



ANNUAL REPORT

2021

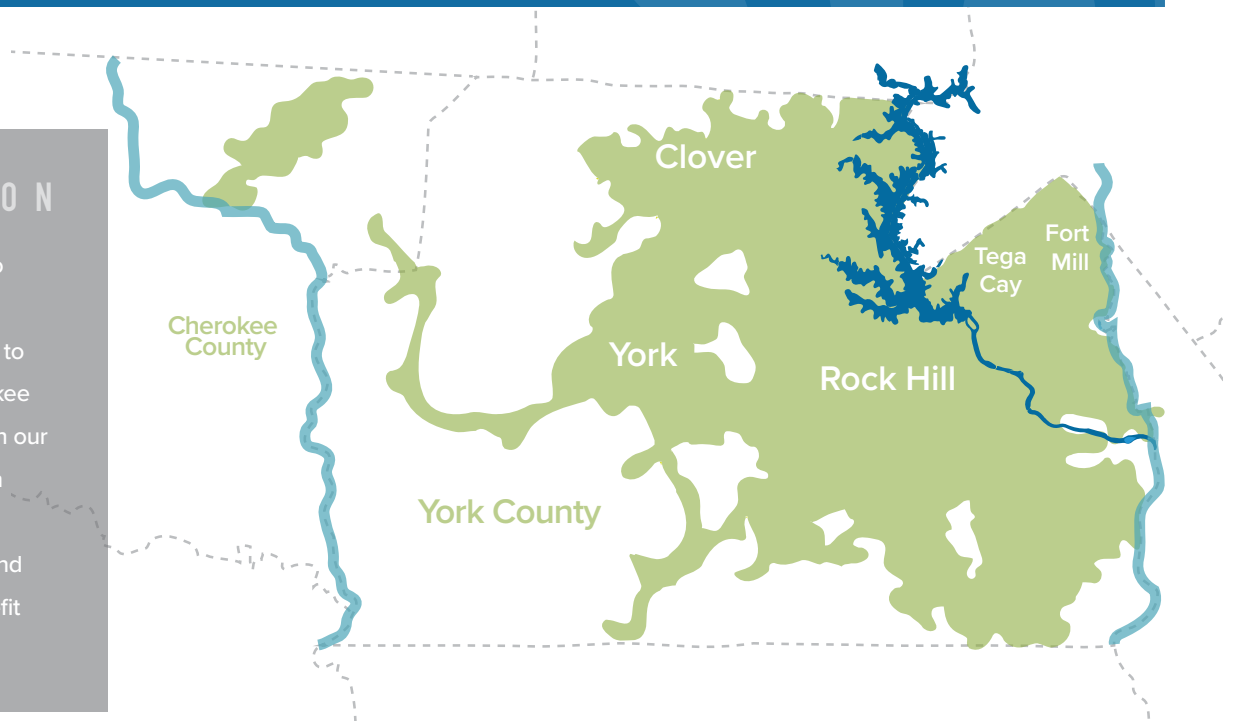
OUR BUSINESS

York County Natural Gas Authority is a natural gas distribution company established in 1954 as a political subdivision of the State of South Carolina. The Authority operates as a not-for-profit corporation and is governed by a ten-member Board of Directors representing York County (3), the City of Rock Hill (3), the Town of Fort Mill (1), the City of Tega Cay (1), the City of York (1) and the Town of Clover (1). The Authority has no taxing authority and operates solely based on revenues generated from the sale of natural gas. The Authority is authorized to issue Revenue Bonds to finance expansion which must be repaid from system revenues. All net revenues that have not been pledged, covenanted, or contracted for other uses must be used to expand the system or reduce customer rates.

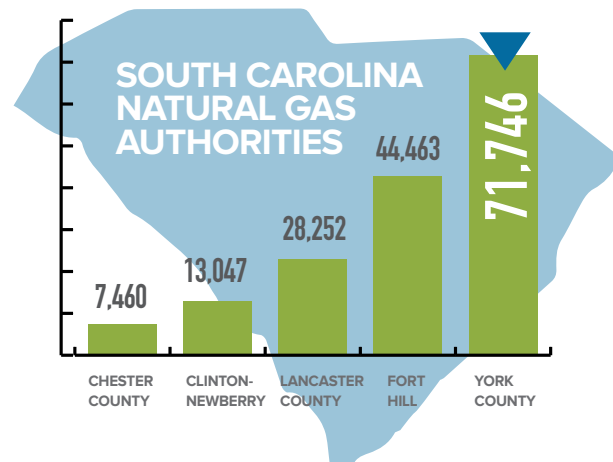
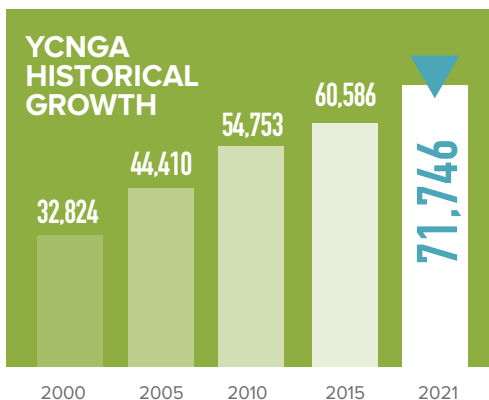
Serving both York County and the Blacksburg area of Cherokee County, York County Natural Gas Authority is the 11th largest public natural gas system in the United States and a founding partner of Patriots Energy Group.

OUR MISSION

The Authority's mission is to provide safe, reliable, and affordable energy solutions to York and portions of Cherokee Counties in accordance with our enabling legislation through continuous investment in infrastructure, employees and the community for the benefit of our customers.



York County Natural Gas Authority is the largest Gas Authority in South Carolina with 71,746 active customers at the end of Fiscal Year 2021, a 2.7% increase over Fiscal Year 2020.





Fiscal Year 2021 followed in the footsteps of 2020, with many unforeseen challenges presented by political discontent, market instability and the unrelenting COVID-19 pandemic. Despite the difficulties of the past year, York County Natural Gas Authority (Authority) achieved record throughput, low consumer rates and significant growth during this unprecedented time.



RENOVATING

There were many notable accomplishments during Fiscal Year (FY) 2021. Renovations to the Stephenson Administrative Center were completed during the fiscal year. Originally built for the Pepsi Cola Bottling Plant in 1942 and acquired by the Authority in 1985, work was initiated in 2020 to address multiple issues related to the aging facility. The completed project, designed by Yates Chreitzberg Hughes Architects and constructed by Leitner Construction, delivers a state-of-the-art appliance showroom as its cornerstone. Many current technologies, such as the Yanmar Natural Gas Heat Pump (GHP), were incorporated in the renovations of this iconic building.

In addition to renovating the Administrative Center, the Authority restored the exterior of the Operations Building and replaced the windows. An opportunity to expand into a neighboring property was undertaken in early FY 2021 when the Authority purchased York County's Magistrate's Court property at 529 S. Cherry Road. The Authority now uses the area to safely store equipment, vehicles and materials.

PLANNING

Market volatility wreaked havoc on the natural gas industry throughout the fiscal year. While the commodity price of natural gas doubled over the past year, the Authority initiated several steps to help mitigate the fluctuation in prices, which in turn provided stable rates for customers. The Authority achieved this stability through long-term prepayment agreements and sound price hedging practices. These methods have kept residential rates at nearly the same level as last year, and one of the lowest consumer prices in the Carolinas.

During FY 2021, the Authority revisited its 2018 Strategic Plan with an emphasis on future industry challenges. While maintaining its mission statement of "providing safe, reliable, and affordable energy solutions to York and portions of Cherokee Counties in accordance with our enabling legislation through continuous investment in infrastructure, employees and the community for the benefit of our customers", issues such as capacity and supply limitations, anti-fossil fuel movements, an aging workforce and a shifting regulatory environment are changing the landscape of the natural gas industry.

Titled "Ignite 2025", the plan updates the original areas of focus, which included Safety, Financial Stability, Growth, Customer Service and Stakeholders. In addition to these core efforts, an Environmental goal has been added to improve practices and support a balanced approach to energy choices as the Authority approaches 80,000 customers by 2025.



“ THE AUTHORITY
ACHIEVED RECORD
THROUGHPUT,
LOW CONSUMER
RATES AND
SIGNIFICANT GROWTH
DURING THIS
UNPRECEDENTED
TIME ”



Completing the renovations of the Stephenson Administration Center and opening the new Sales & Appliance Showroom was a focus in FY 2021

GROWING

We are fortunate to provide natural gas service in a fast growing area; however, it does present challenges. The Authority installed 2,084 new services during FY 2021, bringing our customer base to 71,746 active services. The increase in active customers positions the Authority as the 11th largest public natural gas distribution system in the United States and corresponds to an overall growth rate of 2.7%.

An obstacle of regional growth is the response to utility locates. During FY 2021, 49,978 locate tickets for natural gas were issued by SC811 in our service territory. A key index of damages per 1,000 tickets held steady during the fiscal year at 4.12 occurrences. This is down significantly from a recent peak of 7.40 damages per 1,000 tickets in 2016.

EXCAVATION DAMAGES ON YCNGA MAINS & SERVICES

YEAR	MAIN	SERVICE	TOTAL	TICKETS	DAMAGES PER 1K TICKETS
2021	42	164	206	49,978	4.12
2020	25	170	195	46,872	4.16
2019	35	161	260	46,385	5.61
2018	43	263	306	51,506	5.94
2017	44	265	309	49,942	6.19

Another obstacle of growth is providing natural gas service at reasonable rates while paying for the cost of new distribution main and services. As previously stated, the Authority's customer rates measure favorably with comparable natural gas providers in the Carolinas. The rate structure is made up of three components: commodity cost, transportation cost and margin. While market prices and margin have been addressed through sound management decisions, the cost of transporting natural gas has steadily increased and will continue to do so as demand on major pipelines outpaces available capacity. As FY 2021 wraps up, the Authority is well positioned to meet the challenges of the market and the current COVID-19 pandemic with stable cash and liquidity positions within budgeted amounts.

FORECASTING

Weather is one of the most important factors impacting the Authority's financial results. Heating Degree Days (HDD's) is a benchmark used in the gas industry to measure the impact of winter temperatures. FY 2021 experienced 2,784 HDD's, which was approximately 7.0% cooler than the previous year and 5.8% cooler than the five-year average. While the winter of 2020-21 seemed uneventful, the Authority established all-time monthly throughput records in December 2020 (1,284,901 dekatherms) and in February 2021 (1,244,993 dekatherms).

Predictions for the upcoming winter in the Southeast are wide-ranging, with most analysts forecasting a mild, wet winter. The Authority has taken steps to mitigate severe, unforeseen spikes in the cost of the gas for the upcoming winter. Regardless of the measures in place, we will always be subject to the uncertainties of the weather and the commodity market.

LEADING

The Authority strives to be an industry leader in safety. During FY 2021, the Authority conducted one full scale mock emergency drill and one tabletop emergency exercise with its partners from Patriots Energy Group (PEG). Authority staff conducted five emergency responder training seminars throughout our service territory. In addition to being a leader in safety for community partners, the Authority also emphasizes safety internally. Most notably, the Authority experienced only one lost day due to injury for OSHA reporting standards. These accomplishments led to the Authority receiving the American Public Gas Association 2021 Safety Award for large public gas systems.

“ THE AUTHORITY
MAINTAINS STABLE RATES
FOR CUSTOMERS
BY SECURING DISCOUNTED
NATURAL GAS SUPPLIES
THROUGH LONG-TERM
PREPAYMENT AGREEMENTS
AND SOUND PRICE HEDGING
PRACTICES ”

PROGRESSING

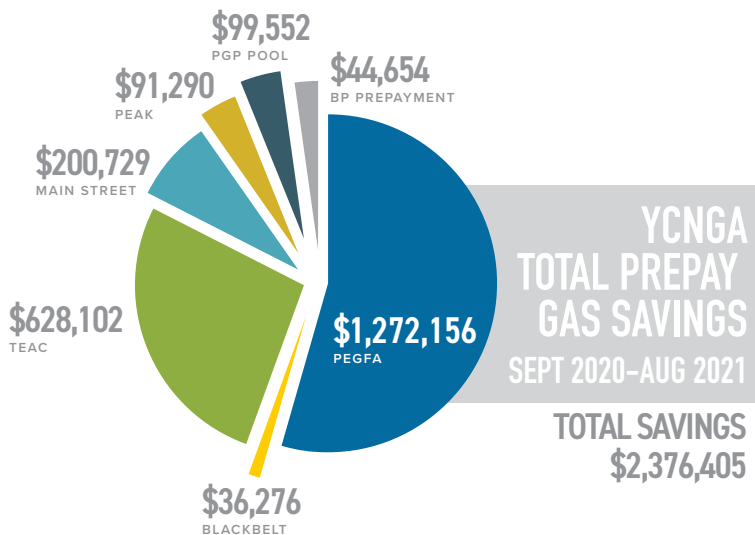
In 2019, PEG conducted an engineering study which led to two major recommendations. Under the Authority's management, preliminary work has begun to address the second recommendation of adding compression in Blacksburg, South Carolina at PEG's connection to Williams Transcontinental Pipeline. Pre-engineering and design was completed during 2021 with the focus of having the compressor station operational during the winter of 2022-2023.

“ UNDER CONTRACT, THE AUTHORITY
OPERATES AND MAINTAINS A
TRANSMISSION PIPELINE FOR PATRIOTS
ENERGY GROUP — A SOUTH CAROLINA
JOINT ACTION AGENCY,
SUPPLYING ENERGY SOLUTIONS
TO THE NATURAL GAS AUTHORITIES
OF YORK, CHESTER AND
LANCASTER COUNTIES. ”



Patriots Energy Group Financing Agency (PEGFA) is a separate South Carolina Joint Action Agency consisting of the same three Authorities. PEGFA was created in 2018 to secure prepaid gas supply arrangements for the three Authorities.

Patriots Energy Group Financing Agency (PEGFA) completed its third year of providing discounted natural gas supplies to the members of PEG. The Authority's savings in 2021 under the PEGFA prepaid gas deal totaled \$1,272,156. When added to prior prepaid gas deals, the Authority achieved total savings of \$2,376,405 for our customers. Savings generated from these types of transactions are a vital component used to reduce gas supply costs to the customers of York County Natural Gas Authority.



In closing, we would like to recognize the Authority's Board of Directors for their unwavering support of the Authority during a challenging FY 2021. We are also extremely proud and appreciative of our employees for their consummate efforts in providing safe and reliable service to the customers of York County Natural Gas Authority. On behalf of the Board and our employees, thank you to our customers for the opportunity to provide natural gas in this wonderful region where we live and serve.

Sincerely,

James T. Sprouse Jr.
President and Chief Executive Officer
York County Natural Gas Authority

M. Brian Hall, III
Chairman
York County Natural Gas Authority
Board of Directors



2020-2021 BOARD OF DIRECTORS



M. Brian Hall, III
CHAIRMAN
Town of Clover



G. Stevens Moore, Jr.
VICE CHAIRMAN
City of Rock Hill



Ellen M. Weir
TREASURER
City of Tega Cay



Elizabeth S. Owen
SECRETARY
City of Rock Hill



R. Marc Howie
Town of Fort Mill



Dennis Getter
York County



Amy B. Faulkenberry
City of Rock Hill



Michael S. Drummond
York County



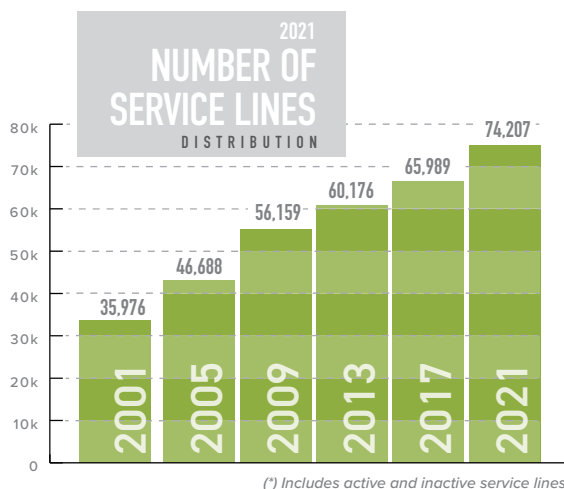
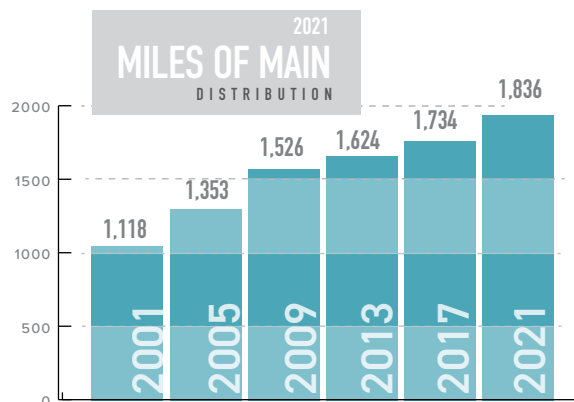
Grier Sandifer
City of York



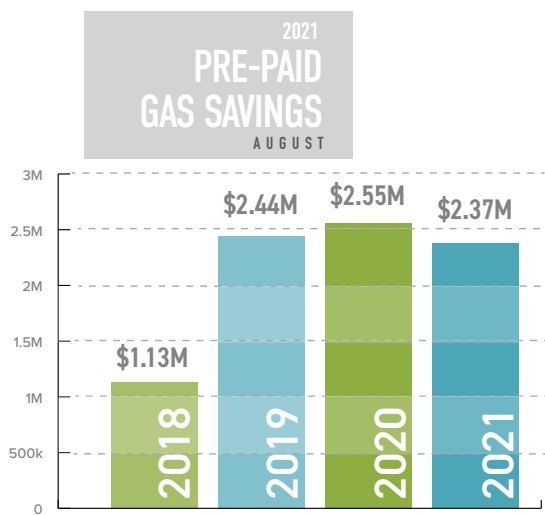
Billy Hagner
York County

FINANCIAL

The Authority is well positioned financially to meet the challenge of continued, sustained growth in our service area. With a solid financial performance and sound financial strength, as evidenced by an Aa3 credit rating with Moody's Investor Services, the Authority is able to meet its mission of providing safe, reliable and affordable energy solutions, while being a good steward of revenues generated.



(*) Includes active and inactive service lines



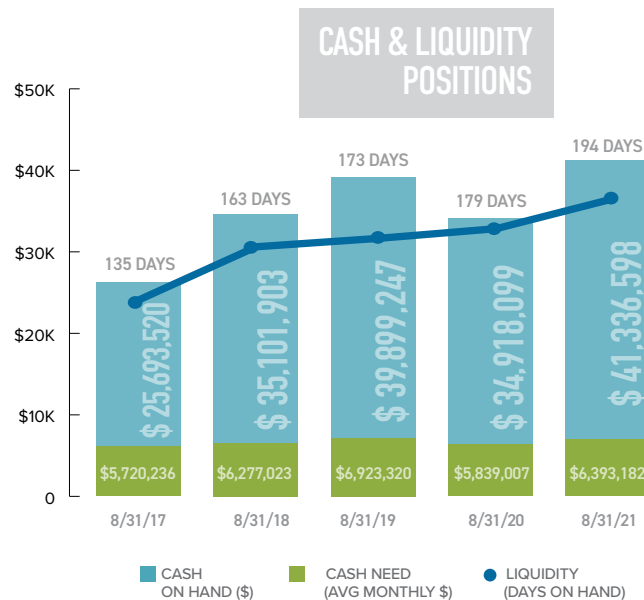
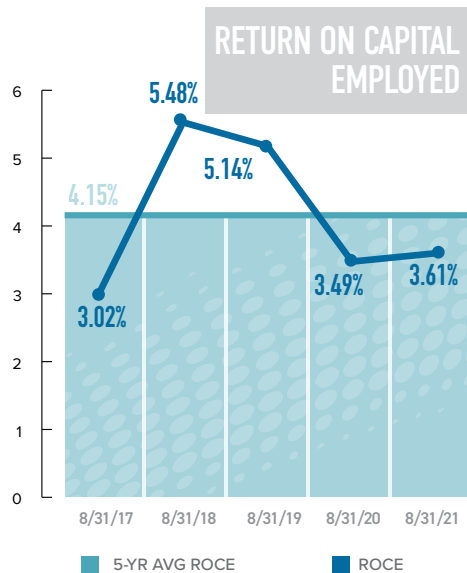
(*) as of August 31, 2021

STATEMENT OF NET POSITION

ASSETS

AS OF AUGUST 31

	2021	2020
Utility Plant		
Gas Plant in Service	\$ 278,337,103	\$ 260,433,830
Accumulated Depreciation	(111,561,754)	(104,376,787)
	<u>166,775,349</u>	<u>156,057,043</u>
Other Property and Investments		
Restricted Funds	-	7,169,153
Prepaid Pension Costs	2,203,749	2,394,800
Other	897,105	1,438,705
	<u>3,100,854</u>	<u>11,002,658</u>
Current Assets		
Cash & Cash Equivalents	10,713,750	8,045,870
Investments - Operating & Maintenance	10,146,465	10,732,292
Investments - Renewal & Extension	9,175,275	10,087,881
Investments - Series 2019 Bond Proceeds	1,079,231	43,825
Investments - Series 2017 Bond Proceeds	3,143,546	-
Investments - Customer Deposits	10,735	510,736
Investments - Capital Reserve Fund	7,067,596	5,497,495
Accounts Receivable (net)	5,420,145	3,935,037
Accrued Interest	1,874	9,100
Advance for Prepaid Gas - PEG	1,293,810	5,454,253
Inventories	2,760,784	3,171,829
Prepaid Expenses	205,430	636,800
	<u>51,018,641</u>	<u>48,125,118</u>
Deferred Charges & Intangibles		
Intangibles (net of amortization)	9,151,859	9,394,419
Deferred Outflows		
Deferred Outflows Related to Pension	3,891,425	3,074,157
TOTAL ASSETS	<u>\$ 233,938,128</u>	<u>\$ 227,653,395</u>
Liabilities and Net Assets		
Long-Term Liabilities		
Bonds Payable	\$ 9,882,670	\$ 12,229,038
Post Retirement Benefit Obligation	3,174,916	3,124,258
Deferred Compensation	2,203,749	2,394,800
	<u>15,261,335</u>	<u>17,748,096</u>
Current Liabilities		
Current Portion of Long-Term Debt	2,341,127	2,290,286
Accounts Payable	3,955,844	3,173,079
Accrued Expenses	1,134,832	3,537,352
Deferred Compensation	350,000	250,000
Customer Deposits	2,209,087	2,209,186
	<u>9,990,890</u>	<u>11,459,903</u>
Deferred Inflows		
Deferred Inflows Related to Pension	141,934	78,354
Retained Earnings		
Invested in Capital Assets, Net of Related Debt	154,551,552	141,537,719
Restricted (Bond Proceeds for Capital Investment)	-	7,169,153
Unrestricted	53,992,417	49,660,170
	<u>208,543,969</u>	<u>198,367,042</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 233,938,128</u>	<u>\$ 227,653,395</u>

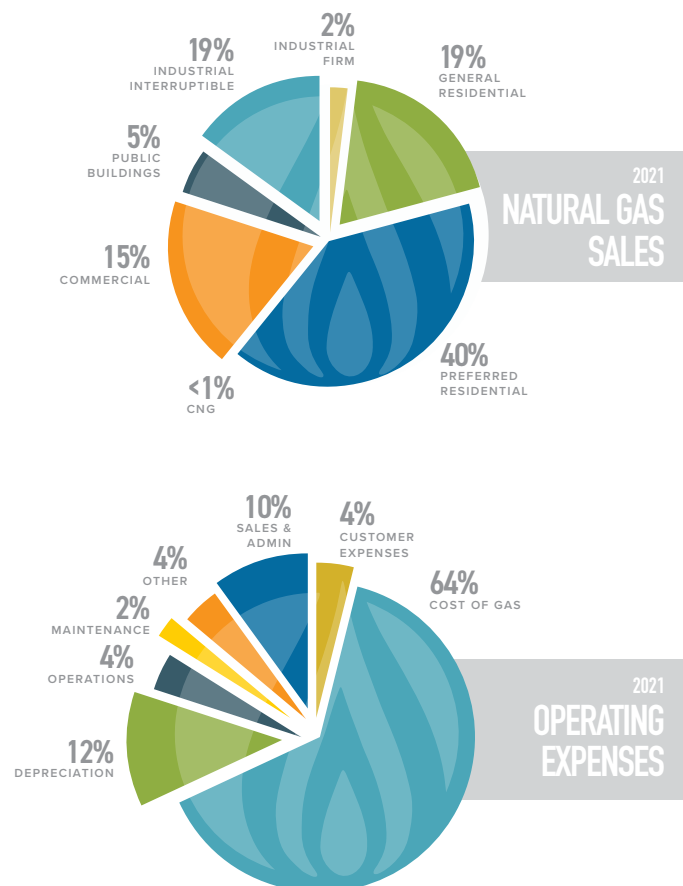


FINANCIAL STABILITY GOAL



ACHIEVE FINANCIAL RESULTS TO FULLY FUND OPERATION AND MAINTENANCE EXPENSES, RENEWAL AND EXPANSION EXPENSES, AND MAINTAIN SUFFICIENT CASH RESERVES WHILE PROVIDING REASONABLE RATES FOR CUSTOMERS

STATEMENT OF REVENUE, EXPENSES & CHANGES IN NET POSITION



	2021	2020
OPERATING REVENUE	\$67,687,566	\$59,676,830
Operating Expenses		
Cost of Gas	38,388,483	32,358,981
Operations	2,248,576	2,077,081
Maintenance	1,318,546	1,343,938
Customer Expenses	2,345,121	2,304,824
Sales, General & Administration	5,795,088	4,782,477
Depreciation & Amortization	7,427,527	7,357,227
Other	2,083,594	1,901,215
	<u>59,606,935</u>	<u>52,125,743</u>
Operating Income		
Before Interest Expense	8,080,631	7,551,087
Interest Expense	<u>273,362</u>	<u>289,506</u>
Operating Income	<u>7,807,269</u>	<u>7,261,581</u>
Non-Operating Income (Expense)		
Interest	374,726	685,914
Appliance Program	458,823	332,600
Other	<u>1,536,109</u>	<u>390,917</u>
NET INCOME	<u>\$ 10,176,927</u>	<u>\$ 8,671,012</u>
Capital Improvements		
System Expansion	\$ 11,632,750	\$ 9,240,392
Vehicles	379,099	410,894
Furniture, Fixtures and Equipment	531,506	217,192
Land and Buildings	7,613,988	2,111,776
Construction in Progress - increase/(decrease)	<u>(2,254,069)</u>	<u>3,874,672</u>
	<u>17,903,274</u>	<u>15,854,926</u>

Closing in on Completion



In 2019, after discussions with Yates Chreitzberg Hughes Architects, along with input from board members, the decision was made to begin renovations on the Stephenson Administration Building. The iconic structure was originally built in 1942 for the Pepsi-Cola Bottling Plant and purchased by the Authority in 1985. For 25 years it was the primary home of York County Natural Gas Authority, until the Customer Service Building was built in 2011. Now, after almost two years of construction, the Stephenson Administration Center has been completed.

The newly refurbished administration building features offices and a spacious 5,300 square foot, state-of-the-art sales and appliance showroom. Intended to educate consumers and demonstrate the many uses of natural gas, the Showroom's innovative design presents a vast selection of gas appliances and displays. Highlights of the Showroom include a semi-circular log display set off by a dramatic sky light along with vented logs and a more modern linear fireplace. In addition, the airy space includes a wall of copper gas lanterns and an unrivaled patio area with the latest in outdoor living fire features.

An aging building presents a number of challenges to ensure its integrity and structure while modifying it to serve today's modern needs. The renovation allowed for technology to be incorporated into all areas of the building providing a high tech experience for customers and employees.

Operating systems in the building were also designed to demonstrate the latest in efficient, natural gas technologies including a Yanmar Gas Heat Pump (GHP), and a Rinnai Demand Duo tankless water heating application visible through glass doors in the lobby.



Displays in the newly renovated building include excerpts of the Authority's history including a flyer announcing the opportunity to sign up for natural gas and the first receipt for service.

EXPANDING, RESTORING & RENOVATING



During FY 2021 the Authority purchased the vacant courthouse on Cherry Road, restored the exterior of the Operations Building and worked toward completing the renovation of the Stephenson Administration Building.



MARKETING & COMMUNICATIONS

Utilities are being tasked with providing safe, reliable, and affordable service to customers while efficiently and effectively communicating, assisting, and collecting payment. The marketing segment strengthens customer relationships by providing communications that promote the benefits of natural gas and the services offered by the Authority. In addition, the marketing group supports initiatives, regulatory compliance requirements and manages the online presence of the Authority.

Throughout FY 2021, the marketing team was tasked with completing the displays and design for the new sales & appliance **Showroom**. From exterior monument signs to interior product displays the team completed visuals that complement the new and modern look of the **Showroom**.

CUSTOMER COMMUNICATIONS



Bi-Annual Newsletters



Bi-Monthly Mass Emails



Emergency Responders Newsletters



Bi-Annual PEG Newsletters

CUSTOMER SERVICE GOAL



PROVIDE A PREMIER CUSTOMER EXPERIENCE

MARKETING CAMPAIGNS



In the Fall of 2020, the marketing department focused efforts to promote the benefits of paperless billing and convert customers to e-bill. Paperless billing helps reduce costs and improve cash flow by accelerating payments, while providing convenience and security for the customer.

The effort resulted in just over 5,000 NEW E-BILL SUBSCRIBERS eliminating over \$33,000 in processing costs and postage.



In FY2021, the Authority evaluated the criteria for its payment assistance program and decided to expand the program in order to assist more customers in need. Opportunities for assistance were extended to a larger customer base through partner agencies who are authorized to identify qualified individuals in need of emergency assistance.

Overall the program assisted 67 families for a TOTAL OF \$15,695.



In a climate where the emphasis is on electrification and renewable energy, the need to remind and educate consumers on the many benefits of using natural gas is essential. Inspired by the American Public Gas Association's (APGA) initiative, we embraced the DID YOU KNOW campaign creating social posts and newsletter quick FAQ's that help bolster the advantages of using domestic and efficient natural gas.

YCNGA ONLINE PRESENCE

Customers expect a streamlined digital experience that provides a account management, bill payment and business information that is easy to navigate and responsive to the user. The marketing group supports and manages the YCNGA website, online showroom and social platforms

“ IN FY 2021, OUR WEBSITE HAD
OVER 514,000 PAGE VIEWS ”

SOCIAL STATS

FOLLOWERS:

f	FACEBOOK2,167
@	TWITTER 893
🐦	INSTAGRAM 574



TOP5



LANDING PAGES

1. Residential
2. Start-Stop-Change Service
3. Paperless Billing
4. Shop Appliances
5. Contact Us

WORKFORCE / KEY STAKEHOLDERS GOAL



2025

STRATEGIC PLAN

CREATE, EMPOWER AND EQUIP ALL STAKEHOLDERS TO BE CHAMPIONS FOR YCNGA

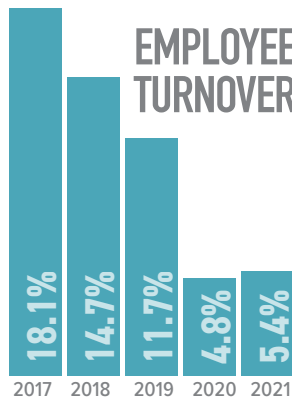
HUMAN RESOURCES

HR plays a key role in recruiting and screening applicants along with administering employee-benefit programs. FY 2021 presented many challenges due to the pandemic, especially for HR which is tasked with keeping up to date with laws that affect the company and its employees. Thirteen new employees were hired during the year raising the employee roster to 123. Turn-over remained low, hovering around 5%. The Authority submitted the first EEO-1 report for both 2019 and 2020 (which had been postponed earlier due to COVID-19).

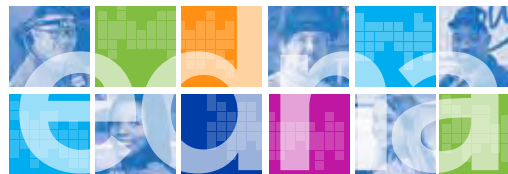
One of the biggest accomplishments of FY 2021 was updating employee policies. Policies were reviewed, evaluated by current standards and rewritten. Over the past 5 years the Authority has hired 65 new employees, so a focused effort was made to update the policies and make them accessible to all employees on the company intranet.

13

NEW HIRES



Employee Database & News for the Authority



OUR VALUES

In our commitment to employees, customers and the community, we are trustworthy, safe and accountable.



LAUNCHED
YCNGA APPAREL
WEBSITE FY2021

**SUPPORTING THE
COMMUNITIES WE SERVE**

This year we were proud to be a leading supporter of Miracle Park which opened up to the public in September. The one-of-a-kind inclusive playground was designed for people of all ages and abilities and includes interactive modules, a ballpark and a concession stand sponsored by YCNGA. The Miracle Park is maintained and operated by the City of Rock Hill Parks, Recreation & Tourism Department.



The National Energy Foundation's (NEF) energy safety materials are resources provided to schools in our service area that support and empower students, teachers and their families with increased energy literacy. This year through our partnership with NEF, 38 classrooms in 21 area schools participated, reaching over 1,100 students in kindergarten through high school.



461 fourth-grade students attended swim lessons at the Clover YMCA this year, sponsored by YCNGA.



Engagement creates a strong company culture that promotes employee commitment, retention and improves company performance. Our goal is to create, empower and equip all stakeholders, and especially employees, to be champions for York County Natural Gas Authority!

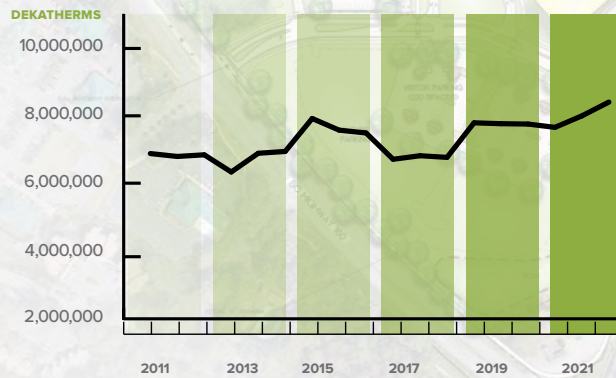
GROWTH

The tri-county area of York, Lancaster and Chester is one of the fastest growing regions in the United States. With close proximity to Charlotte and conveniently located on the I-77 corridor, York County has an average population growth rate of 17% with over 280,000 current residents. The combined population in the tri-county region is just over 400,000 residents. With award winning schools, job growth, recreational opportunities and a low cost of living, the area attracts new families along with new and expanding companies like Schaeffler Group, Domtar and more recently the Carolina Panthers.

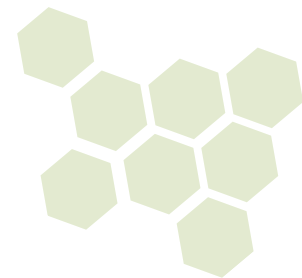
With the surge in development and growth the Authority continues to see record natural gas consumption.

BREAKING THROUGHPUT RECORDS	MONTHLY GAS THROUGHPUT RECORDS	12-MONTH ENDING GAS THROUGHPUT RECORDS
DECEMBER 2020	1,284,901	-----
FEBRUARY 2021	1,244,993	-----
APRIL 2021	570,781	-----
JUNE 2021	411,326	8,161,186
JULY 2021	387,193	8,263,549
AUGUST 2021	-----	8,314,606

12- MONTH ACCUMULATED NATURAL GAS SALES



“ WHERE SURROUNDING SUPPLIERS IMPOSED RATE INCREASES UPWARDS OF 25%, THE AUTHORITY WAS ABLE TO MAINTAIN RATES WITH ONLY A SLIGHT INCREASE. ”

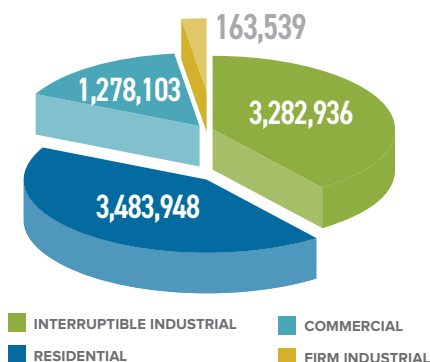


PREPLANNING HELPS STABILIZE RATES

FY 2021 saw a large fluctuation in natural gas prices. Midway through 2021 energy costs across the nation soared. Weather disturbances and large amounts of natural gas exported overseas to countries willing to pay top dollar left less in reserves. Additionally, the pandemic created a greater demand for energy as more consumers worked or studied from home.

The Authority was able to manage stable rates for customers by securing discounted natural gas supplies through long-term prepayment agreements and sound price hedging practices.

ANNUAL GAS SALES BY CUSTOMER (DTH)



PREFERRED RESIDENTIAL RATE 10

.3203	.3487	.2700	TOTAL .9390
.2615	.3466	.3000	.9085
.2704	.3556	.2900	.9160
.2914	.3354	.3224	.9492
.3459	.2941	.3338	.9738

COMMODITY COST
TRANSPORTATION COST
OPERATING & CAPITAL COST

GAS - PER THERM COST
INCLUDES COST OF GAS,
TRANSPORTATION, OPERATING
& CAPITAL COST

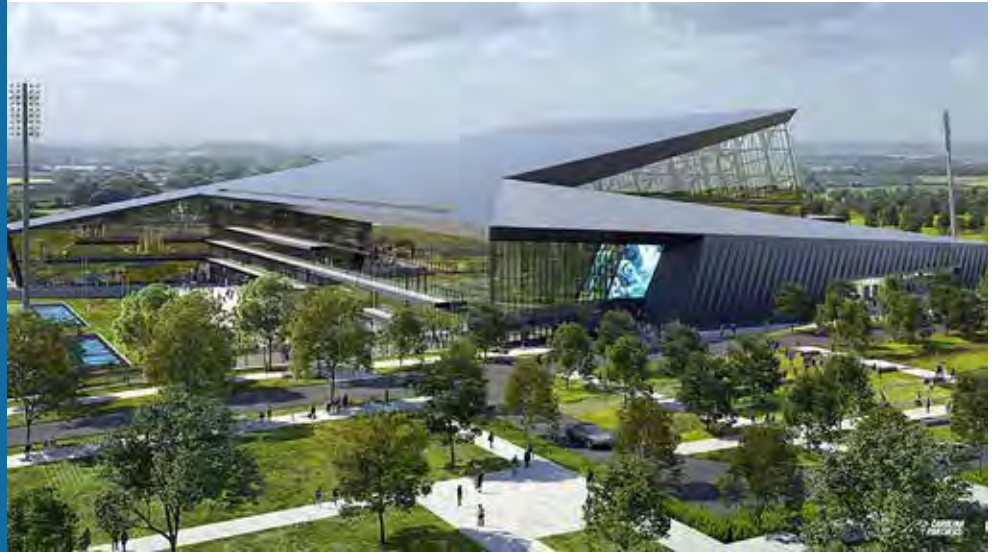


BUSINESS DEVELOPMENT

Our business development segment includes economic development and residential-commercial marketing services extended to communities in York County and Blacksburg, SC.

Our teams negotiated 14 new developer agreements, installed 78 new commercial lines, and assisted over 500 residential customers with main/service extension projects.

In addition, representatives worked on numerous large commercial projects including the Carolina Panthers, Aspen Business Park, Fort Mill Medical Center, University Center, and Springfield Town Center among others.



MAKING AN IMPACT IN 2022

CAROLINA PANTHERS HEADQUARTERS & PRACTICE FACILITY

In 2019 the Carolina Panthers announced the decision to transition the team's head- quarters to Rock Hill. In FY 2021 the new site began taking shape and infrastructure was planned to support the complex with its energy needs. Constructed on a 240-acre site adjacent to I-77, the facility and associated development will include the Panthers new headquarters, indoor practice facility, outdoor practice fields, events center, premier sports medicine facility, corporate office, mixed-use residential and retail space.

OUR VISION

Capitalize on every opportunity to be the leader in safety and customer satisfaction by empowering our employees, developing partnerships within the community, and utilizing technology to fuel the growth of our infrastructure and service area.



FORT MILL MEDICAL CENTER

The long-awaited hospital, which is part of Tenet Healthcare, parent company of Piedmont Medical Center, sits on a 40-acre site off Hwy 160 and Hwy 21. The new 200,000 square foot facility is slated to open in the fall of 2022 with 100 hospital beds and a helipad.



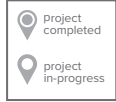
RESIDENTIAL DEVELOPMENTS

Many master planned communities are in the works throughout the western part of York County including:
Westport Community (Clover) - 842 single family homes and 297 townhomes
Monterey Park (York) - 157 single family homes
Abrial Ridge (York) - 128 single family homes

Safe, economical, and reliable natural gas supply is critical to our local community and to our nation.

Even during a pandemic we have continued our mission to invest in infrastructure and expand service for the benefit of our customers.

CAPITAL EXPENDITURES BY REGION



BLACKSBURG

Blacksburg Renewal
INTEGRITY MANAGEMENT
Project Investment: \$2,211,888

Cherokee County

Kings Mountain State Park

Smyrna

Hickory Grove
Sharon

YORK

Springlake Road
SYSTEM IMPROVEMENT
& STRENGTHENING
Project Investment: \$166,461

Williamson Road Tie-in
SYSTEM IMPROVEMENT
& STRENGTHENING
Project Investment: \$308,164

CLOVER/ LAKE WYLIE

Highway 55 Renewal - Part 1
INTEGRITY MANAGEMENT
Project Investment: \$132,337

Bate Harvey Road
GOVERNMENT RELOCATION
Project Investment: \$31,600

Bethel Field Subdivision -
Hwy 49 Tie-In
SYSTEM IMPROVEMENT
& STRENGTHENING
Project Investment: \$55,395

Clover

York

Rock Hill

2084 TOTAL

SERVICE LINES INSTALLED

Blacksburg	19
Clover	549
York	149
Rock Hill	401
Fort Mill/Tega Cay	952
Other* Catawba, McConnells, Hickory Grove and Edgemoor	14

FORT MILL

Tega Cay - Windhaven Subdivision
REVENUE GENERATING
Project Investment: \$118,677

Fort Mill

ROCK HILL

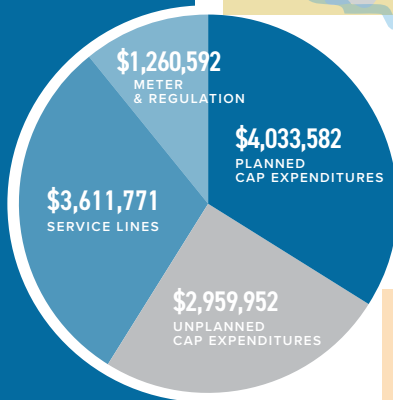
Mickle Court
INTEGRITY MANAGEMENT
Project Investment: \$21,307

Lancaster Ave -
Stewart Street Station
SYSTEM IMPROVEMENT
& STRENGTHENING
Project Investment: \$77,128

Strait Road Tie-in
SYSTEM IMPROVEMENT
& STRENGTHENING
Project Investment: \$671,960

Finley Road Subdivision
REVENUE GENERATING
Project Investment: \$65,250

Current Distribution Area
coverage is generally available in this area



TOTAL INVESTMENT
\$11,865,897

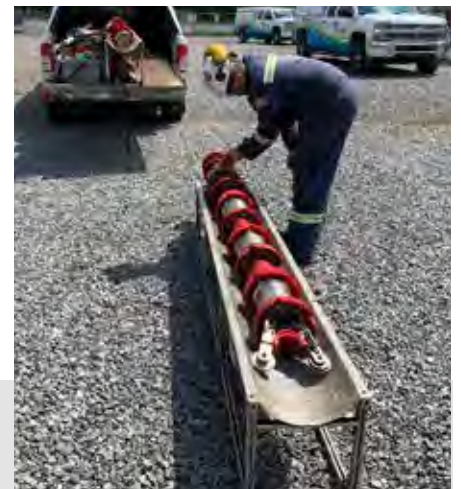
PIPELINE INTEGRITY

Each fiscal year, YCNGA selects multiple projects that improve the integrity of the pipeline system. These projects involve the replacement of pipe or stations. To appropriately design and permit the new infrastructure, in-depth preparation goes into the planning and surveying of each site. In FY 2021 the Authority spent over \$1.5M in planning and designing eleven integrity projects. Of those eleven projects, seven were in construction throughout the year.

PIPELINE INTEGRITY PRACTICES

Pipeline operators use high-tech inspection devices and extensive preventative methods to discover issues and guard against leaks. Robust federal and state safety standards with rigorous requirements and penalties hold operators to a high standard.

These inspections include aerial patrols, foot patrols, and, with advancements in technology, even interior inspections through the use of a mechanical device referred to as a "Smart PIG" - Pipeline Inspection Gauge.



Smart PIGs Keep Pipelines Safe

Smart PIGs are probes that clean and inspect pipelines to prevent leaks. These mechanical devices are outfitted with computers, GPS, sensors and magnets that transmit data to engineers. In a natural gas pipeline, PIGs are powered by natural gas pressure which pushes them through the line.



BLACKSBURG

Name: **Blacksburg Renewal Integrity Management Project**

Status: In-progress

This particular renewal project in Blacksburg involves the replacement of gas mains, service lines, meters, and risers in our service territory of Cherokee County. Scheduled to be completed in eight different phases, it has been a time intensive project in both planning and construction. Since the kick-off of Phase I, development along the I-85 corridor caused us to alter our initial plans and redesign to accommodate for future growth. At the end of FY 2021 the Authority installed approximately six miles of natural gas distribution main. Upon completion of this project we will have replaced nearly 30 miles of distribution main. With a firm plan in place, this project has picked up steam over the past year and a half, and continues to improve the reliability and integrity of the Authority's pipelines in Cherokee County.

FORT MILL

Name: **Windhaven Subdivision Revenue Generating**

Status: In-Progress

The Windhaven Subdivision has three different phases that include a mix of residential townhomes and single-family homes. The first two phases have been completed and the third phase is currently planned for the 2021-2022 fiscal year. The entire subdivision will include both 4-inch and 2-inch plastic distribution mains along with an Excess Flow Valve (EFV) installed on each service line, as is required by code.

CLOVER / LAKE WYLIE

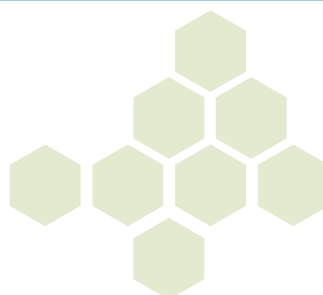
Name: **Bate Harvey Road Government Relocation**

Status: Completed

This Pennies for Progress project (Pennies project #177228-014) involved widening of the road shoulder, resurfacing, and culvert installation. A total of 441 feet of 6-inch steel distribution main relocated to avoid conflicts with drain culverts installed by the County, with most of the gas main footage lowered in place. Since this is a Pennies Project from the 3rd & 4th referendum(s), the Authority had the opportunity to sign a utility agreement with the County for reimbursement costs. The agreed upon amount for reimbursement was \$65,040.



SUPPORT A BALANCED APPROACH TO ENVIRONMENTAL ISSUES. IMPROVE PRACTICES AND MAINTAIN INFRASTRUCTURE TO MINIMIZE EMISSIONS WHILE SUPPORTING NEW FUELS AND THE MOST EFFICIENT USE OF NATURAL GAS.



ROCK HILL

Name: **Strait Road Tie-In System Improvement & Strengthening**

Status: Completed

With the ongoing construction of the Panthers Facility, as well as the anticipation for the proposed Kettlesong neighborhood, development will only continue to flourish around Rock Hill. The Strait Road Tie-in project was designed to accommodate future growth and included 28,000 feet of 4-inch and 2-inch plastic distribution mains. This project has spanned over two fiscal years and has now been completed.

YORK

Name: **Springlake Road System Improvement & Strengthening**

Status: Completed

In order to plan for residential and commercial development, the Engineering Team continues to look for expansion projects in areas that can provide additional supply. Many homeowners along this road have expressed interest in switching to natural gas, and new subdivisions are also expected in the next couple of years. Since continual growth is anticipated in York and Clover, we not only installed 7,240 feet of 4-inch plastic distribution main, but more importantly tied-in to the 6-inch steel pipeline along Black Highway.



REGULATORY COMPLIANCE & SAFETY

The regulatory compliance segment plays a crucial role in our commitment to the safety of our employees, customers, and neighbors. YCNGA committed significant resources for system improvements directly related to regulatory guidance in FY 2021.



SAFETY GOAL



STRIVE TO BE AN INDUSTRY LEADER IN SAFETY

“Drills like these enhance relationships with public sector responders and test the ability of both to respond to significant emergency situations. Monitors evaluate and provide feedback to help strengthen tactics and preparation.”



TRAINING & DRILLS

In August 2021, Patriots Energy Group (PEG) which is managed and operated by YCNGA technicians, conducted a full scale mock emergency drill that began at a natural gas delivery point on the outskirts of Blacksburg, South Carolina.

The drill began after a (simulated) environmental extremist commandeered a piece of construction equipment and subsequently caused damage to the PEG pipeline resulting in a massive fire and a fatality. Simultaneously, a (simulated) cyber-attack was implemented on the control system for the PEG Pipeline and one of its suppliers. Participants included PEG members (York, Chester and Lancaster County Natural Gas Authorities), along with outside participants from the Blacksburg Fire Department and South Carolina Office of Regulatory Staff.

This was one of the most complicated full scale mock emergency exercises conducted to date, testing all departments and divisions within the organization. Drills such as this provide the Authority with the opportunity to exercise activation of its Corporate Response Team, interact with outside responders, and implement crisis communications efforts.

REGULATORY COMPLIANCE & SAFETY COMMUNICATIONS

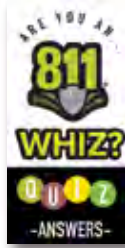
The Authority's top priority is the safety of our system, employees and customers. All stakeholders play a part in the safety of our system and public awareness is a key message in our communications. During FY 2021 we released three safety videos featuring topics including: How to Detect a Leak, Safe Digging (Call 811), and House-Piping Responsibilities. These videos ran on social sites and were placed in various digital media outlets around the community.

Damage awareness is also a major concern since the number one cause of pipeline damage is excavation. We focused on safe digging messages throughout the year in all printed communications and added 811 banners at our more visible stations. In April (Safe Digging Month) we featured an interactive online contest – Safe Digging Mythbusters; and posted a social contest for 811 Day, August 11.

S A F E T Y C O M M U N I C A T I O N S



April Safe Digging contest



811 day contest



School mailers



811 banners at stations with high visibility



20-second public awareness safety videos



Workforce and Responder Training

- Fort Mill Fire Department Squeeze Off Training
- Heath Consultants Gas Detection Training
- Large Scale Outage Mock Drill
- Self-Contained Breathing Apparatus (SCBA) Training
- Defensive Driver Training
- Competent Person Training
- Forklift Safety and Operation Training



In-House Safety Training

- Completed intensive review and revision of the Operations & Maintenance Manual Policies
- Exercised mock line strike response demonstration twice, in conjunction with Rock Hill Fire Department
- Conducted over 150 hours of safety and compliance related training for employees
- Developed a Control Room Management Plan
- Held monthly safety meetings with all employees. Topics ranging from workplace and driver safety to severe weather safety and protecting digital property.
- Engaged employees in safety training activities during entire month of March

“ The Authority's top priority is the safety of our system, employees and customers. ”

APPLIANCE SALES & SERVICE

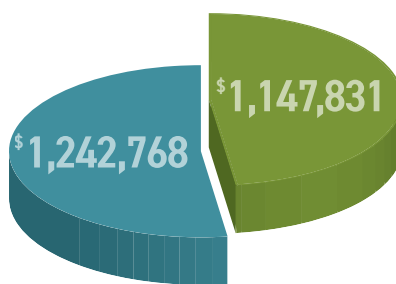
FY 2021 presented many challenges to the sales, service and installation teams due to the pandemic. In person Showroom sales were suspended for a time, then opened up by appointment.

Sales remained strong with associates utilizing technology to send product information and handle contracts by phone and email.

The sales team closed over 2.3M in appliance sales. The service and installation department added a new service technician and remained busy completing 3,438 service calls and installing 1,218 natural gas appliances.

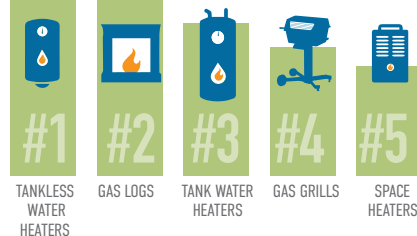


APPLIANCE SALES



■ INSTALLATION REVENUE
■ APPLIANCE SALES

TOP5 PRODUCT SALES



Tankless water heater sales now outpace traditional water heaters almost 2 to 1. Tankless offers consumers endless hot water and efficiency with no tank to heat and reheat water throughout the day.

NOTICE

Our Lobby is Open by Appointment *only*

HOURS: 9:00am-4:00pm

If you've arrived for your appointment, call
(803) 323-5321

CUSTOMER SERVICE LINES
8:00am-5:00pm
(803) 323-5304

DRIVE-THRU WINDOW OPEN
8:30am-5:00pm
payments & registrations
— NO WAIT LINES —

24/7 online account management at ycnga.com

— MASKS ARE REQUIRED FOR ENTRANCE —

“ In FY 2021 the sales team implemented a customer satisfaction survey. Of the surveys returned, 100% of respondents indicated they would recommend YCNGA to a friend. ”



INDUSTRIAL & COMMERCIAL CUSTOMERS

Industrial and commercial customers account for almost 60% of natural gas sales (dth). Several customers around the county are featured in the new Sales & Appliance Showroom, along with samples of the products they manufacture.

*dth = dekatherms



PBI PERFORMANCE PRODUCTS

PBI Performance Products is the world's premier producer of performance products. PBI has a proven track record of providing high-quality, reliable, and durable products to a wide range of customers. Our products are designed to meet the most demanding applications and are backed by a proven track record of performance.

AMERICAN FORCE WHEELS

American Force Wheels is a leading manufacturer of high-performance wheels and tires. Our products are designed to meet the most demanding applications and are backed by a proven track record of performance.



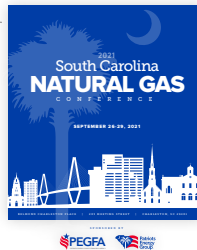
PATRIOTS ENERGY GROUP

The Patriots Energy Group (PEG) is a joint action agency who owns and operates a natural gas transmission pipeline that traverses York, Cherokee, Lancaster and Chester Counties bringing cost effective and reliable energy to residential, commercial and industrial customers. The PEG pipeline extends through several counties, but is operated and maintained by the employees of York County Natural Gas Authority.



RENDERING OF THE
PROPOSED COMPRESSOR
STATION IN BLACKBURG

FISCAL YEAR ACHIEVEMENTS

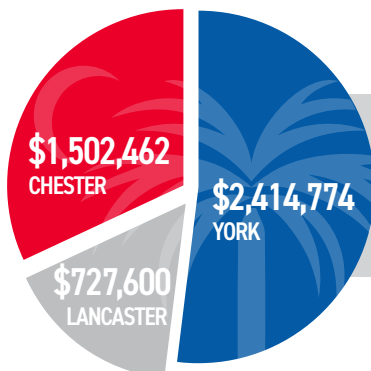


Unveiled New PEG Logo
Developed PEG 2025 Strategic Plan
Redesigned PEG Website
Planned & Hosted SC Natural Gas Conference



FINANCING, SUPPLY MANAGEMENT & SAVINGS

- JULY 2020** PEAK (Public Energy Authority of Kentucky) changed their rate stabilization fund to annual return (estimated return in 2021 - **\$39,245**).
- AUG 2020** 12-Months Ending Unaccounted for Gas, from August 2019 to August 2020 reduced by **(\$189,105)**.
- SEPT 2020** Extended our contract for Peaking Services through the winter of 2026-2027. Added 5-years securing low prices.
- OCT 2020** Received PGP Pool #4 refund **(\$176,805)**.
- NOV 2020** 12-Month BP prepayment started (prepayment form YCNGA to PEG to PGP to BP). Gross savings = **(\$183,608)**. Extended our contract for Delivered Services through winter of 2026-2027. Added 5-years securing low prices.
- MAY 2021** Blackbelt repricing - extended the term 5-years and achieved a higher discount eliminating need to reprice for 10-years.
- AUG 2021** Closed refinancing of 2008 debt. Financed compressor station.



**ESTIMATED PREPAY
GAS SAVINGS
SEPT 2021-AUG 2022**

**TOTAL ESTIMATED SAVINGS
\$4,644,838**

BREAKING RECORDS

THROUGHPUT RECORDS IN FY 2021	MONTHLY GAS THROUGHPUT RECORDS	12-MONTH ENDING GAS THROUGHPUT RECORDS
DECEMBER 2020	2,082,375	-----
FEBRUARY 2021	2,003,448	-----
MAY 2021	839,008	-----
JUNE 2021	787,544	14,308,318
JULY 2021	754,785	14,453,890
AUGUST 2021	-----	14,527,159

INFRASTRUCTURE PROJECTS



Completed construction of 4.4 miles of 12" line in Van Wyck



Began evaluation of site and planning for compressor station in Blacksburg



Purchased 15 miles of 3" line extending from York County into Chester County from Carolina Gas Transmission