2022 ANNUAL REPORT

Georgia Transmission

CELEBRATING

YEARS • 1997–2022

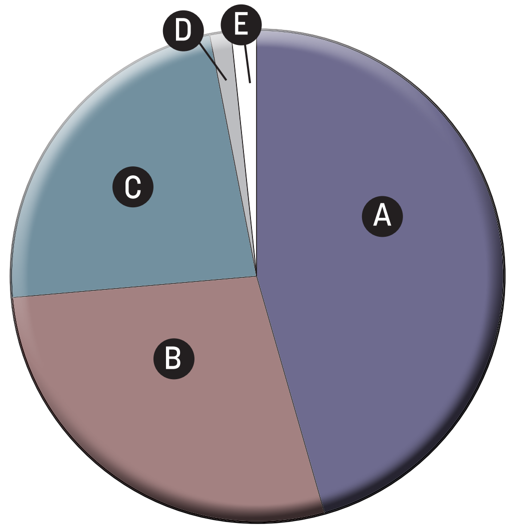
GEORGIA TRANSMISSION CORPORATION PARTNERS WITH 38 ELECTRIC MEMBERSHIP CORPORATIONS (EMCS) TO DELIVER ENERGY TO MORE THAN 4.4 MILLION GEORGIANS ACROSS 70% OF THE STATE'S LAND AREA.

GeorgiaTransmission
CELEBRATING 25 YEARS
1997–2022

CONTENTS

FINANCIAL AND OPERATING HIGHLIGHTS

	(dollars in thousands)
A. Transmission Lines	$1,167,103
B. Distribution Substations	719,161
C. Transmission Substations	592,291
D. Plant Held for Future Use	36,032
E. General Plant	41,642



	(dollars in thousands)
Total Assets	$2,954,027
Total Operating Revenues	377,638
Net Margin	23,305
Patronage Capital and Membership Fees	385,121

A MESSAGE FROM OUR OFFICERS

At Georgia Transmission, delivering safe, reliable and cost-effective electricity is just part of our commitment to those we serve. We know how we deliver electricity plays an important role in creating the prosperous Georgia we all want to call home for generations to come. It's why we partner with our 38 member systems to find solutions to meet their unique needs, and together, keep electricity at the flip of a switch for more than 4.4 million Georgians.

In 2022, this meant Georgia Transmission:

- Invested $268.3 million, completing 126 capital projects, including facilities to support commercial/industrial customer-choice loads for our member systems;
- Received approval from the Rural Utility Service (RUS) for a $155 million federal loan for post-construction funding of transmission projects;
- Received $114 million in funding from the Federal Financing Bank (FFB) for transmission project construction;
- Continued to monitor cybersecurity developments and comply with federal reliability standards; and,
- Incurred no environmental violations and no lost-time incidents for the ninth consecutive year.

This year also marked an exciting milestone for Georgia Transmission, as we celebrated 25 years of service to our members. Georgia Transmission began in 1997 when Oglethorpe Power divested itself of its electric transmission business — and ever since, we've been hard at work to deliver the electricity our members need to power their communities. A lot has changed in our world over the past 25 years, but one thing remains constant — our commitment to a business model that works in partnership with our members and local communities to find the best solution to meet their electric power needs.

Always future-focused, we used this year of celebrating our heritage to launch new programs we feel will help best position us to continue as leaders in the future of energy.

- In the fall, we announced plans for our new microgrid education center. We designed this program to serve as a research site that will help us — and our members — explore the possibilities the microgrid technology of today can provide in improving reliability, serving as back-up power and determining other solutions.
- Internally, we launched a new knowledge-transfer initiative aimed at ensuring the smooth transition between the workforce of today and that of tomorrow. Many organizations are facing a potential knowledge loss challenge as large cohorts of long-time employees reach retirement age. Recognizing the potential for this risk, we initiated a robust program of knowledge documentation, job shadowing and job rotations. Additionally, we established this program in a collaborative and cross-functional manner, which allows colleagues from different specialties to learn and bring new perspectives to different knowledge areas.
- We also redefined our business intelligence program, separating it into a standalone department that is helping to guide data-driven decisions with everything from transformer health to employee training. This team is also helping to bring data sets housed in different departments together into one place.
- Additionally, we continued to advance our bot program to automate more routine administrative tasks throughout the organization. This effort not only helps eliminate the risk of keying errors, but frees up staff to address more complex issues.


GeorgiaTransmission
CELEBRATING
25
YEARS
1997–2022

We successfully launched these new initiatives, while continuing to collaborate with our members to meet the growing energy needs of Georgia. Together, all of these projects, and more, helped make it another exciting and innovative year at Georgia Transmission. We are excited to share more details about these milestones, our continued financial strength and other initiatives on the following pages. And, we eagerly anticipate exciting new opportunities in the year ahead, as we work to deliver the best in reliable service to our members.

Charles R. Fendley
Chairman

Steve Rawl Sr.
Vice Chairman

Otis P. Jones
Secretary-Treasurer

2022 Assets: $2.95 billion

1997 Assets: $762 million

2022 3,916 miles of transmission lines

1997 2,359 miles of transmission lines

2022 774 substations

1997 461 substations

2022 EMC load 9,990 MW*

1997 EMC load 5,252 MW

**To ensure an apples-to-apples comparison, the EMC load of 9,990 MW reached on Wednesday, June 15,2022, is reflected in the chart above, instead of the EMC load of 10,787 MW reached on Saturday, Dec. 24, 2022. For billing and official record keeping purposes, weekends and corporate holidays are excluded.*

[IM]PROVING RELIABILITY, EVERY DAY

Since our inception in 1997, we've been dedicated to making strategic investments in our infrastructure and research initiatives to ensure we are continuously improving our reliability. Additionally, that dedication extends to a strong partnership with our members. Together, we work to plan, build and maintain the electrical infrastructure that safely and reliably meets the needs of Georgians today, while being prepared to meet the ever-growing energy demands of tomorrow.

From time-to-time, Mother Nature puts our reliability investments to the test — and 2022 was no exception. During the dog days of summer, we set an all-time record peak demand on the system. This record was outshined just a few months later with an even higher demand set during the frigid cold temperatures of late December. During each period of record demand, the system met the call to deliver the electricity our members needed to serve Georgians.

Mother Nature also challenged us with physical destruction in 2022. In April, a tornado crossed a span of 500 kV transmission lines near Bonaire, Georgia. The destructive force of the storm destroyed three towers, leaving two in a mangled mess. Thanks to our grid-resiliency investments, we were quickly able to reroute power and implement temporary solutions to restore service within hours to affected homes and businesses. And, through long-standing partnerships and agreements with fellow members of Georgia's Integrated Transmission System, we were able to work together to rebuild the affected lines and structures within weeks.

After a tornado took down two 500 kV towers near Bonaire, Georgia, we quickly restored power as a result of our grid-resiliency investments. Through long-standing partnerships and agreements with members of Georgia's Integrated Transmission System, we rebuilt the towers within three weeks.

To meet the challenge of reaching a downed line in a rural area, Georgia Transmission used more than 800 wooden mats, spanning more than a mile, across swampy terrain to move the necessary equipment to the damage site.

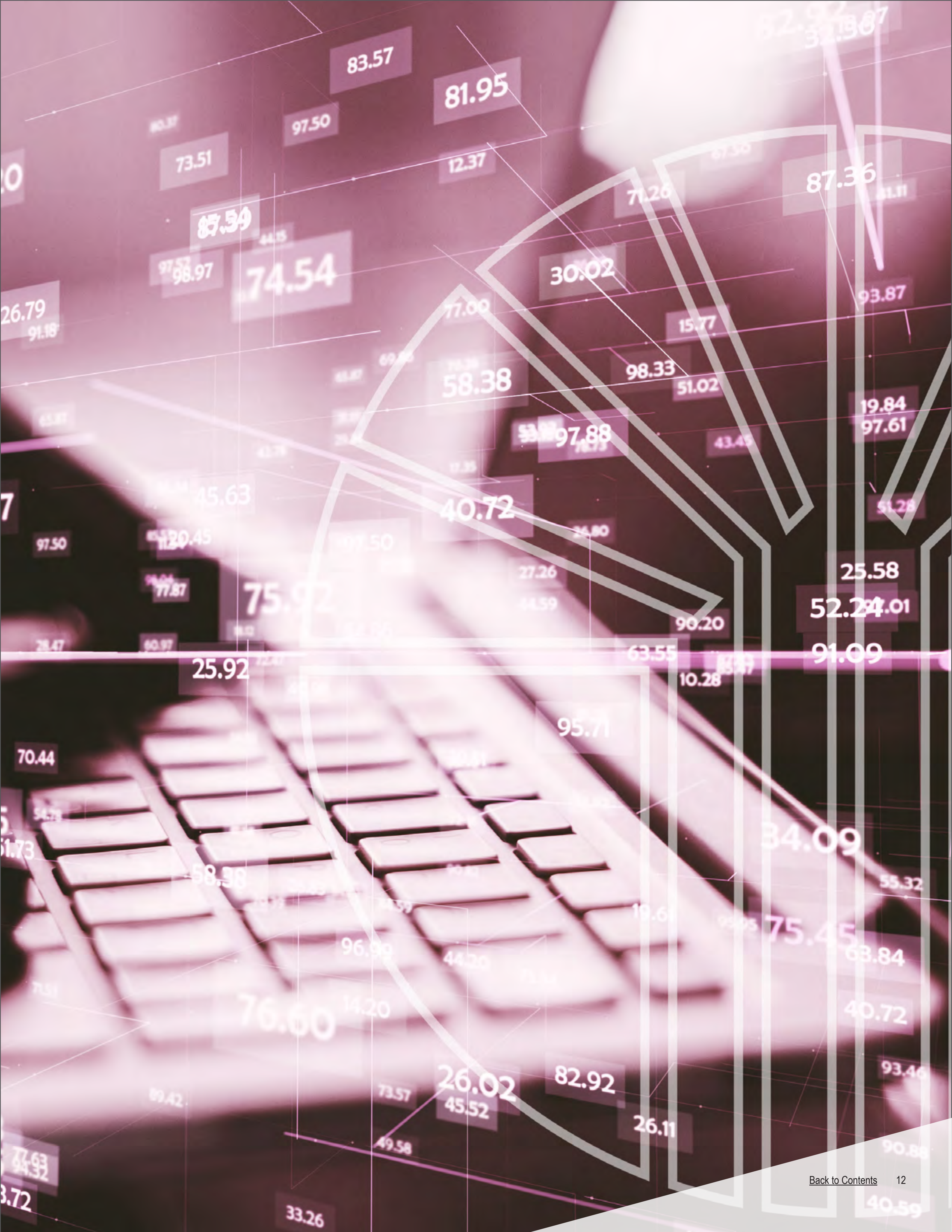
At the core of being an electric cooperative is bringing electricity to rural communities. This means our lines often travel miles in hard-to-reach areas. In May, another storm downed a line in rural southwest Georgia. Utilizing drones, our teams were able to quickly visually inspect the damage before creating a game plan to restore service. Once we were ready to respond, the challenge of reaching the site was overcome by laying more than 800 wooden mats, spanning more than a mile, across the swampy terrain to move the necessary equipment to the damage site.

Our reliability strategy doesn't stop with just ensuring adequate capacity and quick response times, rather it is based on everyday improvements and a dedication to innovative solutions. Our robust rights of way management program helps ensure we're not only keeping Georgia beautiful, but the vegetation and wildlife that call our rights of way home safely cohabitate with our electrical infrastructure.

The future is always unpredictable; however, we're committed to making the investments today that ensure Georgians can continue to rely on us to deliver safe, reliable and cost-effective electricity. Some of those investments include:

- In 2022, we announced plans for our microgrid education center. Research conducted in the program will help Georgia Transmission and our members explore the role microgrids can play in enhancing reliability, serving as back-up energy solutions and supporting other opportunities.
- Our business intelligence team began using new technologies to analyze business data to help us predict system needs earlier than before.

Our long-standing, robust planning process and partnership with our members continues to ensure we are meeting the unique energy needs of the local community. Making these strategic and collaborative investments, along with many others, is how we're working to ensure the future stays bright.



SOLVING TOMORROW'S CHALLENGES TODAY

Every day, more people and industry choose to call the Peach State home. And, with ever-advancing technology, our reliance on electricity to power everyday life has never been greater. From delivering the electricity needed to power the jobs revitalizing a rural community to supporting electric transportation growth in our cities, we're investing in the electrical infrastructure that helps ensure the magic of light happens each time you flip the switch.

We believe our collaborative approach — with our members and the local community — to building infrastructure is a key to our sustainable and well-managed growth. Throughout the process of planning, designing, building and maintaining, we remain committed to finding the best solution for all involved every step of the way.

For nearly 20 years, Georgia Transmission has used a siting methodology that it co-created with the Electric Power Research Institute (EPRI). This computerized siting methodology considers natural and built environments, while seeking to avoid disturbing wildlife, nature and dense residential areas, among other factors. Once the project is built, our rights of way management program and infrastructure maintenance teams help to ensure we continue to leave a positive legacy in each of the communities we serve.

2022 COMPLETED PROJECTS

10	New Substations
5	New Transmission Line Projects
18	Transmission Line Modifications
60	Substation Modifications
2	Low-side Projects
31	Existing Asset Acquisitions
126	**Total Projects Completed**

31.7 Miles of New Transmission Line

$268.3 Million Capital Budget

In 2022, our 126 capital projects supported commercial customer loads, added resiliency to the state's electric grid, supported increased renewable energy sources and met the ever-growing demand for electricity to power daily life. These projects included:

- Constructing a new substation in southeast Georgia to support the electric power needs of a commercial customer working to deliver renewable energy sources to commercial transportation;
- Successfully navigating supply chain disruptions and managing rising costs to get new infrastructure in the south metro Atlanta area ready for service ahead of a member's need;
- Investing in grid-resiliency programs to support the state's growing mix of renewable energy sources;
- Furthering our fiber-optic network development efforts — including connecting more key locations and building additional resiliency into the system; and,
- Supporting the growing infrastructure needs of commercial and residential growth along the I-85 and I-20 corridors.

Each project presented its own unique challenges — from finding poor soil conditions that required remediation before construction could begin to building within an already bustling and complex urban environment. No matter the challenge, our teams focused on finding the best solutions to meet the specific needs of each local community.

POWERED BY RESPONSIBLE STEWARDSHIP

As a not-for-profit cooperative, owned by those we serve, we're committed to being responsible stewards of the funding our members provide. This dedication to responsible stewardship has led the cooperative to manage strategic and sustainable growth for more than 25 years. Since our inception in 1997, our assets have grown from nearly $760 million in assets to more than $2.95 billion today. As we look toward the future, we remain committed to further building on our legacy in partnership with our members.

Lending institutions consistently point to Georgia Transmission's long-term, stable relationships with our member systems and low risk as primary reasons for awarding us low-cost financing. During 2022, Georgia Transmission successfully navigated a challenging market of record inflation and rising interest rates to secure necessary funding. We received $114 million in funding from the Federal Financing Bank (FFB) for post-construction funding of transmission projects. Additionally, Georgia Transmission received approval for a $155 million federal loan also to fund transmission project construction. Georgia Transmission also successfully transitioned our $240 million commercial paper program to a new issuing/paying agent.

Georgia's need for reliable and affordable electricity continues to grow. Our members see that growth firsthand, as they watch their thriving communities welcome new neighbors. We remain committed to partnering and supporting member activities to adapt to this growth – ensuring every Georgian continues to have reliable electricity available at the flip of a switch. And, with our $240.3 million capital budget for 2023, we're making investments today to ensure the future stays bright for years to come.

Georgia Transmission Corporation Credit Ratings

	S&P	Moody's	Fitch
Long-term Rating	AA-	A2	A+
Short-term Rating (commercial)	A1+	P1	F1+

SINCE OUR INCEPTION IN 1997, OUR ASSETS HAVE GROWN FROM NEARLY $760 MILLION IN ASSETS TO MORE THAN $2.95 BILLION TODAY. AS WE LOOK TOWARD THE FUTURE, WE REMAIN COMMITTED TO FURTHER BUILDING ON OUR LEGACY IN PARTNERSHIP WITH OUR MEMBERS.

INVESTING IN PEOPLE AND COMMUNITIES

As a cooperative, we believe the work we do beyond the grid is just as important as the work we do to deliver electricity to Georgia's thriving communities. We work every day to take steps, together with our members and their local communities, to ensure Georgia is a great place to call home for generations to come.

This all begins with a commitment to education. Through our GTCU internal training program, EPRI research partnership and tuition reimbursement program, we're creating the opportunities for our associates to be lifelong learners — ensuring they always have the knowledge to create the best solutions. Through our experiential education partnerships with local colleges and universities, we're helping to facilitate real-world learning experiences for future energy workers. And, our STEM programs, geared toward middle and high school students, help spark the imaginative wonder of future innovative careers.

We also believe it is important to create a working environment that supports these investments. At Georgia Transmission, we want our associates to live a full life. That's why, for more than a decade, we've offered an alternative work schedule program that provides our associates greater flexibility to manage their day — from the ability to commute at off-peak times to having the time to be present for the important moments in life. Most recently, we added the benefit of some remote work opportunities. Additionally, our robust benefits plan, volunteer time off and paid time off are ways we help our associates live a full life.

We also encourage our associates to be engaged members of our community. In 2022, our associates dedicated more than 150 hours of company-sponsored volunteer time supporting NETWorks Cooperative Ministry and the Community Assistance Center. These two organizations provide food and other resources to in-need members of our community. In addition to these two volunteer projects, associates participated in American Red Cross blood drives, sponsored holiday gifts for children through The Salvation Army and supported drives collecting coats and school supplies for local families.

Making these investments in our people and the communities we serve is just another way we are preparing for the future of energy. People drive us forward — and seeing them thrive in Georgia's communities helps add momentum to our mission of delivering the best in reliable, cost-effective service to our members.

In 2022, our associates dedicated more than 150 hours of company-sponsored volunteer time supporting NETWorks Cooperative Ministry and the Community Assistance Center. These two organizations provide food and other resources to in-need members of our community.

All 25 Years Together.

These associates have been part of GTC's story since the beginning.

Tim Ashton | Debbie Atkins | Sonda Bradfield | Bill Brice | Chip Buttrill | Terry Buttrill | Sam Cofield | Keith Daniel

Curt Garnto | John Gebo | David Giang | Phil Gibson | Ellen Gossett | Tim Harben | Robert Hollis | Jay Horsley

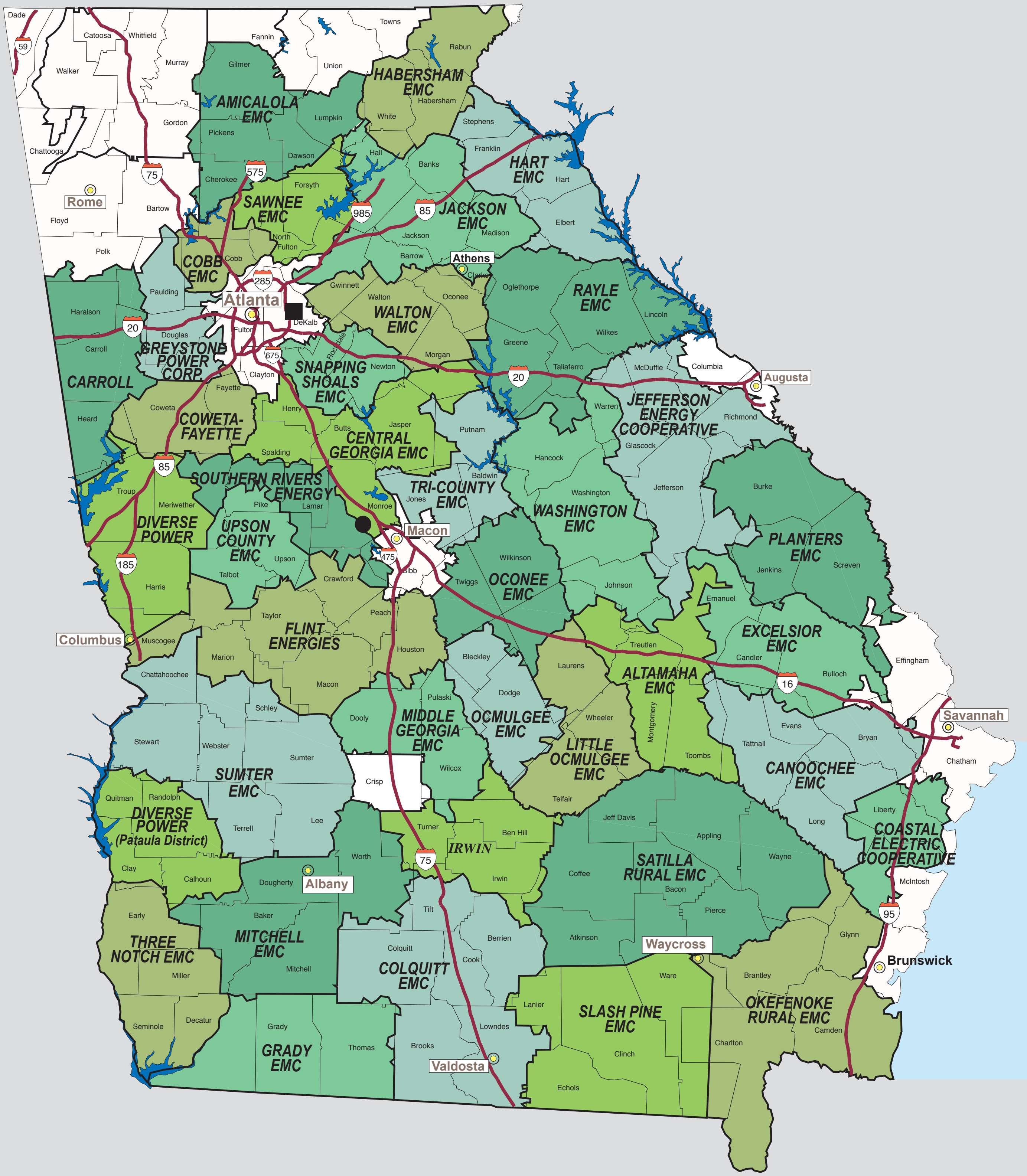
Lynn Huffines | David Hutto | Christy Johnson | Carl Jones | Ty King | Daniel Lascau | Rick Lewis

Dale Mann | Lewis Martin | Danny Nelson | Robby Phagan | Felecia Phillips | Jim Pittman | Warren Puryear

John Raese | Cedric Randolph | Patrick Ray | Rick Remondelli | Brian Rickmond | Mike Shelley | Chip Sirmans

David Van Winkle | Lynn Watkins | Ed White | Jerry White | Rob Wiley | Ken Wofford | Anthony Wright

MEMBER SYSTEMS



Oglethorpe Power Corporation is a Georgia Transmission member and power supplier that serves 38 member systems.

■ Georgia EMC, Georgia System Operations Corp., Georgia Transmission Corp. and Oglethorpe Power Corp., Tucker, Ga.

● Electric Cooperative Training Center, Smarr, Ga.

BOARD OF DIRECTORS


Charles R. Fendley
Chairman
Member Director


Steve Rawl Sr.
Vice Chairman
Member Director


Otis P. Jones
Secretary-Treasurer
Member Director

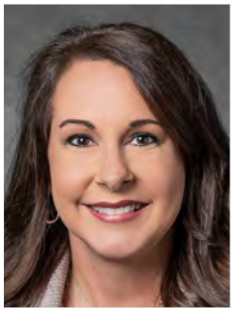

Raphael Brumbeloe
Member Director


David Dunaway
Member Director


Bobby Lewis
Member Director


Ron Marshall
Manager Director


Michael McMillan
Manager Director


Wendy Sellers
Manager Director


Jill Tietjen
Outside Director


Tony Tucker
Manager Director


Everett Williams
Member Director

This Board of Directors profile is current at the time of publication (March 27, 2023). During 2022, Ronnie Lee and Jack Waters also served as members of the board, with Ron Marshall joining in early 2023.

CEO AND EXECUTIVE STAFF

Barbara Hampton
President and
Chief Executive Officer

Dustin Zubke
Sr. Vice President
and Chief Financial
Officer

Keith Daniel
Sr. Vice President
Transmission Policy

John Raese
Sr. Vice President
Project Services

David Van Winkle
Sr. Vice President
Operations and
Maintenance

Camron Carden
Vice President
Transmission Projects

Angie Farsee
Vice President
Human Resources

Angela Sheffield
Vice President
General Auditor/
Chief Regulatory
Compliance Officer

Joe Sowell
Vice President
System Planning

Georgia Transmission
CELEBRATING 25 YEARS 1997–2022

FINANCIAL INFORMATION

SELECTED FINANCIAL DATA

This selected financial data should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and notes thereto included elsewhere in this annual report. The selected financial data as of the end of and for each of the fiscal years ended December 31, 2022, 2021, and 2020, have been derived from our audited financial statements.

STATEMENTS OF REVENUES AND EXPENSES DATA

(dollars in thousands)

	2022	2021	2020
Operating revenues:			
Network services revenues	$ 329,035	$ 324,801	$ 302,182
Other transmission revenues	48,603	44,772	43,325
Total operating revenues	377,638	369,573	345,507
Operating expenses:			
Operation and maintenance	103,201	100,069	91,129
Parity expense, net	53,792	41,647	28,787
Control center services	25,830	24,285	24,700
Administrative and general	17,581	16,208	15,896
Depreciation and amortization	79,645	97,010	93,350
Taxes	825	839	903
Total operating expenses	280,874	280,058	254,765
Operating margin	96,764	89,515	90,742
Total other income, net	2,980	2,159	5,195
Total interest charges, net	76,439	75,527	79,430
Net margin	$ 23,305	$ 16,147	$ 16,507

BALANCE SHEET DATA

	2022	2021	2020
Electric plant, net:			
In service	$ 2,556,229	$ 2,413,874	$2,367,218
Plant acquisition adjustments, at amortized cost	59,038	45,424	47,655
Construction work in progress	152,108	94,988	78,606
Total electric plant, net	$ 2,767,375	$ 2,554,286	$2,493,479
Total assets	$ 2,954,027	$ 2,780,908	$2,671,712
Capitalization:			
Long-term debt, excluding amounts due within one year	$ 2,174,457	$ 2,125,015	$2,101,315
Patronage capital and membership fees	385,121	361,816	345,669
Total capitalization	$ 2,559,578	$ 2,486,831	$2,446,984

OTHER DATA

	2022	2021	2020
Net cash provided by operating activities	$ 105,095	$ 155,820	$ 147,143
Margins-for-interest ratio[(1)]	1.33	1.23	1.22
Equity ratio[(2)]	15.0%	14.5%	14.1%
Property additions[(3)]	$ 292,233	$ 157,482	$ 145,760

(1) Our Indenture obligates us to establish and collect rates that, subject to any necessary regulatory approvals, are reasonably expected, together with other revenues, to yield a margins-for-interest (MFI) ratio equal to at least 1.10 for each fiscal year. The MFI ratio is the quotient of our MFI over our interest charges as calculated under the Indenture. See "Margins and Patronage Capital" and "Rates and Regulation" for further discussion of the MFI ratio.

(2) Our equity ratio is calculated by dividing patronage capital and membership fees by total capitalization.

(3) Property additions consist of assets obtained through the construction, acquisition, expansion and upgrading of facilities and systems.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements regarding matters that could have an impact on our business, financial condition and future operations. These include statements regarding: (i) anticipated capital expenditures, (ii) anticipated trends in our business and the regulation of the electric utility industry, (iii) anticipated availability of financing sources and (iv) other statements using terms such as "may," "will," "expects," "anticipates," "believes," "intends," "projects," "plans" or similar terms. These statements, which are based on our expectations and estimates, are not guarantees of future performance and are subject to risks, uncertainties and other factors that could cause actual events or results to differ materially from those expressed in the forward-looking statements. These risks, uncertainties, and other factors include, among others:

- new federal requirements related to cyber security, reliability, and transmission access;
- changes in environmental laws and policies and other governmental regulations;
- changes to the economy resulting in higher inflation and interest rates;
- changes to market conditions affecting our ability to access the debt capital markets and other sources of liquidity;
- the weather and other natural phenomena, including the economic, operational, and other effects of storms; and
- other risks described under "Risk Factors."

Any forward-looking statement is based on assumptions or information known or believed to be accurate only as of the date of this annual report. We undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date of this annual report, even if new information becomes available or other events occur in the future.

CORPORATE HISTORY AND INFORMATION

Georgia Transmission Corporation (Georgia Transmission) was formed in 1996 pursuant to a corporate restructuring of Oglethorpe Power Corporation (Oglethorpe) that occurred in 1997. The corporate restructuring divided Oglethorpe into three separate operating companies with Oglethorpe retaining the wholesale generation business. We purchased Oglethorpe's transmission assets and operate the transmission business previously owned and operated by Oglethorpe. Georgia System Operations Corporation (GSOC), which was also formed in connection with the corporate restructuring, acquired the system operations business previously owned by Oglethorpe and currently provides system operations services, including control center services and administrative support services, to Georgia Transmission and Oglethorpe.

We are a not-for-profit cooperative transmission services provider headquartered in Tucker, Georgia. We provide transmission services to our members in the state of Georgia. Our members consist of 38 of the 41 electric distribution cooperatives in Georgia (the Member Systems) as well as Oglethorpe. We have no rights to the assets or responsibility for the liabilities of the Member Systems. Oglethorpe provides wholesale electric power to the Member Systems through our electric power transmission facilities.

Our Member Systems serve approximately 2.1 million electric consumers (meters) representing approximately 4.4 million people. Our Member Systems serve a region covering approximately 40,000 square miles, which is approximately 70% of the land area in the state of Georgia, a small portion of the northern end of the state of Florida, and a small portion of the eastern side of the state of Alabama. In 2021, the most recent year for which we have consolidated data, sales by the Member Systems amounted to approximately 38 million megawatt hours (MWh), with approximately 67% to residential consumers, 30% to commercial and industrial consumers, and 3% to other consumers. The Member Systems are the principal suppliers for the power needs of rural Georgia. While our Member Systems do not serve any major cities, portions of their service territories are in close proximity to urban areas and have experienced varying degrees of growth in previous years due to the expansion of urban areas, including metropolitan Atlanta, into suburban areas and the growth of suburban areas into neighboring rural areas. From 2019 through 2021, our Member Systems experienced an average annual compound growth rate of 1.8% in number of consumers. MWh sales increased by 1.1% and electric revenues increased by 1.8%.

Currently, we have a Member Transmission Service Agreement (MTSA) with each Member System through December 31, 2060, subject to certain options that allow a Member System to reduce service if it so chooses. Under the MTSA, each Member System is jointly and severally liable for all of the obligations relating to our transmission business, including the payment of principal and interest on our indebtedness, and is required to pay us rates for the provision of transmission services in accordance with our Transmission Service Tariff (the Tariff). In addition, the MTSAs contain express covenants requiring the Member Systems to set and collect retail rates sufficient to meet their respective obligations under the MTSAs.

We coordinate transmission service planning and operational issues in Georgia through the Integrated Transmission System Agreements (ITSAs), which are bilateral contracts executed between Georgia Power Company (Georgia Power) and three other transmission owners in the state, including Georgia Transmission. Under the ITSA, we incur parity expense to the extent our percentage use of the Integrated Transmission System (ITS) exceeds our percentage investment in the assets that are part of the ITS. We receive parity revenue to the extent our percentage use of the ITS is less than our percentage investment in ITS assets. The owners of the ITS (the ITS Owners) are Georgia Transmission, Georgia Power, the Municipal Electric Authority of Georgia (MEAG Power), and the City of Dalton, Georgia (Dalton Utilities). Currently, we are planning new transmission projects and pursuing asset acquisitions to increase our percentage investment in ITS assets and reduce our projected parity expense in future periods; however, there can be no assurance that we will be able to reduce our parity expense in future periods due to, among other things, the increase by other ITS Owners of their investment in the ITS assets. Therefore, we expect to continue to pay parity expense at some level into the foreseeable future.

Our transmission assets consist primarily of the transmission lines and substations located throughout Georgia comprising our share of the ITS. As of December 31, 2022, we owned 3,916 miles of transmission lines and 774 substations. In addition to the assets we own, we have access to jointly use the entire system, including the assets of the other ITS Owners, pursuant to the ITSA. The assets we own can be categorized as follows:

Transmission Lines		Substations	
46 kV lines	672 miles	Transmission substations	77
115 kV lines	1,404 miles	Distribution substations	614
230 kV lines	1,305 miles	Combined transmission & distribution substations	83
500 kV lines	535 miles		
Total lines	3,916 miles	Total substations	774

As of December 31, 2022, we had total assets of approximately $3.0 billion and total long-term debt, including amounts due within one year, of approximately $2.3 billion. We have 324 approved full-time employees.

EXECUTIVE OVERVIEW

Cyber and Physical Security

Cyber and physical security remain top priorities for Georgia Transmission. We focus on all aspects of security, including technology, process, and people. We provide periodic cyber security training to our entire staff. We regularly exercise and refine our processes to identify, protect, detect, respond, and recover from security events. In 2022, we continued implementing our plan to improve cyber security control alignment with the National Institute of Standards and Technology Cyber Security Framework. This alignment promotes development within a variety of cyber programs including, but not limited to, vulnerability management, threat intelligence, end user behavioral analytics, risk management, and incident response. We take an active approach in improving our security posture through third party penetration testing, operational security exercises, and regular security assessments which increase risk awareness and enable us to prioritize and address security vulnerabilities. Additionally, we participate in industry activities aimed at improving the security and reliability of the industry as a whole. We monitor security alerts from the North American Electric Reliability Corporation (NERC) Electricity Information Sharing and Analysis Center, the Electricity Subsector Coordinating Council, the FBI, the Cybersecurity and Infrastructure Security Agency, the Department of Homeland Security, and public and private partners. We receive information about security incidents, such as recent ransomware attacks, that occur at other organizations and proactively make improvements to our systems based on lessons learned from those events. Moreover, we are focused on building a transmission system that is inherently resilient and capable of adapting and rerouting electricity when facing any threat or disruption, whether natural or human-made.

System Load

For most of the past several years, Georgia's load growth was largely flat due to such factors as the effects of milder seasonal temperatures, technological advances in today's energy efficient devices, general economic fluctuations, the addition of distributed generation facilities, and the use of demand-side management by our Member Systems. However, in

2022, we recorded a historically high peak load caused by a hot summer. Our current forecasts project that slight percentage increases in load growth are likely for the next few years. We continue to construct new transmission facilities and modify existing facilities to meet our Member Systems' needs and to achieve our system reliability objectives.

Parity

Since 2000, we have incurred parity expense primarily because the load in the Member Systems' territories has been either growing at a faster rate or declining at a slower rate than the load of other ITS Owners. We expect this trend to continue. Also, current and projected off-system sales, for us as well as other ITS Owners, are considerably less now than in previous years, which negatively affects our parity position. Therefore, as part of a long-term plan to achieve investment parity in the ITS, we will continue to build as well as purchase assets from other ITS Owners, as is permitted under the ITSA.

Staffing and Supply Chain

Having an appropriately sized and properly credentialed staff is critical for us. Accordingly, we have adopted a staff development focus internally to encourage mentoring, cross-training and new skills development within our organization. Externally, we are focused on attracting and recruiting skilled job applicants to proactively fill positions as a growing percentage of our workforce moves toward retirement. Externally, we maintain extensive bidders lists of qualified material/equipment suppliers and contractors for our capital projects and maintenance activities. However, due to a tighter labor market in general and the aging infrastructure across the United States, finding available, qualified crews in a timely manner continues to be challenging for us. Such factors, as well as raw material and shipping constraints, have also affected our supply chain function resulting in longer lead-times and increased costs for our construction and maintenance projects.

Long-Term Financing

The primary long-term financing source for our capital expenditures is loans from the Federal Financing Bank (FFB), guaranteed and administered by the Rural Utilities Service (RUS). The continued availability of RUS-guaranteed loan funds is subject to uncertainty because of congressional budgetary pressures and competition for RUS funds from other borrowers. We, therefore, cannot predict the future availability or amount of RUS-guaranteed loans. However, we intend to continue to submit annual loan applications to RUS for the long-term financing of our capital projects for as long as the loan program is available and it is economically feasible for us to borrow such funds. In addition, we have long-term and intermediate-term financing in place provided by the National Rural Utilities Cooperative Finance Corporation (CFC); CoBank, ACB (CoBank); and Bank of America, N.A. (Bank of America). Future financings may include loans from FFB, CFC, CoBank, Bank of America, and other banks, as well as public and private debt offerings. Also, we have applied for several grants from various federal agencies including the Department of Energy and the National Telecommunications and Information Administration. Final decisions regarding the awarding of funds will be announced in 2023. We will continue to seek out additional opportunities for project funding through grants from such entities, including the RUS, as they become available.

Liquidity and Credit Facilities

We continue to maintain a strong liquidity position comprised of a diversified mix of cash and short-term instruments, and $735 million in borrowing capacity through our credit facilities and commercial paper program, of which $603 million was available at December 31, 2022. We will continue to monitor economic conditions and take appropriate actions to ensure ongoing access to liquidity as well as to short-term and long-term funding opportunities for our capital requirements.

Reliability Standards

We continue to demonstrate compliance with applicable mandatory reliability standards. The body of standards continues to evolve as new requirements are added to address emerging risks to the bulk power system and existing standards are modified to improve the quality and content of the requirements. We are focused on being prepared for any new or revised standards applicable to us. As such, we continue to participate in standards drafting teams, working groups and other initiatives to ensure any new or revised requirements tangibly improve reliability in a cost-effective manner.

FERC Regulation

We continue to monitor energy legislative efforts in Congress and the regulatory efforts of the Federal Energy Regulatory Commission (FERC), including the recent Notices of Proposed Rulemaking regarding transmission planning, cost allocation, and generation interconnections. We support a cost allocation approach that requires grid improvements be paid for by only those customers who directly benefit from them. We also believe a regional approach to the grid, such as the ITS, and local decision-making provide the most effective means of meeting the needs of our Member Systems.

Environmental Regulation

Generation emission regulations contribute to transmission project planning uncertainty. While emissions proposals and rules by the Environmental Protection Agency (EPA) generally do not directly address transmission providers, such requirements and proposals could affect generation resource retirements and the construction of new generating resources, which in turn may lead to transmission project planning uncertainty. Our efforts to plan and build much-needed transmission projects within critical time frames are influenced by the generation resource decisions of our Member Systems as well as those of other parties that use the ITS. In addition, we expect regulatory requirements and restrictions from the EPA and other federal agencies to increase. Therefore, we will continue to monitor existing and proposed changes in environmental laws and their effects in order to provide input to and better inform our planning and construction processes.

Telecommunications

We have a fiber-based telecommunications network that ties our Member Systems and our facilities together. We are continuing to investigate other telecommunications opportunities and have identified situations where there is value to the Member Systems in owning telecommunication assets versus the previous practice of leasing lines from service providers. We believe such enhanced telecommunications assets will benefit the Member Systems by providing larger bandwidth for more complex operational applications and improving connectivity for business processes.

Broadband

The absence of adequate high-speed broadband services in most of rural Georgia directly affects our Member Systems and the quality of life of the communities they serve in terms of education, business, healthcare, and general economic development. Therefore, in recent years, several of our Member Systems have created affiliates to provide broadband services to their customers, which have been approved by the Georgia Public Service Commission. Other Member Systems have partnered with existing broadband providers, thereby extending broadband availability within their territories.

SEEM

The Southeast Energy Exchange Market (SEEM) is an extension of the current bilateral energy market that offers sub-hourly trading through an automated system using unreserved, zero-cost transmission for those transactions. We became a member of SEEM in January 2022. SEEM market operations started in November 2022. We expect SEEM to be a mechanism for lowering overall costs for our Member Systems.

SUMMARY OF COOPERATIVE OPERATIONS

Tax Status

We are a 501(c)(12) cooperative and are exempt from federal and state income taxes, provided revenues from our Member Systems and Oglethorpe constitute 85% or more of our total revenues. For all years since Georgia Transmission began operation, we have met this requirement. Currently, we have no reason to believe we will not meet this requirement in future years.

Indenture

The Indenture constitutes a first lien on substantially all of our tangible and some of our intangible property and secures, equally and ratably, all of our indebtedness issued under the Indenture. All of our outstanding long-term debt was issued under the Indenture, as of December 31, 2022.

Margins and Patronage Capital

We operate on a not-for-profit basis and, accordingly, seek only to generate revenues sufficient to recover our cost of service and to generate margins sufficient to establish reasonable reserves and meet certain financial coverage requirements set forth in our Indenture. Revenues in excess of current period costs in any year are designated as net margin in our statements of revenues and expenses. Retained net margins are designated on our balance sheets as patronage capital, of which $168.9 million is related to land recovery. Patronage capital is allocated to each of our Member Systems and Oglethorpe on the basis of certain transmission service purchases from us.

In connection with the corporate restructuring of Oglethorpe in 1997, Oglethorpe made a $49 million special patronage capital distribution to the Member Systems, which they then used to contribute equity and provide initial working capital for us. Currently, our equity consists of our patronage capital and membership fees. Patronage capital constitutes our principal equity. As of December 31, 2022, we had $385 million in patronage capital and membership fees. Our equity ratio (patronage capital and membership fees divided by total capitalization) was 15.0% at December 31, 2022, compared to 14.5% at December 31, 2021.

Any distributions of patronage capital are made at the discretion of our Board of Directors and are subject to Indenture requirements. The Indenture prohibits us from making any distribution, payment, or retirement of patronage capital to our Member Systems and Oglethorpe if we are in default under the Indenture. Otherwise, we are permitted to make distributions to our Member Systems and Oglethorpe if, after the distribution: (1)(a) our aggregate margins and equity as of the end of the most recent fiscal quarter would be equal to, or greater than, 20% of our total long-term debt and equity, and (b) the aggregate amount of all distributions after the date on which our aggregate margins and equity first reached 20% of total long-term debt and equity does not exceed 35% of our aggregate net margins earned after that date; or (2) our aggregate margins and equity as of the end of the most recent fiscal quarter would be equal to, or greater than, 30% of our total long-term debt and equity. If so, then 100% of the current year margin, upon Board approval, could be returned to the Member Systems.

Rates and Regulation
We have entered into an MTSA with each of the Member Systems under which we provide transmission services. (See "Corporate History and Information" for further discussion.) We have also entered into a transmission service agreement with Oglethorpe to provide transmission service to Oglethorpe's headquarters and certain generating facilities. This agreement is substantially similar to the other MTSAs except Oglethorpe, unlike the Member Systems, is not obligated to cover any revenue shortfall resulting from a payment default by a Member System or any other transmission customer. Oglethorpe also makes point-to-point purchases from Georgia Transmission under this arrangement.

All of our Member Systems, Oglethorpe, and any other transmission customers are required to pay us for transmission service furnished under a transmission service agreement in accordance with the rate formulas established and reflected in the Tariff. The Tariff includes formulary rates for network and point-to-point service, with minor differences, applicable to the Member Systems, Oglethorpe, and other customers. The rate formulas set forth in the Tariff are intended to recover all of our costs and expenses paid or incurred. The rate formulas expressly include, in the description of costs to be recovered, all principal and interest on our indebtedness.

We review our annual budget and rates at such intervals as we deem appropriate, but we are required to do so at least once every year. We are required to update our network service rates as necessary so the revenues derived from such rates, together with our revenues from all other sources, will be sufficient to pay operating costs, including the purchase of land and land rights, and the payment of principal and interest on all indebtedness, and to provide for the establishment and maintenance of reasonable reserves as required under the Indenture. If necessary, we may modify the charges to our Member Systems during the year through an adjustment to our annual budget.

Substantially all of our network services revenue requirements are based on fixed costs and, thus, these revenues do not vary during the year based on use. We determine the network services revenue requirements by subtracting point-to-point service revenues and other revenues from total revenue requirements. Network services revenue requirements are allocated to the Member Systems and Oglethorpe annually based primarily on each network customer's use during the prior year's peaks, with a smaller component based on distribution investment.

Under the Indenture, we are required, subject to any necessary regulatory approval, to establish rates and collect network services revenues that are reasonably expected, together with other revenues, to yield a margins-for-interest (MFI) ratio for each fiscal year equal to at least 1.10. The MFI ratio is the ratio of margins to total interest charges (as defined below) for a given period. The Indenture defines MFI as the sum of:

- our net margins (including our revenues subject to refund at a later date but excluding provisions for (i) non-recurring charges to income, including the non-recoverability of assets or expenses, except to the extent we recover such charges in rates, and (ii) refunds of revenues collected or accrued subject to refund); plus
- interest charges, whether capitalized or expensed, on all indebtedness secured under the Indenture or by a lien equal to or prior to the lien of the Indenture, including amortization of debt discount and expense or premium; plus
- any amount included in net margins for accruals for federal or state income taxes imposed on income after deduction of interest expense.

The network service rate formula also includes a prior period adjustment mechanism designed to ensure we achieve the minimum 1.10 MFI ratio. Amounts, if any, by which we fail to achieve a minimum 1.10 MFI ratio would be accrued as of December 31 of the applicable year and collected from the Member Systems and Oglethorpe during the period April through December of the following year. Amounts within a range of a 1.10 MFI ratio to a 1.20 MFI ratio may be retained as patronage capital, subject to approval by the Board of Directors. Amounts, if any, by which we exceed the maximum 1.20 MFI ratio, after excluding amounts for land recovery, would be charged against revenues as of December 31 of the applicable year and offset against amounts owed by the Member Systems and Oglethorpe during the period April through December of the following year. The rate formula is intended to provide for the collection of revenues that, together with revenues from all other sources, are equal to all costs and expenses we record, plus amounts necessary to achieve a minimum 1.10 MFI ratio.

We achieved an MFI ratio, including land recovery, of 1.33 in 2022, 1.23 in 2021, and 1.22 in 2020. Because land and land rights are not depreciable items, the land recovery component in our rate formula allows us to collect costs related to land purchases over a certain recovery period. This recovery period has been periodically adjusted to better match the lives of the long-term loans associated with our projects. Additional revenues associated with land recovery have resulted in, and are expected to continue to result in, an MFI ratio in excess of 1.20.

Our formulary rate must be approved by RUS. Under the Indenture and related loan contract with RUS, changes to the rate formula and adjustments to our rates to reflect changes in our budgets are not subject to RUS approval, but RUS approval or a notice to RUS with the opportunity for RUS to object may apply under certain circumstances, such as a reduction in rates in a fiscal year following a fiscal year in which we have failed to meet the minimum 1.10 MFI ratio set forth in the Indenture. Our rates are approved by our Board of Directors and not subject to approval by any other federal or state agency or authority, including FERC and the Georgia Public Service Commission.

Prior to 2022, we designed our network service rates and annual budgets with margins at levels to achieve an MFI ratio of 1.10, which is the minimum amount allowed under the Indenture. However, in November 2021, the Board of Directors allowed us to adjust our margin target for the 2022 budget to achieve an MFI of 1.20, which is the maximum allowed under the Tariff. This MFI change was done in tandem with Board approval of a change to our depreciation rates affecting 2022 as well as future years.

Composition of the Board of Directors

Our Board of Directors consists of 12 directors: seven Member Directors, four Manager Directors and one independent Outside Director. Each Member Director must be a director of a Member System. One Member Director must come from each of five Scheduling Member Groups. Generally, the Scheduling Member Groups consist of certain Member Systems that have chosen to partner together in transactions for their future generation supply. Two Member Directors serve as Member At-Large Directors. Each Manager Director must be a general manager of a Member System. The Manager Directors also represent different Scheduling Member Groups. The Outside Director may not be a director, officer, or employee of Oglethorpe, GSOC, or any Member System. Our bylaws provide for staggering the terms of the directors by dividing the number of directors into three groups. Directors are elected for a term of three years.

ACCOUNTING POLICIES

Basis of Accounting

We follow accounting principles generally accepted in the United States of America and the practices prescribed in the FERC Uniform System of Accounts as modified and adopted by RUS.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported.

We have determined the accounting policy below is critical to understanding and evaluating Georgia Transmission's financial condition and results of operations, and requires assumptions or estimates about matters that were uncertain at the time of the preparation of our financial statements. Actual results could differ from those estimates. Changes in our estimates and assumptions could materially impact our results of operations and financial condition.

Regulatory Assets and Liabilities

We are subject to the provisions of authoritative guidance regarding Accounting for the Effects of Certain Types of Regulation. Regulatory assets represent certain costs we expect to recover from the Member Systems and Oglethorpe in the future through the ratemaking process. Regulatory liabilities represent probable future revenues associated with amounts that are to be credited to the Member Systems and Oglethorpe through the ratemaking process. At December 31, 2022, we had regulatory assets and regulatory liabilities totaling $34.3 million and $1.9 million, respectively. (See Note 1(k) in "Notes to Financial Statements" for further discussion.) We do not foresee any event related to competition or other factors that will make it improbable for us to recover these costs from the Member Systems and Oglethorpe through rates under the MTSAs.

Other Significant Policies

Our other significant policies and estimates include those related to depreciation and parity. (See Note 1(e) in "Notes to Financial Statements" for a discussion of our accounting for depreciation expense and Note 1(l) in "Notes to Financial Statements" for a discussion of our accounting for parity under the ITSA.)

RESULTS OF OPERATIONS

Results for the Years Ended December 31, 2022, 2021, and 2020

Operating Revenues

We collect revenues for network services from the Member Systems and Oglethorpe pursuant to the transmission agreements discussed under "Corporate History and Information" and "Rates and Regulation." Such revenues are in the form of fixed payments based on our expected net costs and the net margins required under the Indenture. Network services revenues were 1.3% higher in 2022 compared to 2021 due to changes in revenue caused by higher parity expenses offset by lower depreciation expenses. Network services revenues were 7.5% higher in 2021 compared to 2020 due to the changes in revenues caused by higher parity expenses, and higher operations and maintenance expenses.

Members with contributions that are greater than or equal to 10% of our total operating revenue as well as their contribution percentages for the last three years are listed in the table on the right. Revenues from non-members accounted for approximately 1.4%, 1.0% and 1.0% of our total operating revenues for years 2022, 2021, and 2020, respectively.

Contribution to Total Operating Revenue	2022	2021	2020
Jackson EMC	11.5%	11.4%	11.7%
Oglethorpe	11.5%	11.3%	11.4%
Cobb EMC*	9.7%	9.9%	10.2%

*Although Cobb EMC's contribution to Total Operating Revenue was less than 10% in 2022 and 2021, it was greater than 10% in 2020, which is why it is included in the table.

Other transmission revenues primarily include transmission rental revenues. Transmission rental revenues consist of revenues from Oglethorpe and third parties for point-to-point transmission service. Other transmission revenues increased 8.6% in 2022 compared to 2021 largely due to higher point-to-point rates and additional short-term transactions by third parties. Other transmission revenues increased 3.3% in 2021 compared to 2020 primarily due to higher point-to-point transmission rates.

Operating Expenses

Operation and maintenance increased by 3.1% in 2022 compared to 2021 due to higher costs related to both internal and external labor. Operation and maintenance expenses increased by 9.8% in 2021 compared to 2020 due to higher charges from Georgia Power and higher costs related to internal labor and routine operation and maintenance activities.

Net parity expenses increased by 29.2% in 2022 compared to 2021 primarily due to our increased load responsibility, lower non-territorial transactions by Georgia Power, increased Georgia Power investments and expected true-ups impacting 2022. Net parity expenses increased by 44.7% in 2021 compared to 2020 primarily due to higher investment additions by other ITS Owners and expected true-ups impacting 2021.

Expenses for control center services purchased from GSOC were 6.4% higher in 2022 than in 2021. The change was due to an increase in the number of control room associates and higher costs related to professional services. Expenses for control center services purchased from GSOC were relatively flat in 2021 compared to 2020.

Administrative and general expenses increased 8.5% in 2022 compared to 2021. This change was due to higher labor costs and higher administrative costs charged to us by Oglethorpe and GSOC. Administrative and general expenses increased by 2% in 2021 compared to 2020.

Depreciation and amortization expenses decreased by 17.9% in 2022 compared to 2021 due to lower depreciation rates offset by a larger depreciable asset base. Depreciation and amortization expenses increased by 3.9% in 2021 compared to 2020 due to additions to plant that resulted in a larger depreciable asset base.

Other Income, Net

Investment income increased by 54.5% in 2022 compared to 2021 due to higher interest rates. Other income decreased by 73.1% in 2021 compared to 2020 due to both lower average RUS Cushion of Credit (COC) balances and lower interest rates.

Allowance for equity funds used during construction was 49.1% higher in 2022 than in 2021 and 21.7% higher in 2021 than in 2020. In both cases, increases were caused by higher average CWIP balances relative to the previous year.

Other, net increased by 19.6% in 2022 compared to 2021 due to higher patronage capital received. Other, net decreased by 44.4% in 2021 compared to 2020 due to a decrease in patronage capital caused by lower outstanding balances during the year.

Interest Charges, Net

Interest charges on long-term debt were relatively flat in 2022 compared to 2021. Interest charges on long-term debt decreased by 3.8% in 2021 compared to 2020 primarily due to lower long-term borrowing rates.

Other interest charges, which largely consist of interest on short-term borrowings, were 40.6% higher in 2022 than in 2021 primarily due to an increase in commercial paper rates, as well as an increase in outstanding commercial paper balances. Other interest charges decreased by 19.8% in 2021 compared to 2020 primarily due to lower commercial paper balances and lower interest rates.

Allowance for debt funds used during construction was 43.4% higher in 2022 than in 2021 and 17.2% higher in 2021 compared to 2020. In both cases, increases were caused by higher average CWIP balances relative to the previous year.

Amortization of debt expense decreased 11.9% in 2022 compared to 2021 due to the full amortization of certain debt expenses. Amortization of debt expense was relatively flat for 2021 compared to 2020.

Net Margin

As discussed under "Rates and Regulation," our rates through December 31, 2022, were designed to provide a net margin that is adequate to meet the financial requirements of the Indenture. Historically, we set rates to achieve a minimum net margin that was based on 10% of interest expenses on debt secured under the Indenture plus an amount to recover the principal and interest payments on debt related to the purchase of land and land rights. For 2022, 2021 and 2020, this provision for land produced an additional $9.0 million, $8.8 million and $8.9 million of net margin, respectively. Total net margins for the years ended December 31, 2022, 2021, and 2020, were $23.3 million, $16.1 million, and $16.5 million, respectively. Starting in 2022, net margins reflected a new target of 20% for interest expense on debt secured under the Indenture as approved by the Board of Directors.

FINANCIAL CONDITION

General

The principal changes in our financial condition from 2022 compared to 2021 resulted from additions to transmission and distribution assets and additional long-term debt. The average interest rate on our long-term debt remained flat for this period: 3.3% as of December 31, 2022, and December 31, 2021.

Liquidity and Sources of Capital

In general, we fund our operations, including property additions and other capital expenditures, using revenues from operations, revolving credit facilities, commercial paper issuances, financing from the FFB (guaranteed and administered through RUS), CFC, CoBank, Bank of America, and other lending institutions, and public and private debt offerings. We expect these same sources to provide future funding of our capital requirements.

To meet short-term cash needs and liquidity requirements, we had approximately $43.4 million in cash and cash equivalents as of December 31, 2022. In addition, as described in the table on the right, as of December 31, 2022, we had short-term and intermediate-term committed and uncommitted credit facilities totaling $735 million, of which $603 million was available.

Short-/Intermediate-Term Credit Facilities	Authorized Amount	Available Amount
As of December 31, 2022	*(dollars in thousands)*	
Committed		
CoBank credit agreement	$425,000	$425,000
Syndicated bank credit facility	240,000	240,000
Bank of America credit agreement	50,000	–
Less commercial paper outstanding	–	(82,000)
Total commitment	$715,000	$583,000
Uncommitted		
CFC line of credit	20,000	20,000
Total	$735,000	$603,000

We have a $425 million revolving credit agreement with CoBank that matures in September 2026. The purpose of this facility is to provide liquidity and to fund project construction or acquisitions as well as for general corporate purposes. The agreement may also be used to support our commercial paper program. At year-end, no unpaid balance was outstanding on the CoBank agreement.

We have a committed revolving credit facility provided by a group of banks syndicated by CFC that matures in June 2025. This facility was established to fund general corporate purposes and to serve as a backup for our commercial paper program. The table on the right lists the participant banks and the amount of their commitments under the facility.

Syndicated Bank Credit Facility Participant Banks	Commitment through 2025
As of December 31, 2022	*(dollars in thousands)*
CFC, administrative agent	$115,000
Bank of America	75,000
CoBank	50,000
Total	$240,000

We have a two-year credit agreement with Bank of America for $50 million that matures in June 2023. The purpose of this agreement is to provide additional liquidity and, if needed, bridge financing for transmission projects to long-term loans. In January 2022, we advanced $50 million through the agreement to partially pay for a group of transmission assets we purchased from Georgia Power.

We have a $240 million commercial paper program that is primarily used for short-term project financing during construction. As of December 31, 2022, we had $82 million outstanding in commercial paper issuances. Because we use our committed credit facilities to fully back our commercial paper program, our available borrowing capacity under those facilities is reduced by the amount of commercial paper outstanding.

We have an uncommitted, one-year revolving line of credit for $20 million from CFC that matures in July 2023. This line functions as another potential liquidity resource; although, we have never accessed it. We expect to renew the line of credit each year by its renewal date in April.

We have a $230 million long-term shelf loan facility with CFC. The main purpose of the shelf loan is to fund a portion of our capital expenditures, primarily those that are not eligible for FFB funding. As of December 31, 2022, the outstanding balance on the facility is $94 million. Funds may be drawn from the facility through 2026.

During 2022, we advanced approximately $114 million from an existing RUS-guaranteed FFB loan to fund construction costs related to 2020 transmission projects. We have another RUS-guaranteed FFB loan for approximately $155 million tied to 2021 transmission projects which we have not advanced but intend to fully during 2023. Also, we submitted an application for an additional RUS-guaranteed FFB loan of approximately $142 million related to 2022 transmission projects. This application is under review at RUS.

We may issue additional indebtedness secured under our Indenture upon certification of (i) our achievement of an MFI ratio of at least 1.10 for the immediately preceding fiscal year and (ii) a basis for issuance of additional obligations under the Indenture, including either retired principal payments or new property additions pledged under the Indenture with a value in an amount of 110% of the additional secured indebtedness to be issued. Our rates for the provision of transmission services are designed to ensure we achieve the required MFI ratio. (See "Rates and Regulation" for further discussion of MFI and our rates.) Based on carry-forwards of property additions from prior years, internally generated funds, unsecured sources of indebtedness available to us, and the availability of retired debt as a basis for the issuance of additional secured indebtedness, we do not foresee the property additions requirement as an impediment to raising the aggregate financing required for our current operating and proposed capital expenditure needs.

Capital Requirements

Capital Expenditures

Property additions, which consist primarily of substations and lines, totaled $292.2 million for the year ended December 31, 2022. As part of our ongoing planning, we forecast capital expenditures required for transmission facilities, which we may either construct or purchase. The table on the right details these expenditure forecasts for 2023 through 2025.

Year	Capital Expenditures
	(dollars in thousands)
2023	$ 229,410
2024	324,197
2025	345,437
Total	$ 899,044

Actual costs may vary from the estimates listed because of factors such as changes in business conditions, fluctuations in load growth, litigation, design changes, delays in receiving the necessary federal or other regulatory approvals; construction delays; changes in the cost of capital, equipment, material, and labor; and decisions regarding the ultimate timing to construct or purchase planned facilities.

Environmental Matters

Based on the current status of regulatory requirements, we do not anticipate that any capital expenditures or other expenses associated with our compliance with environmental laws and regulations will have a material adverse effect on our operating results or financial condition.

Contractual Obligations

We incur transmission parity expense or receive transmission parity revenue for use of the ITS and related transmission interfaces. We receive revenues from the other ITS Owners to the extent our percentage of investment in the ITS exceeds our percentage use of the ITS. We incur transmission parity expense if our percentage use of the system exceeds our percentage investment therein. In general, the Member Systems are growing at a faster rate than the other ITS Owners. For the year ended December 31, 2022, we incurred parity expense of approximately $53.8 million.

We have agreements with Oglethorpe and GSOC for certain administrative, general and control center operations services. (See Note 9 in "Notes to Financial Statements" for further discussion.) For the year ended December 31, 2022, we paid Oglethorpe and GSOC $5.7 million and $35.9 million for these services, respectively.

We have four contracts with Georgia Power covering certain operation services, maintenance services, spare parts and equipment requirements, and planning services. Either party may cancel one or more of these contracts upon two years' notice. As of December 31, 2022, neither party had issued a cancellation notice. Our purchases and uses of the services offered under the contracts are optional. However, each contract is subject to a minimum annual payment. Future charges are tied to escalation factors based on Bureau of Labor statistics indices and changes to our investment percentage in the ITS.

We have contracts for dedicated crew and other vendors pertaining to transmission project construction and maintenance. Several of these contracts contain guaranteed minimum amounts to be paid to the service providers for work conducted in 2023. These payments total approximately $12.1 million.

The table on the right reflects, as of December 31, 2022, our contractual obligations for the periods indicated. These are known commitments for future expenditures. The amount of other expenses we expect to incur that are unknown at this time, such as parity expense, are not included.

Contractual Obligations
(dollars in thousands)

As of 12/31/22	2023	2024 – 2027	2028 and beyond	Total
Long-term debt:				
Principal	$114,986	$334,010	$1,840,447	$2,289,443
Interest (1)	81,961	275,711	661,832	1,019,504
O&M agreements (2)	18,339	38,908	–	57,247
Dedicated crews/others	12,083	–	–	12,083
Total	$227,369	$648,629	$2,502,279	$3,378,276

Note: Table does not include commercial paper.
(1) Includes an interest rate assumption for variable rate debt.
(2) Represents minimum payment obligations to Georgia Power under our four operation and maintenance contracts with escalation rates in future years remaining constant, and assumes a hypothetical termination notice is given at year-end 2023.

Credit Rating Risk
The table on the right, bottom, shows our current credit ratings.

Georgia Transmission Ratings	S&P	Moody's	Fitch
Long-term rating*	AA-	A2	A+
Short-term rating (commercial paper)	A1+	P1	F1+

*The Moody's rating shown here is its "Issuer Rating" for Georgia Transmission. The Fitch rating is its "Senior Secured" rating for Georgia Transmission.

Provisions in our loan contract with RUS and certain other loan or credit agreements contain covenants based on credit ratings that could result in higher rates, restrictions on issuing debt, or increased RUS oversight but would not result in acceleration of any debt if those covenants are not met.

Given our present ratings, we do not currently expect a rating downgrade that would trigger the restrictions in these loan agreements. However, the ratings reflect the views of the rating agencies, not ours; therefore, we cannot give any assurance that our ratings will be maintained at their current levels for any period of time. Any future downgrades of our credit ratings could limit our ability to access the capital markets, including the commercial paper markets. In addition, we likely would be required to pay higher interest rates on renewed lines of credit and debt from future public and private debt offerings.

Off-Balance Sheet Arrangements
We currently do not have any off-balance sheet arrangements.

RISK FACTORS

The following describes management's view of material risks that may affect our business and financial condition. This discussion is not exhaustive, and there may be other risks we face that are not described below. The risks described below, as well as additional risks and uncertainties presently unknown to us or currently not deemed material, could negatively affect our business operations, financial condition, and future results of operations. The risks below are not listed in order of importance.

Our transmission activities are subject to certain federal laws, regulations and policies – and changes in these laws or new laws, regulations or policies could adversely affect our operating results or financial condition.

Under the Energy Policy Act of 2005, NERC, as part of its responsibilities delegated by FERC, is responsible for assuring the effective and efficient reduction of risks to the reliability and security of the grid. As such, NERC, through its industry-driven standards development process, identifies mitigation strategies, including mandatory reliability standards, to address identified risks. Georgia Transmission, as an owner of bulk electric system assets, is subject to these mandatory NERC reliability standards. We are registered with NERC as a Transmission Owner, Transmission Service Provider, Planning Coordinator, Transmission Planner and Distribution Provider. Currently, we are subject to 54 mandatory reliability standards, comprised of 740 individual requirements, and support compliance with several other mandatory reliability standards applicable to Oglethorpe and GSOC. In 2022 FERC approved several modifications to existing standards to address emerging risks such as supply chain cyber security risk management and geomagnetic disturbances. Our industry experts monitor standards development activity and participate in various NERC standard drafting teams to provide technical expertise to NERC with the goal of ensuring standards are developed based on sound reliability principles.

We have a formal compliance program to identify and assess new or revised mandatory reliability standards applicable to our system and facilities; implement processes, procedures, and service agreements to support compliance; and perform routine monitoring to provide assurance of ongoing compliance. Given the changing nature of the grid, increasing cyber and physical security threats, and the rise in widespread extreme weather events, we anticipate increasingly stringent reliability requirements in the future which may require us to invest in additional technology, equipment, personnel, processes, and services.

In addition to mandatory reliability standards, we are subject to other federal regulations. For example, as a "transmitting utility" under the Federal Power Act, we are subject to mandatory wheeling orders that FERC issues. Mandatory wheeling orders compel transmitting utilities to transmit electricity across their transmission systems. Furthermore, under Section 211A of the Federal Power Act, FERC potentially could order us to offer transmission service at rates and terms that are comparable to service we provide ourselves. Currently, we are not a public utility subject to FERC jurisdiction under the Federal Power Act, which exempts us from a large number of FERC regulations; however, there is no guarantee we will remain exempt from such additional regulations in the future.

Georgia Transmission voluntarily participates in regional transmission planning with several other utilities in the Southeast through the Southeastern Regional Transmission Planning (SERTP) process. For jurisdictional public utility transmission providers, participation in a regional planning process is required by FERC through Order Nos. 890 and 1000. FERC generally supports the idea of "no allocation of costs without benefits." However, if our participation in Order No. 1000 processes were to become mandatory, our main risk would be that we might be allocated certain costs based on a broad definition of "benefits."

Due to the interconnected nature of the electric grid and our participation in the ITS and the SERTP, FERC rules, regulations and policies could materially affect our relationship with other FERC-jurisdictional public utilities, such as Georgia Power and Southern Company, as well as services to our Member Systems.

While we do not expect our compliance with these laws, regulations, standards, and orders to have a material adverse effect on our operating results or financial condition, actual compliance costs could be significantly more than we currently anticipate.

Our access to, and cost of, capital could be adversely affected by various factors, including market conditions, potential limitations on the availability of RUS loans, and potential downgrades by rating agencies. Significant constraints on our access to, or increases in our cost of, capital could adversely affect our financial condition and future operating results.

We rely on access to external funding sources as a significant source of liquidity for capital expenditure requirements not satisfied by cash flow generated from operations. Our ability to access these funding sources and our cost of capital could be adversely affected by various factors, including potential limitations on the availability of loans from the FFB, guaranteed and administered by RUS and our ability to comply with applicable environmental requirements, including NEPA (the National Environmental Policy Act of 1970). Historically, we and other electric cooperatives have relied principally on RUS-guaranteed and administered federal loan programs to meet a significant portion of our long-term financing needs. However, the availability and magnitude of annual RUS funding levels, the types of facilities eligible for RUS funding, and the RUS operating budget are subject to the federal budget appropriations process, and, therefore, are subject to uncertainty because of periodic budgetary pressures within Congress. In addition, new generation, environmental capital expenditures, and transmission construction nationwide among electric cooperatives may result in increased competition for available RUS funding. Lastly, the direction and priorities of the RUS program are subject to change under current and future administrations. Entities with projects that align with the Biden administration's environmental objectives are likely to explore federal funding opportunities for their capital expenditures, including RUS funding. If the amount of RUS-guaranteed loan funds available to us in the future were to decrease, we may have to seek alternative financing, and our cost of borrowing could significantly increase.

The unpredictable nature of RUS funding means our ability to access both short-term and long-term capital markets may become increasingly important. Although we have successfully accessed the capital markets through private placement and PCB transactions and have obtained sufficient liquidity facilities, the capital markets are subject to instability based on national and international events, recessions, and global acts of terrorism. Any such events could constrain, at least temporarily, our liquidity and ability to access capital on favorable terms or at all. Additionally, if our credit ratings were lowered, our borrowing costs could increase, and our potential pool of investors, funding sources, and liquidity could decrease.

If our ability to access capital becomes significantly constrained or our cost of capital significantly increases for any of the reasons stated above, our ability to finance capital expenditures required to maintain existing transmission facilities and to construct or acquire additional transmission facilities could be limited, and our financial condition and future operating results could be adversely affected. In addition, an increasing number of lenders and investors are taking into account environmental, social and corporate governance criteria when making lending and investment decisions. Although we are not aware of any instances where our access to capital was limited due to these criteria, such considerations could potentially limit the number of lenders or investors who are willing to lend capital to us or other utility companies in the future.

We are subject to environmental laws and regulations that can give rise to substantial liabilities and could adversely affect our business, financial condition, or operating results.

Our operations are subject to federal and state environmental laws and regulations, which affect, among other areas, erosion control practices during construction, prevention of oil spills into navigable waters, and waste disposal practices. In addition to generally applicable requirements, some of our facilities and properties are located near environmentally sensitive areas, such as wetlands or protected species habitats. Environmental requirements affect the design and manner of construction of new transmission facilities, as well as the operation and maintenance of existing transmission facilities. We believe we are in compliance with current regulatory requirements; however, there is no assurance our facilities will continue to be subject to the regulations currently in effect. Furthermore, there is no assurance we will be in compliance with future regulations when they first go into effect. New requirements may increase the cost of electric transmission service by requiring changes in the design or operation of existing facilities or changes or delays in the location, design, construction, or operation of new facilities. Failure to comply with existing environmental laws and regulations could result in significant civil or criminal penalties and remediation costs. Additionally, compliance with new environmental legislation or regulations could have a significant impact on us; however, any impact would depend on the final legislation and the implementation of regulations, which cannot be determined at this time.

We may also be responsible for costs to investigate or remediate contamination as well as other liabilities concerning hazardous materials or contamination, such as claims for property damage. Compliance with environmental laws and regulations and liabilities concerning contamination or hazardous materials may increase our costs.

Electric generation facilities are also subject to significant environmental regulation that may indirectly affect our business. Our resources and the ITS as a whole were planned and constructed to connect existing generation resources. Changing environmental regulations to address issues such as climate change may shift electric generation to new generation resources located in different areas. Decisions on what generation resources continue into the future and what types of generation resources are added and where they are located may have a significant impact on power flows across the transmission grid. Therefore, our decisions pertaining to transmission project planning could also be affected going forward.

We expect to incur considerable costs related to capital expenditures at our existing transmission facilities and for the construction or acquisition of new transmission facilities. Such costs are subject to uncertainty associated with construction.

We have undertaken a capital expansion program to upgrade our existing transmission facilities and construct or acquire additional transmission facilities. Many of our transmission facilities were constructed years ago and, as a result, may require modifications in order to maintain efficient and reliable operations, and to comply with changing regulatory requirements.

The modification of existing transmission facilities and addition of new transmission facilities will require construction-related expenditures. The timely completion of these construction projects without cost overruns is subject to certain risks, including:

- labor shortages causing work stoppages and delays;
- shortages and inconsistent quality of equipment and materials;
- delays related to permitting, approvals, and other regulatory matters;
- adverse weather conditions, including increasingly severe storm events;
- unforeseen engineering problems;
- environmental and geological conditions;
- unanticipated cost increases; and
- attention to other projects.

Each of these risks could have the effect of increasing our construction expenditures and, consequently, increasing the cost of transmission services we provide to the Member Systems and Oglethorpe.

We have undertaken a sizable capital expenditure program that we expect to increase our long-term debt.

We have undertaken a sizable capital expenditure program to meet the future transmission needs of our Member Systems and Oglethorpe, and we expect to incur a considerable amount of long-term debt in connection with this program. For 2023 through 2032, we project we will invest approximately $2.4 billion in new transmission facilities and upgrades to our existing transmission facilities. As a result of these investments, net of projected principal payments, we estimate that our outstanding long-term debt, including amounts due within one year, will increase from approximately $2.3 billion as of December 31, 2022, to approximately $3.3 billion by the end of 2032.

Additional long-term debt will likely increase the cost of transmission service we provide to the Member Systems and Oglethorpe. Also, as a result of this debt, we may become more leveraged and certain of our financial metrics may weaken, which could affect our credit ratings. Any reduction in our credit ratings could increase our borrowing costs and decrease our access to the credit and capital markets.

The costs of providing reliable transmission services could be impacted or delayed by litigation, which could increase our cost of providing transmission services and may affect the reliability of such services.

From time to time, we are subject to litigation from various parties. Our business, financial condition, and operations may be materially affected by adverse results of certain litigation. Unfavorable resolution of legal proceedings could require significant expenditures that could have the effect of increasing the cost of electric service we provide our Member Systems.

In addition, we continue to experience periodic opposition to transmission line and substation projects, primarily through challenges to the siting process. If challengers who oppose local transmission projects are successful, the completion of transmission projects could be delayed or prevented, which could increase our cost of providing transmission services in those areas and/or may affect the reliability of such service. Opponents of local projects could also attempt to change state laws that could affect our business operations. To date, this type of opposition has been unsuccessful.

Termination of the ITSA between Georgia Power and us may adversely affect our cost of providing transmission services.

We rely on our ITSA with Georgia Power to access the ITS, a statewide, jointly-owned transmission grid that consists of the combined transmission facilities of the ITS Owners. The ITSA will remain in effect until terminated by five years' prior written notice by either party. Pursuant to an agreement with Georgia Power, we each committed not to provide a notice of termination before December 31, 2022, extending the term of the ITSA through at least December 31, 2027. If the ITSA were terminated, we and the other ITS Owners could be forced to enter into alternative arrangements to use the ITS or construct new transmission facilities. Termination of or changes to the current terms or administration of the ITSA could result in increased costs to us, including increased investment responsibility.

Our ability to meet our financial obligations is dependent upon the performance by the Member Systems of their obligations under the MTSAs and Oglethorpe of its obligations under its Transmission Service Agreement.

We derive our revenues primarily from the sale of transmission services to the Member Systems pursuant to the MTSAs and to Oglethorpe pursuant to its transmission service agreement. Under these agreements, we collect revenues that are sufficient, when taken together with revenues from other sources, to meet all of our costs and other obligations and liabilities, including the costs of the operation and maintenance of transmission facilities, the payment of principal and interest on outstanding indebtedness, and the establishment and maintenance of reasonable financial reserves.

The Member Systems and Oglethorpe are our owners, and we do not control their operations or financial performance. As a result, we are exposed to the risk that one or more Member Systems or Oglethorpe could default in the performance of their obligations to us under the MTSAs or Transmission Service Agreement, respectively. Our ability to meet our financial obligations, including the payment of principal and interest on outstanding indebtedness, could be adversely affected if one or more of the Member Systems, particularly one of our larger Member Systems, or Oglethorpe defaulted on obligations to us. Although the MTSAs obligate non-defaulting Member Systems to pay the amounts of any payment default pursuant to a prorata, step-up formula, there can be no guarantee that other Member Systems would not also default. The MTSAs contain express covenants requiring the Member Systems to set and collect retail rates sufficient for meeting their respective obligations under the MTSAs.

Oglethorpe is participating as a co-owner in the construction of two additional nuclear units at Plant Vogtle and has committed significant capital expenditures to that endeavor. The construction of large, complex generating plants involves significant financial risk and certain events have materially delayed the original commercial operation dates and increased the original project budget for the additional Vogtle units. In January 2023, Georgia Power Company, the co-owner managing construction of the project, announced that during the start-up and pre-operational testing for Plant Vogtle Unit 3, vibrations associated with certain piping within the cooling system of that unit were identified. As a result, Georgia Power adjusted its expected in-service date for Unit 3 to April 2023. Georgia Power's current expected in-service date for Unit 4 is December 2023. Oglethorpe currently projects an in-service date for Unit 4 in March 2024, and is in the process of evaluating its expected in-service dates for both units in light of Georgia Power's announcement.

In June 2022, Oglethorpe notified Georgia Power of its election to exercise its one-time option to cap its capital costs in exchange for a proportionate reduction in its 30% interest in the two new units. Oglethorpe estimates that its exercise of that freeze tender option will reduce its ownership share by approximately 2% from 30% to 28% and its costs by approximately $500 million. Future increases in the overall project budget would result in an additional decrease in Oglethorpe's ownership share. Georgia Power disputes certain aspects of Oglethorpe's exercise and that dispute is the subject of pending litigation between Oglethorpe and Georgia Power. Taking its exercise of the freeze tender option into account, Oglethorpe's current budget for its ownership share of this project of $8.1 billion (which is based on commercial operation dates of March 2023 for Unit No. 3 and March 2024 for Unit No. 4). Georgia Power's announcement may result in adjustments to that amount.

As construction continues, Oglethorpe remains subject to construction risks and potential delays in commercial operation dates. The ultimate outcome of these matters cannot be determined at this time. For more information on Oglethorpe and the Vogtle construction project, see Oglethorpe's current and periodic reports as filed with the Securities and Exchange Commission.

Hazards associated with high-voltage electricity transmission may result in suspension of our operations, lawsuits, or the imposition of civil or criminal penalties.

Our operations are subject to potential hazards associated with high-voltage electricity transmission, including accidental contact by the public or by crews during construction or maintenance, explosions, fires, inclement weather, natural disasters, mechanical failure, unscheduled downtime, equipment interruptions, and oil discharges. These hazards can cause personal injury and loss of life, severe damage to or destruction of property and equipment, environmental damage, and may result in suspension of operations, lawsuits, and the imposition of civil or criminal penalties. We maintain liability insurance to cover any third-party claims for both bodily injury and property damage associated with our ownership and operation of transmission lines and substations. We also carry property insurance to cover damage to owned transmission substations with property values greater than $2 million, but we are self-insured for damage to smaller distribution substations and transmission facilities, such as poles and towers. We do not purchase insurance for losses related to outages, such as business interruption insurance, because there is no risk of loss of revenue for us based on the inability to transmit power.

In addition, claims have been made or threatened against electric utilities for bodily injury, disease, or other damages allegedly related to exposure to electromagnetic fields and stray voltages associated with electric transmission and distribution lines. The scientific community, regulatory agencies, and the electric utility industry continue to examine the possible health effects of electromagnetic fields and related theories. We maintain insurance to mitigate our risk in this area.

Changes in technology could affect system reliability as well as the demand on our transmission assets.

Currently, our transmission assets provide service from centralized and predominantly synchronous generating stations to distribution substations. Higher saturations of inverter-based generation technologies, on both transmission and distribution systems, as well as planned retirements of coal-based generation plants, have the potential to affect the reliability of the bulk electric system. Depending on area penetration levels, the bulk electric system could be exposed to larger swings in voltage and frequency, which could increase demand on our transmission assets that provide stability across the system.

To increase our understanding of these issues and the technology available to address them, we are constructing a pilot microgrid system at our warehouse location. This site will also be used for future technology demonstrations. In addition, we will continue to actively engage with industry trade organizations as well as pursue governmental grants and pilot projects that will enhance further our knowledge of these systems and ensure continued reliability of the transmission network.

Electric generation, transmission, and distribution facilities may be the target of future acts of war or terrorist attacks, including cyber security breaches, which could negatively affect our business, financial condition, and operating results.

Physical attacks or cyber security incidents, including those directed at our supply chain, could disrupt our normal business operations, affect our ability to control and monitor our transmission and distribution assets, cause damage to transmission assets, jeopardize safety, and hamper both internal and external communications. Physical attacks at substations that occurred in December of 2022 in Washington and North Carolina have caused the electric power industry to discuss the need for additional security controls and regulatory requirements for physical security. Any cyber security incident, unauthorized access or damage to our facilities, or loss of information event could also result in legal claims or proceedings, regulatory penalties, disruptions of our operations, more/higher costs, constraints on our resources, damage to our reputation, or a loss of confidence in our services – all of which could adversely affect our business.

STATEMENTS OF REVENUES AND EXPENSES

For the years ended December 31, 2022, 2021, and 2020

(dollars in thousands)

	2022	2021	2020
Operating revenues:			
Network services revenues	$ 329,035	$ 324,801	$ 302,182
Other transmission revenues	48,603	44,772	43,325
Total operating revenues	377,638	369,573	345,507
Operating expenses:			
Operation and maintenance	103,201	100,069	91,129
Parity expense, net	53,792	41,647	28,787
Control center services	25,830	24,285	24,700
Administrative and general	17,581	16,208	15,896
Depreciation and amortization	79,645	97,010	93,350
Taxes	825	839	903
Total operating expenses	280,874	280,058	254,765
Operating margin	96,764	89,515	90,742
Other income, net:			
Investment income	1,321	855	3,178
Allowance for equity funds used during construction	501	336	276
Other, net	1,158	968	1,741
Total other income, net	2,980	2,159	5,195
Interest charges:			
Interest on long-term debt	73,023	72,122	74,953
Other interest	4,238	3,014	3,759
Allowance for debt funds used during construction	(3,024)	(2,109)	(1,799)
Amortization of debt expense, net of gain	2,202	2,500	2,517
Total interest charges, net	76,439	75,527	79,430
Net margin	$ 23,305	$ 16,147	$ 16,507

STATEMENTS OF PATRONAGE CAPITAL AND MEMBERSHIP FEES

For the years ended December 31, 2022, 2021, and 2020

(dollars in thousands)

	2022	2021	2020
Patronage capital and membership fees, beginning of period	$ 361,816	$ 345,669	$ 329,162
Net margin	23,305	16,147	16,507
Patronage capital and membership fees, end of period	$ 385,121	$ 361,816	$ 345,669

The accompanying notes are an integral part of these financial statements.

BALANCE SHEETS

As of December 31, 2022, and 2021

(dollars in thousands)

	2022	2021
Assets		
Electric plant:		
In service	$ 3,889,139	$ 3,674,097
Less: Accumulated provision for depreciation	(1,332,910)	(1,260,223)
	2,556,229	2,413,874
Plant acquisition adjustments, at amortized cost	59,038	45,424
Construction work in progress	152,108	94,988
	2,767,375	2,554,286
Investments:		
Investment in associated organizations	24,510	24,642
	24,510	24,642
Current assets:		
Cash and cash equivalents	43,424	95,868
Receivables	43,503	37,303
Inventories, at weighted average cost	30,463	20,841
Prepaid commercial paper discount	430	2
Prepayments and other current assets	6,773	7,205
	124,593	161,219
Deferred charges and other assets:		
Premium and loss on reacquired debt, being amortized	13,261	14,229
Unobligated FEMA assistance	294	294
Deferred debt expense, being amortized	4,380	4,938
Deferred loss on interest rate hedges, being amortized	16,135	17,034
Special fund, deferred compensation	3,479	4,266
	37,549	40,761
	$ 2,954,027	$ 2,780,908

The accompanying notes are an integral part of these financial statements.

(dollars in thousands)

	2022	2021
Equity and liabilities		
Capitalization (see accompanying statements):		
Patronage capital and membership fees	$ 385,121	$ 361,816
Long-term debt, excluding amount due within one year	2,174,457	2,125,015
	2,559,578	2,486,831
Commitments and contingencies:		
Current liabilities:		
Long-term debt due within one year	114,986	65,653
Commercial paper, recorded gross	82,000	47,000
Accounts payable	98,574	71,767
Accrued taxes	18,863	14,747
Accrued interest	16,728	15,427
Accrued current year budget adjustment for members	2,000	8,700
Other current liabilities	55,739	64,274
	388,890	287,568
Deferred credits and other liabilities:		
Accumulated provision for benefits	3,688	4,415
Deferred gain on interest rate hedges, being amortized	1,871	2,094
	5,559	6,509
	$ 2,954,027	$ 2,780,908

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CAPITALIZATION

As of December 31, 2022, and 2021

(dollars in thousands)

	2022	2021
Long-term debt:		
Mortgage notes payable to the Federal Financing Bank (FFB), weighted average rate of 3.12% at December 31, 2022, due in quarterly installments through 2055	$1,759,534	$1,691,556
Mortgage notes issued in conjunction with the sale by public authorities of pollution control revenue bonds:		
• Series 2012 Fixed at 2.75%; final maturity date of January 1, 2052	94,465	94,465
Private Placement notes payable:		
• 2009 mortgage notes payable: fixed at 5.59% due in quarterly installments through June 30, 2030.	77,500	89,000
• 2010 mortgage notes payable: fixed at 4.81% due in quarterly installments beginning March 30, 2025, through December 30, 2039.	135,000	135,000
• 2019 mortgage notes payable: fixed at 3.30% due in quarterly installments through December 31, 2050.	68,322	69,562
National Rural Utilities Cooperative Finance Corporation (CFC) notes payable:		
• Mortgage notes payable: weighted average rate of 2.93% at December 31, 2022, due in quarterly installments through October 31, 2049	94,305	99,626
• Mortgage notes payable: weighted average rate of 3.50% at December 31, 2022, due in quarterly installments through October 31, 2024	10,317	11,459
Bank of America revolving credit note payable:		
• Unsecured, weighted average variable rate of 5.58% at December 31, 2022, due 2023	50,000	–
Long-term debt	2,289,443	2,190,668
Less: Long-term debt due within one year	114,986	65,653
Long-term debt, excluding amounts due within one year	2,174,457	2,125,015
Patronage capital and membership fees	385,121	361,816
Total capitalization	$2,559,578	$2,486,831

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022, 2021, and 2020

(dollars in thousands)

	2022	2021	2020
Cash flows from operating activities:			
Net margin	$ 23,305	$ 16,147	$ 16,507
Adjustments to reconcile net margin to net cash provided by operating activities:			
Depreciation and amortization	81,847	99,510	95,867
Allowance for equity funds used during construction	(501)	(336)	(276)
Decrease in unearned revenues	–	–	(13)
Accumulated provision for benefits	(727)	752	774
Decrease (increase) in net current assets, excluding long-term debt due within one year and commercial paper:			
Receivables	(6,200)	(2,094)	(458)
Unobligated FEMA assistance	–	–	1,056
Inventories	(9,622)	(3,018)	405
Prepayments and other current assets	432	134	(2,133)
Prepaid commercial paper discount	(428)	1	144
Accounts payable	26,807	14,613	11,972
Accrued taxes	4,116	(1,293)	2,920
Accrued interest	1,301	14,403	192
Accrual for current year budget adjustment to members	(6,700)	7,100	(600)
Other current liabilities	(8,535)	9,901	20,786
Total adjustments	81,790	139,674	130,636
Net cash provided by operating activities	105,095	155,821	147,143
Cash flows from investing activities:			
Property additions	(292,233)	(157,482)	(145,760)
Net change in investment in associated organizations	132	463	194
Special deposits	787	(857)	(691)
Net cash used in investing activities	(291,314)	(157,876)	(146,258)
Cash flows from financing activities:			
Proceeds from issuance of notes and bonds	164,220	88,134	200,754
Payments for long-term debt of maturities and refinancings	(65,445)	(70,322)	(176,680)
Changes in commercial paper	35,000	30,000	(75,000)
Debt issuance cost	–	(1,753)	(511)
Net cash provided in financing activities	133,775	46,058	(51,437)
Net increase (decrease) in cash and cash equivalents	(52,444)	44,003	(50,552)
Cash and cash equivalents – beginning of period	95,868	51,865	102,417
Cash and cash equivalents – end of period	$ 43,424	$ 95,868	$ 51,865
Cash paid for interest (net of amounts capitalized)	$ 75,538	$ 71,734	$ 77,105

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Business description

Georgia Transmission Corporation (Georgia Transmission) is a Georgia electric membership corporation headquartered in Tucker, Georgia. Georgia Transmission was formed in 1996 pursuant to a corporate restructuring of Oglethorpe Power Corporation (Oglethorpe) that occurred in 1997. The corporate restructuring divided Oglethorpe into three separate operating companies with Oglethorpe retaining the wholesale generation business. Georgia Transmission purchased the transmission assets and operates the transmission business previously owned and operated by Oglethorpe. Georgia System Operations Corporation (GSOC), which was also formed in connection with the corporate restructuring of Oglethorpe, acquired the system operations business previously owned by Oglethorpe and currently provides system operations service to Georgia Transmission and Oglethorpe. Georgia Transmission commenced operations effective April 1, 1997. The members of Georgia Transmission are 38 of the 41 retail electric distribution cooperative members in Georgia (the Member Systems) and Oglethorpe. The Member Systems are entirely owned by their retail consumers.

As with cooperatives generally, Georgia Transmission operates on a not-for-profit basis. Georgia Transmission's principal business is providing transmission services to the Member Systems for delivery of the Member Systems' power purchases from Oglethorpe and other power suppliers. Georgia Transmission also provides transmission services to Oglethorpe and third parties. At December 31, 2022, Georgia Transmission owned 3,916 miles of transmission lines and 774 substations of various voltages. Georgia Transmission succeeded to all of Oglethorpe's rights and obligations with respect to the Integrated Transmission System (ITS), consisting of transmission facilities owned by Georgia Transmission, Georgia Power Company (Georgia Power), the Municipal Electric Authority of Georgia (MEAG Power), and the City of Dalton, Georgia (Dalton Utilities). Through agreements, common access to the combined facilities that comprise the ITS enables the owners to use their combined resources to make deliveries to, or for, their respective customers and to provide transmission services to third parties.

b. Basis of accounting

Georgia Transmission follows accounting principles generally accepted in the United States of America and the practices prescribed in the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC) as modified and adopted by the Rural Utilities Service (RUS).

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

c. Patronage capital and membership fees

Georgia Transmission is organized and operates as a cooperative. The Member Systems and Oglethorpe made a one-time aggregate payment of $195 in membership fees. At December 31, 2022, patronage capital consisted of a $49 million special patronage contribution from the Member Systems, cumulative net margins, and $169 million related to land recovery. As provided in Georgia Transmission's Bylaws, any excess of revenue over expenses from operations is treated as advances of capital by the Member Systems and Oglethorpe, and is allocated to each of them on the basis of their transmission services purchased from Georgia Transmission. Under the Georgia Transmission Indenture, Georgia Transmission is required to achieve a margins-for-interest (MFI) ratio for each fiscal year equal to at least 1.10.

Any distributions of patronage capital are subject to the requirements under Georgia Transmission's Indenture and the discretion of the Board of Directors. Under the Indenture, Georgia Transmission is prohibited from making any distribution of patronage capital to the Member Systems and Oglethorpe if, at the time thereof or after giving effect to the distribution: (i) an event of default exists under the Indenture, (ii) Georgia Transmission's equity as of the end of the immediately preceding fiscal quarter is less than 20% of Georgia Transmission's total capitalization, or (iii) the aggregate amount expended for distributions on or after the date on which Georgia Transmission's equity first reaches 20% of Georgia Transmission's total capitalization exceeds 35% of Georgia Transmission's aggregate net margins earned after such date. The restrictions set forth in (ii) and (iii), however, will not apply if, after giving effect to such distribution, Georgia Transmission's equity as of the end of the immediately preceding fiscal quarter is not less than 30% of Georgia Transmission's total capitalization. If so, then 100% of the current year margin, upon Board approval, could be returned to the Member Systems.

d. Operating revenues

Operating revenues are derived primarily from sales of transmission services pursuant to the long-term transmission service agreements Georgia Transmission maintains with each of the Member Systems. These agreements extend to December 31, 2060. These transmission contracts obligate each of the Member Systems to pay Georgia Transmission for transmission service furnished to it in accordance with rates Georgia Transmission establishes.

Network services revenues include transmission services revenues from the Member Systems and Oglethorpe, and are recognized in accordance with the Transmission Service Tariff (the Tariff) discussed below.

Other transmission revenues include revenues from transmission services provided to Oglethorpe and certain third parties, and are recognized as those services are provided. Other transmission revenues also include revenues from the performance of operation and maintenance services for certain generation interconnection facilities and storm-related repairs. These revenues are also recognized as services are provided. Georgia Transmission constructs certain generation interconnection facilities for the Member Systems, Oglethorpe and third parties. Georgia Transmission bills the user for Georgia Transmission's costs for construction and enters into an interconnection and operation and maintenance agreement for the facility. (See Notes 1(f) and 6 for a discussion of the accounting for the construction of the facilities.)

Georgia Transmission has a Member Transmission Service Agreement (MTSA) with each of the Member Systems under which Georgia Transmission provides transmission services to the Member System. These MTSAs state Member Systems are responsible, on a joint-and-several basis, for all of Georgia Transmission's obligations relating to the transmission business.

Rates charged for transmission services are described in the Tariff, and are designed to recover all of Georgia Transmission's costs and expenses. These rates expressly include, in the description of costs to be recovered, all principal and interest on Georgia Transmission's indebtedness, including the principal and interest payments on debt related to the purchase of land and land rights. The rates further provide for the accumulation of net margins to satisfy an MFI ratio for each fiscal year equal to at least 1.10 as required in the Indenture. In addition, the Tariff requires that any amount by which Georgia Transmission exceeds a 1.20 MFI ratio, after reduction for recovery of land costs, will be refunded to the Member Systems and Oglethorpe. Amounts between 1.10 and 1.20 may be retained, after reduction for recovery of land costs, subject to approval by the Board of Directors. For this reason, Georgia Transmission reviews its annual budget and rates at least once every year and at such intervals as it deems appropriate. In addition, from time to time, the Board of Directors may approve budget adjustments to achieve targeted margin levels. In November 2022 and 2021, the Board approved an MFI ratio of 1.20 as part of Georgia Transmission's 2023 and 2022 budgets.

Georgia Transmission has also entered into a transmission service agreement with Oglethorpe to provide network service to Oglethorpe's headquarters and certain generating facilities. This agreement is substantially similar to the other MTSAs except Oglethorpe, unlike the Member Systems, is not obligated to cover any revenue shortfall resulting from a payment default by a Member System or any other transmission customer. Oglethorpe also makes point-to-point purchases from Georgia Transmission under this arrangement.

Members with contributions that are greater than or equal to 10% of our total operating revenue as well as their contribution percentages for the last three years are listed in the table on the right. Revenues from non-members accounted for approximately 1.4%, 1.0%, and 1.0% of our total operating revenues for years 2022, 2021, and 2020, respectively.

Contribution to Total Operating Revenue	2022	2021	2020
Jackson EMC	11.5%	11.4%	11.7%
Oglethorpe	11.5%	11.3%	11.4%
Cobb EMC*	9.7%	9.9%	10.2%

*Although Cobb EMC's contribution to Total Operating Revenue was less than 10% in 2022 and 2021, it was greater than 10% in 2020, which is why it is included in the chart.

e. Depreciation

Depreciation is calculated on eligible assets when they are placed in service using the composite straight-line method. In 2021, Georgia Transmission conducted a depreciation study that proposed new depreciation rates and quantified the cost of removal. The study results were subsequently approved by RUS and the new rates were implemented in 2022. As shown in the table on the right, annual depreciation rates in effect in 2022 were based on the depreciation study, and rates for 2021 and 2020 used RUS-prescribed rates. Georgia Transmission's depreciation rates include a component that addresses the cost of removal and salvage. Provisions for these are included in accumulated depreciation.

	2022	2021	2020
Transmission	1.99%	2.75%	2.75%
Distribution	2.46%	2.88%	2.88%
General plant and other	1.74-33.33%	2.00-33.33%	2.00-33.33%

f. Electric plant

Electric plant is stated at original cost, which is the cost of the plant when first placed in service plus the cost of any subsequent additions. Electric plant includes direct labor and materials, allocated overheads and contract labor, and is reduced by any contribution in aid of construction. Original cost includes an allowance for the cost of equity and debt funds used during construction. Georgia Transmission calculates the weighted cost of equity and debt funds at the embedded cost of all such funds. The allowance for funds used during construction (AFUDC) rates computed in accordance with the prescribed regulatory formula are shown in the table on the right.

AFUDC Rates	2022	2021
Equity	1.10%	1.00%
Debt	2.80%	2.90%
Total	3.90%	3.90%

The plant acquisition adjustments represent the accumulated depreciation at the time of asset acquisition and any excess paid over the seller's original cost. The acquisition adjustments are amortized over periods ranging from 10 to 40 years.

Maintenance and repairs of property as well as replacements and renewals of items determined to be minor units are charged to expense. Replacements and renewals of items considered to be major units are charged to the plant accounts. When properties are disposed of, the original cost plus the cost of removal, less any salvage of such property, is charged to the accumulated provision for depreciation.

g. Cash and cash equivalents

Georgia Transmission considers all temporary cash investments purchased with an original maturity of three months or less to be cash equivalents. Georgia Transmission maintains substantially all of its cash and cash equivalents in commercial paper with short-term maturities. Such investments are at times in excess of FDIC coverage resulting in a degree of credit concentration risk.

h. Cushion of Credit

RUS offers a Cushion of Credit (COC) program allowing its borrowers to deposit Federal Financing Bank (FFB) debt service payments prior to their scheduled due dates. Deposits maintained in the COC program are considered restricted cash for the purposes of presentation in the financial statements. The restriction on the cash is permanent until such time the deposits are used to pay FFB debt service payments. During 2020, Georgia Transmission made no new deposits and received $2 million in interest. Subsequent withdrawals of debt service payments for $62 million resulted in a zero balance as of December 31, 2020. The COC program is closed to new deposits so the zero balance was maintained through all of 2022 and 2021.

i. Accounts receivable

Accounts receivable includes Georgia Transmission's members' outstanding monthly billings as well as charges for wheeling revenues, which are carried at invoiced amounts. Management determined that all billings are collectible as billed and, thus, no allowance for doubtful accounts has been recorded.

j. Inventories

Georgia Transmission maintains inventories of new and replacement parts for its transmission network. These inventories are stated at their weighted average cost on the accompanying balance sheets. Obsolete items are written off as identified.

k. Regulatory assets and liabilities

The table on the right represents Georgia Transmission's regulatory assets and liabilities as of December 31, 2022, and 2021. Georgia Transmission is subject to the provisions of Accounting for the Effects of Certain Types of Regulation. Regulatory assets represent probable future expenses that are expected to be recoverable by Georgia Transmission from the Member Systems, Oglethorpe and third parties through the ratemaking process. Regulatory liabilities represent probable future revenues associated with amounts to be credited to the Member Systems, Oglethorpe and third parties through the ratemaking process. Regulatory assets include unamortized losses on reacquired debt, unamortized and unrealized losses on interest rate hedges, accruals for paid time off (PTO), and unobligated FEMA assistance. Regulatory liabilities include unamortized gains on reacquired debt and unamortized gains on interest rate hedges.

(dollars in thousands)	12/31/22	12/31/21
Regulatory assets:		
Unamortized loss - reacquired debt	$13,261	$14,229
Loss on interest rate hedges, being amortized	16,135	17,034
PTO accrual	4,619	4,865
Unobligated FEMA assistance	294	294
Total assets	$34,309	$36,422
Regulatory liabilities:		
Gain on interest rate hedges, being amortized	1,871	2,094
Total liabilities	$ 1,871	$ 2,094

l. Parity

Georgia Transmission incurs transmission parity expense or receives transmission parity revenue for use of the ITS and related transmission interfaces in accordance with an ITS Agreement between Georgia Transmission and Georgia Power. In December 2006, Georgia Transmission and Georgia Power provided each other with letters committing to continue the ITS Agreement through at least December 31, 2027, which is an additional 15 years from the previous earliest opt-out date. Similar letters were exchanged between Georgia Power and MEAG Power, and between Georgia Power and Dalton Utilities. Georgia Transmission earns parity revenues from other ITS participants to the extent Georgia Transmission's percentage of investment in the ITS exceeds its percentage use of the system. Georgia Transmission incurs transmission parity expense if its percentage use of the system exceeds its percentage investment in the ITS. Since 2000, Georgia Transmission has incurred parity expense. Amounts billed or received for parity for the contract year are subject to adjustment, based on review by the ITS Joint Committee for Planning and Operations, of actual investment in the ITS and the investment responsibility of each party. Based upon such review, payments and credits are adjusted for the contract year. Georgia Transmission records the actual amounts billed (or paid) for the period as parity revenue (expense), net, and adjusts this amount for its estimate of the ultimate amount receivable or payable for the period.

m. Derivatives

Authoritative guidance regarding Derivatives and Hedging Activities requires derivative financial instruments be recorded as assets or liabilities on the balance sheet at their fair value. Georgia Transmission's interest rate hedge arrangements are designated as cash flow hedges. The fair value of Georgia Transmission's cash flow hedges is estimated based on inputs other than quoted prices that are observable for the interest rate hedge arrangement, which includes LIBOR swap rates and yield curves that are observable at commonly quoted intervals for the full terms of the swap (Level 2). See Note 2(a) for a discussion of fair value measurement, including definitions of Levels 1-3.

Authoritative guidance regarding Derivatives and Hedging Activities also requires specific disclosures regarding the location and amounts of derivative instruments in a corporation's financial statements, how derivative instruments and related hedged items are accounted for, and how derivative instruments and related hedged items affect a corporation's financial position, financial performance, and cash flows. Georgia Transmission has not elected to use hedge accounting for its derivative instruments but instead has elected to use the guidance of Accounting for the Effects of Certain Types of Regulation to record these arrangements as regulatory assets and liabilities.

n. Asset retirement obligations

Authoritative guidance regarding Asset Retirement Obligations requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and to capitalize that amount as part of the book value of the long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. Georgia Transmission has concluded it does not have any significant legal obligations that require accrual under the related guidance.

o. Leases
Georgia Transmission has processes in place to review all potential lease agreements. Georgia Transmission has determined there are no material lease agreements that need to be recorded in compliance with ASC 842.

2. FINANCIAL INSTRUMENTS:

a. Fair value measurements
Fair value measurements are based on inputs of observable and unobservable market data that a market participant would use in the pricing of an asset or liability. Through a three-tier hierarchy that separates inputs into valuation categories, observable inputs are maximized and unobservable inputs are minimized for fair value measurement.

- Level 1 consists of observable market data in an active market for identical assets or liabilities.
- Level 2 consists of observable market data other than those included in Level 1 that are either directly or indirectly observable.
- Level 3 consists of unobservable market data. The input may reflect the assumptions by a corporation of what a market participant would use in pricing an asset or liability. If there is little available market data, then the corporation's own assumptions are considered the best available information. Georgia Transmission has no assets or liabilities that are categorized as Level 3.

In the case of multiple inputs being used in a fair value measurement, the lowest level input that is significant to the fair value measurement represents the level in the fair value hierarchy at which the fair value measurement is reported.

The tables on the right summarize Georgia Transmission's assets and liabilities aggregated by levels within the fair value hierarchy as of December 31, 2022, and December 31, 2021.

(dollars in thousands)	December 31, 2022			
	Reported Value	Fair Value	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable (Level 2)
Assets:				
Cash and cash equivalents	$ 43,424	$ 43,424	$ 43,424	$ –
Total assets	$ 43,424	$ 43,424	$ 43,424	$ –
Liabilities:				
Commercial paper	$ 82,000	$ 82,000	$ 82,000	$ –
Long-term debt	2,289,443	1,944,551	–	1,944,551
Total liabilities	$2,371,443	$2,026,551	$ 82,000	$1,944,551

(dollars in thousands)	December 31, 2021			
	Reported Value	Fair Value	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable (Level 2)
Assets:				
Cash and cash equivalents	$ 95,868	$ 95,868	$ 95,868	$ –
Total assets	$ 95,868	$ 95,868	$ 95,868	$ –
Liabilities:				
Commercial paper	$ 47,000	$ 47,000	$ 47,000	$ –
Long-term debt	2,190,668	2,555,231	–	2,555,231
Total liabilities	$2,237,668	$2,602,231	$ 47,000	$2,555,231

b. Derivative instruments and hedging activities
Cash settlements related to interest rate derivatives from previous years are accumulated in deferred charges and deferred credits. They are amortized as a component of interest expense during the life of the associated debt. At December 31, 2022, and 2021, the remaining unamortized balance in deferred charges were $16.1 million and $17.0 million, respectively, and the remaining unamortized balances in the deferred credits were $1.9 million and $2.1 million, respectively.

In both 2022 and 2021, the net amortization expenses for the aforementioned cash-settled interest rate hedges were approximately $0.7 million.

3. INVESTMENTS:

Investments in associated organizations include equities allocated to Georgia Transmission in the form of patronage capital and capital term certificates. The patronage capital and capital term certificates investments are a result of Georgia Transmission's membership in various organizations. Investments at December 31, 2022, and 2021, are shown in the table on the right.

(dollars in thousands)	2022	2021
CFC	$18,347	$18,740
CoBank	5,180	5,180
Federated Insurance	388	365
Gresco Utility Supply	595	357
Total	$24,510	$24,642

The investments in CFC include $10 million in CFC Member Capital Securities. These securities have an interest rate of 5.0% payable semi-annually with a maturity date of April 23, 2044, and are callable by CFC by April 23, 2024, at 100%. The remaining investments in CFC and CoBank, ACB (CoBank) are similar to compensating bank balances in that they are required to maintain current financing arrangements. Federated Insurance and Gresco Utility Supply investments consist of patronage capital.

All investments in associated organizations are accounted for using the cost method for investments because there is no market for these investments, and it is not practicable to estimate their fair values. Under this method, the fair value of an investment is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on its fair value. Georgia Transmission annually reviews all of its "cost method investments" to determine if there are any other than temporary impairments that need to be recognized. During the years ended December 31, 2022, and 2021, there were no identified events or changes in circumstances that were determined to have a significant adverse effect on the fair value of these investments or that resulted in other than temporary impairments.

4. INCOME TAXES:

Georgia Transmission is a 501(c)(12) cooperative and is exempt from federal and state income taxes, provided revenues from its Member System and Oglethorpe are at least 85% of Georgia Transmission's total revenues.

Georgia Transmission has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, and to identify and evaluate other matters that may be considered tax positions. Georgia Transmission has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

5. DEBT:

Long-term debt consists of mortgage notes payable to the United States of America acting through FFB and the RUS, mortgage notes payable issued in conjunction with the sale by public authorities of pollution control revenue bonds (PCBs), and notes payable to CoBank, CFC, and private placement debt holders. In connection with the corporate restructuring of Oglethorpe, Georgia Transmission assumed responsibility for payment of a portion of Oglethorpe's mortgage notes issued in conjunction with the sale by public authorities of PCBs. Substantially all of the owned tangible and certain of the intangible assets of Georgia Transmission are pledged as collateral under the Indenture for FFB and RUS notes, the CoBank and CFC notes, private placement notes, and the notes issued in conjunction with the sale of PCBs. The detail of the notes is included in the Statements of Capitalization.

Georgia Transmission has RUS-guaranteed FFB notes under which the outstanding principal amounts were $1.8 billion and $1.7 billion at December 31, 2022, and 2021, respectively, with rates ranging from 1.15% to 7.18%.

During 2022, Georgia Transmission advanced approximately $114 million from existing RUS-guaranteed FFB loans to fund construction costs related to transmission projects. In addition, Georgia Transmission has another RUS-guaranteed FFB loan for approximately $155 million related to constructed transmission projects completed in 2021. No advances on this loan have occurred to date. Georgia Transmission also submitted an application for another RUS-guaranteed FFB loan for approximately $142 million related to 2022 transmission projects. This application is under review at RUS.

Georgia Transmission executed three private placement debt transactions in previous years: one for $73 million in 2019, one for $135 million in 2010, and another in 2009 for $150 million. As of December 31, 2022, and December 31, 2021, Georgia Transmission had outstanding balances of $280.8 million and $293.6 million on its combined private placement debt, respectively.

During 2012, Georgia Transmission refinanced debt related to certain outstanding PCBs and a CoBank bridge loan through the issuance of the Development Authority of Burke County PCBs (Georgia Transmission Corporation Vogtle Project), Series 2012, in the principal amount of approximately $94.5 million. Georgia Transmission is the sole obligor with respect to the debt associated with these refinanced PCBs, which have a final maturity date of January 1, 2052. The PCBs had an original fixed term rate of 1.25% and an initial mandatory tender date of May 1, 2015. Subsequently, Georgia Transmission remarketed the PCBs in 2015 and, again, during 2018, retaining the structure and tenor (three years) of the original bonds. During 2021, the bonds were remarketed again but this time to their final maturity date at a fixed rate of 2.75%. As of both December 31, 2022, and December 31, 2021, Georgia Transmission had an outstanding balance of $94.5 million on its PCB debt.

Georgia Transmission has a $230 million shelf loan facility from CFC. The main purpose of the shelf loan is to fund a portion of Georgia Transmission's projected capital expenditures, primarily those that are not eligible for RUS funding. Advances under the facility are available through 2026. As of December 31, 2022, and December 31, 2021, Georgia Transmission had outstanding balances of $104.6 million and $111.1 million on its combined CFC debt, respectively.

Georgia Transmission has a $425 million revolving credit agreement with CoBank, scheduled to terminate in 2026. This agreement's purpose is to provide liquidity and funding for project construction as well as for general corporate purposes. The agreement may also be used as support for Georgia Transmission's commercial paper program. As of December 31, 2022, and December 31, 2021, Georgia Transmission had no balances outstanding on the CoBank agreement.

Georgia Transmission has a committed $240 million credit facility provided by a group of banks led by CFC. Like the CoBank-led credit agreement, the facility was established to fund general corporate purposes and as a backup for Georgia Transmission's commercial paper program. Because Georgia Transmission uses both committed credit facilities to fully back its commercial paper program, the combined borrowing capacity for both facilities is limited to the amount of commercial paper outstanding. As of December 31, 2022, and December 31, 2021, outstanding commercial paper amounts were $82 million and $47 million, respectively. There were no outstanding amounts on the CFC-led facility as of December 31, 2022, or December 31, 2021.

Georgia Transmission has a two-year agreement with Bank of America for $50 million through June 2023. This agreement was established to provide extra liquidity and, if needed, bridge financing for transmission projects to long-term loans. In January 2022, Georgia Transmission advanced $50 million through this agreement to partially pay for transmission assets purchased from Georgia Power. At year end, $50 million was outstanding on the agreement.

Georgia Transmission has a $20 million uncommitted short-term line of credit with CFC with no outstanding amounts as of December 31, 2022, or December 31, 2021.

Maturities for long-term and short-term debt through 2027, excluding commercial paper, are as shown in the table on the right.

Maturity Schedule

(dollars in thousands)	2023	2024	2025	2026	2027	Thereafter	Total
FFB	$ 48,411	$ 52,283	$ 67,345	$ 54,511	$ 55,915	$1,481,069	$1,759,534
CFC	6,991	12,090	4,123	4,154	4,186	73,078	104,622
PCB	–	–	–	–	–	94,465	94,465
Private placement	9,584	13,316	23,997	21,303	20,787	191,835	280,822
Bank of America	50,000	–	–	–	–	–	50,000
Total	$ 114,986	$ 77,689	$ 95,465	$ 79,968	$ 80,888	$1,840,446	$2,289,443

6. ELECTRIC PLANT AND RELATED AGREEMENTS:

A summary of Georgia Transmission's transmission and distribution investments and related accumulated depreciation as of December 31, 2022, and December 31, 2021, is shown in the table on the right.

(dollars in thousands) Plant	2022 Investment	2021 Investment
In service		
Transmission lines	$ 1,842,568	$ 1,726,674
Transmission substations	839,524	780,644
Distribution substations	1,091,972	1,054,785
General plant and other	79,043	75,411
Plant held for future use	36,032	36,583
Total utility plant in service	$ 3,889,139	$ 3,674,097
Construction work in progress		
Transmission lines	$ 47,072	$ 21,387
Transmission substations	54,302	38,354
Distribution substations	28,877	21,210
General plant and other	21,857	14,037
Total construction work in progress	$ 152,108	$ 94,988

Plant	2022 Accumulated Depreciation & Amortization	2021 Accumulated Depreciation & Amortization
In service		
Transmission lines	$ 675,465	$ 638,201
Transmission substations	247,233	232,616
Distribution substations	372,811	357,142
General plant and other	37,401	32,264
Total in service	$ 1,332,910	$ 1,260,223

Georgia Transmission has entered into interconnection and operation and maintenance agreements with the owners of various generation facilities. Generally, the initial terms of these agreements coincide with the expected life of each generation facility. These agreements typically provide for Georgia Transmission to build, operate and maintain a switching station and related interconnection facilities that allow the generation facility access to the ITS. Although Georgia Transmission is reimbursed for the cost of building the interconnection facilities and all related operation and maintenance expenses, Georgia Transmission retains legal ownership of the interconnection facilities other than those incidental to the generation facilities, which the generator will own. Georgia Transmission accounts for these transactions on its balance sheet by recording the switching station at cost with an offsetting amount recorded to contribution in aid of construction, and, thus, the station is carried with a zero net book value. No revenues or expenses are recorded for such construction because all amounts are reimbursed. The majority of these generation facilities are designated network resources of Georgia Transmission's Member Systems and Oglethorpe; therefore, Georgia Transmission does not collect revenues from the generation facilities for the transmission services Georgia Transmission provides. Georgia Transmission earns revenues through the operation and maintenance of these interconnection facilities. See Note 1(d) for further discussion.

7. EMPLOYEE BENEFIT PLANS:

The Georgia Transmission Retirement Plan 401(k) covers substantially all employees. An employee may contribute, subject to Internal Revenue Service (IRS) limitations, up to 60% of their annual compensation. Georgia Transmission has the discretion to match a portion of the first 6% of the employee's contribution and has done so each year of the plan's existence. Georgia Transmission's current policy is to match the employee's contribution as long as there is sufficient margin to do so. The match, which is calculated each pay period, may be equal to as much as three-quarters of the first 6% of the employee's annual contribution, depending on the amount and timing of the employee's contribution.

Under the Georgia Transmission Retirement Plan's employer retirement contribution feature of the 401(k) plan, Georgia Transmission contributes 11%, subject to IRS limitations of each employee's eligible annual compensation.

Georgia Transmission also sponsors three deferred compensation plans for eligible employees. Eligible employees are defined as highly compensated individuals within the definition of Internal Revenue Code (IRC) section 414(q). The three plans consist of the Georgia Transmission Deferred Compensation Plan for Employees administered by the National Rural Electric Cooperative Association (NRECA), the

Contributions to Employee Benefit Plans

(dollars in thousands)	2022	2021	2020
401(k) 6%	$1,750	$1,623	$1,516
401(k) 11%	$4,521	$4,124	$3,963
Deferred compensation	$3,659	$4,385	$3,409

Georgia Transmission Deferred Compensation Plan offering investment options from Fidelity Investments (Fidelity) and administered by Fidelity, and the Georgia Transmission 457(f) Deferred Compensation Plan administered in-house. The Georgia Transmission deferred compensation plans offer investment options to all eligible participants without regard to salary limits under IRC section 401(a)(17). In addition, the Fidelity plan also enables Georgia Transmission to continue contributions via its employer retirement contribution to the highly compensated employees who exceed the IRS salary limits on retirement plan contributions under IRC section 401(a)(17).

The annual deferral to the two deferred compensation plans is calculated in accordance with IRC section 457, subject to changes under IRS section 457(b). The 457(f) Plan enables Georgia Transmission to continue company contributions that exceed the annual limit of the 457(b) Plan.

8. COMMITMENTS AND CONTINGENCIES:

Georgia Transmission has entered into four contracts with Georgia Power covering certain operation services, maintenance services, spare parts and equipment requirements, and planning services. Either party may cancel one or more of these contracts upon two years' notice. As of December 31, 2022, neither party had issued a cancellation notice. Purchases and uses of the services by Georgia Transmission under each of these contracts are optional. However, each contract is subject to a minimum annual payment. Future charges are tied to escalation factors based on Bureau of Labor statistics indices and changes to Georgia Transmission's investment percentage in the ITS.

Georgia Transmission also has agreements with Oglethorpe and GSOC for certain administrative, general, and control center services, as discussed further in Note 9.

Georgia Transmission has agreements with certain executive officers that provide for severance compensation upon termination following a change of control. These agreements contain certain automatic renewal provisions.

Georgia Transmission is subject to legal claims arising in the ordinary course of business. Georgia Transmission does not believe any legal claims exist that would have a material adverse effect on its operating results, financial position, or cash flows. As a result, no provision is made in the financial statements for any contingent liabilities.

9. RELATED PARTY TRANSACTIONS:

Georgia Transmission is party to certain agreements with Oglethorpe and GSOC for the recovery of certain costs incurred by them on behalf of Georgia Transmission. Oglethorpe charges Georgia Transmission for use of office space (under a lease renewable annually), use of certain facilities and equipment, and other services. These costs are allocated to Georgia Transmission based on square footage.

GSOC performs certain administrative, general, and control center services on behalf of Georgia Transmission. GSOC bills Georgia Transmission for such services at its cost plus a required margin. The table on the right shows payments made to Oglethorpe and GSOC along with amounts due respectively as of December 31, 2022.

(dollars in thousands)	2022	2021	2020
Paid to:			
Oglethorpe	$ 5,696	$ 4,835	$ 4,272
GSOC	$35,919	$35,126	$34,987
Payable to:			
Oglethorpe	$ 934	$ 849	$ 714
GSOC	$ 2,825	$ 2,243	$ 2,471

The agreement with Oglethorpe renews each year, unless terminated by either party by giving 180 days' notice. See Note 6 for additional information on related party transactions with Oglethorpe. The GSOC shared services agreement renews each year, unless terminated by either party giving 180 days' notice. The GSOC operations agreement has a one-year notice provision.

10. SUBSEQUENT EVENTS:

In January 2023, through its $425 million CoBank credit agreement, Georgia Transmission authorized the issuance of a letter of credit in the amount of $4.6 million to Southern Company. This letter of credit is intended to support upgrades constructed by Georgia Power in order to provide transmission network service for a new facility located outside of the ITS boundaries.

REPORT OF MANAGEMENT

The management of Georgia Transmission Corporation has prepared this report and is responsible for the financial statements and related information. These statements were prepared in conformity with accounting principles generally accepted in the United States of America and appropriate in the circumstances and necessarily include amounts that are based on best estimates and judgments of management. Financial information throughout this annual report is consistent with the financial statements.

Georgia Transmission maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls based upon the recognition that the cost of the system should not exceed its benefits. Georgia Transmission believes that its system of internal accounting controls, together with an internal auditing function, maintains appropriate cost/benefit relations.

Georgia Transmission's system of internal controls is evaluated on an ongoing basis by its qualified internal audit staff. Georgia Transmission's independent public accountants also consider certain elements of the internal controls system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements; however, this report of management is not required to be, and was not, subject to attestation by our independent public accountants.

The independent public accountants also provide an objective assessment of how well management meets its responsibility for fair financial reporting. Management believes that its policies and procedures provide reasonable assurance that Georgia Transmission's operations are conducted with a high standard of business ethics. In management's opinion, the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of Georgia Transmission.

Barbara Hampton
President and Chief Executive Officer

Dustin Zubke
Sr. Vice President and Chief Financial Officer

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Georgia Transmission Corporation
Tucker, Georgia

Opinion

We have audited the accompanying financial statements of Georgia Transmission Corporation (the Corporation), which comprise the balance sheets and statements of capitalization as of December 31, 2022 and 2021, the related statements of revenue and expenses, patronage capital and membership fees, and cash flows for the years ended December 31, 2022, 2021 and 2020, 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 the Corporation as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years ended December 31, 2022, 2021 and 2020, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with accounting standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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 the Corporation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free 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 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.

Continued next page

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

RSM US LLP

Greensboro, North Carolina
March 23, 2023

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