed Loans | — | — | — | 2,056,010 | — | — | — | 2,056,010 |
| Unamortized (discount) premium, net | 9,790 | 2,449 | 4,139 | 178,993 | — | — | — | 195,371 |
| Total Revenue bonds and DOE Guaranteed Loans | 269,895 | 89,064 | 28,029 | 7,307,668 | — | — | — | 7,694,656 |
| Subordinated debt | 1,207,418 | 196,055 | — | — | — | — | — | 1,403,473 |
| Unamortized (discount) premium, net | 93,752 | 20,104 | — | — | — | — | — | 113,856 |
| Total subordinated debt | 1,301,170 | 216,159 | — | — | — | — | — | 1,517,329 |
| Total long-term debt | 1,571,065 | 305,223 | 28,029 | 7,307,668 | — | — | — | 9,211,985 |
| Non-current liabilities: | | | | | | | | |
| Asset retirement obligations | 632,307 | 156,393 | — | 46,304 | — | — | — | 835,004 |
| Competitive Trust obligations | — | — | — | — | 249,487 | — | — | 249,487 |
| Other | 41,089 | 1,384 | 326 | 3,412 | 97 | — | — | 46,308 |
| Total non-current liabilities | 673,396 | 157,777 | 326 | 49,716 | 249,584 | — | — | 1,130,799 |
| Current liabilities: | | | | | | | | |
| Accounts payable | 72,318 | 4,136 | 17,417 | 83,072 | 1,133 | 8 | (16,593) | 161,491 |
| Construction liabilities | 34,603 | 2,372 | — | — | — | — | — | 36,975 |
| Securities lending collateral | 134 | 16 | — | — | — | — | — | 150 |
| Current portion of long-term debt | 71,824 | 21,615 | 21,115 | 107,641 | — | — | — | 222,195 |
| Lines of credit and short-term debt | 18,000 | 7,000 | — | — | — | — | — | 25,000 |
| Competitive Trust obligations | — | — | — | — | 359,805 | — | — | 359,805 |
| Accrued interest | 30,648 | 6,869 | 333 | 128,406 | — | — | — | 166,256 |
| Total current liabilities | 227,527 | 42,008 | 38,865 | 319,119 | 360,938 | 8 | (16,593) | 971,872 |
| Commitments and contingencies (Note 8) | — | — | — | — | — | — | — | — |
| Total liabilities | 2,471,988 | 505,008 | 67,220 | 7,676,503 | 610,522 | 8 | (16,593) | 11,314,656 |
| Deferred inflows of resources | 802,618 | 419,832 | 175,546 | 6,705 | — | 420 | — | 1,405,121 |
| Total Liabilities and Deferred Inflows of Resources | $3,274,606 | $924,840 | $242,766 | $7,683,208 | $610,522 | $428 | $(16,593) | $12,719,777 |

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

# 2023 CONSOLIDATED STATEMENT OF NET REVENUES

| **For the Year Ended December 31, 2023** (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 | **$342,970** | **$118,821** | **$ 97,158** | **$133,767** | **$ —** | **$(19)** | **$—** | **$692,697** |
| Other | **37,180** | **14,574** | **4,293** | **128,861** | **—** | **—** | **—** | **184,908** |
| Total revenues | **380,150** | **133,395** | **101,451** | **262,628** | **—** | **(19)** | **—** | **877,605** |
| Operating expenses: | | | | | | | | |
| Fuel | **64,383** | **48,213** | **72,464** | **13,403** | **—** | **—** | **—** | **198,463** |
| Purchased power | **37,020** | **—** | **—** | **—** | **—** | **—** | **—** | **37,020** |
| Other generating and operating expense | **144,459** | **46,625** | **22,357** | **24,751** | **1** | **1** | **—** | **238,194** |
| Transmission | **38,587** | **—** | **—** | **—** | **—** | **—** | **—** | **38,587** |
| Depreciation and amortization | **110,148** | **38,516** | **9,124** | **17,876** | **—** | **—** | **—** | **175,664** |
| Total operating expenses | **394,597** | **133,354** | **103,945** | **56,030** | **1** | **1** | **—** | **687,928** |
| Net operating revenues (loss) | **(14,447)** | **41** | **(2,494)** | **206,598** | **(1)** | **(20)** | **—** | **189,677** |
| Non-operating expense (income), net: | | | | | | | | |
| Interest expense | **72,266** | **14,243** | **2,719** | **378,504** | **—** | **—** | **—** | **467,732** |
| Amortization of debt discount and expense | **(14,650)** | **(3,908)** | **(2,096)** | **(7,862)** | **—** | **—** | **—** | **(28,516)** |
| Investment income | **(9,071)** | **(3,091)** | **(2,233)** | **(35,124)** | **(97)** | **(20)** | **—** | **(49,636)** |
| Net change in the fair value of financial instruments | **(58,837)** | **(6,554)** | **(884)** | **(6,074)** | **—** | **—** | **—** | **(72,349)** |
| Interest capitalized | **(4,155)** | **(649)** | **—** | **(209,354)** | **—** | **—** | **—** | **(214,158)** |
| U.S. Treasury cash subsidy on Build America Bonds | **—** | **—** | **—** | **(55,804)** | **—** | **—** | **—** | **(55,804)** |
| Total non-operating expense (income), net | **(14,447)** | **41** | **(2,494)** | **64,286** | **(97)** | **(20)** | **—** | **47,269** |
| Change in: | | | | | | | | |
| Net costs to be recovered from Participants | **—** | **—** | **—** | **142,312** | **—** | **—** | **—** | **142,312** |
| Competitive Trust obligations | **—** | **—** | **—** | **—** | **96** | **—** | **—** | **96** |
| Total change in net costs to be recovered from Participants or Competitive Trust obligations | **—** | **—** | **—** | **142,312** | **96** | **—** | **—** | **142,408** |
| Net Revenues | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** | **$—** | **$ —** |

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

# 2023 CONSOLIDATED STATEMENT OF CASH FLOWS

| **For the Year Ended December 31, 2023** (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 | **$ 438,135** | **$112,836** | **$110,508** | **$152,762** | **$ 44** | **$ —** | **$ —** | **$ 814,285** |
| Cash received from others | **32,482** | **13,255** | **7,744** | **139,434** | **—** | **110** | **—** | **193,025** |
| Cash paid for operating expenses | **(247,286)** | **(90,160)** | **(106,492)** | **(3,783)** | **(210)** | **(31)** | **—** | **(447,962)** |
| Net cash provided by (used in) operating activities | **223,331** | **35,931** | **11,760** | **288,413** | **(166)** | **79** | **—** | **559,348** |
| Cash flows from investing activities: | | | | | | | | |
| Sales and maturities of investment securities | **527,876** | **65,666** | **28,761** | **275,722** | **353,453** | **—** | **—** | **1,251,478** |
| Purchase of investment securities | **(490,430)** | **(62,767)** | **(26,388)** | **(287,321)** | **(355,071)** | **—** | **—** | **(1,221,977)** |
| Investment income receipts | **16,975** | **4,021** | **1,679** | **25,335** | **9,422** | **20** | **—** | **57,452** |
| Distribution from Alliance | **7,678** | **—** | **—** | **—** | **—** | **—** | **—** | **7,678** |
| Contributions from Participants | **—** | **—** | **—** | **—** | **8,070** | **—** | **—** | **8,070** |
| Net cash provided by investing activities | **62,099** | **6,920** | **4,052** | **13,736** | **15,874** | **20** | **—** | **102,701** |
| Cash flows from capital and related financing activities: | | | | | | | | |
| Property additions | **(210,777)** | **(21,871)** | **1,821** | **(273,087)** | **—** | **—** | **—** | **(503,914)** |
| Net proceeds from lines of credit and short-term debt | **5,500** | **5,000** | **—** | **—** | **—** | **—** | **—** | **10,500** |
| Proceeds from issuance of long-term debt | **120,500** | **5,060** | **—** | **465,807** | **—** | **—** | **—** | **591,367** |
| Retirement of long-term debt | **(95,539)** | **(19,000)** | **(20,620)** | **(70,281)** | **—** | **—** | **—** | **(205,440)** |
| Interest payments | **(73,081)** | **(14,613)** | **(2,821)** | **(362,643)** | **—** | **—** | **—** | **(453,158)** |
| U.S. Treasury cash subsidy on Build America Bonds | **—** | **—** | **—** | **68,789** | **—** | **—** | **—** | **68,789** |
| Net cash used in capital and related financing activities | **(253,397)** | **(45,424)** | **(21,620)** | **(171,415)** | **—** | **—** | **—** | **(491,856)** |
| Increase (decrease) in cash and cash equivalents | **32,033** | **(2,573)** | **(5,808)** | **130,734** | **15,708** | **99** | **—** | **170,193** |
| Cash and cash equivalents at beginning of year | **234,159** | **89,860** | **45,833** | **388,694** | **23,083** | **329** | **—** | **781,958** |
| Cash and cash equivalents at end of year | **266,192** | **87,287** | **40,025** | **519,428** | **38,791** | **428** | **—** | **952,151** |
| Other investment securities and accrued interest receivable at end of year | **646,925** | **73,689** | **22,443** | **327,891** | **571,731** | **—** | **—** | **1,642,679** |
| Special funds, supplemental power account and securities lending collateral at end of year | **$ 913,117** | **$160,976** | **$ 62,468** | **$847,319** | **$610,522** | **$428** | **$ —** | **$2,594,830** |
| Reconciliation of net operating revenues (loss) to net cash provided by (used in) operating activities: | | | | | | | | |
| Net operating revenues (loss) | **$ (14,447)** | **$ 41** | **$ (2,494)** | **$206,598** | **$ (1)** | **$ (20)** | **$ —** | **$ 189,677** |
| Adjustments to reconcile net operating revenues (loss) to net cash from operating activities: | | | | | | | | |
| Depreciation and amortization | **152,386** | **45,084** | **9,124** | **31,279** | **—** | **—** | **—** | **237,873** |
| Pensions and other postemployment benefits | **531** | **167** | **50** | **136** | **—** | **—** | **—** | **884** |
| Deferred inflows of resources | **87,958** | **836** | **16,989** | **—** | **—** | **—** | **—** | **105,783** |
| Share of net revenues from Alliance | **(8,614)** | **—** | **—** | **—** | **—** | **—** | **—** | **(8,614)** |
| Change in current assets and liabilities: | | | | | | | | |
| Accounts receivable | **4,855** | **(721)** | **5,464** | **16,506** | **44** | **110** | **—** | **26,258** |
| Fuel stocks | **(3,202)** | **(6,433)** | **—** | **(275)** | **—** | **—** | **—** | **(9,910)** |
| Materials, supplies and other assets | **(1,222)** | **1,139** | **(2,761)** | **(236)** | **—** | **—** | **—** | **(3,080)** |
| Accounts payable and other liabilities | **5,086** | **(4,182)** | **(14,612)** | **34,405** | **(209)** | **(11)** | **—** | **20,477** |
| Net cash provided by (used in) operating activities | **$ 223,331** | **$ 35,931** | **$ 11,760** | **$288,413** | **$ (166)** | **$ 79** | **$ —** | **$ 559,348** |

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 |
|---|---|---|---|---|---|---|---|---|
| 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 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 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

## 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.

As of December 31, 2023, MEAG Power's assets include ownership interests in eight electric generating units in service, representing 2,050 megawatts (MW) of nominally rated generating capacity, consisting of 1,058 MW of nuclear-fueled capacity, 489 MW of coal-fired capacity and 503 MW of combined cycle capacity.

As discussed herein, Vogtle Unit No. 4 (Unit 4) entered commercial operation on April 29, 2024, increasing MEAG Power's nominally rated generating capacity to 2,300 MW in nine units, which all have been placed in service. These units include 1,308 MW of nuclear-fueled capacity.

The ownership interest of two of the nine generating units is held in special purpose vehicles, of which MEAG Power is the sole member of each, as discussed in Note 1, "The Organization" (Note 1), "Vogtle Units 3&4 Projects and Project Entities," section (D), (Note 1 (D)), of these Notes to Consolidated Financial Statements (Notes).

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.

### (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 of the six 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

### (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

#### Vogtle Units 3&4 Enter Commercial Operation

Vogtle Unit No. 3 (Unit 3) and Unit 4 entered commercial operation on July 31, 2023 and April 29, 2024, respectively. Collectively, Unit 3 and Unit 4 are referred to herein as Vogtle Units 3&4.

#### History and Construction

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 Westinghouse Electric Company LLC AP1000 nuclear generating units, Vogtle Units 3&4, 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 500.308 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) issued Combined Construction and Operating Licenses for Vogtle Units 3&4 in 2012, which 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 (see below regarding amendments to the PPAs). 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) Commencing on July 31, 2023, with Unit 3's commercial operation date (COD),Unit 3's Project M output and services are provided to 29 Participants, in accordance with take-or-pay Project M Power Sales Contracts (Project M Participants). The Project M Participants are 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 in the "Vogtle Units 3&4 Project Entities" section of this Note, will continue in full force and effect for a term not to exceed 50 years from December 31, 2014. The same stipulations described in this footnote for Unit 3 pertain to Unit 4, commencing with its COD on April 29, 2024.

(2) Project J output and services are 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 Project P output and services are 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. For a period of 20 years, commencing with Unit 3's COD and a separate 20 year period commencing with Unit 4's COD, 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, of each of Unit 3 and Unit 4 and (b) JEA and PowerSouth to pay to MEAG Power 100% of Project J and Project P total Annual Costs (as defined in the applicable PPA) in a given year. In the event that MEAG Power issues Project J or Project P bonds for either or both of Unit 3 and Unit 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. Due to construction delays, principal billings to JEA and PowerSouth for certain series of Project J and Project P Bonds, and DOE advances, began prior to the COD; thus, the 20-year time periods of responsibility for principal payments commenced prior to the COD of each unit. 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 39 Participants, in accordance with 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 payments of certain amounts of principal that will begin earlier, 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 in the "Vogtle Units 3&4 Project Entities" section of this Note, will continue in full force and effect for a term not to exceed 50 years from December 31, 2014.

On March 27, 2024, amendments to the Project J PPA were entered into by MEAG Power and JEA, and to the Project P PPA by MEAG Power and PowerSouth. The amendments allow for additional financing options for both construction completion financing, the funding of post-COD capital projects, and also simplify the billing for such projects.

The additional financing options allow for the issuance of promissory notes related to revolving credit facilities, letter of credit facilities, commercial paper (CP) and other short-term notes. The amendments also allow for the grouping of post-COD capital projects into annual tranches, one for spent fuel storage facility items, and another for all other post-COD capital items. The groupings will streamline the financing and billing of these costs by using an assumed useful life for all such items. Debt service related to each annual tranche of the spent fuel storage facility will be billed over the remaining term of the Unit 3 and Unit 4 operating licenses. The other post-COD capital items will be amortized over 20 years, with JEA and PowerSouth responsible for the associated debt service during the initial 20 years of commercial operation of each of Vogtle Units 3&4 in accordance with the amended PPAs, and the Project J and Project P Participants responsible for any remaining payments.

### 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 both December 31, 2023 and 2022, the aggregate principal amount outstanding under the DOE Guaranteed Loans was $2.1 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 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.

On December 8, 2023, MEAG Power and the Project Entities (see the "Vogtle Units 3&4 Project Entities" section of this Note) amended documentation relating to the DOE Guaranteed Loans to facilitate the ability of the Project Entities to sell production tax credits (PTCs) pertaining to Vogtle Units 3&4, and the proceeds applied to offset current or future project costs otherwise required to be paid by the Participants, JEA or PowerSouth, as applicable. The DOE previously had a lien on the PTCs and therefore a new agreement was structured with the DOE to obtain a release of its lien rights in exchange for the proceeds derived from the sale of the PTCs benefiting the DOE, on a first priority basis (see "Production Tax Credits" section of this Note).

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 were eligible for DOE-guaranteed loans. The Advances evidenced by each such FFB Promissory Note 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. 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 January 2023 and July 2022, MEAG Power issued $452.1 million and $375.2 million, respectively, of its Vogtle Units 3&4 Bonds to finance additional construction costs of Vogtle Units 3&4.

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, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps" (Note 5), and certain other sections of that Note.

### 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 the transfers to the Project Entities, (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, but does not include MEAG Power.

### Cost

Based on the construction cost estimate set forth in the Vogtle Construction Monitoring 30 Report, as well as recently updated construction cost estimate and contingency information, and based on Unit 3 and Unit 4 being in commercial operation, MEAG Power estimates that the Vogtle Units 3&4 Project Entities' in-service cost will be, in the aggregate, approximately $7.5 billion, including remaining construction and financing costs, and project level contingency. 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. These amounts reflect the Vogtle Units 3&4 Project Entities' aggregate $835.4 million share of the payments received from Toshiba Corporation related to the March 2017 bankruptcy filing of the original contractor.

During construction of Vogtle Units 3&4, GPC made a commitment to MEAG Power to reimburse the Vogtle Units 3&4 Project Entities for some construction costs based on the total costs of the units. Based on the final completion cost for Vogtle Units 3&4, total payments to the Vogtle Units 3&4 Project Entities by GPC will total approximately $92 million.

The Project Entities' investment in net property, plant and equipment (PP&E) for Vogtle Units 3&4 as of December 31, 2023 totaled $6.0 billion.

### 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 (UNMCL) for PTCs for their respective ownership interests in Unit 3. On November 21, 2023, the Internal Revenue Service (IRS) approved the Project Entities application awarding the PTCs to the Project Entities. Subsequently, on January 9, 2024, the Project Entities elected to tender the PTCs earned during the period from July 31, 2023 through December 31, 2023 to GPC. On February 1, 2024, GPC paid the Project Entities the sum of $16.4 million for the tendered PTCs. On January 26, 2024, the Project Entities made a similar application for an allocation of UNMCL for PTCs for their respective ownership interest in Unit 4. At the current time, the Project Entities intend to continue to exercise their right under the Vogtle Joint Ownership Agreements to sell the allocated PTCs for both Unit 3 and Unit 4 to GPC.

As required by IRS Notice 23-24, on May 2, 2024, MEAG Power filed a supplement to its January 26, 2024 application to notify the IRS of the placed in-service date of April 29, 2024 for Unit 4 and anticipates receiving a UNMCL award of PTCs for Unit 4 equal to the amount received for Unit 3.

See Summary of Significant Accounting Policies and Practices" (Note 2), section (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 (no longer being used) and Flexible Operating accounts. The Reserve Funded Debt account is 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 (see below), accounts on an elective basis. As of December 31, 2023, with nearly all of the Participants participating, the net value of the investments in the Competitive Trust was $610.5 million. 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 Participants have the ability to 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 Georgia, LLC (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 used by Accelecom. MEAG Power closed the Telecom Project's accounts during first quarter 2024 and will return any remaining funds to the applicable Participants during second quarter 2024. 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 were maintained substantially in accordance with the Uniform System of Accounts of the Federal Communications Commission until these accounts were 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 maintained on an accrual basis in accordance with GAAP issued by GASB applicable to governmental entities that use proprietary fund accounting.

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(D) 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, 2023 and 2022, cash and cash equivalents totaled $952.2 million and $782.0 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, 2023 and 2022, such changes were $0.8 million and $(9.3) 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 78.9% and 89.5% of total revenues for the years ended December 31, 2023 and 2022, respectively. Three Participants collectively accounted for approximately 21% and 18% of Participant revenues in 2023 and 2022, respectively, with one Participant accounting for 8.6% of these revenues in 2023 and 6.5% in 2022.

### 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, 2023 and 2022, the excess revenues received and included in accounts payable on MEAG Power's Balance Sheet were as follows (in thousands):

| Year-end Settlement | **2023** | 2022 |
|---|---|---|
| Project One | **$21,044** | $11,874 |
| General Resolution Projects | **(3,481)** | 3,625 |
| CC Project | **3,881** | 6,632 |
| Vogtle Units 3&4 Projects and Project Entities | **12,886** | (149) |
| Telecom Project | **19** | (19) |
| Total | **$34,349** | $21,963 |

Refunds for 2023 excess revenues will be processed beginning in the First Quarter of 2024.

### 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." Billings for Project J's and Project P's debt service collections, and Unit 3's operating expenses 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, section (G) "— Coal Generating Facilities" (Note 2 (G)), 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, supplies and inventories upon retirement over the remaining period of the principal of the debt outstanding associated with such facilities through 2043. As of December 31, 2023, the remaining net book value of this regulatory asset, included in "Other, net" in the table below, is $148.4 million.

At December 31, 2023 and 2022, 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, 2023** | Project One | General Resolution Projects | Combined Cycle Project | Vogtle Units 3&4 Projects and Project Entities | Municipal Competitive Trust | Telecom Project | Total |
|---|---|---|---|---|---|---|---|
| Timing Differences | **$ —** | **$ —** | **$—** | **$(379,476)** | **$—** | **$—** | **$(379,476)** |
| Regulatory assets: | | | | | | | |
| Capitalized interest | **12,020** | **2,093** | **—** | **662,344** | **—** | **—** | **676,457** |
| Other, net | **103,600** | **49,495** | **—** | **—** | **—** | **—** | **153,095** |
| Asset retirement obligation | **—** | **—** | **—** | **438** | **—** | **—** | **438** |
| Vogtle Units 3&4 Projects and Project Entities net non-operating expense | **—** | **—** | **—** | **392,733** | **—** | **—** | **392,733** |
| Other, net | **—** | **—** | **—** | **820** | **—** | **—** | **820** |
| Total net costs to be recovered from Participants | **$115,620** | **$51,588** | **$—** | **$ 676,859** | **$—** | **$—** | **$ 844,067** |

| 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 |

## DEFERRED INFLOWS OF RESOURCES

| **December 31, 2023** | Project One | General Resolution Projects | Combined Cycle Project | Vogtle Units 3&4 Projects and Project Entities | Municipal Competitive Trust | Telecom Project | Total |
|---|---|---|---|---|---|---|---|
| Timing Differences | **$449,950** | **$376,434** | **$148,677** | **$ —** | **$—** | **$ 830** | **$ 975,891** |
| Certain investment income | **360,978** | **65,259** | **17,086** | **—** | **—** | **179** | **443,502** |
| Asset retirement obligations | **(1,106)** | **(26,517)** | **—** | **—** | **—** | **—** | **(27,623)** |
| Other, net | **(7,204)** | **4,656** | **9,783** | **6,705** | **—** | **(589)** | **13,351** |
| Total deferred inflows of resources | **$802,618** | **$419,832** | **$175,546** | **$6,705** | **$—** | **$ 420** | **$1,405,121** |

| 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 |

## (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, 2023 and 2022, respectively, was total interest expense of $467.7 million and $412.7 million, of which $214.2 million and $229.5 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, 2023 and 2022 as applicable for Project One, the General Resolution Projects, the CC Project and Vogtle Unit 3. 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, totaled $129.9 million and $112.8 million for the years ended December 31, 2023 and 2022, 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 | Other Property, Plant and Equipment | *Rate* |
|---|---|---|---|---|
| Hatch | Nuclear | 3.05% | Transmission Plant | 2.20% |
| Scherer | Coal | 2.48% | Distribution Plant | 2.70% |
| Vogtle Units 1&2 | Nuclear | 1.65% | General/Other Plant | 2.5%-33.0% |
| Vogtle Unit 3 | Nuclear | 1.67% | | |
| CC Facility | Natural gas | 2.92% | | |

## (G) GENERATION AND TRANSMISSION FACILITIES

### Jointly Owned Generation Facilities

At December 31, 2023, MEAG Power's ownership percentages, or the Project Entities' aggregate ownership percentage pertaining to Vogtle Unit 3, in jointly owned generation facilities in service were as follows:

| | Ownership Percent | | | |
|---|---|---|---|---|
| Facility | Project One | General Resolution Projects | Vogtle Units 3&4 Projects and Project Entities | 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% |
| Vogtle Unit 3 | — | — | 22.7% | 22.7% |

MEAG Power (or the Project Entities, in the case of Unit 3), 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 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 $5.9 million in 2023 and $6.8 million in 2022 for Project One, and $1.7 million in 2023 and $1.9 million in 2022 for the General Resolution Projects.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

### Nuclear Generating Facilities

MEAG Power's nuclear generating facilities consist of its 17.7% ownership in Generation Station Hatch, Unit Nos. 1 and 2 (Hatch Units 1&2), its 22.7% ownership in Vogtle Units 1&2 and through the Project Entities, its 22.7% ownership in Unit 3. As discussed in Note 1 (D), Unit 4 entered commercial operation on April 29, 2024. Southern Nuclear Operating Company, Inc. (Southern Nuclear), as agent for GPC, is the operator of the nuclear units.

Under contracts GPC has with the DOE for Hatch Units 1&2 and Vogtle Units 1&2, 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 Hatch Units 1&2 and Vogtle Units 1&2 for the period January 1, 2011 through December 31, 2019. In 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, 2023, 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 2000 at Hatch Units 1&2 and in 2013 at Vogtle Units 1&2. With the commercial operation of Unit 3 and Unit 4, long term storage of spent fuel will need to be addressed for these units. Construction of additional on-site storage facilities is anticipated in order to address this need. 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 nuclear units. In addition, although GPC advises MEAG Power that it has no reason to anticipate a serious nuclear incident at the 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 the long-term nuclear fuel commitments of MEAG Power and the Project Entities, 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 Wansley Units 1&2 and the Wansley Combustion Turbine Unit 5A (Generation Station Wansley) occurred on August 31, 2022 (Unit No. 5A was oil-fired). The operation of MEAG Power's natural gas-fired combined cycle unit located at Generation Station Wansley was unaffected by the retirement of these units. MEAG Power's 15.1% ownership interest in these coal- and oil-fired units aggregated 268.8 MW of capacity. As discussed in "Net Costs to be Recovered and Deferred Inflows of Resources," section (D) of this Note, 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, supplies and 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 $76.2 million, and the net book value of the regulatory asset is $148.4 million as of December 31, 2023.

### 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 Facility. 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, 2025; (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 January 1, 2000 and has renewed annually since 2002, with the current renewal term extending through December 31, 2024. 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 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

Forty-three of 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, 2023 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, 2023 and 2022, sales and purchases with GPC under this agreement were (in thousands):

| PSSA | **2023** | 2022 |
|---|---|---|
| Sales | **$2,838** | $ 6,857 |
| Purchases | **$8,635** | $15,686 |

## (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 recognition of ARO is driven primarily by decommissioning costs associated with the 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 Regulations" section of Note 8). The most recent estimates pertaining to decommissioning costs were completed in 2021 for Hatch 1&2 and Vogtle 1&2, and 2020 for Vogtle 3&4. 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, 2023 and 2022 was as follows (dollars in thousands):

| **December 31, 2023** | Total ARO | ARO at MEAG Power's Ownership Percentage(1) |
|---|---|---|
| Nuclear | **$3,066,093** | **$608,319** |
| Coal ash | **1,339,333** | **202,239** |
| Other | **143,404** | **24,446** |
| Total | **$4,548,830** | **$835,004** |

| 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 |

(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, 2023 and 2022, as shown in "Generation and Transmission Facilities," section (G) of this Note.

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 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 nuclear units will be decommissioned over extended periods at estimated costs (Project One, General Resolution Projects' and the Project Entities' portion) as of the year of site-specific studies as follows (dollars in thousands):

| | Hatch Units 1&2 | Vogtle Units 1&2 | Vogtle Units 3&4 |
|---|---|---|---|
| Decommissioning period | 2034-2075 | 2047-2079 | 2063-2086 |
| Estimated future costs (2021 or 2020 dollars)(1) | $359,725 | $438,542 | $378,691 |
| Amount expensed in 2023 | $ 15,405 | $ 14,398 | $ 1,857 |
| Accumulated provision in external funds | $318,206 | $311,442 | $ 2,057 |

(1) Estimated costs based on the year of the most recent cost study, which is 2021 for Hatch 1&2 and Vogtle 1&2, and 2020 for Vogtle Units 3&4.

The NRC extended the operating licenses for Vogtle Units 1&2 for an additional 20 years until 2047 and 2049, respectively. The NRC also 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. An estimated Decommissioning Trust earnings rate of 5.2% was used, and an inflation assumption of 3.2% was used for Hatch Units 1&2 and Vogtle Units 1&2 to determine decommissioning-related billings to the Participants for 2024 budget purposes, based on the most recent estimates pertaining to decommissioning costs. For Vogtle Units 3&4, the earnings rate and inflation assumption used for 2024 budget purposes were 5.2% and 2.8%, respectively.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

### (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 $72.5 million and $100.1 million for years ended December 31, 2023 and 2022, 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 $(2.7) million and $12.8 million as of December 31, 2023 and 2022, respectively, is recorded on the Balance Sheet in materials, supplies and other assets. The (decrease) increase in fair value of ($15.5) million and $0.8 million for 2023 and 2022, respectively, is recorded in deferred outflows of resources on the Balance Sheet.

Summary information pertaining to natural gas hedges as of December 31, 2023 and 2022 is as follows (dollars in thousands):

| Contract Year | **Notional Amount* December 31, 2023** | **Fair Value December 31, 2023** | Latest Maturity Date |
|---|---|---|---|
| 2024 | **7,290,000** | **$ (2,763)** | Dec 2024 |
| 2025 | **4,210,000** | **751** | Dec 2025 |
| 2026 | **2,060,000** | **(471)** | Dec 2026 |
| 2027 | **620,000** | **(187)** | Oct 2027 |
| 2028 | **260,000** | **(23)** | July 2028 |
| Total | **14,440,000** | **$ (2,693)** | |

| 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 | |

* In mmBtus (1 million British Thermal Units).

The above natural gas hedges were entered into between June 2019 and December 2023 with immaterial total cash paid at inception for natural gas hedges outstanding at both December 31, 2023 and 2022. 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).

MEAG Power's natural gas hedges are with 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, 2023 and 2022 as follows:

| | Counterparty Credit Rating | | |
|---|---|---|---|
| | Fitch | Moody's | S&P |
| **December 31, 2023** | **AA/A** | **Aa1/A2** | **A+/BBB+** |
| December 31, 2022 | AA/A | Aa1/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 offset 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, 2023 and 2022 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, 2023, thereby minimizing the credit risk to MEAG Power. The value of natural gas hedges in MEAG Power's favor totaled $2.2 million. MEAG Power did not require collateral as of December 31, 2023 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, 2023 and 2022 were as follows (in thousands):

| **December 31, 2023** | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| *Investments by fair value level:* | | | | |
| U.S. Treasury securities | **$ 326,407** | **$326,407** | **$ —** | **$—** |
| U.S. government agency and agency-backed securities | **909,785** | **—** | **909,785** | **—** |
| Asset-backed securities | **19,762** | **—** | **19,762** | **—** |
| Corporate notes | **163,234** | **—** | **163,234** | **—** |
| Commercial mortgage-backed securities | **4,469** | **—** | **4,469** | **—** |
| Municipal bonds | **22,190** | **—** | **22,190** | **—** |
| Total investments by fair value level | **1,445,847** | **$326,407** | **$1,119,440** | **$—** |
| *Investments measured at the net asset value (NAV):* | | | | |
| Common equity investment trusts | **195,634** | | | |
| *Investments measured at cost:* | | | | |
| Money market mutual funds | **902,687** | | | |
| Cash/Other | **50,662** | | | |
| Total investments measured at cost | **953,349** | | | |
| Total special funds, supplemental power account and securities lending collateral | **$2,594,830** | | | |
| *Derivative financial instruments:* | | | | |
| Interest rate swaps | **$ (27,777)** | **$ —** | **$ (27,777)** | **$—** |
| Natural gas hedges | **(2,693)** | **(2,693)** | **—** | **—** |
| Total derivative financial instruments | **$ (30,470)** | **$ (2,693)** | **$ (27,777)** | **$—** |

| 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 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) | $— |

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, 2023** | **$ 195,634** | **$ —** | **Daily, monthly** | **1–30 days** |
| December 31, 2022 | $ 165,977 | $ — | Daily, monthly | 1–30 days |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

### (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 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 was effective for MEAG Power beginning in 2023, and it did not impact MEAG Power's 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 was effective for MEAG Power beginning in 2023, and it did not impact MEAG Power's financial statements.

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 through 2023 did not have a material impact on MEAG Power's financial statements. MEAG Power does not anticipate the remaining requirements of Statement 99, effective beginning in 2024, 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.

In December 2023, GASB issued Statement No. 102, "Certain Risk Disclosures" (Statement 102). The objective of Statement 102 is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. Statement 102 is effective for MEAG Power beginning in 2025. The impact to MEAG Power's financial statements has not been determined.

## 3. PROPERTY, PLANT AND EQUIPMENT

PP&E activity for the years ended December 31, 2023 and 2022 is shown (in thousands) in the following table. Land is included in the electric component at a non-depreciable cost basis of $45.2 million and $44.7 million as of December 31, 2023 and 2022, respectively. In 2023, capital additions totaled $503.9 million, primarily pertaining to completion of site construction on Unit 3 followed by testing and declaration of commercial operation and continued site construction within the nuclear island, turbine building, and balance of plant areas on Unit 4. In-service additions pertaining to transmission and other generating units were also a factor.

| Property, Plant and Equipment | As of December 31, 2021 | Increases | Decreases | As of December 31, 2022 | Increases | Decreases | **As of December 31, 2023** |
|---|---|---|---|---|---|---|---|
| Project One | | | | | | | |
| Electric utility plant in service | $3,524,816 | $ 65,229 | $(128,790) | $3,461,255 | $ 107,388 | $ (22,374) | **$3,546,269** |
| Less accumulated depreciation | (1,957,174) | 21,606 | 15,731 | (1,919,837) | (70,423) | 22,374 | **(1,967,886)** |
| Electric utility depreciable plant, net | 1,567,642 | 86,835 | (113,059) | 1,541,418 | 36,965 | — | **1,578,383** |
| CWIP | 181,863 | (5,584) | (54,656) | 121,623 | 169,475 | (113,337) | **177,761** |
| Nuclear fuel, net | 142,735 | — | (5,191) | 137,544 | — | (547) | **136,997** |
| Total Project One | 1,892,240 | 81,251 | (172,906) | 1,800,585 | 206,440 | (113,884) | **1,893,141** |
| General Resolution Projects | | | | | | | |
| Electric utility plant in service | 1,248,150 | (21,528) | (62,487) | 1,164,135 | 30,684 | (5,577) | **1,189,242** |
| Less accumulated depreciation | (660,262) | 27,427 | 4,425 | (628,410) | (29,433) | 5,577 | **(652,266)** |
| Electric utility depreciable plant, net | 587,888 | 5,899 | (58,062) | 535,725 | 1,251 | — | **536,976** |
| CWIP | 51,887 | (38,106) | 22,701 | 36,482 | 12,407 | (31,494) | **17,395** |
| Nuclear fuel, net | 20,428 | — | (2,625) | 17,803 | 419 | — | **18,222** |
| Total General Resolution Projects | 660,203 | (32,207) | (37,986) | 590,010 | 14,077 | (31,494) | **572,593** |
| Combined Cycle Project | | | | | | | |
| Electric utility plant in service | 332,860 | 1 | — | 332,861 | 598 | — | **333,459** |
| Less accumulated depreciation | (164,602) | (9,115) | — | (173,717) | (9,114) | — | **(182,831)** |
| Electric utility depreciable plant, net | 168,258 | (9,114) | — | 159,144 | (8,516) | — | **150,628** |
| CWIP | 7,785 | 4,304 | — | 12,089 | (2,429) | — | **9,660** |
| Total Combined Cycle Project | 176,043 | (4,810) | — | 171,233 | (10,945) | — | **160,288** |
| Vogtle Units 3&4 Projects and Project Entities | | | | | | | |
| Electric utility plant in service | — | — | — | — | 2,757,437 | — | **2,757,437** |
| Less accumulated depreciation | — | — | — | — | (16,018) | — | **(16,018)** |
| Electric utility depreciable plant, net | — | — | — | — | 2,741,419 | — | **2,741,419** |
| CWIP | 5,187,183 | 444,371 | — | 5,631,554 | 248,182 | (2,749,304) | **3,130,432** |
| Nuclear fuel, net | 126,254 | 7,094 | — | 133,348 | — | (6,909) | **126,439** |
| Total Vogtle Units 3&4 Projects and Project Entities | 5,313,437 | 451,465 | — | 5,764,902 | 2,989,601 | (2,756,213) | **5,998,290** |
| Telecom Project | | | | | | | |
| Telecommunications plant in service | 28,871 | — | (28,871) | — | — | — | **—** |
| Less accumulated depreciation | (26,621) | — | 26,621 | — | — | — | **—** |
| Total Telecom Project | 2,250 | — | (2,250) | — | — | — | **—** |
| Total property, plant and equipment, net | $8,044,173 | $495,699 | $(213,142) | $8,326,730 | $3,199,173 | $(2,901,591) | **$8,624,312** |

## 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, 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, 2023, 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 an 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, 2023 were (dollars in thousands):

| Issuer | Fair Value | Percentage of Portfolio |
|---|---|---|
| Federal Home Loan Bank | $375,255 | 14.46% |
| Federal Farm Credit Bank | $178,646 | 6.88% |
| Federal National Mortgage Association | $164,245 | 6.33% |

### 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, 2023, 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, 2023 and 2022, maturities of special funds, the supplemental power account and securities lending were as follows (in thousands):

| **December 31, 2023** | Maturities (in years) | | | | | | |
|---|---|---|---|---|---|---|---|
| Investment Type | Under One | One - Three | Three - Seven | Seven - Ten | Over Ten | No Specific Maturity | Total |
| U.S. Treasury securities | **$ 123,352** | **$ 78,731** | **$101,652** | **$22,672** | **$ —** | **$ —** | **$ 326,407** |
| U.S. government agency and agency-backed securities | **299,329** | **330,007** | **161,928** | **34,507** | **84,014** | **—** | **909,785** |
| Corporate notes | **8,623** | **46,886** | **86,146** | **18,121** | **3,458** | **—** | **163,234** |
| Asset-backed securities | **—** | **8,656** | **4,066** | **7,040** | **—** | **—** | **19,762** |
| Commercial mortgage-backed securities | **—** | **—** | **—** | **—** | **4,469** | **—** | **4,469** |
| Common equity investment trusts | **—** | **—** | **—** | **—** | **—** | **195,634** | **195,634** |
| Municipal bonds | **5,810** | **3,272** | **13,108** | **—** | **—** | **—** | **22,190** |
| Money market mutual funds | **902,673** | **—** | **—** | **—** | **14** | **—** | **902,687** |
| Cash/Other | **—** | **—** | **—** | **—** | **—** | **50,662** | **50,662** |
| Total special funds, supplemental power account and securities lending collateral | **$1,339,787** | **$467,552** | **$366,900** | **$82,340** | **$91,955** | **$246,296** | **$2,594,830** |

| December 31, 2022 | 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, 2023 and 2022, investments in special funds, the supplemental power account and securities lending were classified on the Balance Sheet as follows (in thousands):

| **December 31, 2023** | Project One | General Resolution Projects | Combined Cycle Project | Vogtle Units 3&4 Projects and Project Entities | Municipal Competitive Trust | Telecom Project | Total |
|---|---|---|---|---|---|---|---|
| Special funds, non-current: | | | | | | | |
| Decommissioning Trust | **$563,919** | **$ 65,729** | **$ —** | **$ —** | **$ —** | **$ —** | **$ 629,648** |
| Construction fund | **95,184** | **13,838** | **192** | **72,471** | **—** | **—** | **181,685** |
| Debt Service fund — Reserve and Retirement accounts | **50,191** | **12,933** | **20,052** | **389,928** | **—** | **—** | **473,104** |
| Revenue and Operating fund | **—** | **—** | **9,915** | **—** | **—** | **—** | **9,915** |
| Reserve and Contingency fund | **32,120** | **9,142** | **3,283** | **73,631** | **—** | **—** | **118,176** |
| Competitive Trust: | | | | | | | |
| New Generation and Capacity Funding account | **—** | **—** | **—** | **—** | **248,967** | **—** | **248,967** |
| Reserve Funded Debt account | **—** | **—** | **—** | **—** | **1,792** | **—** | **1,792** |
| Total special funds, non-current | **741,414** | **101,642** | **33,442** | **536,030** | **250,759** | **—** | **1,663,287** |
| Special funds, current: | | | | | | | |
| Decommissioning Trust | **—** | **—** | **—** | **2,057** | **—** | **—** | **2,057** |
| Revenue and Operating fund | **69,034** | **38,097** | **25,174** | **124,508** | **—** | **428** | **257,241** |
| Debt Service fund — Debt Service account | **35,630** | **8,491** | **3,852** | **169,131** | **—** | **—** | **217,104** |
| Subordinated Debt Service fund — Debt Service accounts | **57,980** | **12,732** | **—** | **—** | **—** | **—** | **70,712** |
| Construction fund | **1,854** | **—** | **—** | **15,593** | **—** | **—** | **17,447** |
| Competitive Trust — Flexible Operating account | **—** | **—** | **—** | **—** | **359,763** | **—** | **359,763** |
| Total special funds, current | **164,498** | **59,320** | **29,026** | **311,289** | **359,763** | **428** | **924,324** |
| Supplemental power account | **7,088** | **—** | **—** | **—** | **—** | **—** | **7,088** |
| Securities lending collateral | **117** | **14** | **—** | **—** | **—** | **—** | **131** |
| Total special funds, supplemental power account and securities lending collateral | **$913,117** | **$160,976** | **$ 62,468** | **$847,319** | **$ 610,522** | **$428** | **$2,594,830** |

| 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 |
|---|---|---|---|---|---|---|---|
| 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 |

## 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, Georgia (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 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.

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

### Combined Cycle Project Revenue Bonds

As of December 31, 2023, MEAG Power had validated by court judgments $975.3 million 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, 2023, 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. As a result of several legislative acts in recent years, a sequester reduction on all subsidy payments owed to issuers of direct-pay Build America Bonds has been extended through 2031 (the Sequester Reduction). The Sequester Reduction percentage for the federal fiscal year ended September 30, 2023 was 5.7% and is also 5.7% for the federal fiscal year ending September 30, 2024.

To finance additional construction costs for Vogtle Units 3&4, MEAG Power issued the following Series 2023A and 2023B (taxable) bonds in January 2023, and Series 2022A and 2022B (taxable) bonds in July 2022 (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 |

| 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 |

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 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, 2023 and 2022, $150.0 million in letters of credit were in effect to support CP notes, none of which were issued and outstanding as of such dates. An interest portion of $5.9 million related to the letters of credit was also available. 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, 2023 and 2022. As discussed in Note 9, "Subsequent Events" (Note 9), on January 4, 2024, MEAG Power issued a total of $110.5 million of BANs, Series B to fund construction expenditures and refund existing debt.

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, 2023 and 2022.

An agreement has also been entered into with a commercial bank, which generally provides for the purchase by the bank of variable-rate demand bonds, if any are not remarketed. In January 2022, this agreement was extended for three years to February 11, 2025. None of the aforementioned bonds, which totaled $148.1 million as of both December 31, 2023 and 2022, were held by the bank at either date. 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.

On December 28, 2023, MEAG Power entered into three revolving credit agreements with a commercial bank to fund construction completion costs and post-commercial operation capital projects relating to Vogtle Units 3&4. Advances under each credit agreement may be made on a tax-exempt or taxable basis in amounts not to exceed in the aggregate for each project $50 million, $40 million and $20 million in respect of Project M, Project J and Project P, respectively. The credit agreements relating to Project J and Project P were subsequently amended and restated on March 27, 2024, and the commitments thereunder were increased to $75 million and $40 million, respectively. MEAG Power's obligations relating to the Project M credit agreement are evidenced by Plant Vogtle Units 3&4 Project M Bonds, Series 2023B and Taxable Series 2023C. Its obligations relating to the Project J credit agreement are evidenced by Plant Vogtle Units 3&4 Project J Bonds, Series 2023B and Taxable Series 2023C. Its obligations relating to the Project P credit agreement are evidenced by Plant Vogtle Units 3&4 Project P Bonds, Series 2023C and Taxable Series 2023D. MEAG Power may borrow under the credit agreements until the maturity date thereunder (currently, December 28, 2025), unless earlier terminated, and subject to extension of such date at the sole discretion of the commercial bank.

No borrowings were made under the Project M, Project J or Project P credit agreements in 2023.

Changes in Lines of Credit and short-term debt during the years ended December 31, 2023 and 2022 were (in thousands):

| Lines of Credit and Short-term Debt | Balance December 31, 2021 | Proceeds | Payments | Balance December 31, 2022 | Proceeds | Payments | **Balance December 31, 2023** |
|---|---|---|---|---|---|---|---|
| Project One | $2,000 | $124,600 | $114,100 | $12,500 | $92,000 | $86,500 | **$18,000** |
| General Resolution Projects | — | 3,000 | 1,000 | 2,000 | 7,000 | 2,000 | **7,000** |
| CC Project | 2,700 | 1,172 | 3,872 | — | — | — | **—** |
| Total | $4,700 | $128,772 | $118,972 | $14,500 | $99,000 | $88,500 | **$25,000** |

MEAG Power had unused Lines of Credit of $47.5 million and $58.0 million as of December 31, 2023 and 2022, respectively.

### 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, 2023 and 2022, MEAG Power had interest rate swap transactions outstanding under interest rate swap master agreements with three counterparties.

The mark-to-market value of interest rate swap agreements is recorded in other non-current liabilities on the Balance Sheet and totaled $28.6 million and $21.0 million as of December 31, 2023 and 2022, 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, 2023 and 2022, a fair value (decrease) increase of $(7.6) million and $49.6 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, 2023 and 2022 were as follows (dollars in thousands):

| Project | **Notional Amount Outstanding December 31, 2023** | Interest Rate * | | Term Dates | | Counterparty Credit Rating | | |
|---|---|---|---|---|---|---|---|---|
| | | Paid | Received | Start | End | Fitch | Moody's | S&P |
| One | **$ 49,225** | **4.43%** | **SIFMA** | **Jan. 2005** | **Jan. 2048** | **AA** | **Aa2** | **A+** |
| One | **59,275** | **4.31%** | **SIFMA** | **Jan. 2005** | **Jan. 2048** | **AA-** | **Aa2** | **A+** |
| One | **39,150** | **4.20%** | **SIFMA** | **Jan. 2005** | **Jan. 2044** | **A+** | **A1** | **A-** |
| Total | **$147,650** | | | | | | | |

| Project | Notional Amount Outstanding December 31, 2022 | Interest Rate * | | Term Dates | | Counterparty Credit Rating | | |
|---|---|---|---|---|---|---|---|---|
| | | 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 | | | | | | | |

* 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.

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, 2023 and 2022 were (in thousands):

| Senior and Subordinated Debt | As of December 31, 2021 | Increases | Decreases | As of December 31, 2022 | Increases | Decreases | **As of December 31, 2023** |
|---|---|---|---|---|---|---|---|
| ***Project One*** | | | | | | | |
| Power Revenue bonds | $ 351,830 | $ — | $ (40,440) | $ 311,390 | $ — | $ (22,075) | **$ 289,315** |
| Unamortized (discount) premium, net | 14,237 | — | (2,412) | 11,825 | 1 | (2,036) | **9,790** |
| Subordinated debt | 1,345,592 | 450 | (143,046) | 1,202,996 | 120,965 | (73,929) | **1,250,032** |
| Unamortized (discount) premium, net | 124,749 | — | (16,790) | 107,959 | — | (14,207) | **93,752** |
| Total Project One | 1,836,408 | 450 | (202,688) | 1,634,170 | 120,966 | (112,247) | **1,642,889** |
| ***General Resolution Projects*** | | | | | | | |
| General Power Revenue bonds | 108,370 | — | (7,295) | 101,075 | — | (7,555) | **93,520** |
| Unamortized (discount) premium, net | 3,544 | — | (561) | 2,983 | — | (534) | **2,449** |
| Subordinated debt | 294,805 | 4,450 | (82,105) | 217,150 | 5,060 | (11,445) | **210,765** |
| Unamortized (discount) premium, net | 28,083 | — | (4,146) | 23,937 | — | (3,833) | **20,104** |
| Total General Resolution Projects | 434,802 | 4,450 | (94,107) | 345,145 | 5,060 | (23,367) | **326,838** |
| ***Combined Cycle Project*** | | | | | | | |
| Combined Cycle Project Revenue bonds | 83,915 | — | (18,290) | 65,625 | — | (20,620) | **45,005** |
| Unamortized (discount) premium, net | 9,073 | — | (2,685) | 6,388 | — | (2,249) | **4,139** |
| Total Combined Cycle Project | 92,988 | — | (20,975) | 72,013 | — | (22,869) | **49,144** |
| ***Vogtle Units 3&4 Projects and Project Entities*** | | | | | | | |
| Vogtle Units 3&4 Projects Revenue bonds | 4,383,620 | 375,160 | (28,890) | 4,729,890 | 452,055 | (36,330) | **5,145,615** |
| Unamortized (discount) premium, net | 179,802 | (644) | (9,464) | 169,694 | 18,834 | (9,535) | **178,993** |
| DOE Guaranteed Loans | 2,157,772 | — | (33,120) | 2,124,652 | — | (33,951) | **2,090,701** |
| Total Vogtle Units 3&4 Projects and Project Entities | 6,721,194 | 374,516 | (71,474) | 7,024,236 | 470,889 | (79,816) | **7,415,309** |
| Total senior and subordinated debt | $9,085,392 | $379,416 | $(389,244) | $9,075,564 | $596,915 | $(238,299) | **$9,434,180** |

### 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, 2023 and 2022, MEAG Power's long-term debt consisted of the following (in thousands):

| Project One | **2023** | 2022 |
|---|---|---|
| *Power Revenue Bonds (senior):* | | |
| Series BB | **$ 5,825** | $ 8,550 |
| Series EE | **38,125** | 38,125 |
| Series GG | **76,220** | 85,625 |
| Series HH | **152,585** | 159,635 |
| Taxable Series Four | **16,560** | 19,455 |
| Total | **289,315** | 311,390 |
| Unamortized (discount) premium, net | **9,790** | 11,825 |
| Total Power Revenue Bonds outstanding | **299,105** | 323,215 |
| *Subordinated debt:* | | |
| Series 2005A-1 — Taxable fixed rate | **41,620** | 45,705 |
| Series 2007B — Taxable fixed rate | **9,760** | 10,310 |
| Series 2008B — Variable rate | **148,065** | 148,065 |
| Series 2015A — Fixed rate | **115,655** | 123,890 |
| Series 2015A — Fixed rate CABs | **10,090** | 10,090 |
| Series 2016A — Fixed rate | **203,420** | 218,560 |
| Series 2019A — Fixed rate | **225,430** | 230,935 |
| Series 2020A — Fixed rate | **134,660** | 171,625 |
| Series 2021A — Fixed rate | **136,015** | 136,365 |
| Series 2021B — Taxable fixed rate | **101,505** | 104,605 |
| Revolving credit note: | | |
| Taxable variable rate | **7,000** | — |
| Tax-exempt variable rate | **113,500** | — |
| Total | **1,246,720** | 1,200,150 |
| Accretion of CABs | **3,312** | 2,846 |
| Unamortized (discount) premium, net | **93,752** | 107,959 |
| Total subordinated debt | **1,343,784** | 1,310,955 |
| Total senior and subordinated debt | **1,642,889** | 1,634,170 |
| Current portion of long-term debt | **(71,824)** | (98,194) |
| Total Project One long-term debt | **$1,571,065** | $1,535,976 |

| Combined Cycle Project | **2023** | 2022 |
|---|---|---|
| *Revenue bonds (senior):* | | |
| Series 2020A | **$ 45,005** | $ 65,625 |
| Total | **45,005** | 65,625 |
| Unamortized (discount) premium, net | **4,139** | 6,388 |
| Total senior bonds outstanding | **49,144** | 72,013 |
| Current portion of long-term debt | **(21,115)** | (20,620) |
| Total Combined Cycle Project long-term debt | **$ 28,029** | $ 51,393 |

| General Resolution Projects | **2023** | 2022 |
|---|---|---|
| *General Power Revenue Bonds (senior):* | | |
| 1993B Series | **$ 15** | $ 20 |
| 1993C Series | **—** | 850 |
| 2012B Series | **4,245** | 4,605 |
| 2018A Series | **59,695** | 60,870 |
| Taxable 2012A Series | **29,565** | 34,730 |
| Total | **93,520** | 101,075 |
| Unamortized (discount) premium, net | **2,449** | 2,983 |
| Total General Power Revenue Bonds outstanding | **95,969** | 104,058 |
| *Subordinated debt:* | | |
| Series 2007A — Taxable fixed rate | **19,635** | 20,735 |
| Series 2015A — Fixed rate | **8,190** | 8,645 |
| Series 2016A — Fixed rate | **52,325** | 56,775 |
| Series 2019A — Fixed rate | **7,040** | 7,845 |
| Series 2020A — Fixed rate | **53,060** | 55,755 |
| Series 2021A — Fixed rate | **42,220** | 42,355 |
| Series 2021B — Taxable fixed rate | **18,785** | 20,590 |
| Revolving credit note — Tax-exempt variable rate | **9,510** | 4,450 |
| Total | **210,765** | 217,150 |
| Unamortized (discount) premium, net | **20,104** | 23,937 |
| Total subordinated debt | **230,869** | 241,087 |
| Total senior and subordinated debt | **326,838** | 345,145 |
| Current portion of long-term debt | **(21,615)** | (21,915) |
| Total General Resolution Projects long-term debt | **$305,223** | $323,230 |

| Vogtle Units 3&4 Projects and Project Entities | **2023** | 2022 |
|---|---|---|
| *Revenue bonds (senior):* | | |
| Series 2010A, Project J — Taxable (Build America Bonds) | **$1,163,975** | $1,178,205 |
| Series 2015A, Project J | **185,180** | 185,180 |
| Series 2019A, Project J | **568,715** | 570,925 |
| Series 2021A, Project J | **149,220** | 150,350 |
| Series 2022A, Project J | **212,005** | 212,005 |
| Series 2023A, Project J | **192,370** | — |
| Series 2010A, Project M — Taxable (Build America Bonds) | **959,745** | 971,445 |
| Series 2019A, Project M | **445,635** | 445,635 |
| Series 2021A, Project M | **82,275** | 83,000 |
| Series 2022A, Project M | **51,185** | 51,185 |
| Series 2023A, Project M | **128,035** | — |
| Series 2010A, Project P — Taxable (Build America Bonds) | **365,535** | 369,760 |
| Series 2015A, Project P | **69,245** | 69,245 |
| Series 2019B, Project P | **265,485** | 266,975 |
| Series 2021A, Project P | **63,390** | 64,010 |
| Series 2022A, Project P | **50,405** | 50,405 |
| Series 2022B, Project P — Taxable | **61,565** | 61,565 |
| Series 2023A, Project P | **61,665** | — |
| Series 2023B, Project P — Taxable | **69,985** | — |
| Total | **5,145,615** | 4,729,890 |
| Unamortized (discount) premium, net | **178,993** | 169,694 |
| Current portion of long-term debt | **(72,950)** | (66,330) |
| Total Vogtle Units 3&4 Bonds | **5,251,658** | 4,833,254 |
| *DOE Guaranteed Loans:* | | |
| Federal Financing Bank, SPVJ — Fixed rate | **339,311** | 347,114 |
| Federal Financing Bank, SPVJ — Variable rate | **303,232** | 307,263 |
| Federal Financing Bank, SPVM — Fixed rate | **384,841** | 390,709 |
| Federal Financing Bank, SPVM — Variable rate | **277,173** | 281,363 |
| Federal Financing Bank, SPVP — Fixed rate | **582,177** | 592,052 |
| Federal Financing Bank, SPVP — Variable rate | **203,967** | 206,151 |
| Total | **2,090,701** | 2,124,652 |
| Current portion of long-term debt | **(34,691)** | (33,951) |
| Total DOE Guaranteed Loans | **$2,056,010** | $2,090,701 |
| Total Vogtle Units 3&4 Projects and Project Entities long-term debt | **$7,307,668** | $6,923,955 |

### Debt Service

At December 31, 2023, 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 $1.3 billion collectively for the Vogtle Units 3&4 Bonds and DOE Guaranteed Loans, excluding debt service on all BANs, including other borrowings for capitalized interest of $62.5 million, and excluding amounts paid under PPA of $1.2 billion for principal and $3.6 billion for interest net of subsidy payments on the Build America Bonds), were as follows (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 |
| 2024 | $ 29,210 | $ 14,792 | $ 6,905 | $ 4,359 | $ 18,318 | $ 1,855 | $ 28,800 | $ 107,299 | $ 211,538 |
| 2025 | 42,220 | 13,106 | 5,875 | 4,047 | 4,366 | 1,122 | 30,329 | 98,554 | 199,619 |
| 2026 | 24,730 | 10,445 | 7,490 | 3,779 | 4,560 | 940 | 31,455 | 94,910 | 178,309 |
| 2027 | 8,310 | 9,216 | 8,010 | 3,422 | 4,800 | 712 | 32,658 | 93,488 | 160,616 |
| 2028 | 8,730 | 8,805 | 8,415 | 3,033 | 5,049 | 472 | 33,906 | 92,078 | 160,488 |
| 2029 - 2033 | 30,760 | 38,837 | 13,402 | 11,784 | 4,392 | 220 | 190,040 | 433,600 | 723,035 |
| 2034 - 2038 | 55,411 | 29,917 | 13,901 | 8,987 | — | — | 314,522 | 388,986 | 811,724 |
| 2039 - 2043 | 33,700 | 17,990 | 5,785 | 6,479 | — | — | 690,614 | 379,997 | 1,134,565 |
| 2044 - 2048 | 40,207 | 9,860 | 12,990 | 5,465 | — | — | 967,600 | 934,623 | 1,970,745 |
| 2049 - 2053 | 16,037 | 764 | 10,747 | 559 | — | — | 1,227,016 | 708,566 | 1,963,689 |
| 2054 - 2058 | — | — | — | — | — | — | 1,233,038 | 388,965 | 1,622,003 |
| 2059 - 2063 | — | — | — | — | — | — | 510,482 | 89,665 | 600,147 |
| 2064 | — | — | — | — | — | — | 11,056 | 1,166 | 12,222 |
| Total | $289,315 | $153,732 | $93,520 | $51,914 | $ 41,485 | $ 5,321 | $5,301,516 | $3,811,897 | $9,748,700 |

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, 2023, scheduled debt service payments, including Capital Appreciation Bonds (CABs), which are accreted through December 31, 2023, for the subordinated debt were as follows (in thousands):

| | Project One | | | General Resolution Projects | | |
|---|---|---|---|---|---|---|
| Year | Principal | Interest | Net Swap Cash Flows | Principal | Interest | Total |
| 2024 | $ 36,650 | $ 51,498 | $ (318) | $ 6,735 | $ 9,722 | $ 104,287 |
| 2025 | 32,405 | 49,577 | (318) | 7,155 | 9,186 | 98,005 |
| 2026 | 69,715 | 48,041 | (318) | 6,360 | 8,840 | 132,638 |
| 2027 | 42,075 | 44,951 | (318) | 19,270 | 8,485 | 114,463 |
| 2028 | 32,840 | 43,217 | (318) | 14,835 | 7,691 | 98,265 |
| 2029 - 2033 | 212,830 | 196,442 | (1,590) | 77,050 | 27,935 | 512,667 |
| 2034 - 2038 | 277,230 | 135,662 | (1,366) | 52,165 | 10,677 | 474,368 |
| 2039 - 2043 | 141,365 | 86,092 | (822) | 15,215 | 3,540 | 245,390 |
| 2044 - 2048 | 192,920 | 50,411 | (212) | 2,280 | 1,643 | 247,042 |
| 2049 - 2053 | 88,590 | 6,338 | — | 4,640 | 247 | 99,815 |
| 2054 - 2058 | 2,335 | 121 | — | — | — | 2,456 |
| Total | $1,128,955 | $712,350 | $(5,580) | $205,705 | $87,966 | $2,129,396 |

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, 2023 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 (with respect to each Vogtle Units 3&4 Project, the Vogtle Units 3&4 Requirement).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

For 2023 and 2022, 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):

| 2023 | Project One | General Resolution Projects | Combined Cycle Project | Vogtle Units 3&4 Projects and Project Entities | Total |
|---|---|---|---|---|---|
| Total revenues | **$380,150** | **$133,395** | **$101,451** | **$262,628** | **$877,624** |
| Deferred inflows of resources[1] | **87,958** | **836** | **16,989** | **—** | **105,783** |
| Adjusted revenues | **$468,108** | **$134,231** | **$118,440** | **$262,628** | **$983,407** |
| Operating expenses (excluding depreciation and amortization) | **$284,449** | **$ 94,838** | **$ 94,821** | **$ 38,154** | **$512,262** |
| Total investment income | **$ 9,071** | **$ 3,092** | **$ 2,233** | **$ 35,124** | **$ 49,520** |
| Excluding Decommissioning Trust income[2] | **1,431** | **233** | **—** | **—** | **1,664** |
| Including subsidy received on Build America Bonds | **—** | **—** | **—** | **55,423** | **55,423** |
| Total other income | **$ 10,502** | **$ 3,325** | **$ 2,233** | **$ 90,547** | **$106,607** |
| Available amounts to pay debt service | **$194,161** | **$ 42,718** | **$ 25,852** | **$315,021** | **$577,752** |
| Amounts released from DSRA[3] | **319** | **131** | **—** | **—** | **450** |
| Amounts drawn for capitalized interest[4] | **4,154** | **649** | **—** | **209,354** | **214,157** |
| Total amounts available to pay debt service | **$198,634** | **$ 43,498** | **$ 25,852** | **$524,375** | **$792,359** |
| Total Senior Debt Service[5] | **$ 54,673** | **$ 11,575** | **$ 23,339** | **$386,736** | **$476,323** |
| Senior Debt Service Coverage | **3.63** | **3.76** | **1.11** | **1.36** | **1.66** |
| Total Subordinated Debt Service[5] | **$114,573** | **$ 21,367** | **$ —** | **$ —** | **$135,940** |
| Total Debt Service[5] | **$169,246** | **$ 32,942** | **$ 23,339** | **$386,736** | **$612,263** |
| Debt Service Coverage on Total Debt Service | **1.17** | **1.32** | **1.11** | **1.36** | **1.29** |

(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.

| 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.

## 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, 2023, 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, 2023 and 2022, sales to TEA totaled $20.1 million and $34.1 million, with net purchases from TEA totaling $21.9 million and $85.1 million, respectively. During 2023 and 2022, an aggregate of $6.4 million and $8.6 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. Remaining net revenues of TEA for the years ended December 31, 2023 and 2022 totaled $(3.2) million and $9.2 million, respectively, and were allocated as sales margins.

As of December 31, 2023 and 2022, MEAG Power had committed up to $97.0 million and $82.1 million, respectively, through a combination of guarantees. 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 and partners. 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, 2023 and 2022, MEAG Power had no liability related to these guarantees outstanding.

As of December 31, 2023 and 2022, MEAG Power's current other receivables due from TEA totaled $1.8 million and $13.5 million, respectively.

As discussed in Note 9, effective March 31, 2024, MEAG Power withdrew as a TEA Member and began taking interim services under a resource management agreement with TEA. This interim agreement will terminate on May 30, 2024. On May 31, 2024, MEAG Power will transition its market trading activities to Alliance for Cooperative Energy Services Power Marketing, LLC (ACES).

## 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, 2023 and 2022 were:

| Plan participants | **2023** | 2022 |
|---|---|---|
| Active | **57** | 62 |
| Inactive, vested | **72** | 73 |
| Retirees and beneficiaries | **154** | 150 |
| Total | **283** | 285 |

### 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, 2023 and 2022, MEAG Power contributed 8.5% and 8.1%, 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, 2023 and 2022, 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, 2023 and 2022 (in thousands):

| | Total Pension Liability (a) | Plan Fiduciary Position (b) | Net Pension Liability (a)–(b) |
|---|---|---|---|
| Balance at December 31, 2022 | **$70,427** | **$67,957** | **$ 2,470** |
| *Changes for the year:* | | | |
| Service cost | **576** | **—** | **576** |
| Interest on the total pension liability | **5,141** | **—** | **5,141** |
| Difference between expected and actual experience | **300** | **—** | **300** |
| Assumption changes | **—** | **—** | **—** |
| MEAG Power contributions | **—** | **775** | **(775)** |
| Net investment income | **—** | **9,992** | **(9,992)** |
| Benefit payments | **(3,830)** | **(3,830)** | **—** |
| Administrative expenses | **—** | **—** | **—** |
| Net change | **2,187** | **6,937** | **(4,750)** |
| **Balance at December 31, 2023** | **$72,614** | **$74,894** | **$ (2,280)** |

| | Total Pension Liability (a) | Plan Fiduciary Position (b) | Net Pension 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 |

### Actuarial Assumptions and Methods

The assumptions used to measure the total pension liability as of December 31, 2023 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 utilized is 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, 2023 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, 2023 and 2022, were as follows (in thousands):

| | **2023** | 2022 |
|---|---|---|
| Mutual Funds: | | |
| U.S. Equity Index Fund | **$ 21,034** | $ 19,419 |
| Mid-Cap Index Fund | **8,692** | 7,415 |
| Small-Cap Index Fund | **3,756** | 3,207 |
| Diversified International Fund | **11,790** | 10,016 |
| Aggregate Bond Fund | **21,468** | 20,172 |
| Total Bond Fund | **8,145** | 7,708 |
| Institutional Government Portfolio | **3** | 3 |
| Cash | **6** | 17 |
| Total | **$ 74,894** | $ 67,957 |

### Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2023 and 2022 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, 2023** | **$ 5,325** | **$ (2,280)** | **$(8,757)** |
| December 31, 2022 | $ 9,980 | $ 2,470 | $ (3,913) |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

### 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, 2023 and 2022, MEAG Power recognized pension expense of $0.8 million and $2.2 million, respectively. At December 31, 2023 and 2022, the Retirement Plan reported deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

| Deferred Outflows (Inflows) of Resources | **2023** | 2022 |
|---|---|---|
| Differences between expected and actual experience | **$ 55** | $ 114 |
| Assumption changes | **—** | — |
| Net difference between projected and actual earnings on Retirement Plan investments | **5,698** | 10,376 |
| Total | **$5,753** | $10,490 |

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 (Inflows) of Resources |
|---|---|
| 2024 | **$ 1,337** |
| 2025 | **2,271** |
| 2026 | **3,151** |
| 2027 | **(1,006)** |
| 2028 | **—** |
| Total | **$ 5,753** |

### 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 $1.3 million and $1.1 million for the years ended December 31, 2023 and 2022, respectively. 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 section 415 annual limitations that apply to the 403(b) Plan.

### Other Postemployment Benefits

Information regarding MEAG Power's other postemployment benefit (OPEB) plan 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, 2023 and 2022, the following participants were covered by the Plan benefits:

| | 2023 | 2022 |
|---|---|---|
| Active employees | **133** | 130 |
| Retired employees or beneficiaries | **76** | 73 |
| Total | **209** | 203 |

## Actuarial Assumptions

Actuarial assumptions used to determine MEAG Power's OPEB liability, measured as of December 31, 2023 and 2022, were as follows:

| | |
|---|---|
| Inflation | 2.50% |
| Salary Increases | 4.00% |
| Discount Rate | 3.77% for December 31, 2023 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. |
| 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, 2023 and 2022 was as follows (in thousands):

| | 2023 | 2022 |
|---|---|---|
| Beginning total OPEB Liability | **$ 9,556** | $13,008 |
| Changes for the year: | | |
| Service cost | **259** | 352 |
| Interest | **348** | 264 |
| Change of benefit terms | **—** | — |
| Differences between expected and actual experience | **(805)** | (1,593) |
| Benefits payments | **(409)** | (363) |
| Changes of assumptions or other inputs | **(52)** | (2,112) |
| Net changes | **(659)** | (3,452) |
| Ending total OPEB liability | **$ 8,897** | $ 9,556 |

Changes of assumptions or other inputs reflect an increase in the discount rate from 3.72% to 3.77%.

## OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

MEAG Power's OPEB expense was $0.1 million and $0.2 million for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

| Deferred Outflows (Inflows) of Resources | 2023 | 2022 |
|---|---|---|
| Differences between expected and actual experience | **$ (1,577)** | $ (1,260) |
| Changes of assumptions or other inputs | **(1,157)** | (1,102) |
| Total | **$ (2,734)** | $ (2,362) |

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 (Inflows) of Resources |
|---|---|
| 2024 | **$ (881)** |
| 2025 | **(956)** |
| 2026 | **(764)** |
| 2027 | **(133)** |
| 2028 | **—** |
| Total | **$(2,734)** |

### 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, 2023 and 2022 (dollars in thousands):

#### *Discount Rate Sensitivity*

| | **December 31, 2023** | | |
|---|---|---|---|
| | 1% Decrease 2.77% | Current Discount Rate 3.77% | 1% Increase 4.77% |
| Total OPEB Liability | **$10,034** | **$8,897** | **$7,952** |

| | December 31, 2022 | | |
|---|---|---|---|
| | 1% Decrease 2.72% | Current Discount Rate 3.72% | 1% Increase 4.72% |
| Total OPEB Liability | $10,747 | $9,556 | $8,565 |

#### *Healthcare Cost Trend Rate Sensitivity*

| | **December 31, 2023** | | |
|---|---|---|---|
| | 1% Decrease | Current Rate | 1% Increase |
| Total OPEB Liability | **$8,897** | **$8,897** | **$8,897** |

| | December 31, 2022 | | |
|---|---|---|---|
| | 1% Decrease | Current Rate | 1% Increase |
| Total OPEB Liability | $9,517 | $9,556 | $9,598 |

## 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 $16.2 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 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 $166 million per incident for each licensed reactor they operate, but not more than an aggregate of $24.7 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 $205.6 million, with an annual limit of $30.6 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 2028.

GPC, on behalf of the Joint-Owners of the 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 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 nuclear units. The coverage begins after the outage has exceeded 12 weeks, with a maximum per occurrence, per unit limit of $490 million. MEAG Power's share of the policy limit is $88.7 million per unit for Hatch Units 1&2, as well as $107.4 million per unit for Vogtle Units 1&2 and Unit 3. 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 $59.3 million per unit for Hatch Units 1&2, as well as $71.8 million per unit for Vogtle Units 1&2 and Unit 3. Unit 4 is also covered under these policies, effective with its COD of April 29, 2024. 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.

MEAG Power's share of retrospective premium assessments, based on policies effective April 1, 2023, could be as much as $20.5 million for primary, excess property insurance and excess non-nuclear property, and $5.7 million per incident for replacement power and other costs. 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 2024-2026 total $24.5 million. For the years beginning 2024 through 2028, nuclear fuel commitments total $157.5 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 its 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 2024 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.

In 2022, MEAG Power entered into two 30-year-term gas purchase agreements with the Municipal Gas Authority of Georgia (MGAG) (see table below for details) for gas sourced through two prepaid gas supply agreements. 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 5% and 8% 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, 2024 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 | 2,497 | January 1, 2024– October 31, 2027 | $9.7 million |
| March 17, 2022 | August 1, 2022 | July 31, 2052 | 3,908 | January 1, 2024– November 30, 2029 | $26.5 million |

*On an average annual basis

On January 23, 2024 and March 26, 2024, MEAG Power entered into additional natural gas purchase agreements with MGAG (see Note 9 for additional information regarding these agreements).

As discussed in Note 9, on May 31, 2024, MEAG Power will transition to ACES to provide natural gas fuel management services for MEAG Power, including procurement, scheduling and risk management of the transportation and supply portfolio.

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. The natural gas pipeline commitment totals $2.9 million through December 31, 2024.

MEAG Power 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 and ends in August 2024. Natural gas storage commitments through August 2024 total $0.5 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 provided 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 included provisions for MEAG Power to sell additional capacity. The Hartford and Evergreen sales were served from the resources of 16 and 15 subscribed Participants, respectively. These agreements were extended through and ended on 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 were 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.

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 was 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 Regulations

The nuclear units, Scherer Units 1&2 and the CC Project 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 (DNR) 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 $682.6 million from 2000 through 2023 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 at Scherer 1&2 and at Generation Station Wansley and installing systems to dispose of ash and treat coal pile run-off water in compliance with the CCR rule at Scherer Units 1&2 and at Generation Station Wansley. MEAG Power anticipates total capital investment for environmental improvements at Scherer Units 1&2 for the years 2024 through 2028, including additions to comply with CCR and ELG regulations (see the "Coal Combustion Residuals" and "Effluent Limitations Guidelines Regulations" sections within this Note), will be approximately $56.8 million.

### Greenhouse Gas Regulation

On May 11, 2023, EPA issued proposed rules to limit carbon dioxide emissions from the new, existing, modified, and reconstructed power plants. The proposed rules would regulate new gas-fired combustion turbines, existing coal plants and certain large, base-loaded existing gas plants. EPA proposed to update and establish more stringent new source performance standards (NSPS) 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, or carbon capture and sequestration (CCS). EPA finalized the rules on April 25, 2024, including: the repeal of the Affordable Clean Energy rule (ACE); GHG emission guidelines for existing fossil fuel-fired steam generating units; NSPS for GHG emissions from new and reconstructed fossil fuel-fired combustion turbines; and revisions to the standards of performance for new, modified, and reconstructed fossil fuel-fired steam generating units.

Some of the key changes made from the proposed rule include: the reduction in the number of subcategories for existing coal-fired steam generating units; the extension of the compliance date for existing coal-fired steam generating units to meet a standard of performance based on implementation of CCS; the removal of low-GHG hydrogen co-firing as a best system of emissions reduction (BSER) pathway; and the addition of two reliability-related instruments. In addition, EPA is not finalizing proposed requirements for existing fossil fuel-fired stationary combustion turbines at this time.

Existing coal-fired generating units with plans to retire by 2032 and have a federally enforceable commitment to retire are exempt from any compliance obligation, other than to follow through on their retirement commitment. For coal units with plans to operate past 2032 that will retire before January 1, 2039, the BSER system is based on 40 percent co-firing with natural gas, with a compliance deadline of January 1, 2030. For coal units with plans to continue to operate past January 1, 2039, the BSER is CCS operating at a 90 percent removal rate with a compliance deadline of January 1, 2032. New and reconstructed gas-fired combustion turbines operating below a capacity factor of 20 percent annually will be subject to a performance standard based on the use of "lower emitting fuels" (e.g., natural gas and/or distillate oil); those operating between 20 and 40 percent capacity factor will be subject to a performance standard of no more than 1,170 lbs. $CO_2$/MWh (an increase from the proposed rule); and units operating over 40 percent capacity factor will be subject to a limit of 800 lbs. $CO_2$/MWh (for large units) and up to 900 lbs. $CO_2$/MWh (for small units) along with a CCS standard of 90 percent by January 1, 2032, with an associated emission limitation of 100 lbs. $CO_2$/MWh.

Given the significant costs and challenges of compliance with this rule, including the inadequate demonstration of carbon sequestration technology and the lack of demonstrated, available carbon storage capability, the rule is forecasted to drive a shift away from coal-fired generation. Based on the potential for court challenge, the impact of these rules on MEAG Power cannot be determined at this time.

### National Ambient Air Quality Standards and Regional Haze Regulations

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.

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 U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit). On March 1, 2024, the D.C. Circuit determined that EPA exceeded its authority in calling for a blanket removal of SSM exemptions from SIPs without showing the exemptions impede compliance with the CAA.

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 published a proposed rulemaking to formally disapprove of Georgia's SSM SIP.

On March 1, 2024, the D.C. Circuit largely vacated EPA's SIP call that required states to remove from their respective air quality plans regulatory waivers for excess air emissions during periods of emission unit startup, shutdown, and malfunction.

MEAG Power expects that EDP will withdraw the revised state SSM regulations as written in the SIP, and that MEAG Power's permit will not be affected.

### 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, and ensures the existing emissions standards for MATS remain in effect while EPA considers new rules. The proposed rule also solicited information on the cost and performance of new or improved technologies and methods of operation for controlling hazardous air pollutant emissions. On April 24, 2023, and as a result of its residual risk and technology review, EPA proposed a rule that revises the MATS for coal- and oil-fired steam EGUs. The rule would require all coal-fired electric generating units, to achieve an emission standard for filterable particulate matter (fPM) of 0.010 lb/MMBtu (from the current 0.030 lb/MMBtu), and demonstrate compliance with the fPM standard by using continuous emissions monitoring systems (CEMS). Currently, Scherer Units 1&2 demonstrate compliance through quarterly testing and not a CEMS. On April 25, 2024, the final rule was issued as proposed. GPC is in the process of procuring the continuous CEMS monitoring equipment for fPM and will undertake a pilot study to investigate the best operating procedures for compliance. Scherer Units 1&2 will have three years to comply with the rule after its effective date.

## Coal Combustion Residuals

In 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 (FGD) 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. In 2016, President Obama signed into law the "Water Infrastructure Improvements for the Nation Act," which included a provision on the regulation of CCR as a non-hazardous waste under the Resource Conservation and Recovery Act. This legislation authorized states to implement and enforce the requirements of the CCR regulation through state permitting programs.

In 2016, EPD developed regulations to implement a state permitting program for CCR landfills and impoundments in Georgia. The revisions incorporated most requirements of EPA's CCR regulation by reference. The EPD revisions were adopted by the Georgia Board of Natural Resources in 2016. In 2020, EPA approved EPD's permitting program. Georgia's program will operate in lieu of the federal CCR program, with the exception of certain provisions for which the State did not seek approval. As a result, CCR facilities in Georgia will still be subject to federal requirements governing the criteria and timing for initiating closure of unlined impoundments and federal requirements to protect threatened and endangered species.

In 2020, EPA issued a final rule establishing deadlines by which unlined surface impoundments can no longer receive CCR waste and non-CCR waste-streams. This rule also clarified circumstances under which alternative liners may be used, when coal ash may be used in the closure of landfills and impoundments, and that post-closure groundwater monitoring is required if coal ash is removed from a landfill or impoundment. GPC stopped sending CCR to the ash ponds at Generation Station Scherer and Generation Station Wansley in 2019, and instead sends dry ash to lined landfills. New wastewater treatment systems that receive and manage the non-CCR waste-streams at Generation Station Scherer and Generation Station Wansley were completed in 2020 and 2019, respectively. Consequently, these new deadlines did not impact MEAG's operations.

On May 18, 2023, the EPA issued a proposed rule expanding the federal CCR rule to include legacy CCR units. The proposed rule would establish two new classes of units not currently regulated under the federal CCR rule: (a) legacy CCR surface impoundments, which are surface impoundments that (i) contained both CCR and liquids on or after October 19, 2015, and (ii) are located at a power plant that ceased generating power prior to October 19, 2015, and (b) CCR management units, which are any area of land (i) on which any non-containerized accumulations of CCR are received, placed, or otherwise managed, and (ii) which is not a CCR unit. The EPA proposed to subject both classes of legacy units to the requirements applicable to currently regulated units with a few exceptions and also proposes to mandate the requirement to initiate closure within 12 months of the effective date of the rule. The final rule was issued on April 25, 2024, with no changes from the proposed rule. The rule will become effective six months after publication in the Federal Register. This expansion of the CCR rule has no effect on Scherer 1&2 or Generation Station Wansley.

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 2033 with a 30-year post closure care period to follow.

GPC submitted a Notice of Intent to Initiate Closure of CCR Unit AP-1 at Generation Station Wansley on April 17, 2019, and submitted a permit application for closure by removal on April 17, 2023.

The latest semi-annual Groundwater reports were submitted to EPD on January 31, 2024, and were posted on the internet site. GPC continues to monitor all parameters and take corrective action as required.

## Effluent Limitations Guidelines Regulations

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, EPA established 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 percent 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 was published in the Federal Register. The latest date that a plant must comply with the new effluent limitations is December 31, 2025 for FGD wastewater 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 Georgia Public Service Commission (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 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 29, 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 (CRL) and establishes new definitions for various legacy wastewaters, which affects when more stringent requirements will apply to such wastewaters. Further, the EPA's proposed rule includes flexible paths for certain types of power plants to come into compliance with the proposed ELGs. The final rule was issued on April 25, 2024. It maintains the 2020 rule's permanent cessation of coal subcategory (2028 cessation subcategory) and the 2020 rule's VIP and adds a new cessation subcategory (2034 cessation subcategory). The final rule sets BAT as zero liquid discharge (ZLD) for FGD wastewater, BA transport water, and CRL.

The Joint-Owners are finalizing plans for the development of environmental control systems required to comply with the VIP option in the ELG rule for Scherer Units 1&2. To the extent revisions are made to the ELG rule that impact Scherer Units 1&2, these plans may have to be changed or revisited. The only change to the compliance pathway with the issuance of the new rule is the addition of ZLD technology to the CRL waste stream, which is not a high flowrate stream at Scherer 1&2. Options for compliance are being investigated. The final rules will take effect 60 days after publication in the Federal Register.

### Waters of the United States Regulation

On May 25, 2023, the U.S. Supreme Court (Supreme Court) issued a decision in *Sackett v. EPA* that narrowed the interpretation of the scope of "waters of the United States" (WOTUS) under the CWA. Specifically, the Supreme Court ruled that CWA jurisdiction extends only to: (a) traditional interstate navigable waters; (b) relatively permanent waters connected to traditional interstate navigable waters; and (c) adjacent wetlands with a continuous surface connection to such waters. On September 8, 2023, EPA and the United States Army Corps of Engineers published a final rule to confirm the definition of WOTUS to the decision in *Sackett*. The new definition encompasses fewer water bodies than the previous definitions of WOTUS.

WOTUS litigation is ongoing and complex. Twenty-four states led by West Virginia filed an amended complaint on November 13, 2023, in the U.S. District Court for the District of North Dakota arguing against EPA's control of certain waters. Idaho and Texas separately filed a suit at the same time. On December 18, 2023, Kentucky asked the U.S. Court of Appeals for the Sixth Circuit to reverse a loss on the first WOTUS rule and relook at the challenge in light of the revised regulation. The current Phase I rule could have significant impact to MEAG Power with respect to plans for construction or operation of new generation 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. NERC is authorized to enforce its reliability standards, subject to FERC oversight, through the imposition of substantial monetary penalties and non-monetary remediation actions on NERC-registered entities that are found to be in violation of the standards.

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, September 21, 2022 and December 13, 2023 to reflect each party's respective compliance responsibilities associated with all NERC CIP Standards effective by January 1, 2024.

In addition, GPC has filed the 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, GPC has assumed the majority of the compliance and financial responsibility, and MEAG Power has assumed mostly administrative responsibilities for portions of NERC CIP, which has reduced its exposure to compliance and 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 2022, SERC conducted an audit of MEAG Power's compliance with certain NERC reliability standards. MEAG Power believes it is in compliance with its current NERC and SERC reliability obligations. In the Third Quarter 2023, SERC completed a joint NERC CIP standards spot check 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.

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. On November 9, 2023, the U.S. District Court for the District of Columbia ruled in favor of the Army Corps in litigation pertaining to Alabama and the ACT allocation plan. It is currently unclear what effect, if any, additional legal challenges or a finalized ACT 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.

After years of continuing ACF litigation, ultimately resulting in a report filed by a special master appointed by the Supreme Court, in April 2021, in a unanimous opinion, the Supreme Court ruled in favor of Georgia in ACF litigation pertaining to Florida.

On December 12, 2023, the governors of Georgia and Alabama announced an agreement with the Army Corps in the ACF litigation. The proposed compromise must go through a federal approval process that will include an environmental review and a public comment period.

In July 2020, a group of individual plaintiffs filed a complaint, which was amended in December 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. In December 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 July 27, 2023, the Superior Court of Monroe County denied the remaining motions to dismiss certain claims and plaintiffs that GPC filed at the outset of the case.

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. After GPC removed these cases to the U.S. District Court for the Middle District of Georgia, the plaintiffs voluntarily dismissed their complaints without prejudice in November 2022 and January 2023. 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 plaintiffs have requested that the court remand the cases back to the Superior Court of Monroe County. The judge in the actions pending in the Superior Court of Monroe County has ended the discovery period and has scheduled the commencement of the trial of one of the pending actions in August 2024. 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. On March 26, 2024, the court granted the co-defendants Motion to Dismiss plaintiffs First Amended Complaint but further provided that plaintiffs could file another amended complaint for the limited purpose of providing more specificity with respect to their claim against GPC based upon GPC's alleged failure to adhere to the contract provision pertaining to the doctrine of "no adverse distinction." As a result of plaintiff's failure to file a timely complaint, on April 15, 2024, an Order was entered dismissing the pending action and directing the clerk to close the case.

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.

## 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 20, 2024 and reports that:

- On January 4, 2024, MEAG Power issued the following Project One and General Resolution Projects BANs, Series B to fund construction expenditures and refund existing debt (in thousands):

| | BANs, Series B |
|---|---:|
| Project One | $100,000 |
| General Resolution Projects | 10,500 |
| Total | $110,500 |

- On January 23, 2024, and March 26, 2024, MEAG Power entered into natural gas purchase agreements with MGAG for 29 and 28-year terms, respectively, for gas sourced through two prepaid gas supply agreements. The gas commitments for the initial pricing periods are $79.5 million for 10,014/mmBtus and $41.2 million for 5,000/mmBtus, respectively, per day on an average annual basis.
- Effective March 31, 2024, MEAG Power withdrew as a TEA Member and began taking interim services under a resource management agreement with TEA. This interim agreement will terminate on May 30, 2024. On May 31, 2024, MEAG Power will transition its market trading activities to ACES. The ACES business model will enable MEAG Power to provide financial support for market trading activities related solely to its Participants' energy needs, which supports MEAG Power's approach to managing risk in this rapidly changing market environment.
- On April 29, 2024, Unit 4 entered commercial operation.

Certain other 2024 developments are discussed in Note 1 (D), the "Credit Agreements and Short-Term Debt" section of Note 5, and the "Environmental Regulations" 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):

| | **2023** | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| *Total pension liability* | | | | | | | | | |
| Service cost | **$ 576** | $ 654 | $ 659 | $ 692 | $ 703 | $ 769 | $ 795 | $ 904 | $ 1,012 |
| Interest on the total pension liability | **5,141** | 4,965 | 4,735 | 4,607 | 4,334 | 4,189 | 4,152 | 4,040 | 3,738 |
| Difference between expected and actual experience | **300** | 435 | 1,064 | (112) | 295 | (183) | (212) | (661) | 362 |
| Assumption changes | **—** | — | 101 | (233) | 1,277 | (136) | (915) | (273) | (134) |
| Benefit payments | **(3,830)** | (3,588) | (3,426) | (3,054) | (2,883) | (2,557) | (2,540) | (2,269) | (1,938) |
| Net change in total pension liability | **2,187** | 2,466 | 3,133 | 1,900 | 3,726 | 2,082 | 1,280 | 1,741 | 3,040 |
| Total pension liability — beginning of year | **70,427** | 67,961 | 64,828 | 62,928 | 59,202 | 57,120 | 55,840 | 54,099 | 51,059 |
| Total pension liability — end of year (a) | **72,614** | 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 | 775 | 100 | 775 | 775 | 3,141 | 934 | 8,500 |
| Net investment income | **9,992** | (14,515) | 10,114 | 10,130 | 12,594 | (2,643) | 8,098 | 3,969 | 325 |
| Benefit payments | **(3,830)** | (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 | **6,937** | (17,328) | 7,463 | 7,176 | 10,486 | (4,425) | 8,699 | 2,634 | 6,887 |
| Plan fiduciary net position — beginning of year | **67,957** | 85,285 | 77,822 | 70,646 | 60,160 | 64,585 | 55,886 | 53,252 | 46,365 |
| Plan fiduciary net position — end of year (b) | **74,894** | 67,957 | 85,285 | 77,822 | 70,646 | 60,160 | 64,585 | 55,886 | 53,252 |
| Net pension liability — ending (a) — (b) | **$ (2,280)** | $ 2,470 | $(17,324) | $(12,994) | $ (7,718) | $ (958) | $ (7,465) | $ (46) | $ 847 |
| Plan fiduciary net position as a percentage of total pension liability | **103.14%** | 96.49% | 125.49% | 120.04% | 112.26% | 101.62% | 113.07% | 100.08% | 98.43% |
| Covered payroll | **$ 9,158** | $ 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 | **-24.90%** | 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 (dollars in thousands):

| Year | Actuarially Determined Contributions | Actual Contributions | Contribution Deficiency (Excess) | Covered Payroll | Actual Contributions as a Percent of Covered Payroll |
|---|---|---|---|---|---|
| **2023** | **$ —** | **$ 775** | **$ (775)** | **$ 9,158** | **8.46%** |
| 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 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):

| | **2023** | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|
| *Total OPEB liability* | | | | | | | |
| Service cost | **$ 259** | $ 352 | $ 359 | $ 331 | $ 235 | $ 262 | $ 226 |
| Interest | **348** | 264 | 266 | 325 | 384 | 363 | 394 |
| Changes of benefit terms | **—** | — | — | — | — | — | — |
| Differences between expected and actual experiences | **(805)** | (1,593) | (81) | 39 | 177 | (715) | 244 |
| Benefit payments | **(409)** | (363) | (453) | (453) | (356) | (335) | (298) |
| Changes of assumptions or other inputs | **(52)** | (2,112) | 137 | 428 | 2,132 | (757) | 156 |
| Net change in total OPEB liability | **(659)** | (3,452) | 228 | 670 | 2,572 | (1,182) | 722 |
| Total OPEB liability — beginning of year | **9,556** | 13,008 | 12,780 | 12,110 | 9,538 | 10,720 | 9,998 |
| Total OPEB liability — end of year | **$ 8,897** | $ 9,556 | $13,008 | $12,780 | $12,110 | $ 9,538 | $10,720 |
| Covered employee payroll | **$18,264** | $17,003 | $16,153 | $15,760 | $15,512 | $15,030 | $14,632 |
| Total OPEB liability as a percentage of covered employee payroll | **48.71%** | 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 3.72% to 3.77%.

# REPORT OF INDEPENDENT AUDITORS

## To the Board 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, 2023 and 2022, 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, 2023 and 2022, 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.

### 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 75, schedule of employer contributions to the pension plan on page 76, and schedule of changes in total OPEB liability and related ratios on page 76 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 1 through 8, 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.

PricewaterhouseCoopers LLP

Atlanta, Georgia
May 20, 2024



# CORPORATE INFORMATION

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