2023 ANNUAL REPORT

FORWARD

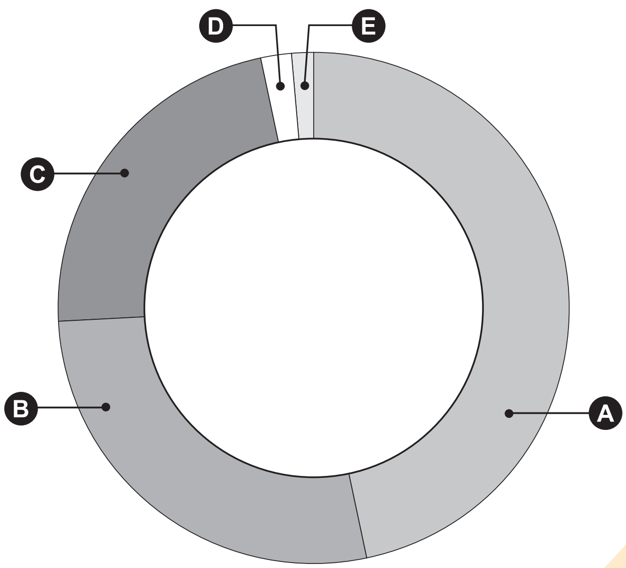
Georgia Transmission

GEORGIA TRANSMISSION PARTNERS WITH 38 ELECTRIC MEMBERSHIP CORPORATIONS (EMCs) TO DELIVER ENERGY TO MORE THAN 4.5 MILLION GEORGIANS ACROSS 70% OF THE STATE'S LAND AREA. TOGETHER, WE'RE ALWAYS MOVING FORWARD TO MEET GEORGIA'S EVER-GROWING NEED FOR SAFE, RELIABLE AND COST-EFFECTIVE ELECTRICITY.

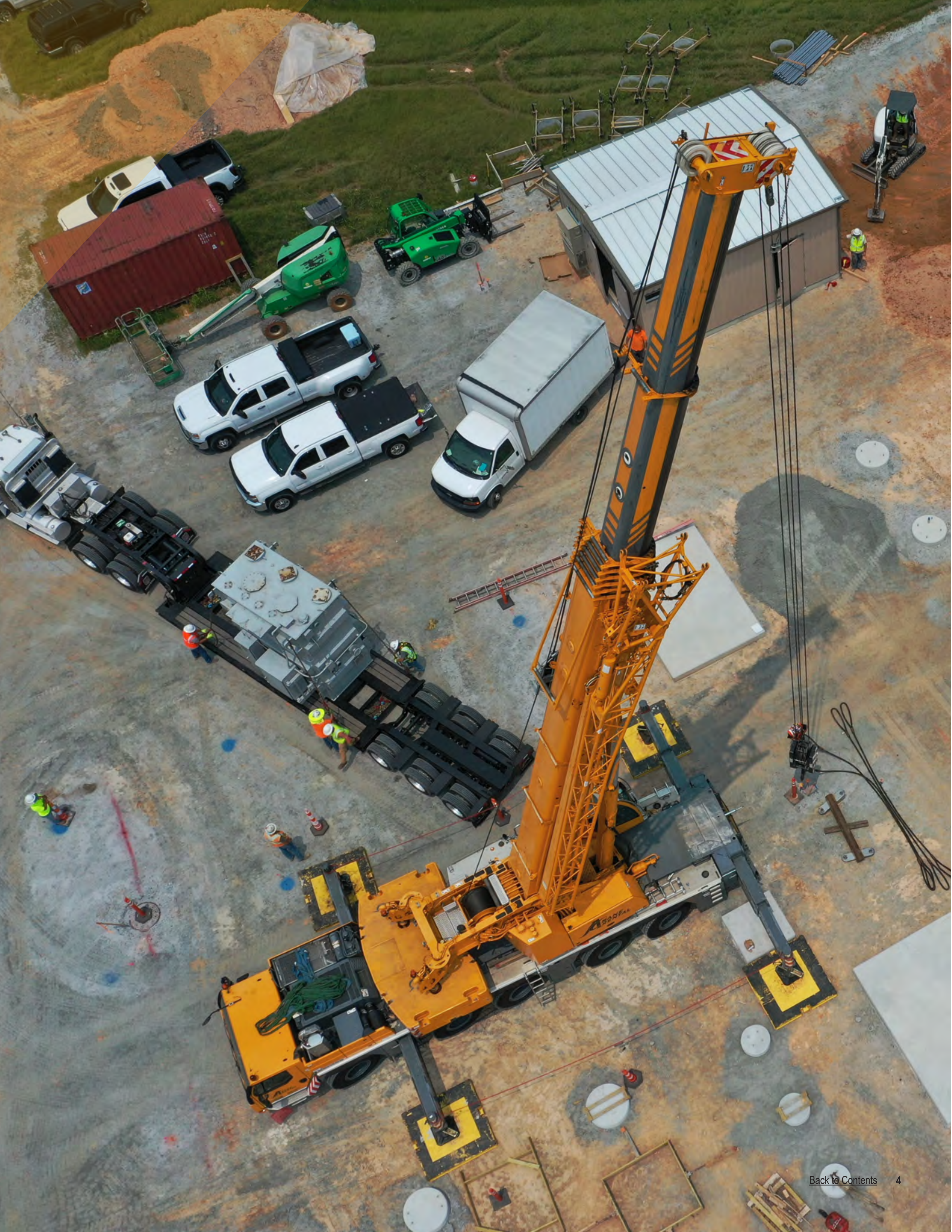
CONTENTS

FINANCIAL AND OPERATING HIGHLIGHTS

	(dollars in thousands)
A. Transmission Lines	$1,284,917
B. Distribution Substations	759,985
C. Transmission Substations	614,384
D. General Plant	54,837
E. Plant Held for Future Use	34,435



	(dollars in thousands)
Total Assets	$3,267,070
Total Operating Revenues	412,025
Net Margin	24,877
Patronage Capital and Membership Fees	409,998



A MESSAGE FROM OUR OFFICERS

At Georgia Transmission, we view every day as an opportunity to move forward to a brighter future. As the electric industry shifts toward a new energy mix, and the demand and reliance on electricity in our daily routines continues to increase, we know a robust, resilient and flexible grid will be key to success. That is why, in 2023, we made strategic moves to build forward momentum to meet the demands of an evolving industry – while also continuing to deliver on our commitment to our members to provide the best in reliable, cost-effective service.

In 2023, this meant Georgia Transmission:

- Invested $297 million, completing 125 capital projects, including facilities to support commercial/industrial customer-choice loads for our member systems;
- Advanced $155 million on a Rural Utility Service (RUS) loan for post-construction funding of transmission projects;
- Received approval for a $550 million loan from RUS to fund transmission project construction and asset acquisitions;
- Continued to monitor cybersecurity developments and comply with federal reliability standards;
- Incurred no environmental violations for the tenth consecutive year; and,
- Maintained a focus on safety, health and well-being.

In addition to these current year investments, we also took steps to ready our business for the demands of tomorrow:

- In October, Georgia Transmission was a named partner in a Department of Energy Grid Resilience and Innovation Partnership (GRIP) Award. This award will help fund approximately 50% of $300 million in projects to support rural electric reliability.
- We doubled the size of our central warehouse to support growing project demands, as well as to provide the space necessary to keep a larger range of inventory — mitigating the potential impact of further supply chain disruptions.
- We announced plans to move to new corporate headquarters in 2024, a space that will better support collaboration, while also accommodating the projected growth needs of our team.
- We continued to expand our business intelligence program, bot automation activities and knowledge transfer initiative to ensure we are leveraging the best of technology and data to work efficiently.
- We continued work toward opening our microgrid research center, slated for late 2024.
- Additionally, we participated in two SERC audits – both of which resulted in no compliance violations.

We are building forward momentum to meet the demands of an evolving industry.

As we take these steps toward a brighter tomorrow, we believe that forward is best accomplished together. That is why we remain committed to working collaboratively with our 38 member systems to meet their unique needs, and, together, deliver the safe, reliable and cost-effective electricity that helps add light to the stories of more than 4.5 million Georgians. We are pleased to share more details about our continued financial strength and other initiatives in the pages ahead. And, we eagerly anticipate the exciting new opportunities in the year ahead, as we move forward, together.

Charles R. Fendley
Chairman

Steve Rawl Sr.
Vice Chairman

Otis P. Jones
Secretary-Treasurer

BETTER EVERY DAY

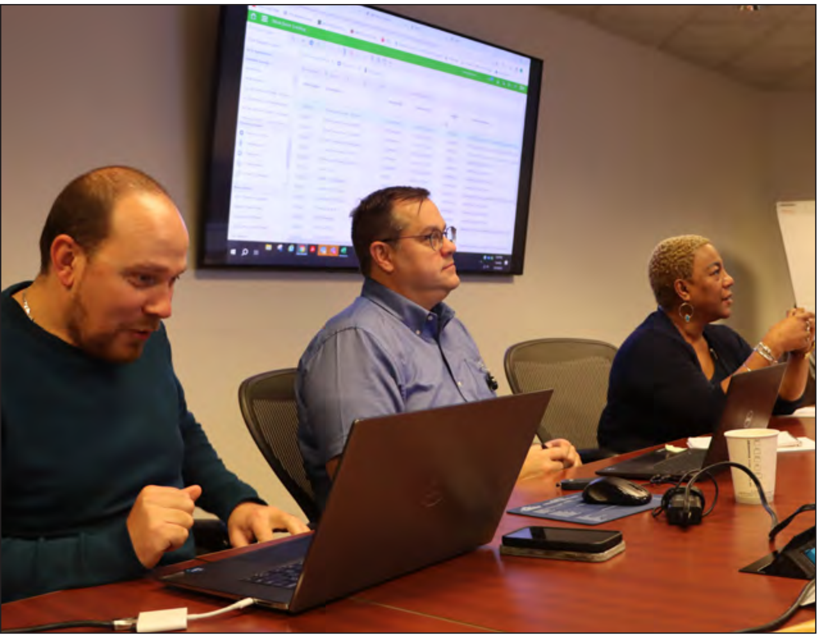
At Georgia Transmission, better every day is a mindset our teams put into practice with every task. As we look toward the demands of tomorrow, we know meeting our expectation for better every day will require new ideas, innovative solutions and a renewed commitment by our associates to keep moving forward. In the true spirit of better every day, we're not waiting for tomorrow to arrive to meet that expectation.

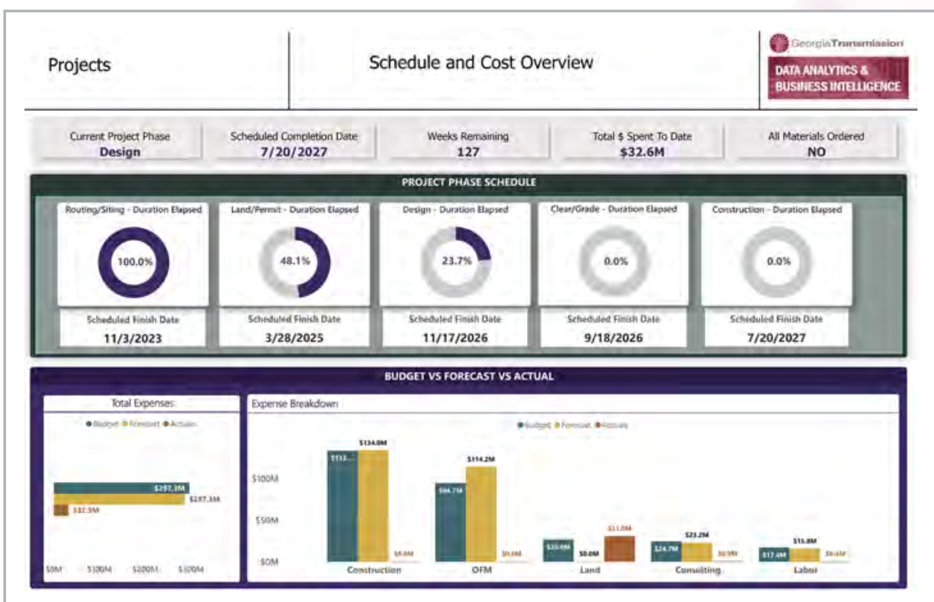
Our robust and growing business intelligence program continues to help us find new ways to leverage data analytics, artificial intelligence and technology solutions that allow us to work more efficiently. In 2023, our business intelligence team rolled out more than 20 new and refreshed dashboards to consolidate related data sets, providing stakeholders with a more holistic view in a single, real-time snapshot. Advancements in our data analytics work are also allowing us to leverage predictive algorithms in new ways to help better anticipate maintenance and planning needs.

We also spent time in 2023 upgrading software solutions and further expanding our bot automation program. Our bot automation program, which we first introduced in 2021, continues to automate routine, computer-based administrative tasks. By automating these largely data entry tasks, we're able to free up valuable time teammates can then dedicate to solving more complex issues. And, with the addition of our artificial intelligence research, we think our ability to streamline more tasks is only beginning.

Cool technology isn't the only way we get better every day. We're home to brilliant and ambitious problem solvers who don't rest on the way it's always been done. They continually work to collaborate and ensure we're making improvements to everyday practices to increase efficiency and reliability.

As we look toward the demands of tomorrow, we know meeting our expectation for better every day will require new ideas, innovative solutions and a renewed commitment by our associates to keep moving forward.

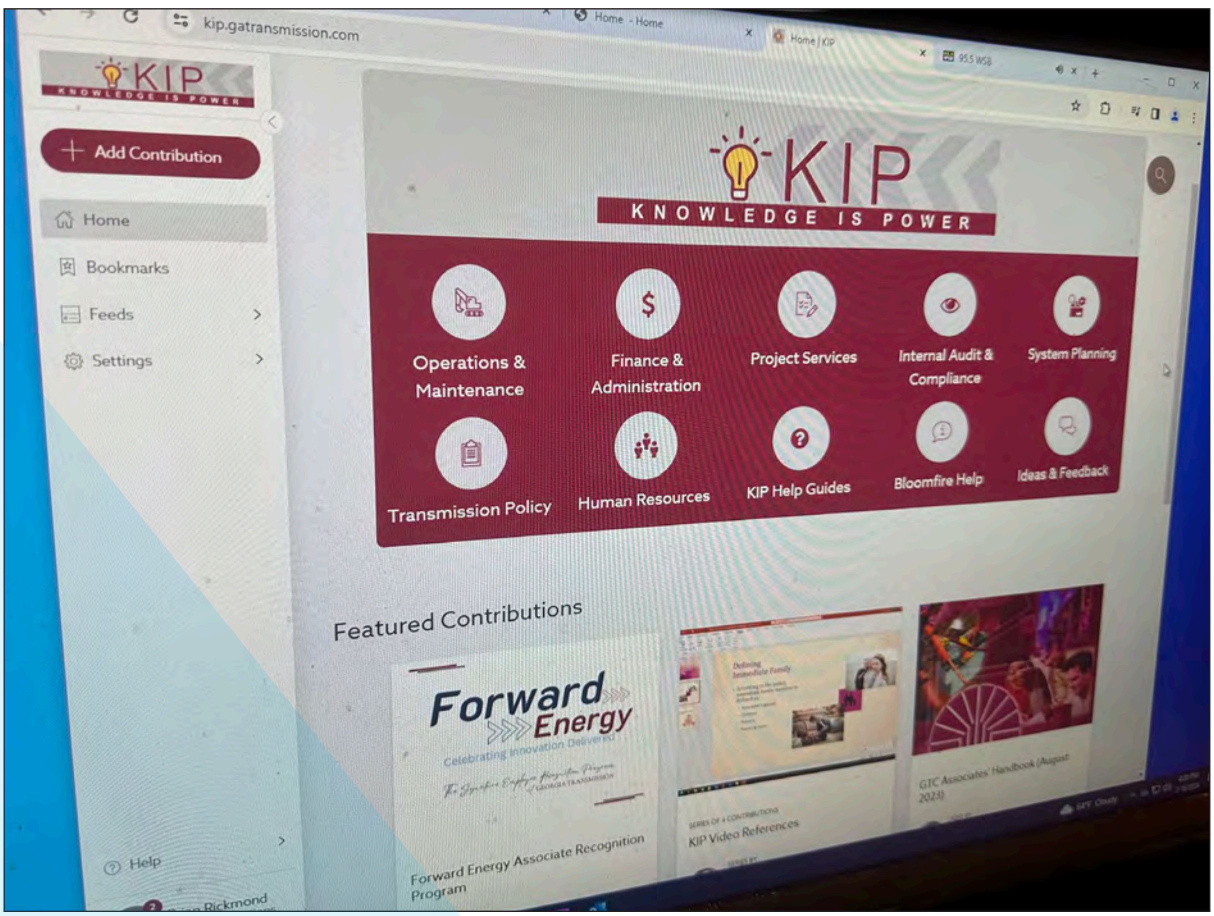




In 2023, our disaster response team, in collaboration with Georgia System Operations, Oglethorpe Power, Georgia EMC and our member systems, reviewed and enhanced our incident response communication strategy. In doing so, this collaborative group also created new procedures to ensure real-time information and data are being shared efficiently and effectively. Weather and other incidents that may impact the performance of our system are just part of life. By collecting the right data and collaborating with our partners on continuous improvement solutions, we can ensure we're reducing the impact those events may have on Georgians.

Collaboration among our associates is another key way we reach better every day. In 2023, we officially launched KIP (Knowledge is Power), our internal knowledge base. Associates are encouraged to submit tips, resources and other knowledge materials to the system. Then, similar to your favorite search engine, colleagues can search for information and find resources specific to Georgia Transmission on how to complete a wide variety of tasks. This helps ensure everyone is staying on the same page and also helps inspire the conversation around always pursuing the best solutions.

It is one thing to say we have a mindset of better every day, it is another to prove. In 2023, we refreshed our associate recognition program to put a greater emphasis on recognizing associates who deliver everyday innovations. And, in 2024, we're revising the structure of our corporate goals initiative to expand performance metrics to more areas of the business.



By collecting the right data and collaborating with our partners on continuous improvement solutions, we can ensure we're reducing the impact unavoidable disruptions may have on Georgians.

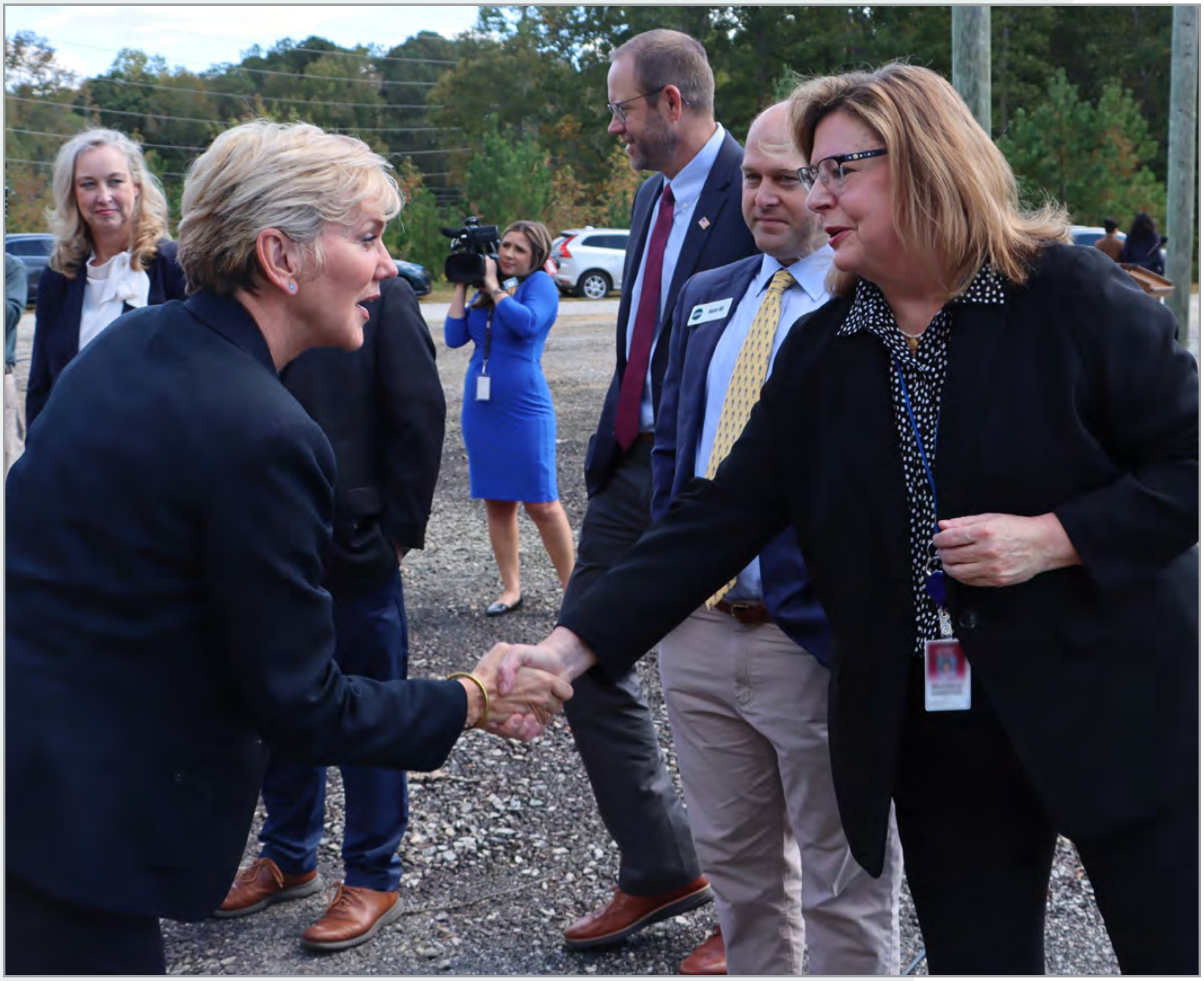
INNOVATION THAT DELIVERS

As we move toward the energy needs of tomorrow, one thing is certain — a robust and resilient transmission system is a critical need. For more than 25 years, planning, building and maintaining the high-voltage transmission lines and substations that deliver electricity to our member systems has been our sole business. With that singular focus, we continue to push the envelope to implement innovative solutions that deliver an ever more reliable, resilient and efficient grid.

Our daily routines continue to become more electrified, while power generation is shifting away from historically traditional methods. The continued increase in projected demand, combined with a larger mix of low-inertia energy sources, like solar, has the potential to impact the overall performance of the grid. To eliminate this concern, Georgia Transmission is building a state-of-the-art static VAR compensator that will monitor grid performance and intervene automatically to support grid stability.

Additionally, Georgia Transmission is building more capacity and redundancies throughout the state to ensure there is enough flexibility in the system to reliably and efficiently move electricity no matter the demand or the energy source. We also continue to build in response to customer-choice needs as more businesses choose to call the Peach State home. In 2023, this investment included the construction of 34.5 miles of new transmission lines and nine new substations.

In October, the Department of Energy announced the Georgia Environmental Finance Authority, along with grant partners — Georgia Transmission, Oglethorpe Power, Georgia System Operations and Green Power EMC — were the recipients of a Grid Resilience and Innovation Partnership (GRIP) Award. For Georgia Transmission, the grant will provide an estimated $150 million in funding toward a $300 million group of projects that address radially-fed substations — and will include 80 miles of new or rebuilt transmission lines and six microgrid applications using batteries.

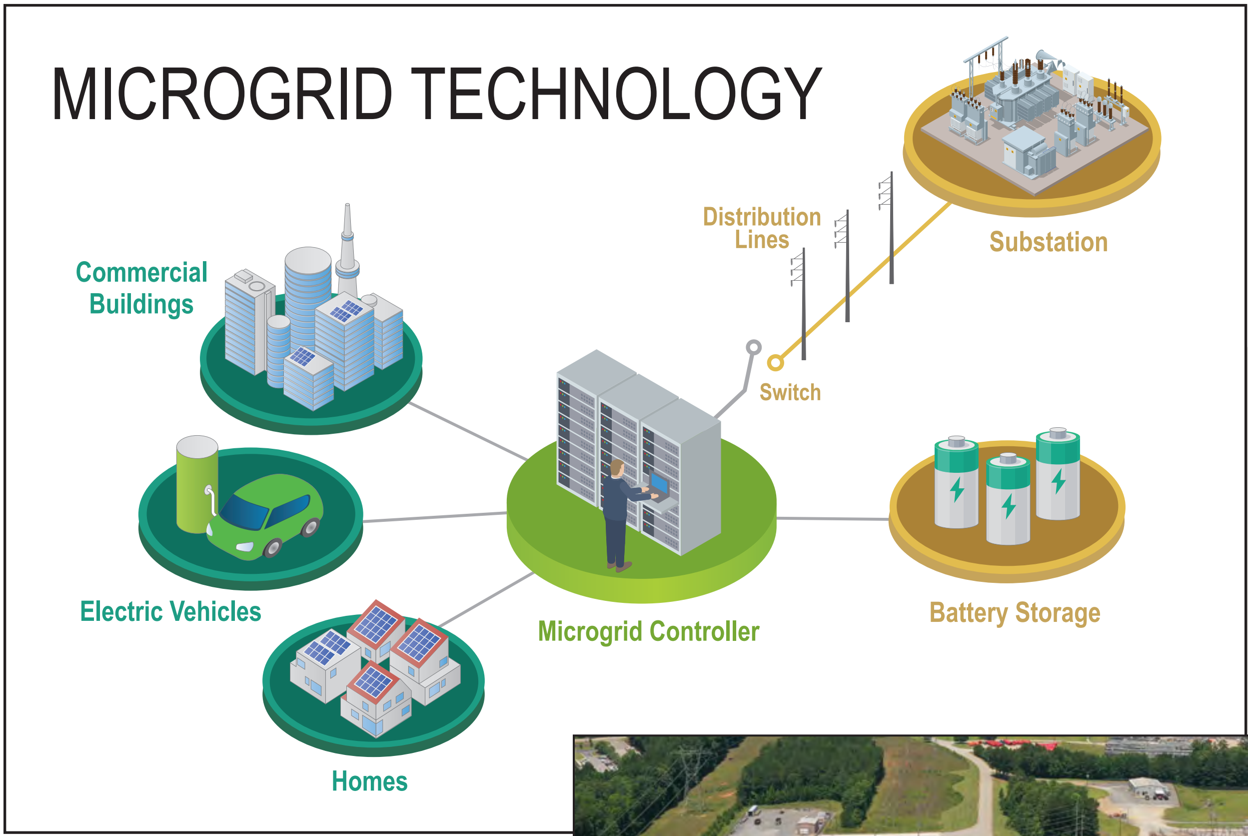



DANGER
ENERGIZED SUBSTATION

Research into modern microgrid technology and utility-scale batteries continues to show promising opportunities to further add resiliency and flexibility to the grid. In 2023, we announced a microgrid project that will support resiliency and reliability in a rural part of the state with challenging terrain that limited options to build other redundancies for the area. Additionally, we're establishing a microgrid research center to further explore the potential of this technology.

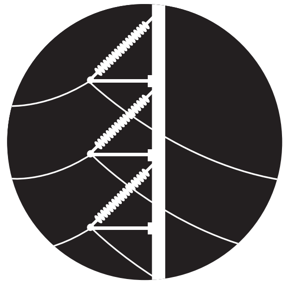
...we continue to push the envelope to implement innovative solutions that deliver an ever more reliable, resilient and efficient grid.

These days, life seems to move faster than ever, and we're here to move forward right alongside — ensuring access to safe, reliable and cost-effective electricity. Just as electric cooperatives rose to the challenge to help bring light to rural communities, we're ready to rise to the challenge again to deliver a new era of energy to meet the needs of a new generation.



2023 COMPLETED PROJECTS

9 New Substations



7 New Transmission Lines

11 Low-side Projects

55 Substation Modifications

20 Transmission Lines Modifications

23 Existing Asset Acquisitions

125 Total Projects Completed

34.5 Miles of New Transmission Lines

$297 Million Capital Budget

PROPELLING STEWARDSHIP

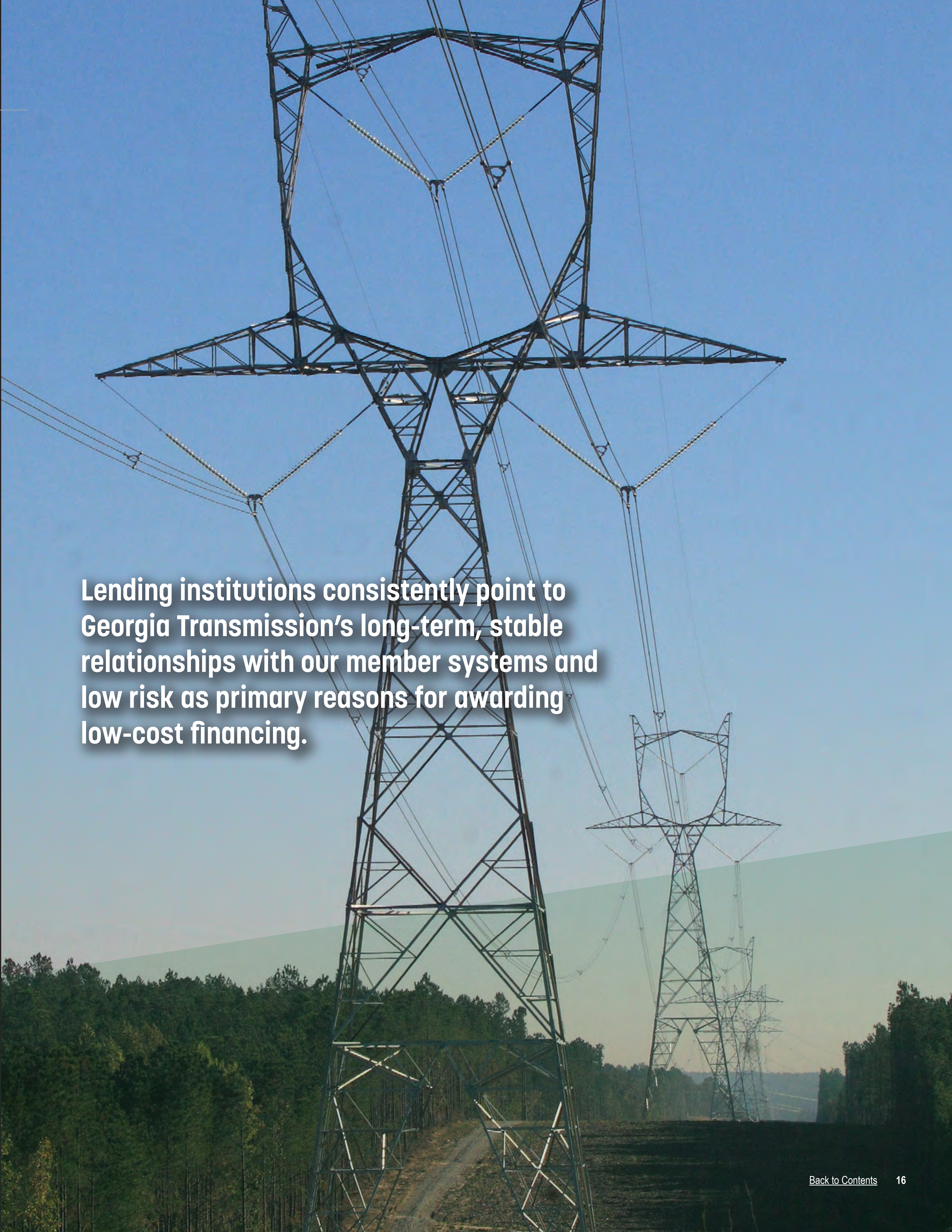
Forward takes time and resources. Creating the sustainable momentum that propels us forward — now, that takes stewardship. As a not-for-profit electric cooperative, owned by those we serve, we're committed to being responsible stewards of the funding our members provide. Today, our stewardship involves managing more than $3 billion in assets. As we prepare for tomorrow, we expect that number to continue to reach new heights — and by remaining true to our member-focused mission, we'll continue to grow with sustainable momentum.

Lending institutions consistently point to Georgia Transmission's long-term, stable relationships with our member systems and low risk as primary reasons for awarding low-cost financing. In 2023, Georgia Transmission continued to navigate uncertain economic conditions, rising interest rates and inflation, while responsibly delivering value to our members. To support our capital project work, the cooperative received $155 million in funding from the Rural Utilities Services (RUS) for post-construction funding of transmission projects. Additionally, Georgia Transmission received approval for a $550 million federal loan to support long-term financing of future capital construction projects and asset purchases. The cooperative also engaged in a $150 million private placement transaction to support capital expenditures and project-related activities. During the 2023 rating agencies review process, S&P, Moody's and Fitch all affirmed their ratings for Georgia Transmission.

Our members continue to welcome new neighbors, and our daily routines depend on easy access to safe, reliable and cost-effective electricity more and more every day. Delivering on that ever-growing need for electricity requires the type of momentum electric cooperatives are well-positioned to deliver. And, with our $645.9 million capital budget for 2024, we're committed to supporting our members by building the momentum for a brighter tomorrow, together.

Georgia Transmission Corporation Credit Ratings

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



Lending institutions consistently point to Georgia Transmission's long-term, stable relationships with our member systems and low risk as primary reasons for awarding low-cost financing.

FORWARD, TOGETHER

Our people power us — and the communities we serve inspire us — to keep moving forward. As we move forward in our commitment to be leaders in the future of energy, our investment in physical infrastructure is only the start. Since our inception in 1997, it has been our promise to invest in our people — and support them in their work and investments in the communities where we serve and live. Building our business around this philosophy is just another example of what makes the cooperative business model unique.

Investment in our people begins with creating a safe, healthy and collaborative work environment, and ensuring everyone has the skills and tools to excel. As we look to the workforce needs of tomorrow, we've realized we'll need more room at our corporate headquarters to maintain this commitment. In 2024, we'll transition to new corporate headquarters, where we are designing our workspaces around growth and collaboration.

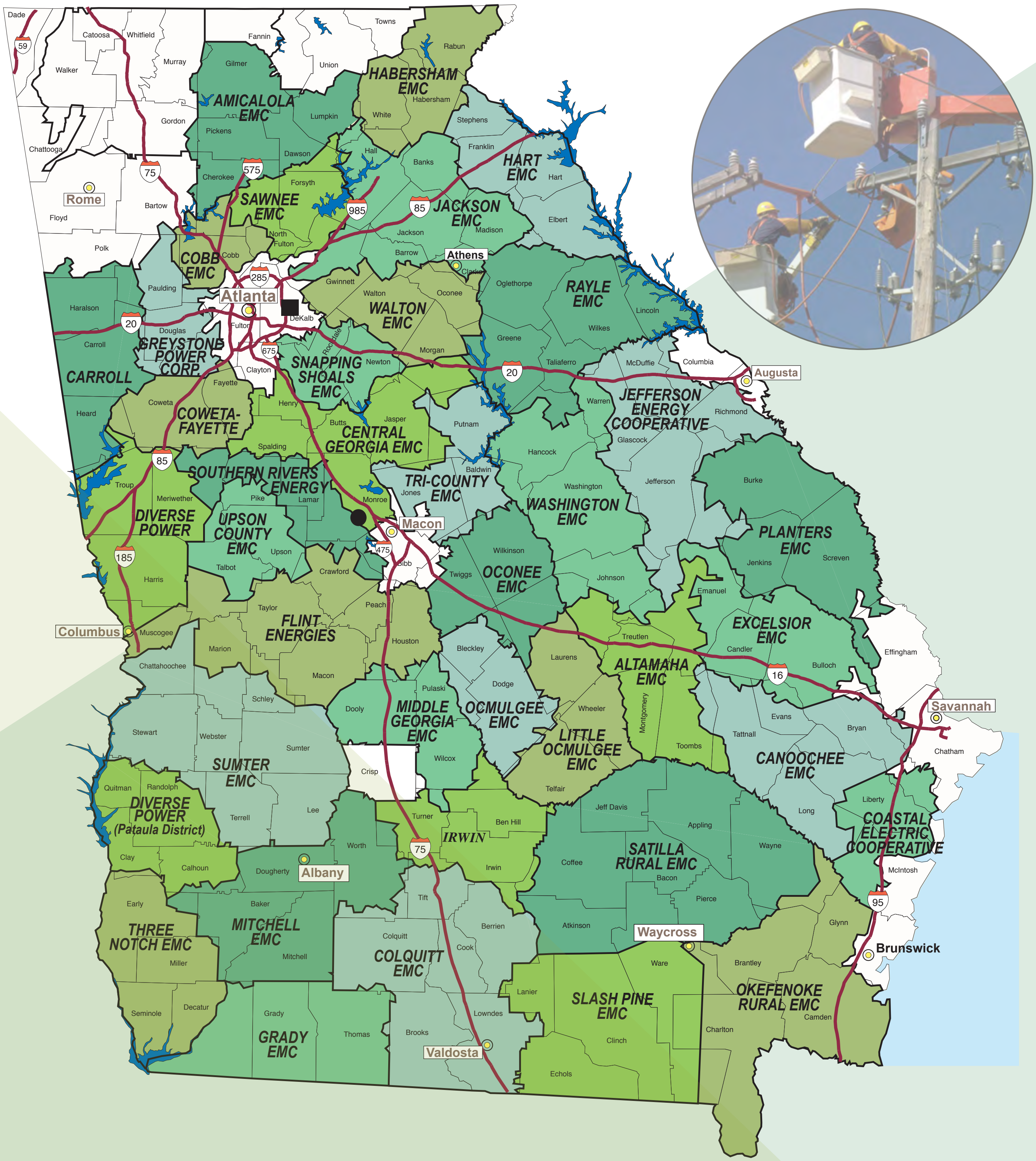
Additionally, this investment expands to a commitment to inspire and prepare the future leaders of our industry. This is reflected in our work in 2023 to renew and refresh our leader development program, expand our co-op to hire program and participate in more college and technical school career fairs and other recruitment events. That commitment is furthered through our support and participation in science, technology, engineering and math (STEM) programs throughout the state of Georgia — including our long-standing partnership with Tucker Middle School, one that helped the school become the first middle school in the state to earn a STEM designation.

A commitment to delivering the energy of tomorrow – the cooperative way – also means doing our part to help make Georgia a great place to call home for generations to come. Our associates give back to the local community by contributing time and resources to the United Way, The Salvation Army, Boys & Girls Clubs of America and the American Red Cross. Additionally, through continued investments and research, we remain committed to providing wildlife habitat opportunities in our rights of way.

Moving forward, together, takes an all-in strategy. With that, as we keep moving toward even brighter tomorrows, we'll remain committed to serving and partnering with our members, our communities and our people. And, together, we'll continue to deliver on our mission to provide the best in reliable, cost-effective service to our members, while also doing our part to help keep Georgia a great place to call home.

As we keep moving toward even brighter tomorrows, we'll remain committed to serving and partnering with our members, our communities and our people.

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 Fendley
Chairman
Member Director

Steve Rawl Sr.
Vice Chairman
Member Director

Otis Jones
Secretary-Treasurer
Member Director

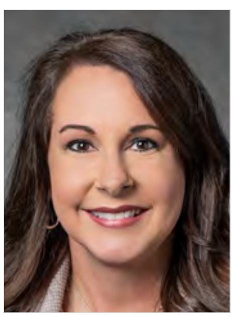
Raphael Brumbeloe
Member Director

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

Arthur White
Member Director

This Board of Directors profile is current at the time of publication (March 25, 2024). During 2023, Everett Williams also served as a member of the board, with Arthur White succeeding him in the fall.

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

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, 2023, 2022 and 2021, have been derived from our audited financial statements.

STATEMENTS OF REVENUES AND EXPENSES DATA

(dollars in thousands)

	2023	2022	2021
Operating revenues:			
Network services revenues	$ 364,130	$ 329,035	$ 324,801
Other transmission revenues	47,895	48,603	44,772
Total operating revenues	412,025	377,638	369,573
Operating expenses:			
Operation and maintenance	114,319	103,201	100,069
Parity expense, net.	55,056	53,792	41,647
Control center services	26,980	25,830	24,285
Administrative and general	20,175	17,581	16,208
Depreciation and amortization	86,558	79,645	97,010
Taxes	830	825	839
Total operating expenses	303,918	280,874	280,058
Operating margin	108,107	96,764	89,515
Total other income, net	7,288	2,980	2,159
Total interest charges, net	90,518	76,439	75,527
Net margin	$ 24,877	$ 23,305	$ 16,147

BALANCE SHEET DATA

	2023	2022	2021
Electric plant, net:			
In service	$ 2,748,558	$ 2,556,229	$2,413,874
Plant acquisition adjustments, at amortized cost	75,329	59,038	45,424
Construction work in progress	154,812	152,108	94,988
Total electric plant, net	$ 2,978,699	$ 2,767,375	$2,554,286
Total assets	$ 3,267,070	$ 2,954,027	$2,780,908
Capitalization:			
Long-term debt, excluding amounts due within one year	$ 2,382,436	$ 2,174,457	$2,125,015
Patronage capital and membership fees	409,998	385,121	361,816
Total capitalization	$ 2,792,434	$ 2,559,578	$2,486,831

OTHER DATA

	2023	2022	2021
Net cash provided by operating activities	$ 123,778	$ 105,095	$ 155,820
Margins-for-interest ratio(1)	1.32	1.33	1.23
Equity ratio(2)	14.7%	15.0%	14.5%
Property additions(3)	$ 297,022	$ 292,233	$ 157,482

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

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 Power. We have no rights to the assets or responsibility for the liabilities of the Member Systems. Oglethorpe Power 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 4.5 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 2022, the most recent year for which we have consolidated data, sales by the Member Systems amounted to approximately 41 million megawatt hours (MWh), with approximately 65% to residential consumers, 31% to commercial and industrial consumers and 4% 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 2020 through 2022, our Member Systems experienced an average annual compound growth rate of 1.9% in number of consumers. MWh sales increased by 3.7% and operating revenues increased by 8.5%.

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, 2023, we owned 4,227 miles of transmission lines and 780 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:

As of December 31, 2023, we had total assets of approximately $3.3 billion and total long-term debt, including amounts due within one year, of approximately $2.5 billion. We have 358 approved full-time employees.

Transmission Lines	
46 kV lines	756 miles
69 kV lines	37 miles
115 kV lines	1,553 miles
230 kV lines	1,346 miles
500 kV lines	535 miles
Total lines	4,227 miles

Substations	
Transmission substations	84
Distribution substations	619
Combined transmission & distribution substations	77
Total substations	780

EXECUTIVE OVERVIEW

Cyber and Physical Security

Cyber and physical security continue to 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 2023, we have continued the implementation of our plan to align cyber security control with the National Institute of Standards and Technology Cyber Security Framework, fostering development within multiple cyber programs such as vulnerability management, threat intelligence, supply chain security, configuration management and incident response. Our proactive approach to enhancing our security posture includes third-party penetration testing, operational security exercises, regular security assessments and incident response exercises including participation in GridEx, the largest grid security exercise in North America. These activities heighten risk awareness and assist us in prioritizing and addressing security vulnerabilities. In addition, we are actively involved in industry activities aimed at bolstering 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 are informed about security incidents, such as ransomware attacks and attacks of our supply chain partners, that occur at other organizations and proactively enhance 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 faced with any threat or disruption, whether from natural or human causes.

System Load

For most of the past several years, we have seen a relative flattening of Georgia's load growth 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 2023, we recorded historically high peak loads in both the summer and winter. Our current forecasts project that 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 loads in the Member Systems' territories has been either growing at a faster rate or declining at a slower rate than the loads of other ITS Owners. We expect this trend to continue and accelerate given current economic development in Georgia. 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 both the ITSA and our parity management agreement/procedure with Georgia Power. For example, during 2024, we anticipate closing on a transmission asset acquisition with Georgia Power valued at approximately $317 million.

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

Primarily, we fund our capital expenditures through loans from the Rural Utilities Service (RUS). The continued availability of these 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 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 such loan programs are available and it is economically feasible for us to borrow from RUS. 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 the Federal Financing Bank (FFB), which are guaranteed and administered by RUS, CFC, CoBank, Bank of America and other banks, as well as public and private debt offerings.

Grants

In recent years, we have pursued grant funding from various federal agencies including RUS, the Department of Energy (DOE) and the National Telecommunications and Information Administration. As more federal grant opportunities become available, we will continue to submit applications for grant funding to support our transmission facilities and battery/energy storage projects. Under the recent DOE Grid Resilience and Innovation Partnerships Program, Georgia Transmission, GSOC and Oglethorpe Power (collectively: the Family of Companies/FOC) partnered with the Georgia Environmental Finance Authority (GEFA) in submitting a grant application to fund regional grid improvements addressing reliability in Georgia, particularly serving remote and hard-to-reach communities. In October 2023, the DOE awarded the FOC and GEFA group approximately $249 million to implement these projects. Subsequently, the FOC and several Member Systems submitted a joint letter of intent to RUS requesting permission to apply for a grant under the RUS Empowering Rural America (New ERA) Program. Grants from this program are intended to fund projects that improve generation efficiency and transmission facilities that allow for the deployment of renewable energy sources. The grant also is heavily focused on greenhouse gas emission reduction.

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 $592 million was available at December 31, 2023. 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 reliable operation of 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 technical committees, standards drafting teams, working groups and other efforts to ensure any new or revised requirements tangibly improve reliability and security 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). FERC is expected to issue a Final Rule this year regarding changes to transmission planning and cost allocation regulations. FERC previously required in Order No. 1000 that public utility transmission providers implement changes in regional transmission planning processes to address planning and cost allocation requirements. Utilities in the Southeast have implemented these changes. 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 and economic development 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 economic growth and 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

We joined 14 other utilities in developing the Southeast Energy Exchange Market (SEEM). 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. SEEM was allowed to proceed in October 2021 and we formally became a member of SEEM in January 2022. SEEM began operation 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 Power 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, 2023.

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 $178 million is related to land recovery. Patronage capital is allocated to each of our Member Systems and Oglethorpe Power on the basis of certain transmission service purchases from us.

In connection with the corporate restructuring of Oglethorpe Power in 1997, Oglethorpe Power 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, 2023, we had $410 million in patronage capital and membership fees. Our equity ratio (patronage capital and membership fees divided by total capitalization) was 14.7% at December 31, 2023, compared to 15% at December 31, 2022.

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 Power if we are in default under the Indenture. Otherwise, we are permitted to make distributions to our Member Systems and Oglethorpe Power 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 Power to provide transmission service to Oglethorpe Power's headquarters and certain generating facilities. This agreement is substantially similar to the other MTSAs except Oglethorpe Power, 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 Power also makes point-to-point purchases from Georgia Transmission under this arrangement.

All of our Member Systems, Oglethorpe Power 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 Power 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 Power 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 Power during the period April through December of the following year. Prior to 2023, amounts within a range of a 1.10 MFI ratio to a maximum of 1.20 MFI ratio were retained as patronage capital, subject to approval by the Board of Directors. Effective 2023, the Board of Directors approved an increase in the maximum MFI ratio from 1.20 to 1.60. Amounts, if any, by which we exceed the maximum 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 Power 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 1.32 in 2023, 1.33 in 2022 and 1.23 in 2021. 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. 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 Power, 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 Power 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 Power through the ratemaking process. At December 31, 2023, we had regulatory assets and regulatory liabilities totaling $33.0 million and $11.6 million, respectively. (See Note 1(j) 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 Power 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(k) 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, 2023, 2022 and 2021

Operating Revenues

We collect revenues for network services from the Member Systems and Oglethorpe Power 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 10.7% higher in 2023 compared to 2022. This was due in part to increased operation and maintenance expenses, interest expense and depreciation expense. Network services revenues were 1.3% higher in 2022 compared to 2021 due to higher parity expense offset by lower depreciation expense.

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 1.0%, 1.4% and 1.0% of our total operating revenues for years 2023, 2022 and 2021, respectively.

Contribution to Total Operating Revenue	2023	2022	2021
Jackson EMC	11.5%	11.5%	11.4%
Oglethorpe Power	10.8%	11.5%	11.3%

Other transmission revenues primarily include transmission rental revenues. Transmission rental revenues consist of revenues from Oglethorpe Power and third parties for point-to-point transmission service. Other transmission revenues decreased 1.5% in 2023 compared to 2022 primarily due to lower revenues received from third parties for point-to-point firm transmission service. Other transmission revenues increased 8.6% in 2022 compared to 2021 due to higher point-to-point transmission rates and additional short term transactions by third parties.

Operating Expenses

Operation and maintenance expenses increased by 10.8% compared to 2022 due to increased costs related to internal and external labor and higher costs associated with routine operation and maintenance activities and the purchase of transmission assets. Operation and maintenance expenses increased 3.1% in 2022 compared to 2021 due to higher costs related to both internal and external labor.

Net parity expense increased 2.3% in 2023 compared to 2022 primarily due to an increase in our load responsibility and higher investment additions from other ITS participants offset by higher non-territorial transactions by Georgia Power. Net parity expense 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.

The expenses for control center services provided by GSOC increased by 4.5% during 2023 compared to 2022 due to increased headcount in control room associates. Expenses for control room services were 6.4% higher in 2022 compared to 2021. The change was due to an increase in the number of control room associates and higher costs related to professional services.

Administrative and general expenses increased 14.8% in 2023 compared to 2022. This change was due to an increase in labor related costs as well as Georgia Transmission's portion of allocated costs from GSOC. Administrative and general expenses increased 8.5% in 2022 compared to 2021 due to higher labor costs and higher administrative costs charged to us by Oglethorpe Power and GSOC.

In 2023, depreciation and amortization expenses were 8.7% higher than 2022 due to additions to plant that resulted in a larger depreciable fixed asset base. 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.

Other Income, Net

Investment income increased 250.7% in 2023 compared to 2022 primarily due to higher interest rates. Investment income increased by 54.5% in 2022 compared to 2021 due to similar factors.

Allowance for equity funds used during construction was 71.7% higher in 2023 than in 2022 and 49.1% higher in 2022 than in 2021. In both cases, increases were caused by higher average CWIP balances relative to the previous year.

Other, net increased by 55% in 2023 compared to 2022 due to higher patronage capital received. Other, net increased 19.6% in 2022 compared to 2021 due to higher patronage capital received as well.

Interest Charges, Net

Interest charges on long-term debt increased 12.1% in 2023 compared to 2022 primarily due to increased borrowings. Interest charges on long-term debt for 2022 were relatively flat in comparison to 2021.

Other interest charges, which consist largely of interest on short-term borrowings, were 170.9% higher in 2023 in comparison to 2022 primarily due to an increase in commercial paper rates as well as an increase in outstanding commercial paper balances. Other interest charges were 40.6% higher in 2022 than in 2021 due to similar factors.

Allowance for debt funds used during construction was 64.8% higher in 2023 than in 2022 and 43.4% higher in 2022 compared to 2021. In both cases, increases were caused by higher average CWIP balances relative to the previous year.

Net Margin

As discussed under "Rates and Regulation," our rates through December 31, 2023, 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 2023, 2022 and 2021, this provision for land produced an additional $9.1 million, $9.0 million and $8.8 million of net margin, 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. Total net margins for the years ended December 31, 2023, 2022 and 2021, were $24.9 million, $23.3 million and $16.1 million, respectively.

FINANCIAL CONDITION

General

The principal changes in our financial condition from 2023 compared to 2022 resulted from additions to transmission and distribution assets and additional long-term debt. The average interest rate on our long-term debt was 3.5% and 3.3% respectively for December 31, 2023 and December 31, 2022.

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 either RUS or 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 $112 million in cash and cash equivalents as of December 31, 2023. In addition, as described in the table on the right, as of December 31, 2023, we had short-term and intermediate-term committed and uncommitted credit facilities totaling $735 million, of which $592 million was available.

Short-/Intermediate-Term Credit Facilities	Authorized Amount	Available Amount
As of December 31, 2023	*(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	50,000
Less commercial paper outstanding	–	(143,000)
Total commitment	$715,000	$572,000
Uncommitted		
CFC line of credit	20,000	20,000
Total	$735,000	$592,000

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 February 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 into 2025
As of December 31, 2023	*(dollars in thousands)*
CFC, administrative agent	$115,000
Bank of America	75,000
CoBank	50,000
Total	$240,000

We have a credit agreement with Bank of America for $50 million that matures in May 2024. The purpose of this agreement is to provide additional liquidity and, if needed, bridge financing for transmission projects to long-term loans. At year-end, no unpaid balance was outstanding on the Bank of America credit agreement.

We have a $240 million commercial paper program that is primarily used for short-term project financing during construction. As of December 31, 2023, we had $143 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 2024. 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 RUS funding. As of December 31, 2023, the outstanding balance on the facility is $90 million. Funds may be drawn from the facility through 2026.

During 2023, we advanced approximately $155 million from an existing RUS loan to fund construction costs related to 2021 transmission projects. We have another RUS loan for approximately $141 million tied to construction costs for 2022 transmission projects which we have not advanced but intend to fully during 2024. We have an additional RUS loan of approximately $550 million related to construction costs for 2023 projects as well as recent and anticipated asset acquisitions from Georgia Power. We expect to advance funds related to the asset acquisitions in 2024 and the remaining construction projects in 2025.

In September 2023 we issued $150 million in First Mortgage Obligations in the private placement debt market to nine institutional investors. These securities, due in 2053, have an interest rate of 5.64%. Our purpose for executing this transaction was to fund capital expenditures and support other general corporate activities.

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 $297.0 million for the year ended December 31, 2023. 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 2024 through 2026.

Year	Capital Expenditures
	(dollars in thousands)
2024	$ 617,755
2025	457,918
2026	802,026
Total	$ 1,877,699

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 have grown at a faster rate than the other ITS Owners. For the year ended December 31, 2023, we incurred parity expense of approximately $55.1 million.

Contractual Obligations
(dollars in thousands)

As of 12/31/23	2024	2025 – 2028	2029 and beyond	Total
Long-term debt:				
Principal	$ 99,043	$333,031	$2,049,405	$2,481,479
Interest (1)	106,168	291,067	817,514	1,214,749
O&M agreements (2)	21,305	44,958	–	66,263
Dedicated crews/others	21,338	–	–	21,338
Total	$247,854	$669,056	$2,866,919	$3,783,829

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 2024.

We have agreements with Oglethorpe Power 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, 2023, we paid Oglethorpe Power and GSOC $6.5 million and $38.7 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, 2023, 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 2024. These payments total approximately $21.3 million.

The table above reflects, as of December 31, 2023, 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.

Credit Rating Risk

The table on the right, 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 708 individual requirements and support compliance with several other mandatory reliability standards applicable to Oglethorpe Power and GSOC.

FERC and NERC currently are focusing significant effort on identifying and addressing risks related to evolving cyber and physical security threats, grid preparedness for extreme weather events and performance of inverter-based resources. These efforts likely will result in additional mandatory requirements in the future for Georgia Transmission. Our industry experts monitor standards development activity and participate in various NERC technical committees, working groups and standard drafting teams to provide technical expertise to NERC with the goal of ensuring standards are developed based on sound reliability and security 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 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 direct or 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. 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 to operate 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 Power.

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 Power and we expect to incur a considerable amount of long-term debt in connection with this program. For 2024 through 2033, we project we will invest approximately $3.5 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 $2.5 billion as of December 31, 2023, to approximately $4.4 billion by the end of 2033.

Additional long-term debt will likely increase the cost of transmission service we provide to the Member Systems and Oglethorpe Power. Also, as a result of this debt, we may become more leveraged and certain 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, 2023, extending the term of the ITSA through at least December 31, 2027. Because none of the ITS Owners have provided notice of termination as of December 31, 2023, the ITS will continue through at least December 31, 2028. 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 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 Power 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 Power 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 Power 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 Power 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 Power 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 Power is a co-owner in the two new nuclear units located in Waynesboro, Georgia known as Vogtle Unit No. 3 and Vogtle Unit No. 4. The construction of such large, complex generating plants has required significant capital investments by Oglethorpe Power and continues to involve notable financial risk. In July 2023, Vogtle Unit No. 3 entered commercial operation. Vogtle Unit No. 4, remains under construction, but has reached initial criticality, and has a currently projected in service date during the second quarter of 2024. After a favorable resolution for Oglethorpe Power in 2023 of the lawsuit previously pending between Oglethorpe Power and Georgia Power regarding Oglethorpe Power's exercise of its one-time option to cap its capital costs, Oglethorpe Power has retained its 30% ownership interest in Vogtle Units No. 3 and 4. Oglethorpe Power's current budget for its ownership share of this project is $8.3 billion.

Until Vogtle Unit No. 4 is complete, Oglethorpe Power remains subject to construction risks and potential delays in its commercial operation date. The ultimate outcome of these matters cannot be determined at this time. For more information on Oglethorpe Power and Vogtle Units No. 3 and 4, please see Oglethorpe Power'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.

Presently, our transmission assets facilitate the transfer of energy from large central generating stations to distribution substations. The emergence and widespread adoption of distributed and dispersed generation technologies, such as solar and battery energy storage facilities, situated near distribution load centers, have the potential to impact the reliability of the bulk electric system. An accelerated development and adoption of these technologies, coupled with advancements in battery technology and the implementation of microgrids may expose the bulk electric system to fluctuations in power flow, increased voltage and frequency swings and heightened demands on our transmission assets, necessitating additional infrastructure to maintain system reliability and stability.

The stabilization of costs associated with solar power and ongoing improvements in battery technology are driving increased deployments of these generation technologies in Georgia. These advancements are seen as valuable enhancements to area reliability, particularly through the implementation of microgrids and other Distributed Energy Resources (DER). To deepen our understanding of these systems and their impact on the reliability of the transmission grid, we are planning individual pilot projects. We will actively engage with industry research and trade organizations to monitor deployments and advancements in these technologies as well. Additionally, we are implementing battery storage microgrids to address lower performing, radially-fed substations. This effort is partially funded by the Department of Energy's Grid Deployment Office (GDO), specifically through the Grid Resilience and Innovation Partnerships (GRIP), Topic Area 3 grant awarded to the FOC in October 2023.

In any foreseeable decentralized generation scenario, the indispensability of our transmission assets becomes apparent. These assets are crucial for facilitating diversity exchanges, enhancing resiliency and backup capabilities between different areas and supplying voltage and frequency support, commonly referred to as Essential Reliability Services. Contrary to the assumption that advances in green technology, such as large-scale wind, utility-scale batteries, solar and nuclear power, might reduce the demand on transmission assets, they actually heighten the reliance on them. Unlike conventional generators, wind and solar resources lack the inherent capability to provide the same level of support to the power system through rotation and inertia. The combination of the imperative need for Essential Reliability Services and the intermittent nature of these renewable resources necessitates a more robust and extensive transmission network. Such a network is essential to deliver both the flexibility required and the necessary levels of reliability for the evolving energy landscape.

Anticipating the enduring importance of the grid, we believe it will continue to deliver significant value over the long term, even in the face of potential technological advancements. Nevertheless, we acknowledge that the nature of services provided by the grid may evolve, prompting the need for vigilant monitoring. It is essential to carefully observe and assess these changes to minimize potential reliability risks associated with evolving technologies. This proactive approach ensures that the reliability of the transmission grid remains robust and adaptable to the dynamic landscape of technological advancements in the energy sector.

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. 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, 2023, 2022 and 2021

(dollars in thousands)

	2023	2022	2021
Operating revenues:			
Network services revenues	$ 364,130	$ 329,035	$ 324,801
Other transmission revenues	47,895	48,603	44,772
Total operating revenues	412,025	377,638	369,573
Operating expenses:			
Operation and maintenance	114,319	103,201	100,069
Parity expense, net	55,056	53,792	41,647
Control center services	26,980	25,830	24,285
Administrative and general	20,175	17,581	16,208
Depreciation and amortization	86,558	79,645	97,010
Taxes	830	825	839
Total operating expenses	303,918	280,874	280,058
Operating margin	108,107	96,764	89,515
Other income, net:			
Investment income	4,633	1,321	855
Allowance for equity funds used during construction	860	501	336
Other, net	1,795	1,158	968
Total other income, net	7,288	2,980	2,159
Interest charges:			
Interest on long-term debt	81,841	73,023	72,122
Other interest	11,480	4,238	3,014
Allowance for debt funds used during construction	(4,983)	(3,024)	(2,109)
Amortization of debt expense, net of gain	2,180	2,202	2,500
Total interest charges, net	90,518	76,439	75,527
Net margin	$ 24,877	$ 23,305	$ 16,147

STATEMENTS OF PATRONAGE CAPITAL AND MEMBERSHIP FEES

For the years ended December 31, 2023, 2022 and 2021

(dollars in thousands)

	2023	2022	2021
Patronage capital and membership fees, beginning of period	$ 385,121	$ 361,816	$ 345,669
Net margin	24,877	23,305	16,147
Patronage capital and membership fees, end of period	$ 409,998	$ 385,121	$ 361,816

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

BALANCE SHEETS

As of December 31, 2023 and 2022

(dollars in thousands)

	2023	2022
Assets		
Electric plant:		
In service	$ 4,173,582	$ 3,889,139
Less: Accumulated provision for depreciation	(1,425,024)	(1,332,910)
	2,748,558	2,556,229
Plant acquisition adjustments, at amortized cost	75,329	59,038
Construction work in progress	154,812	152,108
	2,978,699	2,767,375
Investments:		
Investment in associated organizations	24,319	24,510
	24,319	24,510
Current assets:		
Cash and cash equivalents	111,780	43,424
Receivables	49,915	43,503
Inventories, at weighted average cost	46,720	30,463
Prepaid commercial paper discount	840	430
Prepayments and other current assets	8,007	6,773
	217,262	124,593
Deferred charges and other assets:		
Premium and loss on reacquired debt, being amortized	12,292	13,261
Unobligated FEMA assistance	294	294
Deferred debt expense, being amortized	4,565	4,380
Deferred loss on interest rate hedges, being amortized	15,261	16,135
Special fund, deferred compensation	4,416	3,479
Other special funds	9,962	–
	46,790	37,549
	$ 3,267,070	$ 2,954,027

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

(dollars in thousands)

	2023	2022
Equity and liabilities		
Capitalization (see accompanying statements):		
Patronage capital and membership fees	$ 409,998	$ 385,121
Long-term debt, excluding amount due within one year	2,382,436	2,174,457
	2,792,434	2,559,578
Commitments and contingencies:		
Current liabilities:		
Long-term debt due within one year	99,043	114,986
Commercial paper, recorded gross	143,000	82,000
Accounts payable	92,295	98,574
Accrued taxes	25,248	18,863
Accrued interest	21,514	16,728
Accrued current year budget adjustment for members.	17,300	2,000
Other current liabilities	59,860	55,739
	458,260	388,890
Deferred credits and other liabilities:		
Accumulated provision for benefits	4,750	3,688
Deferred revenue	9,962	–
Deferred gain on interest rate hedges, being amortized	1,664	1,871
	16,376	5,559
	$ 3,267,070	$ 2,954,027

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

STATEMENTS OF CAPITALIZATION

As of December 31, 2023 and 2022

(dollars in thousands)

	2023	2022
Long-term debt:(1)		
Mortgage notes payable to the Federal Financing Bank (FFB), weighted average rate of 3.12% due in quarterly installments through 2055	$ 1,711,122	$1,759,534
Mortgage notes payable to the Rural Utilities Service (RUS), weighted average rate of 4.18% due in monthly installments through 2058	155,096	–
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.	71,500	77,500
• 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.	66,665	68,322
• 2023 mortgage notes payable: fixed at 5.64% due in quarterly installments through September 30, 2053.	150,000	–
National Rural Utilities Cooperative Finance Corporation (CFC) notes payable:		
• Mortgage notes payable: weighted average rate of 3.31%, due in quarterly installments through October 31, 2049.	89,650	94,305
• Mortgage notes payable: weighted average rate of 2.91%, due in quarterly installments through October 31, 2024.	7,981	10,317
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	2,481,479	2,289,443
Less: Long-term debt due within one year	99,043	114,986
Long-term debt, excluding amounts due within one year	2,382,436	2,174,457
Patronage capital and membership fees	409,998	385,121
Total capitalization	$2,792,434	$ 2,559,578

(1) Weighted average rate calculated as of December 31, 2023 when applicable

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

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023, 2022 and 2021

(dollars in thousands)

	2023	2022	2021
Cash flows from operating activities:			
Net margin	$ 24,877	$ 23,305	$ 16,147
Adjustments to reconcile net margin to net cash provided by operating activities:			
Depreciation and amortization	88,738	81,847	99,510
Allowance for equity funds used during construction	(860)	(501)	(336)
Accumulated provision for benefits	1,061	(727)	752
Net change in net current assets and liabilities, excluding long-term debt due within one year and commercial paper:			
Receivables	(6,412)	(6,200)	(2,094)
Unobligated FEMA assistance	–	–	–
Inventories	(16,257)	(9,622)	(3,018)
Prepayments and other current assets	(1,234)	432	134
Other special funds	9,962	–	–
Prepaid commercial paper discount	(410)	(428)	1
Accounts payable	(6,279)	26,807	14,613
Accrued taxes	6,385	4,116	(1,293)
Accrued interest	4,786	1,301	14,403
Accrual for current year budget adjustment to members	15,300	(6,700)	7,100
Other current liabilities	4,121	(8,535)	9,901
Total adjustments	98,901	81,790	139,673
Net cash provided by operating activities	123,778	105,095	155,820
Cash flows from investing activities:			
Property additions	(297,022)	(292,233)	(157,482)
Net change in investment in associated organizations	191	132	463
Special fund deferred compensation	(937)	787	(857)
Net cash used in investing activities	(297,768)	(291,314)	(157,876)
Cash flows from financing activities:			
Proceeds from issuance of notes and bonds	365,144	164,220	88,134
Payments for long-term debt of maturities and refinancings	(173,108)	(65,445)	(70,322)
Changes in commercial paper	61,000	35,000	30,000
Debt issuance cost	(728)	–	(1,753)
Net cash provided by financing activities	252,308	133,775	46,059
Net increase (decrease) in cash and cash equivalents	78,318	(52,444)	44,003
Cash and cash equivalents – beginning of period	43,424	95,868	51,865
Cash and cash equivalents – end of period	$ 121,742	$ 43,424	$ 95,868
Cash paid for interest (net of amounts capitalized)	$ 93,125	$ 75,538	$ 71,734

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, 2023, Georgia Transmission owned 4,227 miles of transmission lines and 780 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. At its inception, the Member Systems and Oglethorpe made a one-time aggregate payment of $195 in membership fees to Georgia Transmission. At December 31, 2023, patronage capital consisted of a $49 million special patronage contribution from the Member Systems, cumulative net margins and $178 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 1.60 MFI ratio, after reduction for recovery of land costs, will be refunded to the Member Systems and Oglethorpe. Amounts between 1.10 and 1.60 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 2023 and 2022, the Board approved an MFI ratio of 1.20 as part of Georgia Transmission's 2024 and 2023 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 1.0%, 1.4% and 1.0% of our total operating revenues for years 2023, 2022 and 2021, respectively.

Contribution to Total Operating Revenue	2023	2022	2021
Jackson EMC	11.5%	11.5%	11.4%
Oglethorpe Power	10.8%	11.5%	11.3%

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 2023 and 2022 were based on the depreciation study and rates for 2021 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.

	2023	2022	2021
Transmission	1.99%	1.99%	2.75%
Distribution	2.46%	2.46%	2.88%
General plant and other	1.74-33.33%	1.74-33.33%	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	2023	2022
Equity	1.08%	1.10%
Debt	2.82%	2.80%
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. Cash and cash equivalents, as presented in the statement of cash flows, includes Cash and cash equivalents and Other special funds.

h. 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. As a result of our historical experiences, the short duration lifetime of our receivables and the short time horizon over which to consider expectations of future economic conditions, we have assessed that non-collection of the cost basis of our receivables is remote. During 2023, no credit losses were recognized on any receivables that arose from contracts with members or non-members. The balance of accounts receivable at December 31, 2021 was $32.3 million.

i. 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.

j. Regulatory assets and liabilities

The table on the right represents Georgia Transmission's regulatory assets and liabilities as of December 31, 2023 and 2022. 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 accrued revenues in relation to the Transmission Control Center Cost Settlement, unamortized gains on reaquired debt and unamorized gains on interest rate hedges.

(dollars in thousands)	12/31/23	12/31/22
Regulatory assets:		
Unamortized loss - reacquired debt	$12,292	$13,261
Loss on interest rate hedges, being amortized	15,261	16,135
PTO accrual	5,148	4,619
Unobligated FEMA assistance	294	294
Total assets	$32,995	$34,309
Regulatory liabilities:		
Deferred revenue	9,962	–
Gain on interest rate hedges, being amortized	1,664	1,871
Total liabilities	$ 11,626	$ 1,871

k. Parity

Georgia Transmission either receives transmission parity revenue or incurs transmission parity expense according to its use of the ITS and related transmission interfaces in accordance with an ITS Agreement between Georgia Transmission and Georgia Power. 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.

l. Asset retirement obligations

Georgia Transmission has processes in place to review all potential Asset Retirement Obligations. Georgia Transmission has concluded it does not have any significant legal obligations that require accrual under the related guidance.

m. 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 Financial Accounting Standards Board 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, 2023 and December 31, 2022.

(dollars in thousands)	December 31, 2023			
	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	$ 111,780	$ 111,780	$ 111,780	$ –
Other special funds	9,962	9,962	9,962	–
Total assets	$ 121,742	$ 121,742	$ 121,742	$ –
Liabilities:				
Commercial paper	$ 143,000	$ 143,000	$ 143,000	$ –
Long-term debt	2,481,479	2,149,114	–	2,149,114
Total liabilities	$2,624,479	$2,292,114	$ 143,000	$2,149,114

(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

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, 2023 and 2022, the remaining unamortized balance in deferred charges were $15.3 million and $16.1 million, respectively and the remaining unamortized balances in the deferred credits were $1.7 million and $1.9 million, respectively.

In both 2023 and 2022, 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, 2023 and 2022, are shown in the table on the right.

(dollars in thousands)	2023	2022
CFC	$17,708	$18,347
CoBank	5,180	5,180
Gresco Utility Supply	1,029	595
Federated Insurance	402	388
Total	$24,319	$24,510

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, 2023 and 2022, 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 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, 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 $1.7 billion and $1.8 billion at December 31, 2023 and 2022, respectively, with rates ranging from 1.15% to 7.18%.

During 2023, Georgia Transmission advanced approximately $155 million from an existing RUS loan to fund construction costs related to 2021 transmission projects. In addition, Georgia Transmission has a RUS loan for approximately $141 million related to construction costs for 2022 transmission projects. No advances on this loan have occurred to date. Georgia Transmission has another RUS loan for approximately $550 million to fund construction costs related to 2023 transmission projects as well as recent and anticipated asset acquisitions from Georgia Power. No advances on this loan have occurred to date.

During 2023, Georgia Transmission executed a private placement debt transaction for $150 million. Georgia Transmission also 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, 2023 and December 31, 2022, Georgia Transmission had outstanding balances of $423.2 million and $280.8 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, 2023 and December 31, 2022, 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, 2023 and December 31, 2022, Georgia Transmission had outstanding balances of $97.6 million and $104.6 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, 2023 and December 31, 2022, 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, 2023 and December 31, 2022, outstanding commercial paper amounts were $143 million and $82 million, respectively. There were no outstanding amounts on the CFC-led facility as of December 31, 2023, or December 31, 2022.

Georgia Transmission has a credit agreement with Bank of America for $50 million through May 2024. 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. Georgia Transmission had $0 and $50 million outstanding at December 31, 2023 and 2022, respectively.

Georgia Transmission has a $20 million uncommitted short-term line of credit with CFC with no outstanding amounts as of December 31, 2023, or December 31, 2022.

Maturities for long-term and short-term debt through 2028, excluding commercial paper, are as shown in the table on the right.

Maturity Schedule

(dollars in thousands)	2024	2025	2026	2027	2028	Thereafter	Total
FFB/RUS	$ 65,478	$ 55,373	$ 56,798	$ 44,529	$ 59,867	$1,584,173	$1,866,218
CFC	12,073	4,139	4,154	4,187	4,221	68,857	97,631
PCB	–	–	–	–	–	94,465	94,465
Private placement	21,492	28,997	26,303	19,607	24,856	301,910	423,165
Total	$ 99,043	$ 88,509	$ 87,255	$ 68,323	$ 88,944	$2,049,405	$2,481,479

6. ELECTRIC PLANT AND RELATED AGREEMENTS:

A summary of Georgia Transmission's transmission and distribution investments and related accumulated depreciation as of December 31, 2023 and December 31, 2022, is shown in the table on the right.

(dollars in thousands) Plant	2023 Investment	2022 Investment
In service		
Transmission lines	$ 2,005,247	$ 1,842,568
Transmission substations	880,406	839,524
Distribution substations	1,156,340	1,091,972
General plant and other	97,154	79,043
Plant held for future use	34,435	36,032
Total utility plant in service	$ 4,173,582	$ 3,889,139
Construction work in progress		
Transmission lines	$ 53,341	$ 47,072
Transmission substations	58,914	54,302
Distribution substations	24,569	28,877
General plant and other	17,988	21,857
Total construction work in progress	$ 154,812	$ 152,108

Plant	2023 Accumulated Depreciation & Amortization	2022 Accumulated Depreciation & Amortization
In service		
Transmission lines	$ 720,330	$ 675,465
Transmission substations	266,022	247,233
Distribution substations	396,356	372,811
General plant and other	42,316	37,401
Total in service	$ 1,425,024	$ 1,332,910

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 Georgia

Contributions to Employee Benefit Plans

(dollars in thousands)	2023	2022	2021
401(k) 6%	$1,966	$1,750	$1,623
401(k) 11%	$5,153	$4,521	$4,124
Deferred compensation	$4,720	$3,659	$4,385

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, 2023, 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, 2023.

(dollars in thousands)	2023	2022	2021
Paid to:			
Oglethorpe Power	$ 6,475	$ 5,696	$ 4,835
GSOC	$38,724	$35,919	$35,126
Payable to:			
Oglethorpe Power	$ 935	$ 934	$ 849
GSOC	$ 3,336	$ 2,825	$ 2,243

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 EVENT:

Georgia Transmission anticipates a large acquisition of transmission assets from Georgia Power presently valued at $317 million. The purpose of the acquisition is to assist Georgia Transmission in reaching parity with Georgia Power under the ITSA. Negotiations leading up to this transaction have been ongoing for years. Currently, the acquisition is expected to close in 2024 and be funded through an RUS long-term loan. (See Note 5 for a discussion of project financing in 2023 using RUS long-term loans).

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

Independent Auditor's Report

Board of Directors
Georgia Transmission Corporation

Report on the Audit of Financial Statements

Opinion
We have audited the financial statements of Georgia Transmission Corporation (the Corporation), which comprise the balance sheets and statements of capitalization as of December 31, 2023 and 2022, the related statements of revenue and expenses, patronage capital and membership fees, and cash flows for the years ended December 31, 2023, 2022 and 2021, 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, 2023 and 2022, and the results of its operations and its cash flows for the years ended December 31, 2023, 2022 and 2021, 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.

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.

Other Information Included in the Annual Report
Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

RSM US LLP

Greensboro, North Carolina
March 22, 2024

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