Certified Public Accountants
& Consultants

JACKSON THORNTON

The Tennessee Energy Acquisition Corporation
March 31, 2022
Financial Statements

The Tennessee Energy Acquisition Corporation

Index

JACKSON THORNTON

Independent Auditor's Report

The Board of Directors
The Tennessee Energy Acquisition Corporation
Clarksville, Tennessee

Opinion

We have audited the accompanying financial statements of The Tennessee Energy Acquisition Corporation (the Corporation) which comprise the balance sheet as of March 31, 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the index.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tennessee Energy Acquisition Corporation as of March 31, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Jackson Thornton & Co. PC

Montgomery, Alabama
June 27, 2022

Management's Discussion and Analysis

The following is intended to provide an understanding of various factors related to the operations and financial condition of The Tennessee Energy Acquisition Corporation (the Corporation). This information should be read in conjunction with the financial statements and related notes. This information focuses on significant changes in financial condition during the fiscal year ended March 31, 2022, and highlights certain events that occurred during the year.

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the Corporation's financial condition and performance. Summary financial statement data, key financial and operational indicators, bond indentures and other management tools were used for this analysis.

The financial statements report information about the Corporation using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include balance sheets, statements of revenues, expenses, and changes in net position, statements of cash flows and notes to the financial statements. While the balance sheets provide information about the nature and amount of resources and obligations at year end, the statements of revenues, expenses and changes in net position present results of the Corporation's business activities over the course of the fiscal years presented and information as to how the net position of the entity changed during those periods.

Assets and Deferred Outflows, Liabilities, and Deferred Inflows

The assets of the Corporation consist primarily of cash and investments, accounts receivable, short and long-term prepaid gas supplies, derivative instruments, costs recoverable from future billings under the natural gas supply contracts between the Corporation and its Members and Project Participants, capital assets, and regulatory assets, which represents unamortized debt expense relating to the gas projects. Deferred outflows consisting of the accumulated increase in the fair value of the gas price swaps related to the Corporation's prepaid gas supply. Total assets and deferred outflows were $3,224,786,659 and $3,369,294,826 as of March 31, 2022 and 2021 respectively.

The liabilities of the Corporation consist primarily of the current and long-term portions of the bonds issued to finance the Corporation's prepaid gas supplies, accounts payable and accrued interest payable on the long-term debt. Deferred inflows at March 31, 2022 consist of the accumulated increase in the fair value of the gas price swaps entered into at the request of its Members to hedge cash flows, and at March 31, 2021, the accumulated increase in the fair value of the gas price swaps related to the Corporation's prepaid gas supply. Principal paid on bonds during 2022 and 2021 was $140,825,000 and $151,055,000 respectively. Total liabilities, deferred inflows, and net position were $3,224,786,659 and $3,369,294,826 as of March 31, 2022 and 2021 respectively.

The $144.5 million decrease in total assets and deferred outflows and total liabilities, deferred inflows, and net position in fiscal year 2022 was primarily attributable to the issuance of $466 million of long-term debt and changes in the derivative instrument commodity swaps associated with the Corporation's gas projects.

Current unrestricted assets increased $1.9 million. There was a $1.9 million increase in unrestricted cash.

Current restricted assets increased $37.4 million. There was a $10 million increase in cash due to changes in scheduled debt service requirements for the bond issues. There was a $6.4 million increase in customer accounts receivable due to changes in gas prices and volumes at the end of the period. There was a $6.7 million decrease in other accounts receivable, which is the commodity swaps associated with the bond transactions, also due to changes in gas prices and volumes at the end of the period. There was a $27.7 million increase in current prepaid gas supplies due to planned changes in the delivery schedules and the additional prepaid gas supply project.

Noncurrent unrestricted assets increased $15.6 million. There was a $15.6 million increase in derivative instruments.

Noncurrent restricted assets decreased $584.6 million. There was an $11.7 million increase in investments due to the issuance of the 2021A bonds. There was a $408.4 million increase in long-term prepaid gas supplies, due to the addition of the 2021 project. There was a decrease in derivative instruments of $1,004.3 million. The total notional amount relating to all project commodity swaps which are presented at fair value was reduced as a result of current operations, and due to higher gas prices at the end of the period, the value decreased.

The 2006, 2017, 2018, and 2021 projects delivery periods end in December 2026, March 2048, September 2049, and March 2052, respectively. There was a $1.5 million decrease in costs recoverable from future billings. Costs recoverable from future billings of the 2006 project decreased during the period and costs recoverable from future billings of the 2017, 2018 and 2021 projects increased during the period. There was a $1.1 million increase in the Corporation's regulatory asset representing unamortized debt expense relating to the 2006, 2017, 2018 and 2021 projects due to current operations.

Deferred outflows increased $385 million. The fair value of the gas price swaps entered into by the Corporation relating to the gas projects are in a liability position, and therefore classified as deferred outflows at March 31, 2022.

Current unrestricted liabilities increased $.6 million. There was a $.6 million increase in accounts payable.

Current restricted liabilities increased $15.8 million. There was a $6.9 million increase in current maturities of long-term debt due to maturity schedules of the bonds. There was a $8.9 million increase in accrued interest payable due to increase in outstanding bonds.

Noncurrent restricted liabilities increased $826.5 million. Long-term debt relating to the 2021 project increased $608.4 million. Long-term debt relating to the 2006, 2017, and 2018 projects decreased $143.8 million, $12.4 million, and $10.7 million respectively, all of which was due to amortization of bond premiums and reclassification of maturities for the coming year. Derivative instrument commodity swaps relating to the Corporation's prepaid gas supply projects are in a liability position and increased $385 million.

Deferred inflows decreased $988.7 million. There was a $988.7 million decrease in the accumulated change in fair value of hedging derivatives due to changes in market prices.

Summary of Balance Sheets

	2022	2021
Assets		
Current Assets-Unrestricted	$ 24,037,537	$ 22,114,497
Current Assets-Restricted	340,611,435	303,209,116
Noncurrent Assets-Unrestricted	17,413,140	1,819,721
Noncurrent Assets-Restricted	2,457,564,284	3,042,151,492
Deferred Outflows		
Accumulated change in fair value of hedging derivatives	385,160,263	
Total Assets and Deferred Outflows	3,224,786,659	3,369,294,826
Liabilities		
Current Liabilities-Unrestricted	7,051,565	6,418,877
Current Liabilities-Restricted	191,070,859	175,296,544
Noncurrent Liabilities-Restricted	2,992,265,123	2,165,761,921
Deferred Inflows		
Accumulated change in fair value of hedging derivatives	16,431,300	1,005,109,896
Total Liabilities and Deferred Inflows	3,206,818,847	3,352,587,238
Net Position		
Investment in Capital Assets	981,840	1,011,968
Unrestricted	16,985,972	15,695,620
Total Net Position	17,967,812	16,707,588
Total Liabilities, Deferred Inflows and Net Position	$ 3,224,786,659	$ 3,369,294,826

Gas Revenues and Expenses

During fiscal years 2022 and 2021, the Corporation sold gas to Members under long-term gas supply contracts and Natural Gas Supply and Transportation, Storage, and Load Management Agreements (Management Agreements) and to the Project Participants under long-term gas supply contracts. Under the long-term gas supply contracts with the Members and the Project Participants, the Members and Project Participants purchase monthly quantities specified in the contracts at prices based upon the first-of-the month Index price of gas reported in *Inside FERC's Gas Market Report,* a publication of S&P Global Platts, a division of S&P Global, Inc., for specified delivery points (Index). Under the Management Agreements, the Members purchase the remaining natural gas required for the operation of their local gas distribution utilities at prices based upon Index and other supply and transportation related services.

The Corporation's gas supplies during each of the years consisted of gas delivered under the Corporation's 2006, 2017 and 2018 projects with J. Aron & Co., purchases from Black Belt Energy (BBE) under the BBE Natural Gas Supply Agreement which began July 1, 2016, and gas purchased from various suppliers under short-term arrangements.

The following table summarizes the gas supplies and sales for fiscal years 2022 and 2021:

Summary of Gas Supplies and Sales

	2022	2021
Gas Supplies	(bcf)	(bcf)
2006A&B Supplies	16.6	18.7
2006C Supplies	14.9	14.9
2017A Supplies	6.9	6.9
2018 Supplies	6.5	5
Black Belt Energy Supplies	1.6	1.1
Short-term Supplies	8.5	7.2
Total Gas Supplies	55	53.8
Gas Sales	(bcf)	(bcf)
Members	18.3	15.6
2006 Project Participants	26	27.8
2017 Project Participants	6.2	6.2
2018 Project Participants	4.5	4.2
Total Gas Sales	55	53.8

Under the 2006, 2017 and 2018 projects and the related Index-to-fixed gas price swaps, the Corporation made separate fixed price prepayments for specified quantities of gas to be delivered each month through December 2026 with the proceeds from the Series 2006A&B and 2006C Bonds, through March 2048 with the proceeds from the Series 2017A Bonds, and through September 2049 with the proceeds from the 2018 Bonds. In each transaction, the Corporation pays (receives) monthly amounts to (from) the swap counterparties based on the net difference between the Index price of gas and a specified fixed price, which is different for each transaction. The swap payments are recorded as adjustments to operating revenues, effectively converting the sales price under the gas supply contracts to the fixed price relating to the transactions. During the fiscal year ending 2022, the Corporation received payments from the swap counterparties of $80.3 million and made payments to the swap counterparties of $9.5 million. During the fiscal year ending 2021, the Corporation received payments from the swap counterparties of $169 million.

Under the BBE Natural Gas Supply Agreement, the Corporation purchases firm gas supplies at prices based on Index, and the gross amount of payments made and receipts from the purchase and sale of this gas are included in gas operations expenses and gas sale revenues. The Corporation's short-term gas purchase arrangements are also based on Index prices, and the gross amounts of payments and receipts from this gas are also included in gas operations expenses and gas sale revenues.

Operating revenues includes revenues from the prepaid gas supply transactions, the paygo gas supply revenues, and other operating revenues. As explained earlier, the revenues from the prepaid gas supply transactions are affected mainly by the amount of gas scheduled for delivery during the fiscal year, as determined at the time the transaction is entered into or as amended, and the fixed price relating to the transaction. Revenues from prepaid gas supply transactions were relatively unchanged during fiscal year 2022 despite decreased scheduled deliveries from the 2006 project, due to the issuance of the 2021A bonds. Revenues from paygo gas supply, which is part of the 2006 project, but has no associated fixed price commodity swap, increased during fiscal 2022 due to higher market prices. Deliveries from the 2017 project was relatively unchanged and deliveries from the 2018 project increased according to the delivery schedule. Other operating revenues are affected by changes in Index prices and sales volumes from year to year and costs associated with transportation of the gas to the Members. Other operating revenues for fiscal year 2022 increased 85% from 2021 due to a 22% increase in sales volumes of BBE and short-term supplies and 100% increase in market prices.

Gas operations expenses and paygo gas operations expenses are also affected by changes in Index prices and sales volumes from year to year. Gas operations expense in fiscal year 2022 increased 90% from 2021, due to the 22% increase in sales volumes of BBE and short-term supplies and 100% increase in Index prices during the year. Paygo Gas operations expense in fiscal year 2022 increased from 2021 due to the 100% increase in Index prices.

For further information regarding changes in sales volume, see “Weather and Prices”.

Summary of Revenues, Expenses and Net Position

	2022	2021
Operating Revenues		
Revenues-Prepaid Gas Supply Transactions	$ 224,127,176	$ 223,969,330
Revenues-Paygo Gas Supply	19,389,934	9,088,770
Other Operating Revenues	61,412,936	33,167,392
Total Operating Revenues	304,930,046	266,225,492
Nonoperating Revenues		
Investment Income	13,594,856	13,838,576
Total nonoperating revenues	13,594,856	13,838,576
Total Revenues	318,524,902	280,064,068
Operating Expenses		
Gas Operations	58,514,001	30,856,606
Gas Operations-Paygo Gas Supply	19,389,934	9,088,770
Depletion of prepaid gas supplies	142,893,145	149,050,913
General and administrative	1,837,687	1,697,212
Total operating expenses	222,634,767	190,693,501
Nonoperating Expense		
Interest and amortization	94,629,911	88,378,174
Total nonoperating expense	94,629,911	88,378,174
Total Expenses	317,264,678	279,071,675
Change in Net Position	$ 1,260,224	$ 992,393

Weather and Prices

Differences in the Corporation's sales volumes to Members from year to year are to be expected as most of the Members' retail service customers use natural gas for space heating and are very heating degree day-sensitive. The weather in the Members' Tennessee service areas is variable from heating season to heating season, and from month to month within a heating season. The following table summarizes heating degree day averages and market price information for the last two winter heating seasons in the Corporation's service area. The 2021-2022 winter heating season as a whole was warmer than normal and lower in total degree days than the 2020-2021 winter heating season. Despite to the decrease in heating degree days, sales to Members increased from 15.6 billion cubic feet to 18.3 billion cubic feet, since one Member's outside supply agreement expired during the year and the Member is now taking their full requirements from the Corporation. Sales to Project Participants represent only a portion of their total requirements and will vary only with the volumes specified in the long-term gas supply contracts, and therefore weather will not affect those sales volumes.

Heating Degree Days and Pricing Comparison

		2021-2022			2020-2021		
	Average Heating Degree Days	2021-2022 Heating Degree Days	Deviation From Average*	Index Pricing	2020-2021 Heating Degree Days	Deviation From Average*	Index Pricing
November	502	583	16.10%	$6.15	388	-22.70%	$2.85
December	782	399	-49.00%	$5.38	783	0.10%	$2.77
January	889	941	5.80%	$3.97	811	-8.80%	$2.39
February	683	672	-1.60%	$6.23	858	25.60%	$2.69
March	505	400	-20.80%	$4.47	364	-27.90%	$2.78
Totals	3,361	2,995	-10.90%		3,204	-4.70%	
Average				$5.24			$2.70

**(Negative deviation = warmer than normal; Positive deviation = colder than normal)*

Other Operating Income and Expenses

Interest expense on long-term debt, amortization of bond issue costs and investment income during the periods reflect the amortization schedules of the Corporation's Bond issues.

Under the Management Agreements, the Corporation charges a management fee which is designed to offset the costs of running the Corporation. Based on the proposed budget for the year, which is approved by the Board of Directors, a management fee is established by dividing the dollar amount of the budget by the estimated sales volume to Members. This management fee is assessed to the Members on each monthly invoice and applied to actual purchase volumes. If the total amount assessed is ever insufficient because of warmer than normal weather or budget overages, the Board may address the shortage in establishing the management fee for the next fiscal year. If the total amount assessed is more than anticipated because of cooler than normal weather or budget savings, the Board may likewise adjust the next fiscal year's management fee to reflect that. For fiscal years 2022 and 2021, the management fee was two cents per MMBtu. Total management fee revenues for fiscal years 2022 and 2021 totaled $362,000 and $372,000, respectively. At its March 23, 2022 meeting, the Board set the management fee for fiscal year 2023 at two cents per MMBtu.

Derivative Instrument-Commodity Swaps

As explained in “Gas Revenues and Expenses”, the settlements of the Index-to-fixed (fixed-receiver) gas price swaps relating to the prepaid gas supply transactions during the current period are reflected in the summary of revenues, expenses, and changes in net position. At the end of each fiscal period, the Corporation is required to mark the remaining notional volumes of all commodity swaps to fair market value and report them as a derivative instrument on the balance sheet. At March 31, 2022 and 2021, the remaining volumes relating to the 2006 project were 113 million and 139 million MMBtu, respectively, and the market price of gas was lower than the fixed prices at which the 2006 fixed-receiver gas price swaps were executed, resulting in derivative instrument assets of $333 million and $656 million, respectively, relating to the commodity swaps unsettled as of those dates. The remaining volumes relating to the 2017 project were 253 million and 260 million MMBtu, respectively, and the market price of gas at March 31, 2022 was markedly higher than the fixed price at which the 2017 fixed-receiver gas price swaps were executed, resulting in derivative instrument liabilities of $257 million relating to the commodity swaps as yet unsettled as of March 31, 2022, and the market price of gas at March 31, 2021 was lower than the fixed price at which the 2017 fixed-receiver gas price swaps were executed, resulting in derivative instrument assets of $209 million relating to the commodity swaps as yet unsettled as of March 31, 2021. The remaining volumes relating to the 2018 project were 212 million and 218 million MMBtu, respectively, and the market price of gas at March 31, 2022 was markedly higher than the fixed price at which the 2018 fixed-receiver gas price swaps were executed, resulting in derivative instrument liabilities of $247 million relating to the commodity swaps as yet unsettled as of March 31, 2022, and the market price of gas at March 31, 2021 was lower than the fixed price at which the 2018 fixed-receiver gas price swap was executed, resulting in derivative instrument assets of $139 million relating to the commodity swaps as yet unsettled as of March 31, 2021. The remaining volumes relating to the 2021 project were 180 million MMBtu and the market price of gas at March 31, 2022 was higher than the fixed price at which the 2021 fixed-receiver gas price swaps were executed, resulting in derivative instrument liabilities of $214 million relating to the commodity swaps as yet unsettled as of March 31, 2022.

The Corporation also enters into fixed-payer commodity swaps from time to time at the request of its Members to hedge against variability of cash flows related to gas supply and provide rate stability. The requesting Member enters into a corresponding agreement to pay the costs and receive the benefits of these fixed-payer commodity swaps. At March 31, 2022 and 2021, the remaining volumes relating to fixed-payer swaps entered into on behalf of the Corporation’s Members was 9.9 million and 8.3 million MMBtu, respectively. At March 31, 2022 and 2021, the market price of gas was higher than the fixed prices at which most of those swaps were executed and resulted in derivative instrument assets of $16.4 and $0.8 million, respectively.

With regard only to the amounts relating to the prepaid gas supply projects, none of the amounts would have been owed to the Corporation by the Corporation’s commodity swap counterparties had the swaps terminated as of that date, as the swaps are “tear up” swaps under which neither party makes any mark-to-market payment to the other in the event of early termination of the swap.

Moody’s Issuer Credit Rating

As of June 13, 2022, Moody’s Investors Service affirmed the issuer rating of “A2” to the Corporation, with a stable outlook. The issuer rating is intended to be used as an assessment of the Corporation’s financial and operational strength and the credit strength of the Corporation’s Members with Management Agreements.

According to Moody’s, the “A2” rating incorporates the “A2” weighted average credit quality assessment of the Corporation’s Members; the sound provisions of the Management Agreements between the Corporation and its Members; the Corporation’s ability to pass all gas costs through to the Members which have unregulated rate setting capabilities; sound record of payments by the Members to the Corporation without default; the generally diversified customer base of the Corporation’s Members; and the Corporation’s good record as a joint-action agency in the acquisition, management and financing of natural gas supplies, including natural gas prepayment projects on behalf of its Members.

2006, 2017, 2018 and 2021 Bond Issues

In order to be able to provide economical, reliable service to its Members, the Corporation in 2006 entered into two 20-year Prepaid Gas Purchase Agreements and financed the lump-sum prepayments to the supplier as required in the agreements through the issuance of revenue bonds with maturities matching the term of the agreements. In July 2006, the Series 2006A Bonds were issued in the amount of $1,994,475,000 and the Series 2006B Bonds were issued in the amount of $132,545,000. In December 2006, the Series 2006C Bonds were issued in the amount of $1,060,220,000. All of the Series 2006 Bonds are fixed–interest rate revenue bonds and will be repaid from the revenues derived from the sale of the gas to certain of the Corporation's Members and Project Participants, all of which are located in the Southeastern United States. Deliveries from the 2006 project began on August 1, 2006.

Since 2006, the Corporation has added Members, and the Members' requirements for natural gas supply have grown. To continue to provide economical, reliable service to its Members beyond the expiration of the 2006 project deliveries in 2026, the Corporation entered into a 30-year Prepaid Gas Purchase Agreement and financed the lump-sum prepayment to the supplier as required in the agreement through the issuance of revenue bonds with maturities matching the term of the agreement. The Series 2017A Bonds were issued in the amount of $678,250,000 in November 2017 and bear interest at fixed rates through May 1, 2023, including term bonds in the amount of $673,255,000 with a maturity date of May 1, 2048. The Series 2017A Bonds are subject to optional redemption and extraordinary mandatory redemption through May 1, 2023 and the term bonds are required to be tendered for purchase on May 1, 2023. Under the bond indenture, the Corporation will enter into a bond purchase agreement, firm remarketing agreement, or similar agreement with respect to the remarketing or refunding of the bonds by the last day of the second calendar month preceding May 1, 2023. If the Corporation is unable to do so, there may be an early termination of the gas purchase agreement and the extraordinary redemption of the bonds at that time. The 2017A Bonds will be repaid from the revenues derived from the sale of the gas to certain of the Corporation's Members and Project Participants, which are located in the Central and Southeastern United States. Deliveries from the 2017 project began on April 1, 2018.

The Series 2018 Bonds were issued in the amount of $516,785,000 in August 2018 and bear interest at fixed rates through November 1, 2025, including term bonds in the amount of $499,060,000 with a maturity date of November 1, 2049. The Series 2018 Bonds are subject to optional redemption and extraordinary mandatory redemption through November 1, 2025 and the term bonds are required to be tendered for purchase on November 1, 2025. Under the bond indenture, the Corporation will enter into a bond purchase agreement, firm remarketing agreement, or similar agreement with respect to the remarketing or refunding of the bonds by the last day of the second calendar month preceding November 1, 2025. If the Corporation is unable to do so, there may be an early termination of the gas purchase agreement and the extraordinary redemption of the bonds at that time. The 2018 Bonds will be repaid from the revenues derived from the sale of the gas to certain of the Corporation's Members and Project Participants, which are located in the Southeastern United States. Deliveries from the 2018 project began on April 1, 2019.

The Series 2021A Bonds were issued in the amount of $466,410,000 in June 2021 and bear interest at fixed rates through October 31, 2031, including term bonds in the amount of $437,990,000 with a maturity date of May 1, 2052. The Series 2021A Bonds are subject to optional redemption and extraordinary mandatory redemption through November 1, 2031 and the term bonds are required to be tendered for purchase on November 1, 2031. Under the bond indenture, the Corporation will enter into a bond purchase agreement, firm remarketing agreement, or similar agreement with respect to the remarketing or refunding of the bonds by the last day of the second calendar month preceding November 1, 2031. If the Corporation is unable to do so, there may be an early termination of the gas purchase agreement and the extraordinary redemption of the bonds at that time. The 2021A Bonds will be repaid from the revenues derived from the sale of the gas to certain of the Corporation's Project Participants, which are located in the Southeastern United States. Deliveries from the 2021 project began on April 1, 2022.

The following Project Participants table shows the average daily quantity (ADQ) delivered to each Project Participant during the fiscal years ending 2022 and 2021.

Project Participants	**Project**	**ADQ FYE 2022**	**ADQ FYE 2021**
Bedford County Utility District	2006	14	14
City of Bolivar	2006,2017	763	763
Bridgeport Utilities	2006	273	305
City of Cartersville	2006	3,660	3,660
Town of Centerville	2006	389	389
Clarke-Mobile Counties Gas District	2017	900	900
City of Clarksville	2018	3,485	0
City of Clifton	2017	20	20
Elk River Public Utility District	2018	894	894
Greater Dickson Gas Authority	2006,2017	3,176	3,776
Harriman Utility Board	2006,2018	400	400
Natural Gas Utility Dist of Hawkins County	2006,2018	890	890
City of Henderson	2017	200	200
City of Hohenwald	2006,2017	160	192
Humphreys County Utility District	2018	748	300
Huntsville Utility Board	2006,2018	4,938	4,938
Public Ut Dist of Jefferson and Cocke Cnties	2018	1,317	1,250
City of LaGrange	2018	2,442	2,442
City of Lexington	2006,2017	1,272	1,272
Town of Linden	2006,2017	91	108
The Lower Alabama Gas District	2006	8,475	9,560
Marion Natural Gas System	2006,2018	324	324
Memphis Light, Gas & Water	2006	30,016	30,016
Metropolitan Utilities District of Omaha	2017	2,913	2,913
City of Munford	2017	250	250
Municipal Gas Authority of Georgia	2006,2017	8,921	10,778
Oak Ridge Utility District	2006,2018	2,745	2,561
Patriots Energy Group	2006,2017	7,431	7,702
Poplar Grove Utility District	2017	100	100
Powell-Clinch Utility District	2018	990	848
Public Energy Authority of Kentucky, Inc.	2006	8,015	9,137
City of Ridgetop	2006	42	42
Rockwood Water and Gas System	2006,2018	407	407
City of Savannah	2006,2017	523	523
Scottsboro Water Works, Sewer & Gas Bd	2006	500	500
Town of Selmer	2006,2017	182	215
Sevier County Utility District	2018	207	207
The Southeast Alabama Gas District	2006,2017	5,772	5,772
Springfield Gas System	2006,2017	1,767	1,767
Stevenson Utilities	2006	28	28
City of Tallahassee	2006,2017,2018	12,295	12,574
TEAC System Supply	2018	2,000	2,000
City of Waynesboro	2006	64	77
West Tennessee Public Utility District	2006,2017	3,061	3,644

Counterparty Downgrades and Series 2006 Bonds Rating Changes

Upon the issuance of each of the Series 2006 Bonds, the Corporation entered into guaranteed investment contracts with various counterparties for the investment of debt service deposits and certain reserves required under the bond indentures. The Corporation is exposed to the risk of nonperformance by the counterparties. The contracts provided that if certain financial credit ratings of the counterparties were not maintained the counterparty would provide credit support to secure its continued performance. Since the Series 2006 Bonds were issued, several of the counterparties were downgraded by Moody's, Standard & Poor's (S&P), and Fitch, such that the counterparties were required to provide credit support to the Corporation. Each of the affected counterparties has posted collateral or entered into replacement repurchase agreements with the Corporation.

The ratings on the Series 2006 Bonds are dependent on a variety of factors, including the credit ratings of the prepaid gas supplier, J. Aron & Company, LLC (J. Aron) and its guarantor The Goldman Sachs Group, Inc. (GSG), the commodity swap counterparties, the counterparties under the guaranteed investment contracts, and with respect to the Series 2006C Bonds, the surety bond provider (MBIA Insurance Corporation reinsured by National Public Finance Guarantee Corporation). Since their issuance, the ratings assigned to the Series 2006 Bonds have changed from time to time due to a variety of factors, including changes in the ratings of GSG and other transaction counterparties. The Series 2006A are currently rated "A2, "BBB+" and "A" by Moody's, Standard & Poor's, and Fitch, respectively, and the 2006C Bonds are currently rated "Baa2", "BBB+" and "A" by Moody's, Standard & Poor's and Fitch, respectively.

The Corporation's Series 2006B Bonds are subordinate to the Series 2006A Bonds, and were originally issued without a rating. In January 2009, Fitch Ratings assigned the 2006B Bonds a rating of BBB, and no other rating agency has rated the Series 2006B Bonds. The Series 2006B Bonds are currently rated BBB by Fitch.

The ratings changes on the Corporation's Series 2006 Bonds have been reported as material events under its continuing disclosure undertakings to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website at www.emma.msrb.org. Notwithstanding the ratings changes, the 2006 project has been operating as anticipated. All Members and Project Participants have made all required payments under their Gas Supply Contracts, J. Aron has made timely performance of its gas delivery obligations under the Gas Purchase Agreements, and all of the Corporation's counterparties in the projects have made timely payment of all required amounts. The Corporation has made all required deposits to the debt service funds and all required debt service payments as and when required by the bond indentures.

Series 2017A Bonds Ratings

The ratings on the Series 2017A Bonds are dependent on a variety of factors, including the credit ratings of the prepaid gas supplier, J. Aron & Company, LLC. (J. Aron) and its guarantor The Goldman Sachs Group, Inc. (GSG). The Series 2017A Bonds are currently rated "A2" and "A" by Moody's and Fitch, respectively.

All Members and Project Participants have made all required payments under their Gas Supply Contracts, J. Aron has made timely performance of its gas delivery obligations under the Gas Purchase Agreement, and all of the Corporation's counterparties in the prepaid gas supply transactions have made timely payment of all required amounts. The Corporation has made all required deposits to the debt service funds and all required debt service payments as and when required by the bond indenture.

Series 2018 Bonds Ratings

The ratings on the Series 2018 Bonds are dependent on a variety of factors, including the credit ratings of the prepaid gas supplier, J. Aron & Company, LLC. (J. Aron) and its guarantor The Goldman Sachs Group, Inc. (GSG). The Series 2018 Bonds are currently rated “A2” and “A” by Moody’s and Fitch, respectively.

All Members and Project Participants have made all required payments under their Gas Supply Contracts, J. Aron has made timely performance of its gas delivery obligations under the Gas Purchase Agreement, and all of the Corporation’s counterparties in the prepaid gas supply transactions have made timely payment of all required amounts. The Corporation has made all required deposits to the debt service funds and all required debt service payments as and when required by the bond indenture.

Series 2021A Bonds Ratings

The ratings on the Series 2021A Bonds are dependent on a variety of factors, including the credit quality of Goldman Sachs Group, Inc., as borrower under the term loan agreement and guarantor for payments under various of the agreements relating to the Bonds, ratings of the participants, and ratings of the GIC provider. The prepaid gas supplier in the transaction is Aron Energy Prepay 3, LLC, a special purpose entity. The Series 2021A Bonds were issued with a rating of “A2” by Moody’s, and are currently rated “A2” by Moody’s. No other ratings were issued on the Series 2021A Bonds.

Deliveries under the Gas Supply Contracts began on April 1, 2022. The Corporation has made all required deposits to the debt service funds and all required debt service payments as and when required by the bond indenture.

Basic Financial Statements

The Tennessee Energy Acquisition Corporation
Balance Sheet
At March 31, 2022

Assets and Deferred Outflows

Current Assets	
Current assets, unrestricted	
Cash and cash equivalents	$ 17,813,260
Accounts receivable	6,224,277
Total current assets, unrestricted	24,037,537
Current assets, restricted	
Cash and cash equivalents	147,282,456
Accounts receivable	
Customers	15,623,696
Other	7,146,036
Prepaid gas supplies	170,559,247
Total current assets, restricted	340,611,435
Total current assets	364,648,972
Noncurrent Assets	
Noncurrent assets, unrestricted	
Derivative instrument - commodity swaps	16,431,300
Capital assets, net	981,840
Total noncurrent assets, unrestricted	17,413,140
Noncurrent assets, restricted	
Investments	183,955,000
Prepaid gas supplies	2,012,445,895
Costs recoverable from future billings	248,111,202
Regulatory asset	13,052,187
Total noncurrent assets, restricted	2,457,564,284
Total noncurrent assets	2,474,977,424
Deferred Outflows	
Accumulated change in fair value of hedging derivatives, restricted	385,160,263
Total assets and deferred outflows	$ 3,224,786,659

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

Liabilities, Deferred Inflows, and Net Position

Current Liabilities	
Current liabilities, unrestricted	
Accounts payable	$ 6,446,756
Other accrued expenses	604,809
Total current liabilities, unrestricted	7,051,565
Current liabilities, restricted	
Accounts payable	8,261,889
Current maturities on bonds payable	147,730,000
Accrued interest payable	35,078,970
Total current liabilities, restricted	191,070,859
Total current liabilities	198,122,424
Noncurrent Liabilities	
Noncurrent liabilities, restricted	
Bonds payable, net of current maturities	2,422,940,000
Bond premium	184,164,860
Derivative instrument - commodity swaps	385,160,263
Total noncurrent liabilities, restricted	2,992,265,123
Deferred Inflows	
Accumulated change in fair value of hedging derivatives	16,431,300
Total liabilities and deferred inflows	3,206,818,847
Net Position	
Investment in capital assets	981,840
Unrestricted	16,985,972
Total net position	17,967,812
Total liabilities, deferred inflows, and net position	$ 3,224,786,659

The Tennessee Energy Acquisition Corporation
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended March 31, 2022

Operating Revenues	$ 304,930,046	100.00%
Operating Expenses		
Gas operations	77,903,935	25.55%
Depletion of prepaid gas supplies	142,893,145	46.86%
General and administrative	1,837,687	0.60%
Total operating expenses	222,634,767	73.01%
Operating Income	82,295,279	26.99%
Nonoperating Revenues (Expenses)		
Interest expense	(91,303,847)	(29.94%)
Amortization expense	(3,326,064)	(1.09%)
Investment income	13,594,856	4.46%
Total nonoperating expenses, net	(81,035,055)	(26.57%)
Change in Net Position	1,260,224	0.42%
Net Position at Beginning of Year	16,707,588	
Net Position at End of Year	$ 17,967,812	

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

The Tennessee Energy Acquisition Corporation
Statement of Cash Flows
For the Year Ended March 31, 2022
Increase (Decrease) in Cash and Cash Equivalents

Cash Flows From (Used For) Operating Activities	
Receipts from customers	$ 228,840,838
Receipts from derivatives counterparties, net	77,629,015
Payments to suppliers	(656,720,506)
Payments to employees	(1,080,513)
Net cash used for operating activities	(351,331,166)
Cash Flows From (Used For) Noncapital Related Financing Activities	
Principal paid on bonds	(140,825,000)
Proceeds from issuance of bonds	466,410,000
Premium on gas revenue bonds	148,777,913
Bond issuance costs	(4,437,928)
Interest paid	(108,474,061)
Net cash from noncapital related financing activities	361,450,924
Cash Flows Used For Capital Activities	
Purchases of capital assets	(4,225)
Net cash used for capital activities	(4,225)
Cash Flows From (Used For) Investing Activities	
Interest received	13,594,856
Purchases of investments	(11,700,000)
Net cash from investing activities	1,894,856
Net Increase in Cash and Cash Equivalents	12,010,389
Cash and Cash Equivalents at Beginning of Year	153,085,327
Cash and Cash Equivalents at End of Year	$ 165,095,716

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

The Tennessee Energy Acquisition Corporation
Statement of Cash Flows
For the Year Ended March 31, 2022
Increase (Decrease) in Cash and Cash Equivalents

Cash Flows From (Used For) Operating Activities	
Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 82,295,279
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	34,353
Depletion of prepaid gas supplies	142,893,145
Deferred member billings	1,537,682
Changes in assets and liabilities	
Accounts receivable - customers	(6,731,019)
Accounts receivable - other	6,733,144
Prepaid gas supplies	(579,000,000)
Other assets	349,007
Accounts payable	534,599
Other accrued expenses	22,644
Net cash used for operating activities	$ (351,331,166)
Reconciliation of Cash and Cash Equivalents	
Unrestricted	$ 17,813,260
Restricted	147,282,456
	$ 165,095,716

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

Note 1 - Summary of Significant Accounting Policies

The Tennessee Energy Acquisition Corporation (the Corporation) is a nonprofit public corporation and an instrumentality of the State of Tennessee and certain municipalities created in March 1996 by actions of the Cities of Clarksville, Tennessee and Springfield, Tennessee pursuant to an act of the Tennessee State Legislature for the purpose of obtaining dependable and economical supplies of natural gas for the benefit of its Members. As of March 31, 2022, 25 cities, towns, utility districts, and authorities in the State of Tennessee (the Members) have contracted with the Corporation for gas supplies for resale to their customers. All Members are located in the State of Tennessee. The Corporation also sells natural gas under long-term contracts to various nonmembers and other entities (the Project Participants). The Project Participants are located in the central and southeastern United States.

The financial statements of the Corporation have been prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As provided for in the Codification of Governmental Accounting and Financial Reporting Standards, the Corporation applies all GASB statements.

<u>Use of estimates</u> - 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The fair value of gas price swap agreements is a significant estimate.

<u>Cash and cash equivalents</u> - The Corporation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Restricted cash held by the trustee is considered cash and cash equivalents for the purposes of the statement of cash flows.

<u>Prepaid gas supplies</u> - Prepaid gas supplies represent the Corporation's prepayments for gas to be received by the Corporation at specified quantities per month through March 31, 2052. Capitalized acquisition costs are depleted using the units of production method.

<u>Property and equipment</u> - Property and equipment are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of assets as follows:

Vehicles	5 years
Office equipment	5 - 10 years
Building and improvements	12 - 40 years

<u>Capitalization</u> - The Corporation's policy is to capitalize all purchases greater than $500.

<u>Investments</u> **-** The Codification of Governmental Accounting and Financial Reporting Standards Section I50, requires certain investments to be reported at fair value in the balance sheet, with the change in fair value reported as a component of investment income in the statement of revenues, expenses, and changes in net position. All investments are restricted and held by the trustee under the terms of the Gas Revenue Bond indentures.

Derivatives - The Corporation bills its Members and Project Participants based on index prices and, therefore, has entered into various commodity swap agreements to effectively adjust its gas revenues from a market price to the fixed price related to the prepaid gas transactions. The financial results of the gas price swap agreements are recorded as adjustments to revenues from gas operations.

Natural gas over the counter swap contracts are entered into primarily to fix short-term gas costs for the Members.

Costs recoverable from future billings - The long-term Gas Supply Contracts establish a pricing mechanism outlining the methods for billing Members and Project Participants for gas supply services provided under the contract. Expenses in excess of amounts currently billable to the Members and Project Participants will be recovered from future billings and are classified as noncurrent assets.

Regulatory assets - As a rate regulated entity, the Corporation has ratemaking authority to allow recovery of its costs of operations. The regulatory assets reflect the expected future recovery through rates of bond issuance costs. Regulatory assets are amortized over the life of the associated bonds for the 2006A, 2006B, and 2006C bonds. Regulatory assets created by the 2017A bonds are amortized over the 5-year period from issuance to the mandatory redemption date. Regulatory assets created by the 2018 bonds are amortized over the 7-year period from issuance to the mandatory redemption date. Regulatory assets created by the 2021A bonds are amortized over the 10-year period from issuance to the mandatory redemption date.

Amortization - Bond premiums are amortized using the interest method over the term of the related debt for the 2006A, 2006B, and 2006C bonds. Bond premiums of the 2017A bonds are amortized using the interest method over the 5-year period from issuance to the mandatory redemption date. Bond premiums of the 2018 bonds are amortized using the interest method over the 7-year period from issuance to the mandatory redemption date. Bond premiums of the 2021A bonds are amortized using the interest method over the 10-year period from issuance to the mandatory redemption date.

Recognition of revenue - Revenue is recognized when gas is received by the customer at the delivery point. The Corporation considers all revenues and expenses associated with energy sales to be operating activities. Any revenues or expenses that do not meet the definition of operating activities are considered to be nonoperating activities.

Income tax status - As a public corporation, the Corporation is exempt from federal and state income taxes. Consequently, no provision for income taxes is reflected in the accompanying financial statements.

Note 2 - Cash and Cash Investments

Restricted cash - Restricted cash of $17,689,980, $94,577,473, and $35,015,003 at March 31, 2022 is held by a local government investment pool managed by the State of Tennessee, several restricted guaranteed investment contracts and repurchase agreements, and money market funds, respectively.

Custodial credit risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Certain deposits in financial institutions are required by the laws of the State of Tennessee to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by federal depository insurance.

Upon approval, financial institutions may collateralize public fund accounts by participating in the State of Tennessee's collateral pool. Participating banks determine the aggregate balance of their public fund accounts.

Securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account.

The Members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure. As of March 31, 2022, all of the Corporation's deposits, except funds held by out of state institutions in a trustee capacity, were held by financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee.

Credit risk - The Board of Directors has authorized management to invest in securities which are allowable under the terms of the bond indentures and in accordance with the State of Tennessee's statutes governing investment of the Corporation's funds.

As of March 31, 2022, the Corporation had the following investments and maturities:

Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10
Guaranteed investment contracts and repurchase agreements	$ 183,955,000	$ 183,955,000	$ -	$ -

Note 3 - Capital Assets

Capital assets in service at March 31, 2022 are summarized as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated				
Land and improvements	$ 272,450			$ 272,450
Total capital assets not being depreciated	272,450			272,450
Capital Assets Being Depreciated				
Building and improvements	693,748			693,748
Vehicles	40,758			40,758
Office equipment	108,086	$ 4,225	$ (1,097)	111,214
Total capital assets being depreciated	842,592	4,225	(1,097)	845,720
Total accumulated depreciation	(103,074)		(33,256)	(136,330)
Total capital assets being depreciated, net	739,518	4,225	(34,353)	709,390
Total capital assets, net	$ 1,011,968	$ 4,225	$ (34,353)	$ 981,840

Note 4 - Bonds Payable

Bonds payable at March 31, 2022 consist of the following:

Gas project revenue bonds, Series 2006A	$ 456,217,040
Gas project revenue bonds, Series 2006B	111,705,000
Gas project revenue bonds, Series 2006C	356,918,248
Gas project revenue bonds, Series 2017A	688,025,440
Gas project revenue bonds, Series 2018	532,207,338
Gas project revenue bonds, Series 2021A	609,761,794
	2,754,834,860
Less unamortized premium	184,164,860
Less current portion	147,730,000
Totals	$ 2,422,940,000

The bonds are payable solely from the revenues of the Corporation and certain amounts held under the bond indentures. The bonds are secured by the pledge of the trust estate under the bond indentures. The bond indentures require deposits into debt service accounts held by a corporate trustee to cover future principal and interest payments. As of March 31, 2022, all required deposits to the debt service accounts had been made.

Changes in bonds payable for the year ended March 31, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Gas Project Revenue Bonds				
Series 2006A	$ 552,845,000		$ 102,950,000	$ 449,895,000
Series 2006B	111,705,000			111,705,000
Series 2006C	386,905,000		37,145,000	349,760,000
Series 2017A	676,845,000		730,000	676,115,000
Series 2018	516,785,000			516,785,000
Series 2021A		$ 466,410,000		466,410,000
Totals	$ 2,245,085,000	$ 466,410,000	$ 140,825,000	$ 2,570,670,000

Under the terms of the bond indentures, the debt service requirements are as follows:

	Series 2006A Principal	Series 2006B Principal	Series 2006C Principal	Series 2017A Principal	Series 2018 Principal	Series 2021A Principal	Interest	Total Debt Service
2023	$ 75,285,000		$ 63,220,000	$ 1,460,000	$ 6,405,000	$ 1,360,000	$ 116,599,212	$ 264,329,212
2024	98,545,000		70,900,000	674,655,000	740,000	2,435,000	94,964,625	942,239,625
2025	144,580,000		51,445,000		460,000	2,630,000	71,385,743	270,500,743
2026	59,050,000		63,030,000		509,180,000	2,690,000	63,313,706	697,263,706
2027	72,435,000	$ 111,705,000	101,165,000			2,825,000	32,966,122	321,096,122
2028 - 2032						454,470,000	112,047,250	566,517,250
Totals	$ 449,895,000	$ 111,705,000	$ 349,760,000	$ 676,115,000	$ 516,785,000	$ 466,410,000	$ 491,276,658	$ 3,061,946,658

The bonds bear interest at rates ranging from 4.000% to 5.625%.

The Series 2017A Bonds are subject to optional redemption and extraordinary mandatory redemption through May 1, 2023 and the term bonds are required to be tendered for purchase on May 1, 2023. Under the bond indenture, the Corporation will enter into a bond purchase agreement, firm remarketing agreement, or similar agreement with respect to the remarketing or refunding of the bonds by the last day of the second calendar month preceding May 1, 2023. If the Corporation is unable to do so, there may be an early termination of the gas purchase agreement and the extraordinary redemption of the bonds at that time.

The Series 2018 Bonds are subject to optional redemption and extraordinary mandatory redemption through November 1, 2025 and the term bonds are required to be tendered for purchase on November 1, 2025. Under the bond indenture, the Corporation will enter into a bond purchase agreement, firm remarketing agreement, or similar agreement with respect to the remarketing or refunding of the bonds by the last day of the second calendar month preceding November 1, 2025. If the Corporation is unable to do so, there may be an early termination of the gas purchase agreement and the extraordinary redemption of the bonds at that time.

The Series 2021A Bonds are subject to optional redemption and extraordinary mandatory redemption through November 1, 2031 and the term bonds are required to be tendered for purchase on November 1, 2031. Under the bond indenture, the Corporation will enter into a bond purchase agreement, firm remarketing agreement, or similar agreement with respect to the remarketing or refunding of the bonds by the last day of the second calendar month preceding November 1, 2031. If the Corporation is unable to do so, there may be an early termination of the gas purchase agreement and the extraordinary redemption of the bonds at that time.

Note 5 - Gas Supply

The Corporation and its Members have entered into long-term or annually renewable gas supply and management contracts (the Gas Supply Contracts), which require the Members to take substantially all of their gas supply from the Corporation, and the Corporation is required to provide that supply.

BBE gas - In May, 2016, the Corporation entered into the BBE Natural Gas Supply Agreement with the Black Belt Energy Gas District (BBE Supply Agreement). Under the BBE Supply Agreement, BBE has agreed to sell and the Corporation has agreed to purchase natural gas with scheduled daily nominations ranging between 3,100 and 5,300 MMBtu and scheduled monthly nominations ranging between 86,800 and 164,300 MMBtu.

Note 5 - Gas Supply (continued)
Delivery of gas under the BBE Supply Agreement began July 1, 2016 and extends through April 30, 2051. This price of gas purchased by the Corporation under the BBE Supply Agreement is based on the first of the month index of natural gas prices for the applicable delivery point at which the gas is delivered.

PGP gas - The Corporation is one of seven gas and electric joint action agencies and large distribution systems that are Members of Public Gas Partners, Inc. (PGP), a Georgia nonprofit corporation. PGP acts as the instrumentality of its Members for the primary purpose of acquiring interests in gas producing properties to diversify and enhance each Member's gas supply portfolio. Each of PGP's gas supply acquisition programs is designated as a Supply Pool, and each Member may elect, but is not obligated, to participate under a separate Production Sharing Agreement (PSA) for each Supply Pool. To date, PGP has established Gas Supply Pool No. 1, Gas Supply Pool No. 2, Gas Supply Pool No. 3, and Gas Supply Pool No. 4 (collectively, the Supply Pools).

The Corporation has elected to participate in Supply Pools No. 1 and No. 2. Under the PSA, the Corporation has a participation share of 2.02% in Gas Supply Pool No. 1 and 1.00% in Gas Supply Pool No. 2. The Production Sharing Agreements include a step up provision that could obligate the Corporation to increase its participation share in the pool by up to 125.00% in the event of default of another member. The Corporation is not a participant in Pool No. 3 or Pool No. 4. Participation in these pools is for the life of the underlying projects, estimated to be at least 20 years from inception. Pool No. 1 began in 2004 and Pool No. 2 began in 2005.

The Corporation's percentage participation levels represent daily production of approximately 500 MMBtu. Under each Production Sharing Agreement, the Corporation has agreed to pay its percentage share of all of PGP's costs of that Supply Pool on a take or pay basis. Certain of the Corporation's Members have elected to enter into gas supply agreements with the Corporation under which they have agreed to pay, on a take or pay basis, all of the costs, and receive all of the benefits, of the Corporation's participation in each of the Supply Pools until all related PGP or participant debt has been paid and the last volumes have been delivered. No associated municipality has elected to participate at a level in excess of approximately 10.00% of its annual requirements for gas supplies. Under the Production Sharing Agreements, PGP may deliver the benefits of each Supply Pool to its Members in gas or cash. Cash payments are being made by the Corporation and the other PGP Members. Separate audited financial statements of PGP as of June 30, 2021 are available from the Corporation.

J. Aron 2006A&B - In July 2006, the Corporation issued bonds to finance the cost of acquiring a fixed quantity of natural gas to be delivered over a 20-year period by J. Aron under the J. Aron 2006A&B Purchase Agreement. Under the 2006A&B Purchase Agreement, J. Aron was to deliver approximately 486 billion cubic feet of natural gas in specified daily quantities each month over the 20-year period, which began on August 1, 2006, and ends on July 31, 2026. Scheduled daily quantities ranged from 26,000 to 94,000 MMBtu; scheduled monthly quantities ranged from 806,000 to 2,914,000 MMBtu. On February 8, 2013, an amendment to the 2006A&B Purchase Agreement was entered into by the Corporation reducing obligations of J. Aron to deliver approximately 395 billion cubic feet of natural gas in specified daily quantities each month over the 20-year period. Scheduled daily quantities now range from 14,000 to 88,500 MMBtu; scheduled monthly quantities now range from 420,000 to 2,743,500 MMBtu.

J. Aron's obligations under the 2006A&B Purchase Agreement are unconditionally guaranteed by The Goldman Sachs Group (GSG). The Corporation has entered into Natural Gas Supply Agreements with certain of its Members and other public gas systems and joint action agencies (Project Participants) that provide for the sale of all of the natural gas to be delivered to the Corporation over the term of the 2006A&B Purchase Agreement.

Note 5 - Gas Supply (continued)

In connection with the gas supply acquired by the Corporation under the 2006A&B Purchase Agreement, the Corporation entered into a commodity swap agreement covering the quantities of gas purchased under such agreement. Under that swap agreement, the Corporation will pay market price for natural gas over a 20-year period and receive a fixed natural gas price for notional quantities of natural gas at various pricing points that correspond to the quantities and related delivery points under the 2006A&B Purchase Agreement, as amended.

<u>J. Aron 2006C</u> - In December 2006, the Corporation issued bonds to finance the cost of acquiring a fixed quantity of natural gas to be delivered over a 20-year period by J. Aron under the J. Aron 2006C Purchase Agreement. Under the 2006C Purchase Agreement, J. Aron was to deliver approximately 262 billion cubic feet of natural gas in specified daily quantities each month over the 20-year period, which began on January 1, 2007, and ends on December 31, 2026. Scheduled daily quantities ranged from 21,500 to 62,700 MMBtu; scheduled monthly quantities ranged from 645,000 to 1,943,700 MMBtu. On August 29, 2013, an amendment to the 2006C Purchase Agreement was entered into by the Corporation reducing obligations of J. Aron to deliver approximately 210 billion cubic feet of natural gas in specified daily quantities each month over the 20-year period. Scheduled daily quantities now range from 13,500 to 57,200 MMBtu; scheduled monthly quantities now range from 405,000 to 1,773,200 MMBtu. Additionally, the amendment provides for J. Aron to sell to the Corporation on a pay as you go basis specified quantities of gas at the discount in the corresponding gas sales agreements with the project participants. Scheduled daily quantities of pay as you go gas range from 500 to 23,700 MMBtu; scheduled monthly quantities range from 15,000 to 735,000 MMBtu.

J. Aron’s obligations under the 2006C Purchase Agreement are unconditionally guaranteed by The Goldman Sachs Group (GSG). The Corporation has entered into Natural Gas Supply Agreements with certain of its Members and Project Participants that provide for the sale of all of the natural gas to be delivered to the Corporation over the term of the 2006C Purchase Agreement.

In connection with the gas supply acquired by the Corporation under the 2006C Purchase Agreement, the Corporation entered into two commodity swap agreements covering the quantities of gas purchased under such agreement. Effective August 1, 2016, one of the commodity swap providers novated its half of the commodity swaps to the other commodity swap provider, as a result of their decision to exit the commodity swap business. Under the swap agreement, the Corporation will pay market price for natural gas over a 20-year period and receive a fixed natural gas price for notional quantities of natural gas at various pricing points that correspond to the quantities and related delivery points under the 2006C Purchase Agreement, as amended.

The amendment to the 2006C Purchase Agreement included converting prepaid gas deliveries to pay as you go deliveries, which began in November 2013 and ends in December 2026. The price of gas purchased by the Corporation is based on the first of the month index of natural gas prices for the applicable delivery point. In 2022, the Corporation purchased 5,515,562 MMBtu of gas under the contract.

Note 5 - Gas Supply (continued)

The Corporation has contracted to purchase the following volumes of gas from J. Aron through December 2026 at a discount to spot market pricing on a pay as you go basis:

For the Year Ended March 31:	Volumes (MMBtu)
2023	2,555,998
2024	3,820,120
2025	5,385,078
2026	4,517,094
2027	3,218,088
Total	19,496,378

J. Aron 2017 - In November 2017, the Corporation issued bonds to finance the cost of acquiring a fixed quantity of natural gas to be delivered over a 30-year period by J. Aron under the J. Aron 2017 Purchase Agreement. Under the 2017 Purchase Agreement, J. Aron is to deliver approximately 281 billion cubic feet of natural gas in specified daily quantities each month over the 30-year period, which began on April 1, 2018, and ends on March 31, 2048. Scheduled daily quantities range from 17,500 to 37,600 MMBtu; scheduled monthly quantities range from 525,000 to 1,165,600 MMBtu.

In connection with the gas supply acquired by the Corporation under the 2017 Purchase Agreement, the Corporation entered into a commodity swap agreement covering the quantities of gas purchased under such agreement. Under that swap agreement, the Corporation will pay market price for natural gas over a 30-year period and receive a fixed natural gas price for notional quantities of natural gas at various pricing points that correspond to the quantities and related delivery points.

J. Aron 2018 - In August 2018, the Corporation issued bonds to finance the cost of acquiring a fixed quantity of natural gas to be delivered over a 30.5-year period by J. Aron under the J. Aron 2018 Purchase Agreement. Under the 2018 Purchase Agreement, J. Aron is to deliver approximately 228 billion cubic feet of natural gas in specified daily quantities each month over the 30.5-year period, which began on April 1, 2019, and ends on September 30, 2049. Scheduled daily quantities range from 11,170 to 35,995 MMBtu; scheduled monthly quantities rage from 335,100 to 1,115,845 MMBtu.

In connection with the gas supply acquired by the Corporation under the 2018 Purchase Agreement, the Corporation entered into a commodity swap agreement covering the quantities of gas purchased under such agreement. Under that swap agreement, the Corporation will pay market price for natural gas over a 30.5-year period and receive a fixed natural gas price for notional quantities of natural gas at various pricing points that correspond to the quantities and related delivery points under the 2018 Purchase Agreement.

Aron Energy Prepay 3 LLC - In June 2021, the Corporation issued bonds to finance the cost of acquiring a fixed quantity of natural gas to be delivered over a 30-year period by Aron Energy Prepay 3 LLC under the 2021 Purchase Agreement. Under the 2021 Purchase Agreement, Aron Energy Prepay 3 LLC is to deliver approximately 180 billion cubic feet of natural gas in specified daily quantities each month over the 30-year period, which began on April 1, 2022, and ends on March 31, 2052. Scheduled daily quantities range from 13,150 to 17,150 MMBtu; scheduled monthly quantities range from 394,500 to 531,650 MMBtu.

In connection with the gas supply acquired by the Corporation under the 2021 Purchase Agreement, the Corporation entered into a commodity swap agreement with two commodity swap counterparties covering the quantities of gas purchased under such agreement. Under that swap agreement, the Corporation will pay market price for natural gas over a 30-year period and receive a fixed natural gas price for notional quantities of natural gas at various pricing points that correspond to the quantities and related delivery points under the 2021 Purchase Agreement.

Spot market supply - The Corporation uses its prepaid gas supply and spot market purchases to meet the gas requirements of its Members. The Management Agreements between the Corporation and the Members that are parties thereto provide that the Corporation will use its best efforts to acquire additional long-term gas supplies to serve its Members. Because a significant portion of the customers served by its Members are residential users whose daily gas requirements increase on cold days, the Corporation regularly purchases supplies of gas in the spot markets to meet the actual supply requirements of the Members. During the year ended March 31, 2022, short-term purchases of gas accounted for 15.4% of the Corporation's total gas deliveries.

Price of gas supply - The gas sold by the Corporation to its Members under the Management Agreements and to Project Participants is based upon monthly market Index. Members have the option to fix the price of all or a portion of the Index priced gas supply it purchases from the Corporation in a future month or months under the terms of the Management Agreements. Revenues received by the Corporation under the Management Agreements are not pledged to the payment of the bonds.

Note 6 - Gas Price Swap Agreements

The Corporation employs hedging techniques utilizing over the counter derivative instruments to manage the gas commodity price exposure inherent in the purchase, storage, and sale of natural gas in its everyday service to Members and Project Participants. During the reporting period, the Corporation was party to two categories of hedging instruments:

1) Fixed payer natural gas commodity swaps, to hedge the variability of cash flows related to fixed price agreements with Members in which the Corporation is obligated to pay the NYMEX-Henry Hub monthly settlement price in exchange for a fixed price paid by the Member, for an agreed upon term and based on predetermined monthly settlement volumes. The fixed payer swaps are with a counterparty who is obligated to pay the NYMEX-Henry Hub monthly settlement prices in exchange for fixed prices paid by the Corporation, based on identical terms in the fixed price agreements.

2) Fixed receiver natural gas commodity swaps, to hedge the fair value of Prepaid Natural Gas Purchase Agreements, entered into in conjunction with the Series 2006A, B, & C Gas Project Revenue Bonds, the Series 2017A Gas Project Revenue Bonds, the Series 2018 Gas Project Revenue Bonds, and the Series 2021A Gas Project Revenue Bonds, in which the Corporation has prepaid for certain volumes of natural gas at certain delivery points based on a fixed price. The fixed receiver swaps are with a single counterparty who is obligated to pay fixed prices in exchange for payment by the Corporation of the first of the month Index prices for gas at the various delivery points, based on identical terms in the J. Aron 2006A&B, 2006C, 2017A, and 2018 Purchase Agreements. The fixed receiver swaps are with two counterparties who are obligated to pay fixed prices in exchange for payment by the Corporation of the first of the month Index prices for gas at the various delivery points, based on identical terms in the 2021A Purchase Agreements.

Note 6 - Gas Price Swap Agreements (continued)
Under GASB Statement No. 53*, Accounting and Financial Reporting for Derivative Instruments*, the Corporation must adhere to guidelines addressing the recognition, measurement, and disclosure of information regarding derivative instruments. The Statement defines derivative instruments and items that may be hedged, provides criteria for "hedging derivative instruments" and "investment derivative instruments," prescribes methods for determining "effectiveness" as a hedging derivative instrument, and outlines accounting and financial statement reporting and disclosure requirements.

By applying the consistent critical terms methodology, the Corporation has determined that each of its hedge positions is "effective," and is thus a hedging derivative instrument under GASB 53. As such, the fair market value of derivative positions is recorded as a deferred inflow or deferred outflow on the balance sheet, depending on whether the value is positive or negative from the Corporation's perspective. The Corporation will continue to assess the effectiveness of each hedge, on an annual basis, applying one of the methodologies prescribed under GASB 53.

The fixed payer commodity swap agreements contain a provision requiring the Corporation to post cash collateral or a letter of credit in the event the fair value of all hedging derivative instruments with that counterparty is in a liability position, exceeding a predetermined threshold. As of March 31, 2022, some of the fixed payer commodity swap agreements were in a liability position but did not exceed the collateral threshold; therefore, no collateral has been posted.

The Corporation bills its Members and Project Participants based on Index prices and entered into fixed receiver commodity swap agreements to ensure that the Corporation's total net revenues from the sale of the Project gas, including commodity swap revenues and commodity swap expenses, at all times will be sufficient to service the debt associated with the Projects. These agreements require periodic payments to be paid or received based on the difference between the Index price and the fixed contract price on the notional monthly quantity. The notional quantities match the delivery quantities in the prepaid agreements.

The agreements settle monthly as the related gas supplies are delivered with the final maturity in 2052. The Corporation intends to hold these agreements to maturity. The Corporation is exposed to market gas price risk for gas already delivered to its Members and Project Participants in the event of nonperformance by the counterparty to the gas price swap agreements. However, the Corporation does not anticipate nonperformance by the counterparty. The amount due from the counterparty was $7,146,036 as of March 31, 2022.

At March 31, 2022, the fair value of the fixed receiver commodity swap agreements was a liability and a deferred outflow of $385,160,263. The fair value of the fixed payer commodity swap agreements was an asset and a deferred inflow of $16,431,300 at March 31, 2022. The fair values of the natural gas commodity swaps are estimated by an independent pricing service using observable market-based inputs, unobservable inputs corroborated by market data, and unobservable inputs not corroborated by market data. The values are based on the present value of each swap's future cash flows based on the contractual fixed price and both market-based, forward price curves for the next 72 months going forward and on the estimated forward price curve for periods thereafter for the underlying delivery points, as of the reporting date, and discounted using the Secured Overnight Financing Rate yield curve.

Note 6 - Gas Price Swap Agreements (continued)

Instrument Type	Objective	Total Notional Volume	Effective Date	Maturity Date	Terms	Counterparty Credit Rating	Fair Value as of March 31, 2022
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	200,000 MMBtu	11/1/2021	3/31/2023	TEAC pays $2.885/MMBtu; receives NYMEX-HH	A2/BBB+/A	$ 293,353
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	1,100,000 MMBtu	11/1/2020	3/31/2025	TEAC pays $2.61/MMBtu; receives NYMEX-HH	A2/BBB+/A	1,804,367
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	150,000 MMBtu	1/1/2022	3/31/2023	TEAC pays $2.779/MMBtu; receives NYMEX-HH	A2/BBB+/A	348,374
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	110,000 MMBtu	1/1/2022	12/31/2022	TEAC pays $2.836/MMBtu; receives NYMEX-HH	A2/BBB+/A	196,559
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	410,000 MMBtu	1/1/2023	12/31/2023	TEAC pays $2.634/MMBtu; receives NYMEX-HH	A2/BBB+/A	733,367
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	470,000 MMBtu	1/1/2022	12/31/2022	TEAC pays $2.933/MMBtu; receives NYMEX-HH	A2/BBB+/A	959,860
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	490,000 MMBtu	1/1/2023	12/31/2023	TEAC pays $2.728/MMBtu; receives NYMEX-HH	A2/BBB+/A	812,318
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	60,000 MMBtu	11/1/2021	4/30/2022	TEAC pays $5.57/MMBtu; receives NYMEX-HH	A2/BBB+/A	(2,333)
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	630,000 MMBtu	11/1/2020	3/31/2025	TEAC pays $2.60/MMBtu; receives NYMEX-HH	A2/BBB+/A	864,834
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	200,000 MMBtu	11/1/2023	3/31/2025	TEAC pays $2.64/MMBtu; receives NYMEX-HH	A2/BBB+/A	296,593
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	750,000 MMBtu	11/1/2020	3/31/2025	TEAC pays $2.575/MMBtu; receives NYMEX-HH	A2/BBB+/A	917,219
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with member utilities	1,200,000 MMBtu	11/1/2020	3/31/2025	TEAC pays $2.66/MMBtu; receives NYMEX-HH	A2/BBB+/A	1,761,409
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	650,000 MMBtu	11/1/2020	3/31/2025	TEAC pays $2.68/MMBtu; receives NYMEX-HH	A2/BBB+/A	767,945
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with member utilities	800,000 MMBtu	11/1/2020	3/31/2025	TEAC pays $2.641/MMBtu; receives NYMEX-HH	A2/BBB+/A	1,185,155
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	380,000 MMBtu	1/1/2022	12/31/2022	TEAC pays $2.504/MMBtu; receives NYMEX-HH	A2/BBB+/A	888,583
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	430,000 MMBtu	1/1/2022	12/31/2022	TEAC pays $2.476/MMBtu; receives NYMEX-HH	A2/BBB+/A	1,022,987
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	370,000 MMBtu	1/1/2023	12/31/2023	TEAC pays $2.535/MMBtu; receives NYMEX-HH	A2/BBB+/A	683,120
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	2,500,000 MMBtu	11/1/2022	3/31/2027	TEAC pays $3.59/MMBtu; receives NYMEX-HH	A2/BBB+/A	2,075,686
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	460,000 MMBtu	1/1/2024	12/31/2024	TEAC pays $3.34/MMBtu; receives NYMEX-HH	A2/BBB+/A	183,097
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	120,000 MMBtu	1/1/2022	12/31/2022	TEAC pays $4.51/MMBtu; receives NYMEX-HH	A2/BBB+/A	107,291
Fixed Payer Nat Gas Swap	Hedge variability of cash flows in Fixed Price Agreement with a member utility	1,175,000 MMBtu	1/1/2021	11/30/2022	TEAC pays $4.635/MMBtu; receives NYMEX-HH	A2/BBB+/A	531,516

Note 6 - Gas Price Swap Agreements (continued)

Instrument Type	Objective	Total Notional Volume	Effective Date	Maturity Date	Terms	Counterparty Credit Rating	Fair Value as of March 31, 2022
Fixed Receiver Nat Gas Swap	Hedge fair value of Prepaid Natural Gas Contract - Series 2006 A&B Gas Project Revenue Bonds	395,135,179 MMBtu	8/1/2006	7/31/2026	TEAC receives $7.451/MMBtu; pays basket of indices	A1/AA-/AA	189,781,839
Fixed Receiver Nat Gas Swap	Hedge fair value of Prepaid Natural Gas Contract - Series 2006 C Gas Project Revenue Bonds	209,502,902 MMBtu	1/1/2007	12/31/2026	TEAC receives $7.220/MMBtu; pays basket of indices	A1/AA-/AA	142,952,094
Fixed Receiver Nat Gas Swap	Hedge fair value of Prepaid Natural Gas Contract - Series 2017A Gas Project Revenue Bonds	281,058,400 MMBtu	4/1/2018	3/31/2048	TEAC receives $4.325/MMBtu; pays basket of indices	A1/AA-/AA	(257,359,099)
Fixed Receiver Nat Gas Swap	Hedge fair value of Prepaid Natural Gas Contract - Series 2018 Gas Project Revenue Bonds	228,281,050 MMBtu	4/1/2019	9/30/2049	TEAC receives $4.169/MMBtu; pays basket of indices	A1/AA-/AA	(246,939,149)
Fixed Receiver Nat Gas Swap	Hedge fair value of Prepaid Natural Gas Contract - Series 2021A Gas Project Revenue Bonds	90,166,650 MMBtu	4/1/2022	3/31/2052	TEAC receives $4.645/MMBtu; pays basket of indices	A1/AA-/AA	(106,797,974)
Fixed Receiver Nat Gas Swap	Hedge fair value of Prepaid Natural Gas Contract - Series 2021A Gas Project Revenue Bonds	90,166,650 MMBtu	4/1/2022	3/31/2052	TEAC receives $4.645/MMBtu; pays basket of indices	A2/A-/A	(106,797,974)
Total							$ (368,728,963)

The effect of marking the commodity swap agreements to market during fiscal year 2022 had no impact on net revenues or expenses in the accompanying statement of revenues, expenses, and changes in net position.

Due to the long tenor of the fixed receiver swaps, considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Corporation could realize upon liquidation. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

During fiscal year 2022, the Corporation made payments of $6,420 to swap counterparties and received payments of $7,876,550 from swap counterparties in association with the cash flow hedges. Payments are recorded as adjustments to operating revenues and expenses and are reflected in the statement of revenues, expenses, and changes in net position.

During fiscal year 2022, the Corporation made payments of $9,532,180 to swap counterparties and received payments of $80,366,045 from swap counterparties in association with the fair value hedges. Payments are recorded as adjustments to operating revenues and expenses and are reflected in the statement of revenues, expenses, and changes in net position.

The aggregate fair value for hedging derivative instruments is classified in the Corporation’s balance sheet as follows for the year ended March 31, 2022:

Derivative instrument - commodity swaps	$ (368,728,963)
Deferred outflow - accumulated change in fair value of hedging derivatives	385,160,263
Deferred inflow - accumulated change in fair value of hedging derivatives	16,431,300

The derivative instrument - commodity swaps decreased by $1,373,838,859 during fiscal year 2022.

Note 6 - Gas Price Swap Agreements (continued)

The Corporation is exposed to counterparty credit risk on derivative instruments that are in asset positions. To minimize the risk of loss due to counterparty credit risk, the Corporation’s hedge policy states that derivative instruments with a duration of less than one year must be transacted with a counterparty that has a credit rating of Baa3/BBB- or better. Derivative instruments with a duration longer than one year must be transacted with a counterparty that has a credit rating of A3/A- or better. The Corporation currently has contracts with counterparties (and guarantors) bearing credit ratings of A2/BBB+/A, A2/A-/A, and A1/AA-/AA.

To further mitigate counterparty credit risk, the terms of the fixed receiver swap agreements include a ratings based termination right of the Corporation in the event the counterparty is downgraded below A2/A. The terms of the fixed payer swap agreements provide for the posting of liquid collateral by the counterparty based on credit rating and market value thresholds or other metrics. Under the fixed payer swap agreements, the Corporation may also set off any settlement amounts owed to the Corporation against collateral posted by the counterparty or settlement amounts owed by the Corporation to the counterparty.

The Corporation or its swap counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract or breaches certain contractual provisions. In addition, the fixed receiver swap agreements which hedge the Purchase Agreements will automatically terminate if the associated Prepaid Natural Gas Purchase Agreement is terminated.

For 2006 transactions, the only amounts due upon termination would generally be previously accrued but unpaid amounts. However, if the fixed receiver commodity swap is terminated as a result of the Corporation’s default or as a result of the termination of the Prepaid Natural Gas Purchase Agreement, the Corporation would be obligated to pay a termination payment to the swap counterparty based on the net present value of the remaining notional quantities of gas during the remaining term multiplied by a fixed amount. The termination amounts are not based upon the marked to market value of the commodity swaps, and are payable solely out of the termination proceeds and reserve amounts available to the Corporation at the time of any early termination of the commodity swaps.

The Corporation does not currently have any hedging or investment derivative instruments to manage interest rate risk. However, the fair value of commodity swaps that are in an asset position may be reduced as interest rates rise.

The Corporation does not bear basis risk on any of its commodity swaps. Hedged items are matched with hedging derivative instruments that are indexed to the same price index/delivery point.

The Corporation is not exposed to rollover risk due to the fact that the maturities of the hedging derivative instruments and the underlying hedged item are matched.

All hedging derivative instruments and underlying hedged items are denominated in United States Dollars; thus, the Corporation is not exposed to foreign currency risk.

The table below presents the values of the commodity swaps in asset positions and those in liability positions at March 31, 2022:

Fair value of asset position swaps	$ 349,167,566
Fair value of liability position swaps	(717,896,529)
Net commodity swap agreements	$ (368,728,963)

Note 7 - Employee Benefit Plans

The Corporation has a defined contribution profit sharing plan, The Tennessee Energy Acquisition Corporation Excess Revenue 401(a) Plan (the Plan), for eligible employees who have reached age 21 and completed one year of service prior to the semiannual sign up date. The Plan is noncontributory in that employees make no contribution to the Plan.

The Corporation's contributions to the Plan are made at the discretion of the Board of Directors. Plan provisions and contribution requirements are established and may be amended by the Board of Directors. As of March 31, 2022, there were five plan members. The vesting terms of the Plan are: 6 Year Graded: 0 - 1 year - 0%; 2 years - 20%; 3 years - 40%; 4 years - 60%; 5 years - 80%; 6 years - 100%. Regardless of the vesting schedule, a participant will become fully vested upon death or total and permanent disability. Forfeitures will be allocated to all participants eligible to share in the allocations of employer contributions in the same proportion that each participant's compensation for the plan year bears to the compensation of all participants for such year.

In September 2018, the Corporation began contributing for all employees terminating service with the Corporation during the Plan year and reach age 59 ½, an amount equal to an employee's current hourly rate of pay multiplied by the employee's number of unused accumulated sick leave hours. In no event will the Corporation's contribution for the Plan year exceed the maximum contribution permitted under Code 415(c). The Corporation's outstanding liability for unused accumulated sick leave amounted to $83,535 for the year ended March 31, 2022.

The Corporation's contributions to the Plan are included in general and administrative expense in the accompanying statement of revenues, expenses, and changes in net position and also in other accrued expense as an outstanding liability in the accompanying balance sheet and amounted to $84,124 during the year ending March 31, 2022. There were no forfeitures for the year ended March 31, 2022.

The Corporation also has a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code (Section 457) which allows plan participants to defer and contribute to the Plan, through the Corporation, a specified portion of their salary until future years. Plan participants' contributions are subject to limitations outlined within Section 457. Under the terms of the Plan, the Corporation may contribute to the Plan on behalf of the participants; however, no contributions were made by the Corporation during the year ended March 31, 2022. The assets of the Plan, including all deferred amounts, property, and rights purchased with deferred amounts and all income attributable to such deferred amounts, property, or rights are held in trust for the exclusive benefit of the Plan participants, thus, the assets and liabilities of the plan are not reflected in the Corporation's balance sheet.

Note 8 - Fair Value of Financial Instruments

The estimated fair value amounts of instruments carried at fair value in the balance sheet have been determined by the Corporation using available market information and appropriate valuation methodologies. However, considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Corporation could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair market value.

The Corporation measures and reports certain assets and liabilities at fair value. Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Corporation performs a detailed analysis of the assets and liabilities that are subject to fair value measurement.

The fair value of investments restricted for debt service is based on quoted market prices. The fair value of the gas price swap agreements is estimated by an independent pricing service using both Level 2 and Level 3 inputs as defined above.

The fair value estimates presented herein are based on pertinent information available to management as of March 31, 2022. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level at March 31, 2022:

	Total	Level 1	Level 2	Level 3
Investment restricted bond funds	$ 183,955,000	$ 183,955,000		
Gas price swap agreements	(368,728,963)		$ 348,244,783	$ (716,973,746)

Note 9 - Risk Management and Insurance Arrangements

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; illnesses or injuries to employees; and natural disasters. The Corporation carries insurance with Public Entity Partners, a non-profit organization that provides coverage for Tennessee municipalities, for these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. No significant reduction in insurance coverage has occurred since the prior year.

Note 10 - Subsequent Events

The Corporation has evaluated subsequent events through June 27, 2022, which is the date these financial statements were available to be issued. Management concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

Supplementary Information

JACKSON THORNTON

Independent Auditor's Report on Supplementary Information

The Board of Directors
The Tennessee Energy Acquisition Corporation
Clarksville, Tennessee

We have audited the financial statements of The Tennessee Energy Acquisition Corporation (the Corporation) as of and for the year ended March 31, 2022, and our report thereon dated June 27, 2022, which expressed an unmodified opinion on those financial statements, appears on pages 1 - 2. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Schedule of Debt Service Requirements and the Schedule of Changes in Long-Term Debt by Individual Issue is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Debt Service Requirements and the Schedule of Changes in Long-Term Debt by Individual Issue is fairly stated in all material respects in relation to the basic financial statements as a whole. The Directory of Officials, which is the responsibility of management, is of nonaccounting nature and has not been subjected to the auditing procedures applied in the audit of the basic financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Jackson Thornton & Co. PC

Montgomery, Alabama
June 27, 2022

The Tennessee Energy Acquisition Corporation
Schedule of Debt Service Requirements
As of March 31, 2022

	2006 Series A Bonds		2006 Series B Bonds		2006 Series C Bonds		2017 Series A Bonds		2018 Series Bonds		2021 Series A Bonds		
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Debt Service
2023	$ 75,285,000	$ 21,643,256		$ 6,283,406	$ 63,220,000	$ 17,488,000	$ 1,460,000	$ 27,015,400	$ 6,405,000	$ 20,848,650	$ 1,360,000	$ 23,320,500	$ 264,329,212
2024	98,545,000	17,080,219		6,283,406	70,900,000	14,327,000	674,655,000	13,493,100	740,000	20,528,400	2,435,000	23,252,500	942,239,625
2025	144,580,000	10,698,187		6,283,406	51,445,000	10,782,000			460,000	20,491,400	2,630,000	23,130,750	270,500,743
2026	59,050,000	5,352,900		6,283,406	63,030,000	8,209,750			509,180,000	20,468,400	2,690,000	22,999,250	697,263,706
2027	72,435,000	1,901,419	$ 111,705,000	3,141,703	101,165,000	5,058,250					2,825,000	22,864,750	321,096,122
2028											2,965,000	22,723,500	25,688,500
2029											3,185,000	22,575,250	25,760,250
2030											3,275,000	22,416,000	25,691,000
2031											3,440,000	22,252,250	25,692,250
2032											441,605,000	22,080,250	463,685,250
	$ 449,895,000	$ 56,675,981	$ 111,705,000	$ 28,275,327	$ 349,760,000	$ 55,865,000	$ 676,115,000	$ 40,508,500	$ 516,785,000	$ 82,336,850	$ 466,410,000	$ 227,615,000	$ 3,061,946,658

See Independent Auditor’s report on Supplementary Information.

The Tennessee Energy Acquisition Corporation
Schedule of Changes in Long-Term Debt by Individual Issue
As of March 31, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding April 1, 2021	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding March 31, 2022
Bonds Payable									
2006 Series A	$ 1,994,475,000	5.00 - 5.25%	7/20/2006	9/1/2026	$ 552,845,000		$ (102,950,000)		$ 449,895,000
2006 Series B	132,545,000	5.625%	7/20/2006	9/1/2026	111,705,000				111,705,000
2006 Series C	1,060,220,000	5.00%	12/20/2006	2/1/2027	386,905,000		(37,145,000)		349,760,000
2017 Series A	678,250,000	4.00%	11/7/2017	5/1/2048	676,845,000		(730,000)		676,115,000
2018 Series	516,785,000	4.00 - 5.00%	8/24/2018	11/1/2049	516,785,000				516,785,000
2021 Series A	466,410,000	5.00%	6/18/2021	5/1/2052		$ 466,410,000			466,410,000
Total bonds payable					$ 2,245,085,000	$ 466,410,000	$ (140,825,000)	$ -	$ 2,570,670,000

See Independent Auditor’s report on Supplementary Information.

The Tennessee Energy Acquisition Corporation
Directory of Officials
As of March 31, 2022

Board of Directors

Name	Position
Greg Riddle	Chairman
Brent Dillahunty	Vice Chairman
Mark O'Neal	Secretary
Michael Harper	Member
Kyle Hamm	Member
Mike French	Member
Cliff Henson	Member
Jim Garland	Member

Management

Name	Position
Mark McCutchen	President/General Manager
Rhonda Wall	Treasurer/Controller/Asst Secretary

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
The Tennessee Energy Acquisition Corporation
Clarksville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Tennessee Energy Acquisition Corporation (the Corporation), which comprise the balance sheet as of March 31, 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated June 27, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

JACKSON THORNTON

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jackson Thornton & Co. PC

Montgomery, Alabama
June 27, 2022

The Tennessee Energy Acquisition Corporation
Summary Schedule of Prior Year Findings
For the Year Ended March 31, 2022

There were no prior year findings reported.