Financial Statements and Supplemental Schedules

Main Street Natural Gas, Inc.
As of and for the Years Ended December 31, 2023 and 2022
With Report of Independent Auditors

Main Street Natural Gas, Inc.

Financial Statements and Supplementary Information

As of and for the Years Ended December 31, 2023 and 2022

Contents

Building a better working world

Report of Independent Auditors

The Board of Directors
Main Street Natural Gas, Inc.

Opinion

We have audited the financial statements of Main Street Natural Gas, Inc. (the "Company"), which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and changes in net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Company 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 of 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 Company's ability to continue as a going concern for one year after the date that the financial statements are 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 of 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 Company'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 Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst + Young LLP

Atlanta, Georgia
April 12, 2024

Management's Discussion and Analysis
(dollars in thousands)
(Unaudited)

Corporate Structure

Main Street Natural Gas, Inc. (Main Street) is a nonprofit corporation organized under Georgia law. Main Street facilitates long-term supply transactions on behalf of the Municipal Gas Authority of Georgia (the Gas Authority), who in turn sells a portion of this discounted gas to other agencies and municipal utilities. Main Street is authorized to issue tax-exempt bonds on behalf of the Gas Authority. Main Street is governed by a Board of Directors consisting of five directors of the Gas Authority. Main Street's daily activities are performed by the Gas Authority under services agreements with durations consistent with the related supply agreements.

Long-Term Gas Supply

Main Street has acquired gas through long-term prepaid gas purchase agreements (GPAs) and delivers gas to the Gas Authority through long-term gas supply contracts for specified volumes of gas. In some cases, the obligation of the Gas Authority to pay Main Street the contract price for its contract quantity of gas is insured pursuant to a separate financial guaranty insurance policy. Gas is priced at a discount to spot market pricing. Additional discounts may be distributed annually at the discretion of the Board.

Following is a summary of Main Street's active prepayments as of December 31, 2023:

Bond Series	Supplier	Gas Supply Term	Original Bond Amount	Original Volume *
2007A	Merrill Lynch	Dec 2007 – Jul 2028	$ 496,710 [1]	118,784 [1]
2019A	Macquarie Group	Apr 2019 – Mar 2049	695,595	351,437
2019B	Toronto-Dominion Bank	Jul 2019 – Jun 2049	675,430	265,367
2019C	Citigroup	Feb 2020 – Jan 2050	631,970	236,472
2021A	Royal Bank of Canada	Jun 2022 - May 2052	821,620	259,175
2021C	Citigroup	Apr 2022 - Mar 2052	756,630	265,558
2022A	Citigroup	Aug 2022 - Jul 2052	538,310	166,018
2022B	Citigroup	Nov 2022 - Oct 2052	709,795	227,962
2022C	Citadel	Jul 2022 - Jun 2052	626,255	215,983
2023A	Citigroup	May 2023 – Apr 2053	695,535	206,298
2023B	Royal Bank of Canada	Jun 2023 – May 2053	834,335	252,034
2023C	Royal Bank of Canada	Aug 2023 – Jul 2053	984,220	350,134
2023D	Citigroup	Apr 2024 – Mar 2054	675,470	242,812
2023E	Royal Bank of Canada	Nov 2023 – Oct 2053	1,004,145	362,895

* Thousands of MMBtu

[1] In May 2009, Main Street redeemed $225,105 of bonds through a tender offer. The remaining volumes to be delivered under the related gas supply agreement were reduced by 51,508 thousands of MMBtu.

The Series 2019B, 2019C, 2021A, 2021C, 2022A, 2022B, 2022C, 2023A, 2023B, 2023C, 2023D, and 2023E bonds are required to be purchased pursuant to mandatory tenders on dates ranging from 5-8 years from issuance and remarketed or refunded. If the remarketing fails or the bonds are not refunded, bondholders are required to be repaid through a termination payment due from the supplier under the GPA and the prepayment transaction will terminate.

Management's Discussion and Analysis (continued)
(dollars in thousands)
(Unaudited)

refunded, bondholders are required to be repaid through a termination payment due from the supplier under the GPA and the prepayment transaction will terminate.

Price risk related to the future deliveries of gas under these prepayments has been fully hedged through the use of natural gas swaps that convert the revenues that Main Street will receive from customers for reselling future deliveries of gas from a variable price based on a spot market index to a fixed price. These fixed prices are sufficient to pay project costs while preserving the discounts obtained in the original prepayments. Main Street's prepayments for these rights are secured by guaranties provided by large financial institutions. The Series 2007A, 2019A, 2019B, 2019C, 2021A, 2021C, 2022A, 2022B, 2022C, 2023A, 2023B, 2023C, 2023D, and 2023E-1 bonds have fixed interest rates. The Series 2023E-2 bonds have variable interest rates along with an interest rate swap.

In January 2024, Main Street issued Series 2024A revenue bonds totaling $836,645 to fund a 30-year natural gas prepayment transaction for 301,329 thousands of MMBtu supplied by Royal Bank of Canada. In March 2024, Main Street issued Series 2024B revenue bonds totaling $754,030 to fund a 30-year natural gas prepayment transaction for 274,683 thousands of MMBtu supplied by Royal Bank of Canada.

Proprietary Fund Accounting

Main Street follows proprietary fund accounting under governmental accounting standards. Proprietary funds are used to report business-type activities, as contrasted with tax-supported governmental activities.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Main Street's basic financial statements. These financial statements are designed to provide readers with a broad overview of Main Street's finances in a manner similar to a private-sector business.

The statements of net position present information on all of Main Street's assets, liabilities, and deferred inflows/outflows of resources, with the differences between these amounts reported as net position. Because Main Street is a nonprofit organization, net position is limited because billings and revenues in excess of actual costs are generally returned to the Gas Authority in the form of billing credits and annual cash returns. The statements of revenues, expenses, and changes in net position present information showing how Main Street's net position changed during the periods presented. All changes in net position are reported on the accrual basis as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in the statements for some items that will result in cash flows in future fiscal periods (i.e., costs recoverable from future billings and deferred inflows/outflows of resources).

Management's Discussion and Analysis (continued)

(dollars in thousands)

(Unaudited)

Financial Analysis – 2023 Compared to 2022

Following are condensed statements of net position as of December 31:

	(in thousands of dollars)	
	2023	**2022**
Total assets	**$ 12,148,544**	$ 8,476,899
Deferred outflows of resources	**-**	1,457,282
Current liabilities	**952,052**	2,280,845
Noncurrent liabilities	**9,465,317**	7,653,336
Total liabilities	**$ 10,417,369**	$ 9,934,181
Deferred inflows of resources	**$ 1,731,175**	$ –
Net position	**-**	-

Total Assets – The increase in total assets of $3,671,645 is primarily due to an increase of $1,972,055 in prepaid gas supplies related to the 2023 prepayment transactions, a change from a net liability position to a $1,523,073 net asset position in the fair value of derivative instruments due to change in underlying natural gas prices, $142,523 in costs recoverable from future billings, and $66,433 in investment securities related to the 2023 transactions.

Total Liabilities – Total liabilities increased $483,188 primarily due to an increase of $2,143,276 in limited obligation debt related to the 2023 prepayment transactions offset by a decrease of $1,665,384 in the fair value of derivative instruments related to changes in market conditions.

Deferred Outflows/Inflows of Resources – Derivative instruments experienced an unrealized gain of $3,188,457 which caused the deferred outflows of resources of $1,457,282 in the prior year to become deferred inflows of resources of $1,731,175 in the current year.

Management's Discussion and Analysis (continued)

(dollars in thousands)

(Unaudited)

Following is a summary of operations for the years ended December 31:

	(in thousands of dollars)	
	2023	2022
Operating revenues	**$ 452,665**	$ 304,453
Operating expenses:		
Prepaid gas supply delivery	**292,950**	201,243
General and administrative	**3,796**	2,509
Total operating expenses	**296,746**	203,752
Operating income	**155,919**	100,701
Nonoperating expenses, net	**(155,919)**	(100,701)
Change in net position	**–**	–
Net position – beginning of year	**–**	–
Net position – end of year	**$ –**	$ –

Operating Revenues – Operating revenues, which consist of amounts earned for the delivery of gas supplies in accordance with respective gas supply contracts, along with hedge settlements that reflect fixed strike prices at the time the prepayments were executed, increased by $148,212, or 48.7% primarily due to the 2023 prepayment transactions and a full year of activity in 2023 related to the 2022 prepayment transactions. Main Street manages exposure to natural gas prices through long-term hedges to lock in the economics on the related gas supply acquisitions.

Operating Expenses – Operating expenses increased by $92,994, or 45.6%, primarily due to an increase in the prepaid gas supply delivery of $91,707, or 45.6%, due to the 2023 prepayment transactions and a full year of activity in 2023 related to the 2022 prepayment transactions. General and administrative expenses consist primarily of the fee paid to the Gas Authority for the management of Main Street's day-to-day operations.

Nonoperating Expenses, Net – Nonoperating expenses increased $55,218 primarily due to an increase in interest expense of $125,393 due to the 2023 prepayment transactions and a full year of activity in 2023 related to the 2022 prepayment transactions offset by an increase in costs recoverable of $44,133 representing the normal timing differences between expense recognition and billings to Participants and an increase in investment income of $26,040 due to rising interest rates and additional amounts available for investment from the 2023 prepayments.

Liquidity and Capital Resources – Main Street had cash, restricted cash, and investment securities of $140,436 at December 31, 2023, as compared to $91,846 at December 31, 2022. Main Street is exposed to credit risk in its arrangements with financial counterparties. Main Street has adopted policies and procedures to minimize this risk. Cash balances generated by Main Street's long-term supply projects provide sufficient liquidity for planned operations. Main Street has no capital commitments.

Management's Discussion and Analysis (continued)

(dollars in thousands)
(Unaudited)

Following is a summary of debt activity in 2023:

	December 31, 2022	Issuances	Payments/ Amortization	December 31, 2023	Final Maturity
Bonds payable	$ 7,631,560	$ **4,193,705**	$ **(2,107,630)**	$ **9,717,635**	2024-2054
Bond premium	477,759	**174,256**	**(117,055)**	**534,960**	N/A
Total	$ 8,109,319	$ **4,367,961**	$ **(2,224,685)**	$ **10,252,595**	

Revenues from the sale of prepaid gas supplies are expected to be sufficient to fully retire the debt and produce net margins as compared to spot market pricing. In addition to monthly discounts under the gas supply contracts, a portion of the estimated total margins produced from these prepay transactions is returned to the Gas Authority each year at the discretion of the Board of Directors.

Financial Analysis – 2022 Compared to 2021

Following are condensed statements of net position as of December 31:

	2022	2021
Total assets	$ **8,476,899**	$ 6,950,470
Deferred outflows of resources	**1,457,282**	-
Current liabilities	**2,280,845**	269,705
Noncurrent liabilities	**7,653,336**	6,132,622
Total liabilities	$ **9,934,181**	$ 6,402,327
Deferred inflows of resources	$ **-**	$ 548,143
Net position	**-**	-

Total Assets – The increase in total assets of $1,526,429 is primarily due to the increase of $1,760,669 in prepaid gas supplies related to the Series 2022A, 2022B, and 2022C prepayment transactions, $98,388 in costs recoverable from future billings, and $24,910 in accounts receivable, offset by a decrease of $79,468 in investment securities from Series 2006A and 2006B maturing and $280,724 in the fair value of derivative instruments related to changes in market conditions.

Total Liabilities – Total liabilities increased $3,531,854 primarily due to an increase of $1,776,945 in limited obligation debt related to the Series 2022A, 2022B and 2022C prepayment transactions, $1,724,701 in the fair value of derivative instruments related to changes in market conditions, and $30,494 in accounts payable and accrued expenses.

Deferred Outflows/Inflows of Resources – The hedging derivative instruments experienced a net unrealized loss of $2,005,425 which caused the deferred inflows of resources of $548,143 in the prior year to become deferred outflows of resources of $1,457,282 in the current year.

Management's Discussion and Analysis (continued)

(dollars in thousands)

(Unaudited)

Following is a summary of operations for the years ended December 31:

	2022	2021
Operating revenues	$ **304,453**	$ 281,839
Operating expenses:		
Prepaid gas supply delivery	**201,243**	191,326
General and administrative	**2,509**	1,983
Total operating expenses	**203,752**	193,309
Operating income	**100,701**	88,530
Nonoperating expenses, net	**(100,701)**	(88,530)
Change in net position	**–**	–
Net position – beginning of year	**–**	–
Net position – end of year	$ **–**	$ –

Operating Revenues – Operating revenues, which consist of amounts earned for the delivery of gas supplies in accordance with respective gas supply contracts, increased by $22,614, or 8.0% primarily due to the 2022 prepayment transactions and a full year of activity in 2022 related to the 2021 prepayment transactions. Operating revenues also include the monthly settlements of derivative instruments used by Main Street to hedge its commodity price risk associated with gas deliveries. Main Street manages natural gas prices through long-term hedges to lock in the economics on the related gas supply acquisitions.

Operating Expenses – Operating expenses increased by $10,443, or 5.4%, primarily due to an increase in the prepaid gas supply delivery of $9,917, or 5.2%, due to the 2022 prepayment transactions and a full year of activity in 2022 related to the 2021 prepayment transactions . General and administrative expenses consist primarily of the fee paid to the Gas Authority for the management of Main Street's day-to-day operations.

Nonoperating Expenses, Net – Nonoperating expenses increased $12,171 primarily due to an increase in interest expense of $55,115 due to the 2022 prepayment transactions and a full year of activity in 2022 related to the 2021 prepayment transactions, offset by an increase in costs recoverable of $42,743 representing the normal timing differences between expense recognition and billings to Participants.

Liquidity and Capital Resources – Main Street had cash, restricted cash, and investment securities of $91,846 at December 31, 2022, as compared to $167,935 at December 31, 2021. Main Street is exposed to credit risk in its arrangements with financial counterparties. Main Street has adopted policies and procedures to minimize this risk. Cash balances generated by Main Street's long-term supply projects provide sufficient liquidity for planned operations. Main Street has no capital commitments.

Statements of Net Position
(in thousands of dollars)

	December 31, 2023	December 31, 2022
Assets and deferred outflows of resources		
Current assets:		
Cash held by the Gas Authority	$ 3,142	$ 1,460
Restricted cash and cash equivalents	7,681	27,206
Investment securities – restricted	129,613	63,180
Accounts receivable	49,176	63,772
Prepaid gas supplies	339,760	261,260
Fair value of derivative instruments	270,929	56,862
Total current assets	800,301	473,740
Noncurrent assets:		
Prepaid gas supplies	9,223,795	7,330,240
Fair value of derivative instruments	1,540,917	231,911
Costs recoverable from future billings	583,531	441,008
Total noncurrent assets	11,348,243	8,003,159
Deferred outflows of resources	–	1,457,282
Total assets and deferred outflows of resources	$12,148,544	$ 9,934,181
Liabilities, deferred inflows of resources, and net position		
Current liabilities:		
Accounts payable and accrued expenses	$ 84,103	$ 78,807
Current portion of limited obligation debt	867,949	2,183,965
Fair value of derivative instruments	–	18,073
Total current liabilities	952,052	2,280,845
Noncurrent liabilities:		
Fair value of derivative instruments	80,671	1,727,982
Limited obligation debt	9,384,646	5,925,354
Total noncurrent liabilities	9,465,317	7,653,336
Total liabilities	10,417,369	9,934,181
Deferred inflows of resources	1,731,175	–
Net position	–	–
Total liabilities, deferred inflows of resources, and net position	$12,148,544	$ 9,934,181

See accompanying notes.

Statements of Revenues, Expenses, and Changes in Net Position
(in thousands of dollars)

	Year Ended December 31,	
	2023	2022
Operating revenues	$ 452,665	$ 304,453
Operating expenses:		
Prepaid gas supply delivery	292,950	201,243
General and administrative	3,796	2,509
Total operating expenses	296,746	203,752
Operating income	155,919	100,701
Nonoperating revenues (expenses):		
Investment income	29,064	3,024
Interest expense	(327,506)	(202,113)
Costs recoverable from future billings	142,523	98,388
Total nonoperating expenses, net	(155,919)	(100,701)
Change in net position	–	–
Net position:		
Beginning of period	–	–
End of period	$ –	$ –

See accompanying notes.

Statements of Cash Flows
(in thousands of dollars)

	Year Ended December 31, 2023	Year Ended December 31, 2022
Operating activities		
Receipts from Participants	$ 277,597	$ 444,840
Payments to Participants	(7,624)	(6,774)
Receipts from (payments to) derivatives counterparties, net	174,053	(147,388)
Net cash flow from operating activities	444,026	290,678
Capital and related financing activities		
Acquisition of prepaid gas supply	(2,265,002)	(1,961,912)
Limited obligation bond proceeds	2,328,756	2,013,233
Limited obligation bond principal payments	(68,425)	(136,610)
Limited obligation bond interest payments	(419,829)	(285,227)
Advances to the Gas Authority	(1,682)	(777)
Net cash flow from capital and related financing activities	(426,182)	(371,293)
Investing activities		
Investment securities purchases and sales, net	(66,433)	79,468
Interest receipts	29,064	3,749
Net cash flow from investing activities	(37,369)	83,217
Net change in restricted cash and cash equivalents	(19,525)	2,602
Restricted cash and cash equivalents:		
Beginning of year	27,206	24,604
End of year	$ 7,681	$ 27,206
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 155,919	$ 100,701
Adjustments to reconcile net cash provided by operating activities:		
Prepaid gas supply delivery	292,950	201,243
Changes in certain assets and liabilities:		
Accounts receivable	14,596	(24,910)
Accounts payable and accrued expenses	(19,439)	13,644
Net cash flow from operating activities	$ 444,026	$ 290,678

See accompanying notes.

Notes to Financial Statements
(dollars in thousands)

1. Summary of Significant Accounting Policies

Reporting Entity

Main Street Natural Gas, Inc. (Main Street) is a nonprofit corporation organized under Georgia law, formed on November 6, 2006. Main Street was formed as a component unit of the Municipal Gas Authority of Georgia (the Gas Authority) to facilitate long-term supply transactions on behalf of the Gas Authority, who in turn sells a portion of this discounted gas to other agencies and municipal utilities.). Main Street is authorized to issue tax-exempt bonds on behalf of the Gas Authority.

Main Street is governed by a Board of Directors consisting of five directors of the Gas Authority. Main Street's daily activities are managed by the Gas Authority under services agreements with durations consistent with the related supply agreements. For its role as manager of Main Street, the Gas Authority received fees of $3,660 and $2,389 for the years ended December 31, 2023 and 2022, respectively. Main Street acquires gas through gas purchase agreements (GPAs) in long-term prepayment transactions and delivers gas to the Gas Authority through long-term gas supply contracts for specified volumes of gas (MS GSCs). In some cases, the obligation of the Gas Authority to pay Main Street the contract price for its contract quantity of gas is insured pursuant to a financial guaranty insurance policy. Gas is priced at a discount to spot market pricing. Additional margins may be distributed annually by Main Street at the discretion of its Board of Directors.

Basis of Accounting

Main Street follows proprietary fund accounting in accordance with Governmental Accounting Standards Board (GASB) pronouncements. Proprietary fund accounting is used to report business-type activities, as contrasted with tax-supported governmental activities.

Main Street also complies with policies and practices prescribed by its Board of Directors and with practices common in the natural gas industry. As the Board of Directors has the authority to set rates, Main Street follows GASB regulated accounting guidance in GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure. See further discussion under Costs Recoverable From Future Billings and Deferred Inflows of Resources.

Cash Held by the Gas Authority and Restricted Cash and Cash Equivalents

Cash held by the Gas Authority represents funds deposited in a local government investment pool by the Gas Authority on behalf of Main Street. Restricted cash represents funds held by the trustee or by counterparties under collateralized repurchase agreements, restricted pursuant to various bond resolutions, and is considered by Main Street as a cash equivalent.

Prepaid Gas Supplies

Prepaid gas supplies, which are recorded at amortized cost, comprise secured prepayments of gas. Depletion and delivery of gas is recorded on the units-of-production method. Those prepayments expire at various dates through 2054. The prepaid contracts are each secured by a guaranty provided by a financial institution that met certain criteria upon execution.

Investment Securities – Restricted

Investments consist of guaranteed investment contracts (GICs) with financial institutions that meet minimum credit criteria, or other investments as permitted under the related bond indentures. The balances in such accounts are restricted for use by the trustee, with earnings released annually to Main Street after debt service is paid. GICs are recorded at cost, while other securities are recorded at fair value. Any other-than-temporary declines in value are recorded as impairments. No impairments were recorded in 2023 or 2022. See Note 2 for a schedule of investments as of December 31, 2023 and 2022.

Costs Recoverable from Future Billings

Under GASB 62, regulatory assets are recorded to reflect probable future revenues associated with certain costs that are expected to be recovered from the Gas Authority through the ratemaking process. The Board of Directors establishes a pricing mechanism outlining the methods for billing for its gas supply services. Rates for Main Street's natural gas billings are designed to provide, over the life of each project, full recovery of all project costs as defined in the respective bond resolutions and as prescribed by the Main Street Board of Directors. Expenses in excess of amounts currently billable under the pricing mechanism will be recovered from future billings and are classified as costs recoverable from future billings. The costs to be recovered consist primarily of the difference between amortization of prepaid gas supplies and debt service requirements recognized in the financial statements and amounts currently billable.

Deferred Outflows/Inflows of Resources

Deferred outflows/inflows of resources represent the net unrealized losses/gains on hedging derivative instruments.

Revenues

Revenues are recognized in the period that gas supplies are delivered. Under the provisions of the trust indentures, Main Street is required to set rates sufficient to cover all its costs over the terms of the customer supply agreements. Any excess revenues or expenses are credited or billed to the Gas Authority periodically in accordance with policies approved by the Board of Directors.

Derivative Instruments

Main Street uses natural gas swaps to hedge commodity price risk associated with its gas prepayment transactions. Main Street also uses interest rate swaps to reduce the impact of changes in interest rates on its variable rate long-term debt.

Under GASB 53, *Accounting and Financial Reporting or Derivative Instruments*, realized gains or losses on hedging derivative instruments are recognized in operating revenues in the period to which the derivative instruments relate. Realized gains or losses on derivative instruments that do not meet the criteria to be accounted for as hedging derivative instruments (investment derivative instruments), if any, are recognized in investment income/loss in the period to which the derivative instruments relate. GASB 53 requires Main Street to record the fair value of derivative instruments on the statement of net position as an asset or liability. The change in fair value of hedging derivative instruments (unrealized gains or losses) is recorded net as a deferred inflow or outflow of resources.

Notes to Financial Statements (continued)
(dollars in thousands)

Changes in the fair value of investment derivative instruments (unrealized gains or losses) are recognized as investment income/loss and then deferred as regulatory assets or liabilities under GASB 62. Cash receipts and payments for Main Street derivative instruments are classified as operating activities in the statement of cash flows. Realized gains and losses on the settlement of natural gas commodity swaps are included in revenues. See Note 5 for further discussion of Main Street's derivatives.

Fair Value Measurements

Main Street's financial instruments include cash held by the Gas Authority, restricted cash and cash equivalents, restricted investments, accounts receivable, accounts payable and accrued expenses, other liabilities, interest rate and gas supply hedging agreements, and limited obligation debt. The carrying amounts of cash held by the Gas Authority, restricted cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximate fair value because of their short-term nature. The carrying amounts of variable-rate limited obligation debt also approximate fair value because of their variable interest rates.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. A three-tier fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and Main Street's assumptions (unobservable inputs). Fair value measurements are classified under the following hierarchy:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Pricing inputs other than Level 1 which are either directly or indirectly observable.
- Level 3: Unobservable pricing inputs developed using the entity's estimates and assumptions, which reflect those that market participants would use in pricing an asset or liability.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by Main Street. Main Street considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Main Street evaluates its hierarchy disclosures each reporting period, and based on various factors, it is possible that an asset or liability may be classified differently from period to period. However, Main Street expects that changes in classifications between different levels will be infrequent.

Fair value estimates are based on pertinent information available to management at each statement of net position date. Specifically, fair value estimates for derivative instruments represent the present value of the differences of the fixed prices in the related instruments less the New York Mercantile Exchange (NYMEX) forward price curve (projected for periods beyond when NYMEX quotes are available), adjusted for basis differentials, multiplied by the corresponding monthly gas volume using the applicable Secured Overnight Financing Rate (SOFR) forward interest rate curve as a discount rate. Fair values of interest rate swaps are estimated by measuring the rates of the original interest

Notes to Financial Statements (continued)
(dollars in thousands)

derivatives against the corresponding index (SOFR or Securities Industry and Financial Markets Association (SIFMA)). These estimated fair values may be significantly impacted by changes in underlying natural gas commodity prices or the general interest rate environment. The fair values presented have not been comprehensively revalued since December 31, 2023, and current estimates of fair value may differ significantly from the amounts presented herein.

The following table summarizes the valuation of financial instruments measured at fair value:

December 31, 2023	Level 1	Level 2	Level 3	Total
Gas supply hedging agreements	$ -	$ 1,581,384	$ 157,965	$ 1,739,349
Interest rate swap agreements	-	-	(8,174)	(8,174)
US Government and agency securities	63,228	-	-	63,228

December 31, 2022	Level 1	Level 2	Level 3	Total
Gas supply hedging agreements	$ -	$ (262,476)	$ (1,200,443)	$ (1,462,919)
Interest rate swap agreements	-	-	5,637	5,637
US Government and agency securities	53,518	-	-	53,518

Income Taxes

Main Street is a public corporation and therefore is exempt from federal and state income taxes. Accordingly, no provision for such taxes is made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and (2) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing the accompanying audited financial statements, management reviewed all events that have occurred after December 31, 2023 and through April 12, 2024, the date these financial statements were available for issuance, for inclusion in the financial statements and footnotes.

2. Cash and Cash Equivalents, Investment Securities, and Related Risks

Cash and Cash Equivalents

Restricted cash held by trustees at December 31, 2023 and 2022 was $7,681 and $27,206 respectively, related to Main Street's limited obligation debt.

Notes to Financial Statements (continued)
(dollars in thousands)

Investment Securities

Following is a summary of Main Street's investment balances:

Investment Type	Balance	Final Maturity	Percentage of Total Investments
December 31, 2023			
Restricted investments securities:			
Guaranteed investment contract:			
Aegon	$ 8,551	2028	7 %
Royal Bank of Canada	44,212	2031	34
Citigroup Global Markets Holdings Inc	13,622	2031	11
Commercial paper:			
Mountcliff LLC	18,570	2024	14
Toronto Dominion Bank	8,358	2024	6
US Treasury Note	12,773	2024	10
Other *	23,527	2024	18
Total	$ 129,613		
December 31, 2022			
Restricted investments securities:			
Guaranteed investment contracts:			
Aegon	$ 9,662	2028	15 %
Commercial paper:			
British Columbia Province	5,620	2023	9
Glencove Funding DAC	6,852	2023	11
GTA Funding	9,260	2023	15
Intel Corporation	4,965	2023	8
Regatta Funding	3,537	2023	5
Royal Bank of Canada	7,525	2023	12
Toronto Dominion Bank	8,337	2023	13
Other *	7,422	2023	12
Total	$ 63,180		

* Individually less than 5% of total

The guaranteed investment contracts have maturities coterminous with the related gas purchase agreements. The balances accumulate monthly and are subject to withdrawal when a semiannual debt service payment is due. Such balances are classified as current restricted investments in the accompanying statements of net position when such amounts will fund current obligations.

Interest Rate Risk

Main Street does not have a formal investment policy regarding interest rate risk.

Notes to Financial Statements (continued)
(dollars in thousands)

Credit Risk

Main Street does not have a formal investment policy regarding counterparty credit risk.

Concentration of Credit Risk

Main Street does not have a policy that limits the amount that may be invested in any one issuer. Investments representing greater than 5% of total investments are shown under Investment Securities above.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, Main Street's deposits may not be returned to it. Main Street does not have a deposit policy for custodial credit risk. As of December 31, 2023 and 2022, $7,680 and $27,206, respectively, were exposed to custodial credit risk as such amounts were uninsured and collateral held by the pledging bank's trust department was not in Main Street's name.

3. Gas Supply Acquisitions

Following is a summary of Main Street's active prepayments. See further discussion of the related debt in Note 4.

Bond Series	Supplier	Gas Supply Term	Original Bond Amount	Original Volume *
2007A	Merrill Lynch	Dec 2007 – Jul 2028	$ 496,710 [1]	118,784
2019A	Macquarie Group	Apr 2019 – Mar 2049	695,595	351,437
2019B	Toronto-Dominion Bank	Jul 2019 – Jun 2049	675,430	265,367
2019C	Citigroup	Feb 2020 – Jan 2050	631,970	236,472
2021A	Royal Bank of Canada	Jun 2022 - May 2052	821,620	259,175
2021C	Citigroup	Apr 2022 - Mar 2052	756,630	265,558
2022A	Citigroup	Aug 2022 - Jul 2052	538,310	166,018
2022B	Citigroup	Nov 2022 - Oct 2052	709,795	227,962
2022C	Citadel	Jul 2022 - Jun 2052	626,255	215,983
2023A	Citigroup	May 2023 – Apr 2053	695,535	206,298
2023B	Royal Bank of Canada	Jun 2023 – May 2053	834,335	252,034
2023C	Royal Bank of Canada	Aug 2023 – Jul 2053	984,220	350,134
2023D	Citigroup	Apr 2024 – Mar 2054	675,470	242,812
2023E	Royal Bank of Canada	Nov 2023 – Oct 2053	1,004,145	362,895

* Thousands of MMBtu

[1] In May 2009, Main Street redeemed $225,105 of bonds through a tender offer. The remaining volumes to be delivered under the related gas supply agreement were reduced by 51,508 thousands of MMBtu.

The Series 2019B, 2019C, 2021A, 2021C, 2022A, 2022B, 2022C, 2023A, 2023B, 2023C, 2023D, and 2023E bonds are required to be purchased pursuant to mandatory tenders on dates ranging from 5-8 years from issuance and remarketed or refunded. If the remarketing fails or the bonds are not refunded, bondholders are required to be repaid through a termination payment due from the supplier under the GPA and the prepayment transaction will terminate.

Notes to Financial Statements (continued)
(dollars in thousands)

The 2023C and 2023E bonds were issued in connection with the mandatory put provisions of the 2018AB and 2018CDE bonds, respectively. Proceeds of the 2023 bonds were used to refund the related 2018 bonds. These refundings were at par and did not produce a gain or loss on the statement of revenues, expenses, and changes in net position.

In January 2024, Main Street issued Series 2024A revenue bonds totaling $836,645 to fund a 30-year natural gas prepayment transaction for 301,329 thousands of MMBtu supplied by Royal Bank of Canada. In March 2024, Main Street issued Series 2024B revenue bonds totaling $754,030 to fund a 30-year natural gas prepayment transaction for 274,682 thousands of MMBtu supplied by Royal Bank of Canada. These transactions have commodity swaps similar to other Main Street transactions discussed in Note 5.

4. Limited Obligation Debt

As of December 31, 2023, Main Street has 15 series of revenue bonds outstanding under 14 transactions related to the acquisition of prepaid long-term supplies of gas from various gas suppliers. These bonds were issued at a premium, which is accounted for under the effective-interest method.

Main Street's obligation for repayment of its gas revenue bonds is limited to the assets held by the bond trustee in the trust estate for the applicable series of gas revenue bonds. For each Main Street transaction, a trust estate exists that principally consists of proceeds collected from sales of natural gas under the related customer supply agreements, in addition to amounts collected from or paid to the commodity swap counterparties (see Note 5), and the right to receive termination payments due, if any, from the gas supplier. The gas revenue bonds are not general obligations of Main Street. Main Street's debt is not an obligation of the Gas Authority.

Following is a summary of debt activity in 2023:

	December 31, 2022	Issuances	Payments/ Amortization	December 31, 2023
Bonds payable	$ 7,631,560	$ 4,193,705	$ (2,107,630)	$ 9,717,635
Bond premium	477,759	174,256	(117,055)	534,960
Total debt	8,109,319	$ 4,367,961	$ (2,224,685)	10,252,595
Less amounts due within one year	2,082,350			758,300
Less current portion of bond premium	101,615			109,649
Total long-term debt	$ 5,925,354			$ 9,384,646

Notes to Financial Statements (continued)
(dollars in thousands)

The combined annual requirement to repay all bond issues outstanding at December 31, 2023, is as follows:

Year		Principal		Interest [a]		Total Debt Service
2024	$	758,300	$	433,382	$	1,191,682
2025		114,000		401,998		515,998
2026		705,860		396,498		1,102,358
2027		1,515,750		367,345		1,883,095
2028		829,690		305,708		1,135,398
2029-2033		5,319,590		527,731		5,847,321
2034-2038		128,135		101,777		229,912
2039-2043		138,125		69,231		207,356
2044-2048		169,145		31,727		200,872
2049		39,040		976		40,016
Total	$	9,717,635	$	2,636,373	$	12,354,008

[a] Variable interest amounts assume future interest rates remain constant at the rate in effect on December 31, 2023.

Following is a summary of debt activity in 2022:

		December 31, 2021		Issuances		Payments/ Amortization		December 31, 2022
Bonds payable	$	5,893,810	$	1,874,360	$	(136,610)	$	7,631,560
Bond premium		438,564		138,873		(99,678)		477,759
Total debt		6,332,374	$	2,013,233	$	(236,288)		8,109,319
Less amounts due within one year		136,610						2,082,350
Less current portion of bond premium		84,782						101,615
Total long-term debt	$	6,110,982					$	5,925,354

As of December 31, 2023, Series 2007A, 2019A, 2019B, 2019C, 2021A, 2021C, 2022A, 2022B, 2022C, 2023A, 2023B, 2023C, 2023D, and 2023E-1 bonds were outstanding with fixed interest rates ranging from 4.0% to 5.5%, with an effective rate, including bond premium, of 3.25%. As of December 31, 2022, Series 2007A, 2018A, 2018C, 2019A, 2019B, 2019C, 2021A, and 2021C, 2022A, 2022B, and 2022C bonds were outstanding with fixed interest rates ranging from 4.0% to 5.5%, with an effective rate, including bond premium, of 3.51%.

As of December 31, 2023 and 2022, Series 2023E-2 bonds and Series 2018B, 2018D, and 2018E, respectively, were outstanding with variable interest rates based on SOFR and interest rate swaps that swap the variable rates to fixed rates (see Note 5). The weighted average variable interest rate was 5.31% and 3.71% at December 31, 2023 and 2022, respectively. Giving effect to the swaps, the net rate in effect was 4.45% and 2.82% at December 31, 2023 and 2022, respectively.

5. Derivative Instruments

Commodity Derivative Instruments

Main Street has established rates with the Gas Authority based on a discount to spot market prices. Therefore, Main Street enters into long-term prepaid gas purchase agreements and uses long-term derivative instruments (commodity swaps) with terms that match the related prepaid gas purchase agreements to convert fixed prepayments for future deliveries to spot market pricing. The derivative agreements require monthly payments to be paid or received based on the difference between the spot market price and the contract strike price on notional volumes. None of Main Street's derivatives require a cash payment at inception.

Interest Rate Derivative Instruments

In 2018, in connection with the issuance of the 2018B, 2018D, and 2018E variable-rate bonds, Main Street entered into interest rate swap agreements that result in Main Street paying fixed interest rates of 2.48%, 2.78%, and 2.82%, respectively, on the bonds. These swaps reached maturity in 2023 as discussed in Note 3.

In 2023, in connection with the issuance of the 2023E-2 variable-rate bonds, Main Street entered into an interest rate swap agreement that result in Main Street paying a fixed interest rate of 4.45% on these bonds.

Notes to Financial Statements (continued)
(dollars in thousands)

Fair Values of Derivative Instruments

See Note 1 for a discussion of fair value policies and methodologies. The fair value balances of derivative instruments outstanding at December 31, 2023 and 2022, classified by type, and the changes in fair value of such derivative instruments for the years then ended as reported in the related financial statements, are as follows (losses and liabilities in parentheses):

	Notional Amount at December 31, 2022*	Change in Fair Value 2022	Fair Value at December 31, 2022	Change in Fair Value 2023	Fair Value at December 31, 2023	Notional Amount at December 31, 2023*
Hedging derivatives						
Commodity swaps – receive fixed	2,641,325	$ (2,029,627)	$ (1,462,919)	$ 3,202,268	$ 1,739,349	3,241,536
Interest rate swaps – pay fixed	665,000	24,202	5,637	(13,811)	(8,174)	167,500

*Notional amounts are in thousands of MMBtu except interest rate swaps, which are in U.S. dollars.

The following table displays key terms of Main Street's derivative instruments:

	Effective Dates	Notional Amount*	Prices
As of December 31, 2023:			
Hedging derivatives			
Commodity swaps – receive fixed	Jan 2024 – Mar 2054	3,241,536	$4.12 – $10.36
Interest rate swap – pay fixed	Jan 2024 – Jun 2031	167,500	Variable
As of December 31, 2022:			
Hedging derivatives			
Commodity swaps – receive fixed	Jan 2023 – Oct 2052	2,641,325	$4.08 – $10.36
Interest rate swap – pay fixed	Jan 2023 – Dec 2023	665,000	Variable

*Notional amounts are in thousands of MMBtu except interest rate swaps, which are in U.S. dollars.

Risks Associated With Derivative Instruments

Credit Risk – Main Street intends to hold all derivative instruments to maturity. Main Street is exposed to market gas price risk in the event of nonperformance by the counterparties; however, Main Street does not anticipate nonperformance. Main Street derivative instruments contain tear-up provisions such that they may be terminated under certain limited circumstances, including specific credit events, with no settlement payment due or payable by either party. In addition, the Main Street prepaid gas purchase agreements allow for the substitution of swap counterparties by both Main Street and the related supplier in the event of specified credit rating downgrades or certain other limited conditions.

Notes to Financial Statements (continued)
(dollars in thousands)

The credit ratings of Main Street's derivative counterparties and related fair values of derivative instruments are summarized below, as of December 31, 2023:

Counterparty	Counterparty Credit Ratings S&P/Moody's	Fair Market Value of Derivative Instruments Asset (Liability)
JPMorgan Chase Bank, N.A.	A-/A1	$ (10,537)
PGP4 MS18A, LLC	Not rated	82,430
PGP4 MS18C, LLC	Not rated	50,067
PGP4 MS CEI, LLC	Not rated	13,948
PGP4 MS 21A, LLC	Not rated	93,800
PEP MS 21C, LLC	Not rated	53,185
PEP MS 22A, LLC	Not rated	117,076
PEP MS 22B, LLC	Not rated	311,139
PGP4 MS22C, LLC	Not rated	61,350
PEP MS23A, LLC	Not rated	338,741
PGP4 MS23B, LLC	Not rated	300,755
PEP MS23D, LLC	Not rated	242,464
Royal Bank of Canada	AA-/Aa1	76,758

Termination Risk – Main Street is exposed to termination risk in its commodity and interest rate derivatives. Termination of Main Street hedges may occur upon a downgrade of the swap counterparties below specified levels; however, the supplier and Main Street have the option to replace such counterparties for a specified period, generally ranging from 90 to 120 days. In addition, Main Street's Series 2019B, 2019C, 2021A, 2021C, 2022A, 2022B, 2022C, 2023A, 2023B, 2023C, 2023D, and 2023E transactions may be terminated or amended under certain limited circumstances. No amounts related to the swaps would be due by either party, other than monthly obligations related to gas already delivered by Main Street, in the event of termination of any Main Street derivatives.

Supplementary Information

Main Street Natural Gas, Inc.

Statements of Net Position - Information by Project
(in thousands of dollars)

December 31, 2023

	2007 Series A	2019 Series A	2019 Series B	2019 Series C
Assets				
Current assets:				
Cash held by the Gas Authority	$ –	$ 25	$ 73	$ 25
Restricted cash and cash equivalents	115	1,251	140	139
Investment securities – restricted	8,551	11,923	2,538	8,717
Accounts receivable	4,185	5,298	2,453	3,067
Prepaid gas supplies	18,979	25,177	19,997	23,132
Fair value of derivative instruments	29,009	12,405	11,089	11,696
Total current assets	60,839	56,079	36,290	46,776
Noncurrent assets:				
Prepaid gas supplies	72,786	606,800	615,058	602,494
Fair value of derivative instruments	92,098	–	10,465	2,252
Costs recoverable from future billings	76,282	61,826	42,012	28,820
Total noncurrent assets	241,166	668,626	667,535	633,566
Total assets	$ 302,005	$ 724,705	$ 703,825	$ 680,342
Liabilities, deferred inflows of resources, and net position				
Current liabilities:				
Accounts payable and accrued expenses	$ 2,901	$ 4,851	$ 2,251	$ 8,769
Current portion of limited obligation debt	25,419	15,129	680,020	17,084
Total current liabilities	28,320	19,980	682,271	25,853
Noncurrent liabilities:				
Limited obligation debt	152,578	692,320	–	640,541
Fair value of derivative instruments	–	80,671	–	–
Total noncurrent liabilities	152,578	772,991	–	640,541
Total liabilities	180,898	792,971	682,271	666,394
Deferred inflows of resources	121,107	(68,266)	21,554	13,948
Net position	–	–	–	–
Total liabilities, deferred inflows of resources, and net position	$ 302,005	$ 724,705	$ 703,825	$ 680,342

Main Street Natural Gas, Inc.

Statements of Net Position - Information by Project (Continued)

(in thousands of dollars)

December 31, 2023

	2021 Series A	2021 Series C	2022 Series A	2022 Series B
Assets				
Current assets:				
Cash held by the Gas Authority	$ 324	$ 25	$ 359	$ 325
Restricted cash and cash equivalents	141	282	230	137
Investment securities – restricted	11,397	4,521	2,884	10,938
Accounts receivable	2,739	3,094	3,589	2,244
Prepaid gas supplies	25,447	29,074	19,023	24,404
Fair value of derivative instruments	15,681	15,509	14,610	28,360
Total current assets	55,729	52,505	40,695	66,408
Noncurrent assets:				
Prepaid gas supplies	849,098	792,765	522,276	679,761
Fair value of derivative instruments	78,119	37,677	102,466	282,778
Costs recoverable from future billings	19,890	14,104	16,901	29,418
Total noncurrent assets	947,107	844,546	641,643	991,957
Total assets	$ 1,002,836	$ 897,051	$ 682,338	$ 1,058,365
Liabilities, deferred inflows of resources, and net position				
Current liabilities:				
Accounts payable and accrued expenses	$ 10,967	$ 3,107	$ 1,796	$ 3,628
Current portion of limited obligation debt	21,494	28,098	13,733	11,783
Total current liabilities	32,461	31,205	15,529	15,411
Noncurrent liabilities:				
Limited obligation debt	876,575	812,661	549,733	731,815
Fair value of derivative instruments	–	–	–	–
Total noncurrent liabilities	876,575	812,661	549,733	731,815
Total liabilities	909,036	843,866	565,262	747,226
Deferred inflows of resources	93,800	53,185	117,076	311,139
Net position	–	–	–	–
Total liabilities, deferred inflows of resources, and net position	$ 1,002,836	$ 897,051	$ 682,338	$ 1,058,365

Main Street Natural Gas, Inc.

Statements of Net Position - Information by Project (Continued)

(in thousands of dollars)

	December 31, 2023			
	2022 Series C	2023 Series A	2023 Series B	2023 Series C (formerly 2018A&B)
Assets				
Current assets:				
Cash held by the Gas Authority	$ 303	$ 341	$ 346	$ 300
Restricted cash and cash equivalents	259	214	109	690
Investment securities – restricted	4,454	5,856	16,097	17,673
Accounts receivable	3,820	3,952	4,135	5,551
Prepaid gas supplies	22,204	23,886	29,365	30,345
Fair value of derivative instruments	14,061	29,067	29,302	21,060
Total current assets	45,101	63,316	79,354	75,619
Noncurrent assets:				
Prepaid gas supplies	608,915	675,602	832,642	869,138
Fair value of derivative instruments	47,289	309,674	271,453	61,370
Costs recoverable from future billings	20,561	21,187	23,958	102,544
Total noncurrent assets	676,765	1,006,463	1,128,053	1,033,052
Total assets	$ 721,866	$ 1,069,779	$ 1,207,407	$ 1,108,671
Liabilities, deferred inflows of resources, and net position				
Current liabilities:				
Accounts payable and accrued expenses	$ 4,146	$ 3,318	$ 13,943	$ 16,274
Current portion of limited obligation debt	16,337	11,304	15,522	5,010
Total current liabilities	20,483	14,622	29,465	21,284
Noncurrent liabilities:				
Limited obligation debt	640,033	716,416	877,187	1,004,957
Fair value of derivative instruments	–	–	–	–
Total noncurrent liabilities	640,033	716,416	877,187	1,004,957
Total liabilities	660,516	731,038	906,652	1,026,241
Deferred inflows of resources	61,350	338,741	300,755	82,430
Net position	–	–	–	–
Total liabilities, deferred inflows of resources, and net position	$ 721,866	$ 1,069,779	$ 1,207,407	$ 1,108,671

Main Street Natural Gas, Inc.

Statements of Net Position - Information by Project (Concluded)
(in thousands of dollars)

December 31, 2023

	2023 Series D	2023 Series E (formerly 2018C,D&E)	All Projects Total
Assets			
Current assets:			
Cash held by the Gas Authority	$ 301	$ 395	$ 3,142
Restricted cash and cash equivalents	88	3,886	7,681
Investment securities – restricted	13,622	10,442	129,613
Accounts receivable	–	5,049	49,176
Prepaid gas supplies	16,389	32,338	339,760
Fair value of derivative instruments	18,638	20,442	270,929
Total current assets	49,038	72,552	800,301
Noncurrent assets:			
Prepaid gas supplies	646,360	850,100	9,223,795
Fair value of derivative instruments	223,826	21,450	1,540,917
Costs recoverable from future billings	14,024	112,004	583,531
Total noncurrent assets	884,210	983,554	11,348,243
Total assets	$ 933,248	$ 1,056,106	$ 12,148,544
Liabilities, deferred inflows of resources, and net position			
Current liabilities:			
Accounts payable and accrued expenses	$ 2,817	$ 5,335	$ 84,103
Current portion of limited obligation debt	4,919	2,097	867,949
Total current liabilities	7,736	7,432	952,052
Noncurrent liabilities:			
Limited obligation debt	683,048	1,006,782	9,384,646
Fair value of derivative instruments	–	–	80,671
Total noncurrent liabilities	683,048	1,006,782	9,465,317
Total liabilities	690,784	1,014,214	10,417,369
Deferred inflows of resources	242,464	41,892	1,731,175
Net position	–	–	–
Total liabilities, deferred inflows of resources, and net position	$ 933,248	$ 1,056,106	$ 12,148,544

Main Street Natural Gas, Inc.

Statements of Revenues, Expenses, and Changes in Net Position - Information by Project

(in thousands of dollars)

Year Ended December 31, 2023

	2007 Series A	2019 Series A	2019 Series B	2019 Series C
Operating revenues	$ 38,633	$ 43,938	$ 27,930	$ 27,487
Operating expenses:				
Prepaid gas supply delivery	19,592	24,941	19,942	19,650
General and administrative	129	362	231	210
Total operating expenses	19,721	25,303	20,173	19,860
Operating income	18,912	18,635	7,757	7,627
Nonoperating revenues (expenses):				
Investment income	933	822	363	376
Interest expense	(10,431)	(29,688)	(15,535)	(13,218)
Costs recoverable from future billings	(9,414)	10,231	7,415	5,215
Total nonoperating expenses, net	(18,912)	(18,635)	(7,757)	(7,627)
Change in net position	–	–	–	–
Net position:				
Beginning of period	–	–	–	–
End of period	$ –	$ –	$ –	$ –

Main Street Natural Gas, Inc.

Statements of Revenues, Expenses, and Changes in Net Position - Information by Project (Continued)

(in thousands of dollars)

Year Ended December 31, 2023

	2021 Series A	2021 Series C	2022 Series A	2022 Series B
Operating revenues	$ 29,837	$ 38,046	$ 29,428	$ 38,381
Operating expenses:				
Prepaid gas supply delivery	22,101	29,273	18,964	22,426
General and administrative	264	279	233	363
Total operating expenses	22,365	29,552	19,197	22,789
Operating income	7,472	8,494	10,231	15,592
Nonoperating revenues (expenses):				
Investment income	538	615	505	637
Interest expense	(12,641)	(10,298)	(16,034)	(29,804)
Costs recoverable from future billings	4,631	1,189	5,298	13,575
Total nonoperating expenses, net	(7,472)	(8,494)	(10,231)	(15,592)
Change in net position	–	–	–	–
Net position:				
Beginning of period	–	–	–	–
End of period	$ –	$ –	$ –	$ –

Main Street Natural Gas, Inc.

Statements of Revenues, Expenses, and Changes in Net Position - Information by Project (Continued)

(in thousands of dollars)

Year Ended December 31, 2023

	2022 Series C	2023 Series A	2023 Series B	2023 Series C (formerly 2018A&B)
Operating revenues	$ 31,700	$ 26,749	$ 28,543	$ 47,123
Operating expenses:				
Prepaid gas supply delivery	22,116	15,496	17,170	31,691
General and administrative	300	225	248	453
Total operating expenses	22,416	15,721	17,418	32,144
Operating income	9,284	11,028	11,125	14,979
Nonoperating revenues (expenses):				
Investment income	505	442	24	12,041
Interest expense	(15,686)	(32,655)	(35,108)	(47,007)
Costs recoverable from future billings	5,897	21,185	23,959	19,987
Total nonoperating expenses, net	(9,284)	(11,028)	(11,125)	(14,979)
Change in net position	–	–	–	–
Net position:				
Beginning of period	–	–	–	–
End of period	$ –	$ –	$ –	$ –

Main Street Natural Gas, Inc.

Statements of Revenues, Expenses, and Changes in Net Position - Information by Project (Concluded)

(in thousands of dollars)

Year Ended December 31, 2023

	2023 Series D	2023 Series E (formerly 2018C,D&E)	All Projects Total
Operating revenues	$ –	$ 44,870	$ 452,665
Operating expenses:			
Prepaid gas supply delivery	–	29,588	292,950
General and administrative	1	498	3,796
Total operating expenses	1	30,086	296,746
Operating income	(1)	14,784	155,919
Nonoperating revenues (expenses):			
Investment income	2	11,261	29,064
Interest expense	(14,026)	(45,375)	(327,506)
Costs recoverable from future billings	14,025	19,330	142,523
Total nonoperating expenses, net	1	(14,784)	(155,919)
Change in net position	–	–	–
Net position:			
Beginning of period	–	–	–
End of period	$ –	$ –	$ –

Main Street Natural Gas, Inc.

Schedule of Changes in Assets of the Trust Indenture Funds
(in thousands of dollars)

As of and for the Year Ended December 31, 2023

	Restricted Cash and Investments at December 31, 2022	Operating Revenue and Bond Sales	Investment Income	Disbursements	Restricted Cash and Investments at December 31, 2023
Series 2007A					
Revenue	$ 54	$ 43,300	$ 17	$ (43,268)	$ 103
Debt Service	9,665	126,148	916	(128,166)	8,563
Total	$ 9,718	$ 169,448	$ 933	$ (171,434)	$ 8,666
Series 2018A&B					
Debt Service Interest	$ 857	$ 22,152	$ 4	$ (23,010)	$ 3
Revenue	5,254	41,508	300	(47,003)	59
Commodity Swap Pmt	–	6,162	–	(6,162)	–
Interest Swap Payment	557	4,459	1	(5,017)	–
Principal Account	116	7,508	1	(7,625)	–
Admin Expense	–	302	–	(302)	–
Credit Support Fee	28	35	1	(42)	22
Trustee Fee	7	4	–	(7)	4
Rating Agent	10	6	–	(11)	5
General	3	–	–	–	3
Total	$ 6,832	$ 82,136	$ 307	$ (89,179)	$ 96
Series 2018C,D&E					
Debt Service Interest	$ 1,281	$ 23,952	$ 3	$ (25,235)	$ 1
Revenue	3,516	60,065	448	(62,320)	1,709
Commodity Swap Pmt	–	4,990	–	(4,990)	–
Interest Swap Payment	920	10,120	2	(11,041)	1
Principal Account	–	9,190	–	(9,190)	–
Admin Expense	–	368	–	(368)	–
Credit Support Fee	6	42	1	(33)	16
Trustee Fee	4	5	–	(8)	1
Rating Agent	19	7	1	(21)	6
General	1	461	–	(461)	1
Total	$ 5,747	$ 109,200	$ 455	$ (113,667)	$ 1,735
Series 2019A					
Debt Service Interest	$ –	$ 32,662	$ –	$ (32,662)	$ –
Revenue	11,947	52,241	680	(52,820)	12,048
Commodity Swap Pmt	–	5,650	–	(5,650)	–
GSA Supplier	–	1,564	–	(1,564)	–
Principal Account	–	12,235	–	(12,235)	–
Admin Expense	–	351	–	(351)	–
Credit Support Fee	23	135	1	(135)	24
Trustee Fee	13	–	–	(5)	8
Custodian	7	–	–	–	7
Rating Agent	10	14	–	(20)	4
Working Captital	1,033	–	50	–	1,083
General	–	210	–	(210)	–
Total	$ 13,033	$ 105,062	$ 731	$ (105,652)	$ 13,174

Main Street Natural Gas, Inc.

Schedule of Changes in Assets of the Trust Indenture Funds (Continued)
(in thousands of dollars)

As of and for the Year Ended December 31, 2023

	Restricted Cash and Investments at December 31, 2022	Operating Revenue and Bond Sales	Investment Income	Disbursements	Restricted Cash and Investments at December 31, 2023
Series 2019B					
Debt Service Interest	$ –	$ 26,817	$ 2	$ (26,819)	$ –
Revenue	2,554	30,113	358	(30,363)	2,662
Commodity Swap Pmt	–	1,884	–	(1,884)	–
GSA Supplier	–	955	–	(955)	–
Principal Account	–	1,190	–	(1,190)	–
Admin Expense	–	219	–	(219)	–
Credit Support Fee	5	57	–	(57)	5
Trustee Fee	3	9	–	(9)	3
Custodian	1	2	–	(2)	1
Rating Agent	8	10	1	(12)	7
General	–	276	–	(276)	–
Total	$ 2,570	$ 61,532	$ 361	$ (61,786)	$ 2,678
Series 2019C					
Debt Service Interest	$ –	$ 27,585	$ –	$ (27,585)	$ –
Revenue	8,540	30,457	352	(30,510)	8,839
Commodity Swap Pmt	–	2,572	–	(2,572)	–
Admin Expense	–	199	–	(199)	–
Trustee Fee	7	10	–	(9)	8
Rating Agent	3	11	–	(11)	3
Custodian	2	–	–	–	2
Credit Support Fee	4	44	–	(44)	4
General	–	90	–	(90)	–
Total	$ 8,556	$ 60,968	$ 352	$ (61,020)	$ 8,856
Series 2021A					
Debt Service Interest	$ –	$ 32,865	$ –	$ (32,865)	$ –
Revenue	13,997	31,726	549	(34,773)	11,499
Commodity Swap Pmt	–	1,275	–	(1,275)	–
Capitalized Interest	8	–	–	(8)	–
Admin Expense	–	266	–	(266)	–
Credit Support Fee	15	43	–	(43)	15
Trustee Fee	9	8	–	(8)	9
Rating Agent	15	12	–	(12)	15
General Fund	–	300	–	(300)	–
Total	$ 14,044	$ 66,495	$ 549	$ (69,550)	$ 11,538
Series 2021C					
Debt Service Interest	$ –	$ 38,317	$ –	$ (38,317)	$ –
Revenue	4,312	41,072	619	(41,219)	4,784
Commodity Swap Pmt	–	2,383	–	(2,383)	–
Admin Expense	–	268	–	(268)	–
Credit Support Fee	4	46	–	(46)	4
Trustee Fee	3	8	–	–	11
Rating Agent	13	2	–	(11)	4
Total	$ 4,332	$ 82,096	$ 619	$ (82,244)	$ 4,803

Main Street Natural Gas, Inc.

Schedule of Changes in Assets of the Trust Indenture Funds (Continued)
(in thousands of dollars)

As of and for the Year Ended December 31, 2023

	Restricted Cash and Investments at December 31, 2022	Operating Revenue and Bond Sales	Investment Income	Disbursements	Restricted Cash and Investments at December 31, 2023
Series 2022A					
Debt Service Interest	$ –	$ 29,342	$ –	$ (29,342)	$ –
Revenue	2,764	30,641	508	(30,832)	3,081
Commodity Swap Pmt	–	1,009	–	(1,009)	–
Capitalized Interest	3	–	–	–	3
Admin Expense	–	221	–	(221)	–
Credit Support Fee	3	34	–	(34)	3
Trustee Fee	7	13	–	(10)	10
Rating Agent	9	19	–	(11)	17
Total	$ 2,786	$ 61,279	$ 508	$ (61,459)	$ 3,114
Series 2022B					
Debt Service Interest	$ –	$ 35,490	$ –	$ (35,490)	$ –
COI	24	–	1	(25)	–
Revenue	1,472	38,483	361	(29,276)	11,040
Capitalized Interest	6,504	–	197	(6,700)	1
Admin Expense	–	345	–	(345)	–
Credit Support Fee	16	53	–	(65)	4
Trustee Fee	1	9	–	(9)	1
Rating Agent	1	16	–	(11)	6
Custody	–		23		23
Total	$ 8,018	$ 74,396	$ 582	$ (71,921)	$ 11,075
Series 2022C					
Debt Service Interest	$ –	$ 31,561	$ –	$ (31,560)	$ 1
Revenue	4,422	34,045	507	(34,293)	4,681
Commodity Swap Pmt	–	2,164	–	(2,164)	–
Admin Expense	–	288	–	(288)	–
Trustee Fee	7	14	–	(10)	11
Rating Agent	7	33	–	(20)	20
General Fund	–	223		(223)	–
Total	$ 4,436	$ 68,328	$ 507	$ (68,558)	$ 4,713
Series 2023A					
Debt Service Interest	$ –	$ 28,981	$ –	$ (28,981)	$ –
COI	–	1,186	1	(1,187)	–
Revenue	–	23,244	199	(17,402)	6,041
Capitalized Interest	–	11,620	189	(11,809)	–
Admin Expense	–	191	–	(191)	–
Credit Support Fee	–	25	–	(11)	14
Trustee Fee	–	7	–	–	7
Rating Agent	–	8	–	–	8
Total	$ –	$ 65,262	$ 389	$ (59,581)	$ 6,070

Main Street Natural Gas, Inc.

Schedule of Changes in Assets of the Trust Indenture Funds (Concluded)
(in thousands of dollars)

As of and for the Year Ended December 31, 2023

	Restricted Cash and Investments at December 31, 2022	Operating Revenue and Bond Sales	Investment Income	Disbursements	Restricted Cash and Investments at December 31, 2023
Series 2023B					
Debt Service Interest	$ –	$ 58,846	$ 1	$ (42,749)	$ 16,098
Project	–	–	–	–	–
COI	–	1,812	3	(1,815)	–
Revenue	–	24,404	18	(24,382)	40
Capitalized Interest	–	14,700	2	(14,700)	2
Admin Expense	–	510	–	(510)	–
Trustee Fee	–	6	–	–	6
Rating Agent	–	7	–	–	7
Credit Support Fee	–	53	–	–	53
Total	$ –	$ 100,338	$ 24	$ (84,156)	$ 16,206
Series 2023C					
Debt Service Interest	$ –	$ 40,096	$ 26	$ (22,449)	$ 17,673
COI	–	1,850	2	(1,789)	63
Revenue	–	19,632	16	(19,565)	83
Admin Expense	–	161	–	(161)	–
Credit Support Fee	–	45	–	–	45
Trustee Fee	–	5	–	–	5
Rating Agent	–	7	–	–	7
Bond Escrow	–	2,075,162	164	(2,074,935)	391
Total	$ –	$ 2,136,958	$ 208	$ (2,118,899)	$ 18,267
Series 2023D					
Debt Service Interest	$ –	$ 6,755	$ –	$ (6,755)	$ –
COI	–	1,269	1	(1,235)	35
Capitalized Interest	–	20,428	1	(6,755)	13,674
Admin Expense	–	300	1	(300)	1
Total	$ –	$ 28,752	$ 3	$ (15,045)	$ 13,710
Series 2023E					
Debt Service Interest	$ –	$ 34,709	$ –	$ (23,110)	$ 11,599
COI	–	1,868	2	(1,827)	43
Revenue	–	32,248	8	(31,313)	943
Commodity Swap Pmt	–	2,163	–	(2,163)	–
Admin Expense	–	418	–	(418)	–
Credit Support Fee	–	17	–	(14)	3
Trustee Fee	–	2	–	–	2
Rating Agent	–	3	–	–	3
Bond Escrow		2,018,483	10,831	(2,029,314)	–
Total	$ –	$ 2,089,911	$ 10,841	$ (2,088,159)	$ 12,593