EMPOWERING OUR COMMUNITIES

2022

ANNUAL REPORT

GREYSTONE
POWER CORPORATION
Making Life Better

OUR MISSION

Making Life Better in the communities we serve.

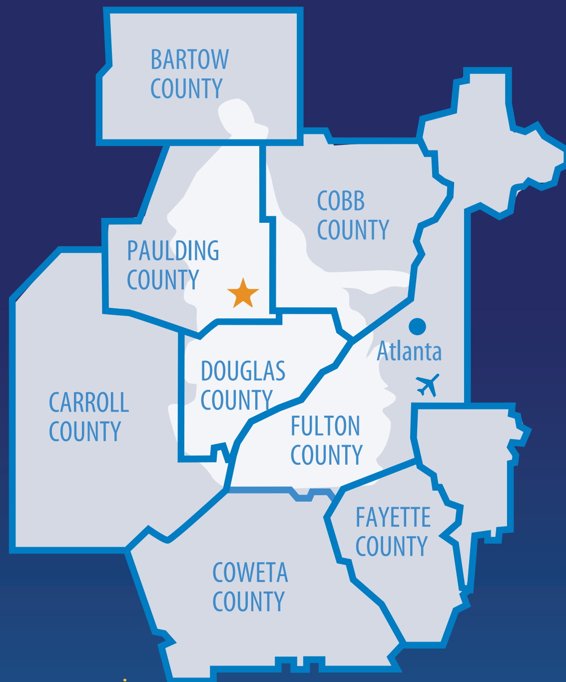
CORPORATE PROFILE

GreyStone Power is a member-owned, not-for-profit electric cooperative, serving portions of eight west-metro Atlanta counties. We provide electricity to more than 127,000 homes, businesses, schools and industries through more than 145,000 meters.

WHO IS A MEMBER?

If you have an account with us in your name, you're a member — and an owner — of this electric cooperative. That's because GreyStone Power is owned by the people it serves. Those same people are at the center of everything we do.

SERVICE AREA



★ *Paulding County Headquarters*

AT A GLANCE

Statistics at the end of each year

	NUMBER OF METERS	OPERATING REVENUE	MILES OF LINE	KILOWATT-HOURS SOLD
2022	139,095	$323,702,361	7,473	2,960,492,007
2012	115,911	$258,878,573	6,565	2,617,623,545
2002	83,865	$126,994,455	4,932	1,712,393,858
1992	54,851	$ 66,882,654	3,453	854,051,918
1982	35,194	$ 24,844,025	2,548	478,547,826

GREYSTONE POWER CORPORATION

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EXECUTIVE MESSAGE

Above: Board Chair Jim Johns, left, and President/CEO Gary Miller lead the cooperative in empowering local communities.

WHERE THE MONEY COMES FROM

As the pandemic began to wind down in 2022, the economy started to amp back up. Prices soared for nearly every daily necessity, as demand exceeded supply.

While Georgia Power was requesting a rate increase, your not-for-profit cooperative continued to offer some of the lowest electric rates in the state — despite rising power supply costs, an increased demand for electricity, supply chain delays and ever-changing regulations for electric utilities.

Reliability remained high with a 99% rating. Future-forward planning, coordinated efforts among our power providers and a diverse energy mix kept the power flowing on Christmas Eve, even as other utilities experienced rolling blackouts.

Higher power sales from 235 new large businesses, that our economic development team helped recruit, served to hold down rates. New jobs benefited our communities. Additional tax dollars strengthened the local economy.

More than $18 million in Wallet Watch credits on 2022 power bills kept more money in members' pockets, as did a $12 million capital credits return.

It's no wonder GreyStone Power ranked #3 in customer satisfaction among cooperatives in J.D. Power's 2022 Electric Utility Residential Customer Satisfaction Study. Members gave the co-op high marks in power quality and reliability, price, corporate citizenship, communications and customer care.

We focused on empowering local communities in ways that went beyond delivering reliable, affordable electricity. The GreyStone Power Foundation invested $485,000 in support of local helping organizations, educational scholarships and military veterans. This included $164,000 in Operation Round Up® funding, donated by participants of that program. Our employees also volunteered at area nonprofits through GreyStone Gives.

We're looking toward the future with a broadband project we launched last year. When GreyStone Connect is available to members, it will provide high-speed fiber internet access to unserved and underserved locations in our service area.

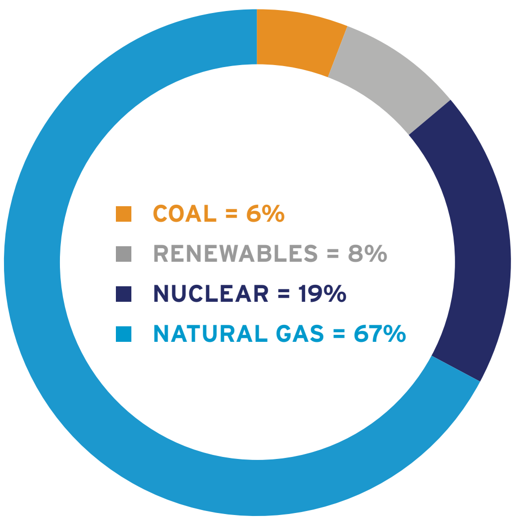
All of this is part of our mission to go beyond powering to *em*powering local communities and the people we serve. That's how we make life better.

James M. Johns Board Chair

Gary Miller President/CEO

WHERE THE MONEY GOES

2022 FUEL MIX



ENERGIZING COMMUNITIES

For nearly 90 years, your cooperative has maintained loyal partnerships with the communities we serve. As prices for gas, groceries and other daily supplies skyrocketed in 2022, we gave back. After all, "energizing" means more than just supplying electricity. It means investing time and resources into organizations that make life better for local people.

The GreyStone Power Foundation — built upon the strength of Operation Round Up® members who voluntarily round up their monthly bills to the next dollar — supported local helping agencies. Those in need received food and essentials through S.H.A.R.E. House, Helping Hands of Paulding County and other local nonprofits.

In Douglas County, a unique partnership enhanced mental health services and support for first responders. With the Foundation's help, the

The cooperative generously sponsored the Jess Rousey Honoring Heroes, Cars for K-9s car show and community festival last year. Thanks to funds raised, a new Fallen K-9s Memorial was presented to the Paulding County Sheriff's Office. GreyStone employee Lanette Toler joined the dedication ceremony.

Nichols Center's Guardians Program expanded its peer-to-peer suicide intervention training to all the county's firefighters.

Our employees put their concern for community into action through the GreyStone Gives program, which allows them eight hours a year to volunteer with a 501(c)(3) charitable organization within our service area. Employees cleaned, painted, collected school supplies and more at organizations such as Calvary Children's Home.

To help grow future leaders, GreyStone Power awarded five local students a $3,000 college scholarship each to further their education: Gracie Price, Sara Tilley, Raylee Johnson, Lucas Merritt and Landon Hall. Armond Dowdell won a $2,500 Tim B. Clower Scholarship.

GreyStone Power also sponsored local high schoolers Samuel Noonan, Davis Ondieki and Nathan Riediger on a life-changing trip last summer. As part of the Washington Youth Tour, they joined hundreds of students in Washington, D.C., to engage with their government representatives, explore historical locations and learn about the co-op business model.

We hired four graduates from the Paulding College and Career Academy's Energy Pathway Lab for summer internships. Dallas Chaco and Hunter Hyde worked in our operations department, while Nick Chester and Evan Sterling developed their skills in the technical and field services department and the information systems department, respectively.

We also energized West Georgia Technical College's apprentice lineman training program by hiring two of its graduates, Maverick Hering and Joshua Jensen. And after donating new poles, we trained apprentices to set them in WGTC's training yard.

Through Vets Power Us, the cooperative recruited and hired two veterans in 2022. We also honored our active-duty military, veterans and employees who are spouses of veterans at our annual Military Service Recognition Breakfast.

The safety of our communities, members and employees remained top of mind. Our safety trailer – a mobile unit that shows how electricity powers a home and uses real-life scenarios to educate about electrical safety – made its rounds at local schools and community events. We also revamped our internal safety program and developed initiatives to enhance electrical safety training for our local first responders.

GIVING BACK BY THE MILLIONS

More than $6 MILLION in Operation Round Up® contributions invested in our communities since 1998

Nearly $2.4 MILLION in prescription savings for members through the Co-op Connections® Card program since 2007

HIGHLIGHTS OF 2022 GIVING

$35,000 given in support of local food banks

$32,000-PLUS raised by employees for the American Cancer Society

$10,000 donated to the Douglas County School System Partners in Education program

BOOSTING RELIABILITY AND AFFORDABILITY

Crews maintained 700 miles of right-of-way area last year, compared with 496 miles in 2021. The work decreases the risk of tree-related outages.*

*** equivalent to the distance from the GreyStone Power office to Chicago, Illinois***

Even while facing challenges last year, your cooperative focused on keeping expenses low and reliability high.

As a result, members enjoyed dependable power around the clock and the lowest-priced* electricity in the state during the winter. They also paid some of the lowest rates during summer.

The cooperative's economic development efforts helped recruit hundreds of new business accounts last year. This helped shield power bills from the impact of rising costs and brought new jobs to our area.

Three of the new large businesses added a combined 12-plus megawatts (MW), which increases power sales and helps keep residential rates low. These accounts — including Project Silver, a large film studio, and Home Chef, a meal kit and food delivery company — are expected to generate about 1,200 jobs for local workers.

Using advanced technology, we improved communication across our power delivery system and replaced some older devices with new ones. These new devices help clear power interruptions and restore service automatically.

We also added more low-cost renewable energy to our power supply with a new utility-scale solar facility, part of a large 200 MW project, in Houston County, Georgia. Through Green Power EMC, your cooperative receives a 40 MW share of the solar energy produced — enough to power 16,000 homes.

In an ever-evolving energy market, we replaced retired coal generation with dependable natural

Utilities nationwide faced supply chain and workforce challenges last year. With wise planning, your cooperative secured the equipment and manpower needed to safely upgrade hundreds of miles of power lines — helping ensure members had continuous power.

gas resources. They help keep your power flowing at night and during inclement weather when solar is offline.

Members have also benefited from our Cooperative Solar program. It allows even members who don't own their home to support and use solar power.

And although members may not be ready to purchase an electric vehicle (EV), EV rates, a $250 Level 2 Charger rebate and information on all things related to driving electric are available for those who are interested.

645 members
were participating in Cooperative Solar
at year-end, without installing and maintaining solar panels at their homes.

**According to the 2022 Winter Residential Rate Survey by the Georgia Public Service Commission (PSC). Based on the residential use of 1,000 kilowatt-hours (kWh) per month.*

EQUIPPING YOU WITH SAVINGS AND CONVENIENCE

As always, we provided programs and resources that helped members manage energy use last year.

Many members reduced monthly energy costs with help from our website resources. Those range from easy energy-saving tips to rebates on electric heat pumps, water heaters and more.

Our $100 smart thermostat rebate program remained popular, with more than 500 members participating. Those who shopped the online GreyStone Marketplace received instant rebates on items from smart lighting to new model electric vehicle (EV) chargers. We also introduced new energy-efficient products, such as LED Christmas lights.

We know that saving money and time is important to the people we serve. That's why we continually improve our services and offer a variety of on-the-go ways to do business with us.

The cooperative's energy advisors handled 800-plus phone and email inquiries. They assisted members with identifying energy-saving opportunities in their homes and businesses and also answered questions about solar and EVs.

Budget-wise members participated in levelized or prepaid billing. They leveled out costs over a 12-month period or paid for electricity when they wanted, in the amount they wanted. Members participating in auto draft benefited from free credit and debit card payments.

We provided a more user-friendly and streamlined experience by combining our payment and Outage Helper apps. And with our outage texting service, nearly 161,000 have been enrolled, allowing members to easily report outages and receive alerts when power is restored.

A new virtual agent on our website enabled users to quickly make a payment, check their account balance and view their kilowatt-hour use. Some members still paid through our online member portal — which now has a sleek, new look and is easier to navigate — or at 14 payment kiosks throughout our service area. Others opted to pay in cash at CheckOut by PayGo locations, such as Dollar General, Family Dollar, CVS, Walgreens and 7-Eleven.

SAVINGS BY THE NUMBERS

$392,000 in smart thermostat rebates paid to members since 2018.

$8,100 in rebates paid to members who converted from gas furnaces to electric heat pumps or dual fuel last year.

423 in-home and phone energy audits helped members reduce energy costs last year.

OUR BOARD OF DIRECTORS

Charisse Braxton
District 9

David Hagenow
Secretary-Treasurer
District 3

Jim Johns
Board Chair
District 8

Maribeth Wansley
District 6

Billy Mayhew
District 5

McNair McLemore Middlebrooks & Co
Certified Public Accountants

389 Mulberry Street | Macon, Georgia 31201
Post Office Box One | Macon, Georgia 31202
(478) 746-6277 | mmmcpa.com

October 24, 2022

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
GreyStone Power Corporation

Opinion

We have audited the financial statements of **GreyStone Power Corporation**, which comprise the balance sheets as of August 31, 2022 and 2021, and the related statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GreyStone Power Corporation as of August 31, 2022 and 2021 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GreyStone Power Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 GreyStone Power Corporation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

MCNAIR MCLEMORE MIDDLEBROOKS & CO
CERTIFIED PUBLIC ACCOUNTANTS

389 Mulberry Street | Macon, Georgia 31201
Post Office Box One | Macon, Georgia 31202
(478) 746-6277 | mmmcpa.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatements 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 GreyStone Power Corporation'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about GreyStone Power Corporation'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022 on our consideration of GreyStone Power Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GreyStone Power Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GreyStone Power Corporation's internal control over financial reporting and compliance.

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

Balance Sheets August 31

ASSETS

		2022		2021
Utility Plant				
Electric Plant in Service - At Cost	$	**646,407,531**	$	610,042,822
Construction Work in Progress		**10,365,555**		12,167,011
Gross Utility Plant		**656,773,086**		622,209,833
Accumulated Provision for Depreciation		**(147,263,048)**		(133,982,325)
		509,510,038		488,227,508
Other Property and Investments				
Investments in Associated Organizations		**32,833,571**		30,646,617
Other Investments		**1,389,031**		581,531
Restricted Funds		**524,649**		588,228
		34,747,251		31,816,376
Current Assets				
Cash and Cash Equivalents		**16,816,419**		27,487,509
Restricted Cash		**80,144**		80,014
Short-Term Investments		**-**		8,000,000
Accounts Receivable (Net of Accumulated Provision for Uncollectibles of $580,419 and $602,464 in 2022 and 2021, Respectively)		**26,464,995**		26,296,912
Accrued Utility Revenues		**17,457,386**		15,599,519
Materials and Supplies		**7,702,318**		6,948,658
Prepayments		**810,565**		1,043,021
Other		**994,925**		1,378,566
		70,326,752		86,834,199
Deferred Debits		**36,512,501**		29,444,990
Total Assets	$	**651,096,542**	$	636,323,073

See accompanying notes which are an integral part of these financial statements.

Balance Sheets August 31

MEMBERS' EQUITY AND LIABILITIES

	2022	2021
Members' Equity		
Membership Fees	**$ 1,253,780**	$ 1,241,285
Patronage Capital	**284,425,293**	278,203,850
Other Equities	**27,079,278**	26,308,804
	312,758,351	305,753,939
Long-Term Debt	**259,887,842**	258,459,622
Current Liabilities		
Current Portion of Long-Term Debt	**15,856,825**	15,325,724
Accounts Payable	**25,182,597**	22,749,686
Consumer Deposits	**20,821,160**	19,347,385
Other	**13,230,416**	12,354,322
	75,090,998	69,777,117
Deferred Credits	**3,359,351**	2,332,395
Total Members' Equity and Liabilities	**$ 651,096,542**	$ 636,323,073

See accompanying notes which are an integral part of these financial statements.

GREYSTONE POWER CORPORATION

Statements of Operations
for the Years Ended August 31

	2022	2021
Operating Revenues	**$ 323,702,361**	$ 297,217,950
Operating Expenses		
Cost of Power	**235,884,085**	214,200,386
Distribution Operations	**14,206,468**	11,467,073
Distribution Maintenance	**13,252,367**	11,792,927
Consumer Accounts	**6,776,090**	6,709,444
Consumer Information and Sales	**2,655,355**	2,447,684
Administrative and General	**13,432,774**	15,067,889
Depreciation	**21,074,793**	18,079,421
Total Operating Expenses	**307,281,932**	279,764,824
Operating Margins Before Interest Expense	**16,420,429**	17,453,126
Interest Expense	**9,642,226**	9,843,686
Operating Margins After Interest Expense	**6,778,203**	7,609,440
Nonoperating Margins	**5,175,658**	17,902,705
Generation and Transmission Cooperative Capital Credits	**1,763,787**	1,044,079
Other Capital Credits and Patronage Capital Allocations	**1,052,436**	886,054
Net Margins	**$ 14,770,084**	$ 27,442,278

See accompanying notes which are an integral part of these financial statements.

Statements of Changes in Members' Equity
for the Years Ended August 31, 2022 and 2021

	Total Members' Equity	Membership Fees	Patronage Capital	Other Equities
Balance, August 31, 2020	$ 287,655,636	$ 1,221,740	$ 259,274,982	$ 27,158,914
Net Margins	27,442,278	-	27,442,278	-
Membership Fees	19,545	19,545	-	-
Retirement of Patronage Capital	(9,285,421)	-	(8,513,410)	(772,011)
Retired Capital Credit Gains	(180,278)	-	-	(180,278)
Other	102,179	-	-	102,179
Balance, August 31, 2021	305,753,939	1,241,285	278,203,850	26,308,804
Net Margins	14,770,084	-	14,770,084	-
Membership Fees	12,495	12,495	-	-
Retirement of Patronage Capital	(7,403,658)	-	(8,548,641)	1,144,983
Retired Capital Credit Gains	(246,798)	-	-	(246,798)
Other	(127,711)	-	-	(127,711)
Balance, August 31, 2022	**$ 312,758,351**	**$ 1,253,780**	**$ 284,425,293**	**$ 27,079,278**

See accompanying notes which are an integral part of these financial statements.

GREYSTONE POWER CORPORATION

Statements of Cash Flows for the Years Ended August 31

	2022	2021
Cash Flows from Operating Activities		
Net Margins	**$ 14,770,084**	$ 27,442,278
Adjustments to Reconcile Net Margins to Net Cash Provided by Operating Activities		
Depreciation and Amortization	**22,202,494**	19,113,156
Patronage Capital from Associated Organizations	**(2,816,223)**	(1,930,133)
Equity in Earnings from Partnership Interest	**(1,597,289)**	(1,227,850)
Net Postretirement Benefit Cost	**(3,045,260)**	(8,355,112)
Postretirement Healthcare Plan Premiums	**(460,829)**	(451,188)
Gain on Disposition of Assets	**-**	(6,526,439)
Underrecovery of Wholesale Power Cost	**(13,633,558)**	(4,162,240)
Change In		
Accounts Receivable	**(2,025,950)**	(429,092)
Other Current Assets	**616,097**	194,955
Deferred Debits	**59,959**	630,172
Accounts Payable	**2,432,911**	(2,268,543)
Other Current Liabilities	**2,349,869**	1,707,032
Deferred Credits	**1,090,535**	447,785
	19,942,840	24,184,781
Cash Flows from Investing Activities		
Extension and Replacement of Plant	**(33,458,308)**	(71,132,980)
Proceeds from Disposition of Assets	**-**	12,500,000
Materials and Supplies	**(753,660)**	(396,948)
Change in Temporary and Other Investments	**8,000,000**	(2,000,000)
Return of Equity from Investments	**1,404,519**	2,176,662
	(24,807,449)	(58,853,266)
Cash Flows from Financing Activities		
Advances from Long-Term Debt	**-**	18,581,000
Principal Repayment of Long-Term Debt	**2,352,725**	(5,784,981)
Interest Earned on RUS Cushion-of-Credit	**(393,404)**	(1,845,394)
Retirement of Patronage Capital	**(7,403,658)**	(9,285,421)
Other	**(362,014)**	(58,554)
	(5,806,351)	1,606,650
Net Decrease in Cash, Cash Equivalents, and Restricted Cash	**(10,670,960)**	(33,061,835)
Cash, Cash Equivalents, and Restricted Cash - Beginning	**27,567,523**	60,629,358
Cash, Cash Equivalents, and Restricted Cash - Ending	**$ 16,896,563**	$ 27,567,523

See accompanying notes which are an integral part of these financial statements.

Statements of Cash Flows for the Years Ended August 31

		2022		2021
Reconciliation of Cash, Cash Equivalents, and Restricted Cash				
Cash and Cash Equivalents	**$**	**16,816,419**	$	27,487,509
Restricted Cash		**80,144**		80,014
	$	**16,896,563**	$	27,567,523
Supplemental Disclosure of Cash Flow Information				
Cash Payments of Interest	**$**	**2,013,769**	$	6,063,586
Supplemental Disclosure of Noncash Financing Transactions				
Principal and Interest Paid Utilizing RUS Cushion of Credit	**$**	**17,646,679**	$	8,508,999

See accompanying notes which are an integral part of these financial statements.

(1) Nature of Operations

GreyStone Power Corporation (the Corporation) is a not-for-profit corporation organized to provide electric service to its members. The Corporation operates as a cooperative whereby all monies in excess of cost of providing electric service are capital, at the moment of receipt, and are credited to each member's capital account.

(2) Summary of Significant Accounting Policies

General

Accounting policies of the Corporation reflect practices appropriate to the electric utility industry and accounting principles generally accepted in the United States of America (U.S. GAAP). The records of the Corporation are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission as modified and adopted by the Rural Utilities Service (RUS). The following describes the more significant of those policies.

Regulated Operations

The Corporation, in its rate-making capacity, accounts for certain revenue and expense deferrals in accordance with *Accounting Standards Codification (ASC) 980.*

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Long-Lived Assets

The Corporation evaluates long-lived assets for impairment when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The determination of whether impairment has occurred is based on either a specific regulatory disallowance or an estimate of undiscounted future cash flows attributable to the assets, as compared with the carrying value of the assets. If impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a provision for loss if the carrying value is greater than the fair value. For assets identified as held for sale, the carrying value is compared to the estimated fair value less the cost to sell in order to determine if an impairment provision is required. Until the assets are disposed of, their estimated fair value is reevaluated when circumstances or events change.

U.S. GAAP requires the present value of the ultimate cost for an asset's future retirement be recorded in the period in which the liability is incurred. The cost should be capitalized as part of the related long-lived asset and depreciated over the asset's useful life. The Corporation has no legal retirement obligations related to its distribution facilities; therefore, a liability for the removal of these assets will not be recorded. Management believes the actual cost of removal, even though not a legal obligation, will be recovered through rates over the life of the distribution assets.

Utility Plant

Utility plant is capitalized at cost less related contributions in aid of construction. In general, utility plant is capitalized at the time it becomes part of an operating unit and has been energized.

(2) Summary of Significant Accounting Policies (Continued)

Depreciation and Maintenance

Depreciation of distribution plant is provided using composite straight-line rates. When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its capitalized cost and its cost of removal less salvage are charged to the accumulated provision for depreciation. Provision has been made for depreciation of distribution plant at weighted average straight-line composite rate of 3.25 percent per annum, except automated metering equipment which is depreciated at a rate of 6.67 percent per annum.

Depreciation of general plant is provided on a straight-line basis over the estimated useful lives of the various assets. The weighted average rate on general plant is 5.67 percent per annum.

The costs of maintenance, repairs, and replacements of minor items of property are charged to maintenance expense accounts.

Cash Equivalents, Short-Term Investments, and Other Investments

For purposes of the statements of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

The Corporation classifies all of its debt securities as held-to-maturity (HTM). HTM debt securities are those debt securities in which the Corporation has the ability and intent to hold the security until maturity. HTM debt securities are recorded at cost, as there are no associated premiums and discounts to amortize. A decline in the market value of any HTM security below cost that is deemed to be other than temporary, results in an impairment to reduce the carrying amount to fair value. To determine whether impairment is other than temporary, the Corporation considers all available information relevant to the collectability of the security, including past events, current conditions, and reasonable and supportable forecasts when developing estimates of cash flows expected to be collected. Evidence considered in this assessment includes the reasons for impairment, the severity and duration of the impairment, changes in value subsequent to year-end, forecasted performances of the investee and the general market conditions in the geographical area or industry in which the investee operates. The Corporation's debt securities investments are invested at the National Rural Utilities Cooperative Finance Corporation (NRUCFC).

The carrying value of the debt securities investments included in cash and cash equivalents approximated fair value with interest rates ranging from 2.39 percent to 2.57 percent at August 31, 2022, and have original maturities of three months or less.

Restricted Cash

Restricted cash represents cash held in escrow to meet certain requirements of the Georgia Department of Transportation.

Accounts Receivable and Credit Policies

Accounts receivable are stated at the amount billed to the consumer. Once an electric consumer's service is shut off and the account is deemed uncollectible, the Corporation writes off the associated accounts receivable. An allowance is made for doubtful accounts based on experience and other circumstances which may affect the ability of consumers to meet their obligations. Accounts considered uncollectible are charged against the allowance. Recoveries of accounts receivable previously written off are recorded against the allowance when received. Receivables are reported on the balance sheets net of such accumulated allowance.

Credit evaluations are performed on most potential members before accepting them for service. Depending upon the results of the credit evaluation, a deposit may be required. If a member does not pay its bill based on the terms of the Corporation's service agreement, the Corporation may require an additional deposit as a condition of continued service.

(2) Summary of Significant Accounting Policies (Continued)

Materials and Supplies

Materials and supplies are generally used for construction and for operation and maintenance work and are not for resale. Cost is determined by the moving average method of inventory valuation. They are charged to construction or operations at moving average cost when used.

Patronage Capital and Margins

The Corporation is organized and operates under the cooperative form of organization. As such, patronage capital or margins are allocated to patrons on the basis of individual consumption of electric energy. Under provisions of the long-term debt agreements, until the total equities and margins equal or exceed 30 percent of the total assets of the Corporation, the return to patrons of capital contributed by them is limited. In addition, the Corporation has a financial loan covenant which specifies the Corporation's equities exceed 27 percent of total assets at the end of each fiscal quarter. The Corporation's equities were approximately 48 percent of total assets as of August 31, 2022 and 2021.

Revenue Recognition

Electric revenue is generated from contracts (service agreements) with retail customers and is recognized in accordance with Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606).*

Electric revenue, generated from the integrated service to deliver electricity when and if called upon by the customer, is recognized as a single performance obligation satisfied over time and as electricity is delivered to the customer during the month. Unbilled revenue related to retail sales are accrued at the end of each month. Electric revenue includes patronage capital and is billed monthly to consumers on a cycle basis. Electric rates for the Corporation include provisions to permit the board of directors to adjust billings for fluctuations in fuel costs, purchased power costs, and certain other costs.

Cost of Purchased Power

Cost of power is expensed as consumed.

Fair Value Option

The Corporation has elected the fair value option for its allocated equities from Oglethorpe Power Corporation (OPC). The election to account for this financial instrument under the fair value option was made based on management's assessment of the regulation surrounding the industry in which OPC operates, OPC's financial condition, and its potential effect on future returns of capital. The decision to elect the fair value option is determined on an instrument-by-instrument basis, must be applied to an entire instrument, and is irrevocable once elected. At this time, the Corporation has not elected to apply the fair value option to any of its other financial instruments.

Investments in Associated Organizations

Investments in associated organizations consist of the following:

- Investments in Other Cooperative Organizations - These investments represent capital investments made primarily to obtain an economical source of financing, product, or service. These investments are carried at cost plus allocated equities based on guidance issued in *ASC 905-325-30*.

(2) Summary of Significant Accounting Policies (Continued)

Investments in Associated Organizations (Continued)

- OPC Capital Credits - The Corporation has elected the fair value option for valuing OPC capital credits. See Note 18 for additional details on the Corporation's fair value assessment of OPC capital credits. Unrealized gains and losses on OPC capital credits are reported in earnings as a component of generation and transmission cooperative capital credits.

Capital credit allocations from associated organizations are included on the statements of operations as generation and transmission cooperative capital credits and other capital credits and patronage capital allocations.

Restricted Funds

Restricted funds represent funds designated for funding the Corporation's deferred compensation liability (Note 13). The funds are under the control of the plan participants and are therefore segregated from cash, cash equivalents, and restricted cash. Deferred compensation assets are stated at fair market value. Fair market value is measured using quoted market prices in active markets for identical assets and are considered level 1 instruments valued using the market approach. Any increase or decrease in the value of the restricted funds acts as an increase or decrease in the Corporation's deferred compensation liability.

Income Taxes

The Corporation is exempt from federal and state income taxes under Section 501(c)(12) of the Internal Revenue Code (IRC) which provides, in part, that the Corporation derive at least 85 percent of its annual gross income from members to retain the exemption. Although the Corporation has extended its December 31, 2021 information return through November 15, 2022, the Corporation has met the 85 percent requirement for the tax year.

Sales Tax

A portion of the Corporation's sales are subject to sales tax. The Corporation collects the sales tax from the customers and remits the tax to the appropriate taxing authority. The Corporation excludes the taxes collected and remitted from revenues and cost of sales.

New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (*Topic 842*) for lease accounting under U.S. GAAP. The new standard is intended to eliminate off-balance-sheet recording of lease obligations in an effort to create financial statements that more accurately reflect leasing activities. In general, an entity will record on the balance sheet the right-of-use assets and the corresponding lease obligations. The new standard was to become effective for private companies for fiscal years beginning after December 15, 2020. On June 3, 2020, as a result of COVID-19, the FASB amended the effective dates for *Topic 842*, through the issuance of ASU 2020-05, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Corporation can exercise a practical expedient and not apply retrospectively. The adoption of ASU 2016-02 is not expected to have a material impact on the financial statements.

Reclassifications

Certain reclassifications have been made within the August 31, 2021 financial statements to conform to the August 31, 2022 presentation. The reclassifications had no effect on net margins for the year ended August 31, 2021.

(2) Summary of Significant Accounting Policies (Continued)

Subsequent Events

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through October 24, 2022, the date the financial statements were available to be issued.

(3) Accounts Receivable, Contract Assets, and Contract Liabilities

Billed receivables and contract assets and contract liabilities are as follows as of August 31, 2022 and 2021:

	2022	2021	2020
	End of Year	End of Year	Beginning of Year
Billed Receivables, Net of Allowance			
Electric Operations	**$ 26,464,995**	$ 26,296,912	$ 25,381,259
Contract Assets			
Electric Customers - Accrued Utility Revenue	**$ 17,457,386**	$ 15,599,519	$ 16,086,080
Underrecovery of Wholesale Power Cost	**17,795,798**	4,162,240	-
	$ 35,253,184	$ 19,761,759	$ 16,086,080

(4) Utility Plant

Listed below are the major classes of the electric utility plant as of August 31:

	2022	2021
Distribution Plant	**$ 542,960,379**	$ 508,302,105
General Plant	**103,447,152**	101,740,717
Electric Plant in Service	**646,407,531**	610,042,822
Construction Work in Progress	**10,365,555**	12,167,011
	$ 656,773,086	$ 622,209,833

(5) Investments in Associated Organizations

Investments in associated organizations are comprised of the following as of August 31:

		2022		2021
CoBank				
Capital Credits	**$**	**1,858,967**	$	1,674,251
National Rural Utilities Cooperative Finance Corporation (NRUCFC)				
Capital Term Certificates		**1,256,111**		1,256,111
Capital Credits		**814,706**		852,707
Georgia Rural Electric Service Corporation				
Capital Credits		**2,034,967**		1,967,979
Georgia Transmission Corporation				
Contributed Capital		**2,860,384**		2,860,384
Capital Credits		**20,335,991**		18,797,285
Smarr EMC				
Contributed Capital		**318,393**		318,393
Capital Credits		**2,000,269**		1,775,189
Other		**1,353,783**		1,144,318
	$	**32,833,571**	$	30,646,617

(6) Other Investments

Other investments are comprised of the following as of August 31:

		2022		2021
Investment in Cooperative Choice, LLC	**$**	**1,389,031**	$	566,992
Other		**-**		14,539
	$	**1,389,031**	$	581,531

The Corporation accounts for its investments in Cooperative Choice, LLC utilizing the equity method. For the years ended August 31, 2022 and 2021, the Corporation recorded income related to this investment of $1,597,289 and $1,227,850, respectively, as a component of nonoperating margins.

(7) Deferred Debits

Deferred debits are comprised of the following as of August 31:

		2022		2021
Postretirement Healthcare Plan - Overfunded Status (See Note 13)	$	**18,783,607**	$	15,277,518
Automatic Metering Project		**4,924**		8,895,910
System Restoration - Hurricane Zeta		**-**		1,135,730
Underrecovery of Wholesale Power Cost		**17,795,798**		4,162,240
Other		**(71,828)**		(26,408)
	$	**36,512,501**	$	29,444,990

Underrecovery of Wholesale Power Cost

The Corporation's underrecovery of wholesale power cost represents amounts due from members for power cost which have yet to be billed as a component of the Corporation's rates or wholesale power cost adjustment. The Corporation anticipates billing this amount to its members.

(8) Deferred Credits

Deferred credits are comprised of the following as of August 31:

		2022		2021
Marketing Incentives	$	**2,477,600**	$	1,680,100
Deferred Compensation Plan Liabilities		**524,649**		588,228
Unearned Pole Rental Income		**357,102**		64,067
	$	**3,359,351**	$	2,332,395

(9) Patronage Capital

Patronage capital consisted of the following categories as of August 31:

		2022		2021
Assignable	$	**14,857,269**	$	28,363,243
Assigned		**427,103,878**		398,827,820
		441,961,147		427,191,063
Retired		**(157,535,854)**		(148,987,213)
	$	**284,425,293**	$	278,203,850

(10) Other Equities

Other equities are comprised of the following as of August 31:

		2022		2021
Unbilled Revenue Prior to January 1, 2019	$	**14,502,922**	$	14,502,922
Retired Capital Credits-Gains		**11,858,024**		10,959,838
Donated Capital		**613,039**		740,749
Other		**105,293**		105,295
	$	**27,079,278**	$	26,308,804

(11) Debt

Long-Term Debt

Long-term debt consists primarily of mortgage notes payable to the United States of America acting through Federal Financing Bank (FFB) and CoBank. The notes are secured by a mortgage agreement among the Corporation, FFB, and CoBank. Substantially all the assets of the Corporation are pledged as security for long-term debt of the Corporation. The notes generally have 35-year maturity periods and are payable on an installment basis.

Long-Term debt is comprised of the following as of August 31:

Holder of Note	Weighted Average Interest Rate		2022		2021
FFB	2.91%	$	**244,022,652**	$	254,061,899
CoBank	3.63%		**51,568,757**		56,823,464
			295,591,409		310,885,363
Maturities Due Within One Year			**(15,856,825)**		(15,325,724)
			279,734,584		295,559,639
RUS Advance Payments Unapplied			**(19,846,742)**		(37,100,017)
		$	**259,887,842**	$	258,459,622

The Corporation's mortgage agreements require the maintenance of certain financial ratios. The Corporation achieved all the required ratios at December 31, 2021 and August 31, 2022, the most recent measurement dates.

(11) Debt (Continued)

Long-Term Debt (Continued)

Although the Corporation had $-0- in unadvanced loan funds on commitment from FFB as of August 31, 2022, the Corporation's work plan 2022-2025 work plan totaling $141,938,000 has been approved and is in the final stages of funding.

Principal maturities of long-term debt are as follows:

Year	Amount
2023	15,856,825
2024	16,376,414
2025	16,979,021
2026	17,545,004
2027	18,150,113
Thereafter	210,684,032
	$ 295,591,409

The Corporation has made unapplied advance payments to the RUS Cushion-of-Credit program. Under this program, the Corporation made voluntary deposits into a special cushion-of-credit account. Through September 30, 2020, the cushion-of-credit balance accrued interest to the Corporation at a rate of 5 percent per annum. Beginning October 1, 2020, the rate dropped to 4 percent. Beginning October 1, 2021, interest on remaining balances is being paid at a floating one-year Treasury rate. As of August 31, 2022, remaining cushion-of-credit funds may only be applied to regular FFB debt service payments.

Line-of-Credit

The Corporation has a $26,700,000 line-of-credit with NRUCFC at 4.25 percent with no outstanding balance as of August 31, 2022 and 2021.

(12) Other Current Liabilities

Other current liabilities are comprised of the following as of August 31:

	2022	2021
Accrued and Withheld Taxes	**$ 7,454,885**	$ 6,766,105
Accrued Interest	**1,501,210**	1,480,184
Accrued Payroll	**1,267,335**	1,086,572
Accrued Leave	**2,784,242**	2,746,931
Other	**222,744**	274,530
	$ 13,230,416	$ 12,354,322

(13) Retirement Benefits

Defined Benefit Pension Plan

Pension benefits for substantially all employees of the Corporation are provided through participation in the RS Plan, a defined benefit plan qualified under Section 401 and tax-exempt under 501(a) of the IRC. The plan sponsor's employer identification number is 53-0116145 and the plan number is 333.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The Corporation's annual contributions to the program represented less than 5 percent of total contributions made to the plan by all participating employers and are equal to the amounts recorded for pension cost. Contributions were approximately $3,931,000 and $3,420,000 for the years ended August 31, 2022 and 2021, respectively.

In the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was greater than 80 percent funded at January 1, 2022 and 2021 based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

Defined Contribution Plan

The Corporation also provides additional employee benefits to substantially all employees through the National Rural Electric Cooperative Association (NRECA) sponsored defined contribution Savings Plan (401-k). In this defined contribution plan, the Corporation's contributory portion of costs of this plan totaled approximately $520,000 and $456,000 for the years ended August 31, 2022 and 2021, respectively.

Postretirement Healthcare Benefits

The Corporation provides major medical benefits upon retirement as follows:

- For employees hired prior to June 1, 1992 who have reached early (age 55) or normal retirement dates (age 62 or 30 years of service) with 10 years or more of active service with the Corporation at the time retirement commences, the Corporation shall bear the expense of premium payments for employee coverage under the higher deductible plan that the Corporation approves for employees.

- Regular, full-time employees hired between June 1, 1992 and December 31, 2004 with 20 to 25 years of active service with the Corporation at normal retirement dates shall have 50 percent of the premium paid by the Corporation for employee coverage; those with 25 to 30 years shall have 75 percent of the premium paid by the Corporation for employee coverage; and those reaching 30 years or more of active service shall receive the benefit of having 100 percent of the employee premium paid for the coverage for the higher deductible plan that the Corporation approves for employees.

- Corporation employees hired on or after January 1, 2005 shall not be eligible for any major medical insurance benefits upon retirement, regardless of the number of years of active service with the Corporation.

(13) Retirement Benefits (Continued)

Postretirement Healthcare Benefits (Continued)

- Regular, part-time employees and employees hired prior to January 1, 2005, with less than the required years of active service and who retire in good standing shall be permitted to retain coverage for them, their spouses, and their dependents by paying the full premium.

The status of the Corporation's postretirement healthcare plan as of August 31 is detailed as follows:

	2022	2021
Accumulated Postretirement Benefit Obligation, Beginning	$ 24,298,383	$ 29,292,158
Service Cost	329,315	317,019
Interest Cost	513,480	619,632
Change in Actuarial Assumptions	(8,495,247)	(5,479,238)
Actual Benefits Paid	(460,829)	(451,188)
Accumulated Postretirement Benefit Obligation, Ending	16,185,102	24,298,383
Fair Value of Plan Assets, Beginning	39,575,901	35,763,376
Employer Contributions	460,829	451,188
Actual Benefits Paid	(460,829)	(451,188)
Actual Return (Loss) on Plan Assets	(4,607,192)	3,812,525
Fair Value of Plan Assets, Ending	34,968,709	39,575,901
Funded Status - Over	$ 18,783,607	$ 15,277,518

The plan's funded status is included in deferred debits on the balance sheets as of August 31, 2022 and 2021.

Since the fair value of plan assets exceed the actuarial present value of expected benefit payments due in the ensuing twelve months, no current obligation is presented.

Net postretirement benefit cost consisted of the following for the years ended August 31:

	2022	2021
Service Cost	$ 329,315	$ 317,019
Interest Cost	513,480	619,632
Actual (Return) Loss on Plan Assets	4,607,192	(3,812,525)
Amortization of Actuarial Gain	(8,495,247)	(5,479,238)
	$ (3,045,260)	$ (8,355,112)

(13) Retirement Benefits (Continued)

Postretirement Healthcare Benefits (Continued)

The Corporation's accumulated postretirement benefit obligation (APBO) and net postretirement benefit cost are calculated using various actuarial assumptions and methodologies. The assumptions include discount rates, healthcare trend rates, mortality rates, and other factors. Actuarial assumptions are reviewed on an annual basis.

Weighted average assumptions for the years ended August 31 are as follows:

Description	2022	2021	2020
Discount Rate on Net Postretirement Benefit Cost	**2.67%**	2.58%	2.95%
Discount Rate on Projected Benefit Obligation	**4.46%**	2.67%	2.58%
Healthcare Cost Trend Rate			
Initial	**7.50%**	6.20%	6.30%
Ultimate	**4.00%**	4.50%	4.50%
Fiscal Year Reached	**2036**	2038	2038

The Corporation has elected to amortize gains and losses from changes in actuarial assumptions in the year they occur. This practice is accepted under U.S. GAAP. The rate at which the Corporation has elected to amortize gains and losses exceeds the minimum rate prescribed by U.S. GAAP.

The components of net postretirement benefit cost, other than the service cost component, are included in the line item nonoperating margins for the years ended August 31, 2022 and 2021.

The Corporation's expected future benefit payments under the plan are as follows:

Year	Amount
2023	577,179
2024	638,059
2025	710,412
2026	743,911
2027	770,584
2028 - 2032	4,302,538

Subsequent Event - Plan Amendment

In September 2022, the Corporation's board of directors approved a plan amendment which changed the plan participation status for employees hired on or after January 1, 2005. Prior to the plan amendment, these employees could receive medical insurance benefits in retirement, but were required to pay the full premium. The plan amendment provides postretirement medical benefits for employees hired on or after January 1, 2005 at the same benefit level as employees hired between June 1, 1992 and December 31, 2004. Based on actuarial assumptions utilized in the August 31, 2022 actuarial valuation, the plan amendment is anticipated to increase the APBO by approximately $2,300,000.

(13) Retirement Benefits (Continued)

Postretirement Healthcare Benefits (Continued)

Plan assets are held in a trust and administered by an independent investment management company (the Trustee). The trust is a separate legal entity. Assets held by the trust are not subject to the general creditors of the Corporation and have been placed in the trust for the specific purpose of funding the Corporation's postretirement healthcare obligation.

The following table sets forth the weighted-average asset allocations of the plan assets as of August 31:

Year	Cash and Cash Equivalents	Fixed Income Securities	Equities Securities	Alternative Investments	Total
2022	**1.00%**	**40.00%**	**38.00%**	**21.00%**	**100.00%**
2021	1.00%	58.00%	39.00%	2.00%	100.00%

The Corporation, through the Trustee, employs a total-return investment approach whereby a mix of foreign and domestic equity securities and fixed income investments is used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews and annual liability measurements.

The current asset allocation adheres to the Corporation's overall investment strategy for plan assets. The fair value measurement is based on unadjusted quoted market prices in active markets for identical assets. This is considered a Level 1 fair value measurement, measured utilizing the market approach, in accordance with U.S. GAAP.

The Corporation does not anticipate contributing funds to the plan during the year ended August 31, 2023, other than the current year amount paid for retirees.

Deferred Compensation Plans

The Corporation has a nonqualified deferred compensation arrangement with a select group of management and highly compensated employees. The assets of this nonqualified executive deferred compensation plan are assets of the Corporation and are included on the balance sheets as restricted funds. The Corporation does not match employee elective deferrals. Deferred compensation assets set aside for these plans totaled $524,649 and $588,228 as of August 31, 2022 and 2021, respectively. These assets are subject to the claims of the Corporation's general creditors. A corresponding long-term liability is included in deferred credits on the balance sheets.

The Corporation also has a pension restoration plan (PRP), which is a nonqualified deferred compensation plan that benefits certain designated employees who are within a select group of key management or highly compensated employees. The purpose of the PRP is to retain and reward long service personnel, attract and retain management employees and to rectify the effect of limitations imposed by IRC Sections 415 and 401(a)(17). The PRP contains certain vesting provisions which the employees must meet in order to receive the benefits provided under the PRP. The PRP is a defined benefit plan, but since all participants have vested and received lump-sum distributions under the plan, disclosures are considered immaterial to the financial statements. At this point, the participants receive an annual benefit and payout. Payouts of $343,246 and $258,855 were distributed to the participants as compensation during the years ended August 31, 2022 and 2021, respectively. Payouts are made out of the Corporation's general funds and NRECA reimburses the Corporation though bill credits from the RS Plan.

(14) Nonoperating Margins

Nonoperating margins consisted of the following as of August 31:

		2022		2021
Interest Income	$	**305,605**	$	1,849,476
Other Components of Net Postretirement Benefit Cost		**3,374,575**		8,672,131
Gain on Disposition of Assets		**84,443**		6,526,439
Equity Earnings in Cooperative Choice, LLC		**1,597,289**		1,227,850
Royalties		**538,253**		546,104
Other, Net		**(724,507)**		(919,295)
	$	**5,175,658**	$	17,902,705

(15) Commitments

The Corporation has entered into various long-term contracts to meet the power supply demands of its consumers. The Corporation has a commitment to pay for its assignment of fixed costs through the term of these contracts, as well as any variable cost incurred above the allocated fixed cost amounts. The Corporation is a member of a generation cooperative known as OPC and has contracted with OPC based on a percentage of fixed or designated costs to purchase power supply from various facilities owned by OPC. The Corporation has multiple contracts with various expiration terms through 2050. Related fixed costs under these contracts were approximately $77,272,000 and $91,444,000 for the years ended August 31, 2022 and 2021, respectively, and are expected to remain relatively constant in the immediate future.

The Corporation elected to participate in OPC's "5 for 5 Rate Management Program." The objective of this program is to provide a means by which existing obligations of OPC that would otherwise be recognized as expense and billed in the future can be billed to OPC members in advance then credited back against the OPC member's power bill in the subsequent years. The Corporation elected to make payments through 2021 and receive credits from 2022 through 2027. The Corporation paid approximately $5,733,000 and $12,553,000 into OPC's 5 for 5 Rate Management Program for the years ended August 31, 2022 and 2021, respectively. The Corporation began receiving credits in January of 2022. Total credits applied totaled approximately $7,750,000 for the year ended August 31, 2022. The Corporation earns a return on the amounts funded into this program which are credited against the Corporation's power bill.

The Corporation has an agreement and Amended and Restated Power Purchase and Scheduling Agent Services Agreement through December 31, 2022. As part of the agreement, the Corporation has agreed to meet certain financial covenants or provide credit enhancement in accordance with the terms of the agreement. The cost (credit) under the agreement was approximately $(10,056,000) and $24,061,000 for the years ended August 31, 2022 and 2021, respectively.

The Corporation is a member of a transmission cooperative known as Georgia Transmission Corporation and, as such, has a Member Transmission Service Agreement which was executed in 1996. This agreement, and an approved extension, requires the Corporation to take transmission-related services through December 31, 2060. Transmission services under this agreement were approximately $23,782,000 and $23,211,000 for the years ended August 31, 2022 and 2021, respectively, and are expected to remain relatively constant in the immediate future. Transmission service is recorded as a component of cost of power.

(15) Commitments (Continued)

The Corporation entered into an agreement in November 2012 with an independent third party to purchase a specific amount of physical energy beginning January 1, 2016 and continuing for a period of 15 years. The cost under the agreement was approximately $17,335,000 and $7,488,000 for the years ended August 31, 2022 and 2021, respectively.

The Corporation has an agreement with a third party to provide power requirement needs through December 31, 2025. As part of the agreement, the Corporation has agreed to meet certain financial covenants or provide credit enhancement in accordance with the terms of the agreement. The Corporation currently meets the required covenants. The cost under the agreement was approximately $1,705,000 and $1,663,000 for the years ended August 31, 2022 and 2021, respectively.

The Corporation is party to a Purchase Power Agreement with the Southeastern Power Administration, acting through the United States Department of Energy, for electric power generated by federal reservoir projects. The cost incurred under the agreement was approximately $3,192,000 and $3,037,000 for the years ended August 31, 2022 and 2021. Costs related to this contract are expected to remain relatively constant in future years.

The Corporation has entered into various assignment and assumption agreements through Green Power EMC and its participating members. These "green power" agreements are in support of the Corporation's receiving capacity and energy from the various renewable generation projects that the Corporation has chosen to participate in through Green Power EMC. The Corporation incurred approximately $5,371,000 and $4,983,000 for capacity and energy payments for these generation assets in the years ended August 31, 2022 and 2021, respectively. Costs related to these contracts are expected to remain relatively constant in future years.

Under current law, the Corporation has the ability to recover these costs from its members; however, any change to existing laws could adversely affect the ability to recover these costs.

(16) Concentrations

At August 31, 2022, the Corporation held commercial paper with NRUCFC in the amount of $10,000,000 which is included in cash and cash equivalents. These instruments are not secured or otherwise subject to federally insured deposit liability coverage.

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and cash equivalents and consumer accounts receivable. The Corporation maintains interest-bearing and noninterest-bearing transaction accounts at multiple financial institutions. Cash balances throughout the year periodically exceed federally insured deposit limits of $250,000. The Corporation believes that its cash is not exposed to any significant risk and the Corporation has not experienced any loss in accounts which exceed federally insured limits. At August 31, 2022, the amount exceeding insured limits was approximately $6,081,000.

The Corporation serves customers in the state of Georgia. The geographic concentration of the Corporation's customers results in a concentration of credit risk with respect to the collection of accounts receivable. Credit evaluations are performed on most potential customers before accepting them for service. Depending upon the results of the credit evaluation, a deposit may be required. If a customer does not pay its bill based on the terms of its service agreement, the Corporation may require a consumer deposit as a condition for continued service.

(17) Litigation

The Corporation is involved in various other unresolved legal actions. Although it is not possible to predict with certainty the outcome of these unresolved legal actions or the range of possible losses or recovery, the Corporation believes these unresolved legal actions will not have a material effect on its financial position or results of operations and intends to vigorously defend its position related to the unresolved issues. However, any resolution that differs from management's position could adversely impact the financial statements.

(18) Fair Value of Financial Instruments

Fair Value Hierarchy

The Corporation records certain financial and nonfinancial assets using fair value measurements. The Corporation uses a hierarchical disclosure framework that prioritizes the level of market price observability to measure investments at fair value.

The guidance establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2. Valuations based on quoted market prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

Level 3. Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following valuation techniques are used to estimate the fair value of each class of financial instrument:

(1) *Market approach.* The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business) and deriving fair value based on these inputs.

(2) *Income approach.* The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts.

(3) *Cost approach.* The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (often referred to as current replacement cost). This approach assumes that the fair value would not exceed what it would cost a market participant to acquire or construct a substitute asset or comparable utility, adjusted for obsolescence.

Recurring and Nonrecurring Fair Value Measurements

The Corporation had cumulative capital credit notifications from OPC totaling $80,603,074 and $75,414,461 as of December 31, 2021 and 2020, respectively. OPC assigns patronage capital on a calendar year basis. The Corporation has elected to account for OPC capital credits as financial instruments under U.S. GAAP, based on an expectation of a return of capital, and measures these capital credits at fair value on an annual basis (recurring fair value measurement) using significant unobservable inputs (Level 3). No market data exists for these instruments.

The Corporation had no nonrecurring fair value measurements for the years ended August 31, 2022 and 2021.

(18) Fair Value of Financial Instruments (Continued)

Recurring and Nonrecurring Fair Value Measurements (Continued)

Recurring fair value measurements included in the financial statements are as follows:

	Carrying Value as of August 31	Fair Value Measurements Using: Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
2022					
Recurring Fair Value Measurement					
Investments in Associated Organizations					
OPC Capital Credits	$ -			$ -	$ -
2021					
Recurring Fair Value Measurement					
Investments in Associated Organizations					
OPC Capital Credits	$ -			$ -	$ -

Unobservable inputs are inputs that reflect management's own assumptions about the assumptions market participants would use in pricing an asset or liability based on the best information available in the circumstances.

Gains and losses included in earnings for each period are presented as a component of generation and transmission cooperative capital credits in the statements of operations. Level 3 fair value measurements for the years ended August 31 are as follows:

	2022	2021
Beginning Balance	$ -	$ -
Transfers into Level 3	-	-
Total Gains or Losses for the Period		
Included in Margins		
Patronage Notifications	**5,188,613**	4,971,202
Fair Value Adjustment(s)	**(5,188,613)**	(4,971,202)
Purchases, Issues, Sales, and Settlements	-	-
Ending Balance	$ -	$ -

(18) Fair Value of Financial Instruments (Continued)

Recurring and Nonrecurring Fair Value Measurements (Continued)

For Level 3 fair value measurements, the Corporation's management determines the fair value measurement valuation policies and procedures. In accordance with board policy, the board of directors assesses and approves the fair value measurement policies and procedures. On an annual basis, management determines if the current valuation techniques used in the fair value measurements are still appropriate and evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and any available third-party information. There were no changes in the valuation techniques during the current year.

Quantitative information about Level 3 fair value measurements for the years ended August 31, 2022 and 2021 is as follows:

Financial Instrument	Fair Value	Valuation Technique	Unobservable Input	Percentage
OPC Capital Credits	$-0-	Discounted Cash Flow	Expected Return of Capital	0.0%

The significant unobservable input used in the fair value measurement of the Corporation's OPC capital credits is an expected return of capital. Management has assessed that no expected return of capital exists based on the following factors:

- Uncertainty as to return of capital since no capital has been returned in recent years.
- Capital returns limited by debt agreements.
- Review of major construction and related debt requirements.
- Regulatory environment.
- No known market.

An increase in the percentage of expected capital returns would result in a significantly higher fair value measurement.

2022 AWARDS AND RECOGNITIONS

Partners in Education (PIE) Partner of the Month by Paulding County Board of Education

Georgia EMC Lifesaving Award - Apprentice Lineman V Matt Frame by both GreyStone Power and Georgia EMC

GreyStone Gatekeeper Awards – 20 co-op employees were recognized by GreyStone Power for noble actions that helped community members. Journeyman Lineman Jared Childers won three awards for three separate incidents.

Going the Extra Mile (GEM) Award - Field Services Coordinator Yoselin Santillan by GreyStone Power, for exceptional teamwork and collaboration

Georgia Lineman's Rodeo – The GreyStone Power team, consisting of Safety & Training Specialist Tony Brown, Line Foreman Matt Williams, Journeyman Lineman Sam Albright and Meter Apparatus Supervisor John Atcheson (coach) came home with a fifth-place award for overall winner and also placed second in a journeyman event. Apprentice Lineman IV Cody Rainey finished 12th of 70 in the overall apprentice category.

2022 Lifetime Achievement Award by the Douglas County Chamber of Commerce and **One of the state's 500 most influential leaders** by Georgia Trend magazine to President and CEO Gary Miller.

West Georgia Living's 40 under 40 Rising Stars – Assistant Vice President of Power Supply Creighton Batrouney

Telly Award – Local TV – Utilities for "GreyStone Power Has Your Back;" "You're Why;" and "Top 5 Reasons" campaigns. The international award is the premier honor for video and television content across all screens.

Spotlight on Excellence Award for GreyStone Power's 2022 Annual Meeting - Public & Member Relations Coordinator Amanda Busby. The national award recognizes outstanding work produced by the nation's electric cooperative communication and marketing professionals.

Cooperative Communicators Association Awards - Public Relations & Communications Coordinator Anitra Ellison for GreyStone Power's Instagram; photo editing; and the cooperative's internal electronic newsletter.

GREYSTONE POWER CORPORATION

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