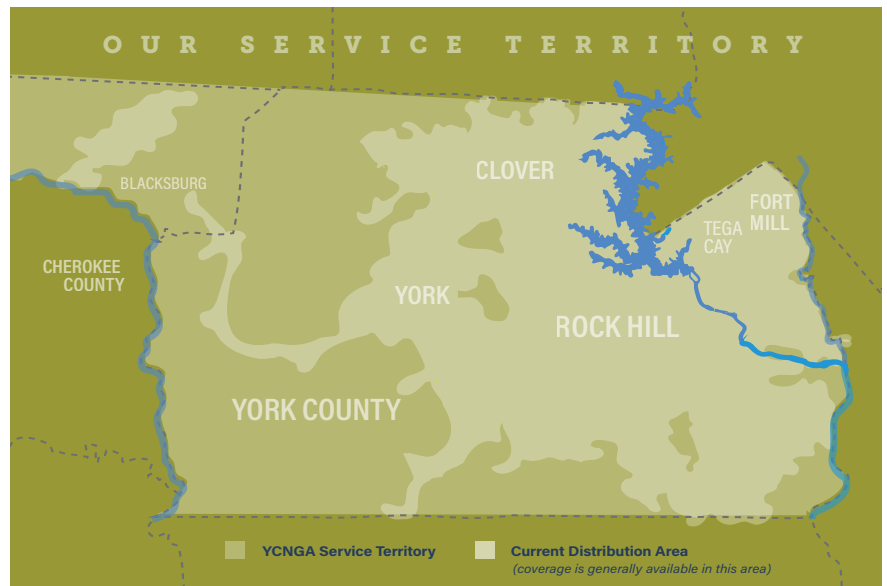
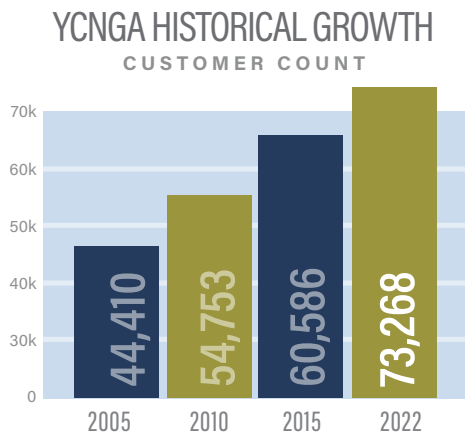
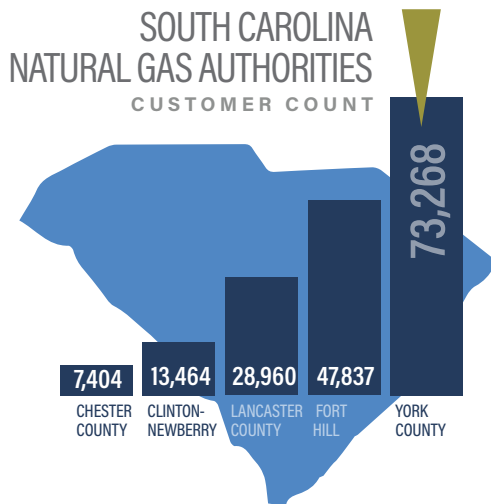


YORK COUNTY NATURAL GAS AUTHORITY
ANNUAL REPORT

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.



Naturally occurring since ancient times, natural gas is thought to have been discovered in the Middle East when lightning strikes ignited gas that was seeping from the ground. French explorers first witnessed the use of natural gas in the United States in the early 1600's when Native Americans would ignite the gases found in and around Lake Erie.

In 1821, William Hart drilled the first natural gas well in the United States in Fredonia, New York. This led to the formation of the Fredonia Gas Light Company, the first American natural gas distribution system. Later, in 1836, the City of Philadelphia created the first municipal natural gas system which is known today as the Philadelphia Gas Works, the largest and longest operating public gas system in the United States.

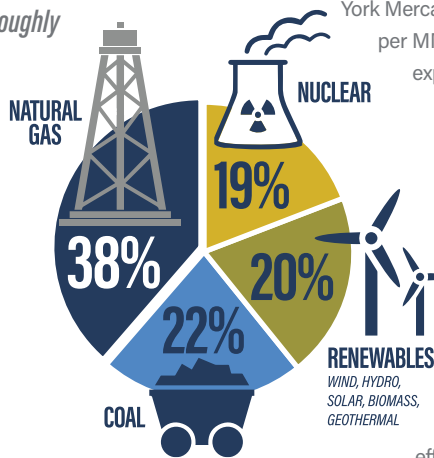
OUR MISSION

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.

AMERICA'S PREMIER ENERGY SOURCE

Natural gas is an indispensable component of America's energy requirements, currently supplying more than one-half of the energy consumed by residential and commercial customers, and about forty percent of the energy used by United States industry. According to the American Gas Association, nearly 187 million Americans use natural gas for their residential heat, water heat and cooking needs.

Today, natural gas accounts for roughly thirty-eight percent of United States electricity generation, far outweighing all other energy sources. With a greater dependency on natural gas, electric generation has pushed the demand for natural gas to an all-time high, despite a political and regulatory crusade to reduce or eliminate fossil fuels.



MARKET VOLATILITY

Despite the economic challenges of system expansion, the Authority provides some of the lowest consumer rates in the Carolinas. The natural gas financial markets experienced extreme volatility throughout FY 2022 due to a variety of reasons. Political policies, anti-fossil fuel efforts, and increased Liquefied Natural Gas (LNG) exports led to unprecedented changes in the cost of natural gas. August 2022 witnessed a close of natural gas futures on the New York Mercantile Exchange (NYMEX) at \$8.69 per MMBtu. In comparison, August of 2020 experienced a closing price of \$1.85 per MMBtu. That correlates to an increase of nearly 370% over the two-year period. Fortunately, through sound management decisions involving hedge positions, capacity release and long-term prepaid gas agreements, the Authority was able to establish stable and reasonable rates for its customers despite the instability of the energy markets. Collectively during FY 2022, efforts to combat market volatility by the Authority resulted in savings of nearly \$21 million.

THE AUTHORITY

York County Natural Gas Authority (Authority), the largest public natural gas distribution system in the state and the 11th largest in the nation, was established in 1954 as a political subdivision of the State of South Carolina. The Authority's service territory includes York County and northeastern Cherokee County. We are fortunate to provide natural gas service in a rapidly growing region; however, ongoing rapid development does present its share of obstacles.

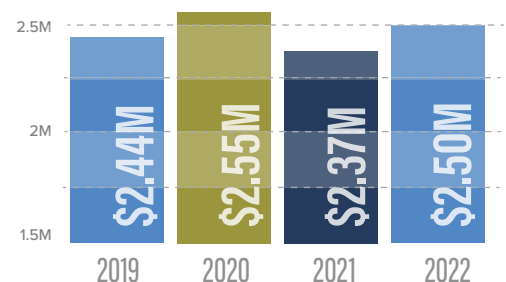
During fiscal year (FY) 2022, the Authority installed 1,891 new services increasing our customer base to 73,268 active services. This corresponds to an overall growth rate of 2.1%. A challenge of regional growth is the response to utility locates and during FY 2022 we received over 50,000 locate tickets from SC811 for natural gas in our service territory. A key index of damages per 1,000 tickets remained stable during the fiscal year at 4.56 occurrences. This is down significantly from a peak of 7.40 damages per 1,000 tickets in 2016.

Collectively during FY 2022, efforts to combat market volatility by the Authority resulted in savings of nearly \$21 million.

PEGFA PREPAY DEALS

Patriots Energy Group Financing Agency (PEGFA) was created in 2018 to secure prepaid gas supply arrangements for the three Authorities. It is a separate South Carolina Joint Action Agency, and in FY 2022, completed its fourth year of providing discounted natural gas supplies to the members of PEG. The Authority's savings in FY 2022 under the PEGFA prepaid gas deal totaled \$1,326,023. When added to the Authority's other prepaid gas deals, a savings of \$2,502,273 was achieved. These types of transactions are a vital component used to maintain stable rates and reduce gas supply costs to the customers of the Authority.

PRE-PAID GAS SAVINGS



WEATHER

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 2022 experienced 2,603 HDD's, which was approximately 7.8% warmer than the previous year and 71% warmer than the most recent five-year average.

While the winter of 2021-22 seemed uneventful, the Authority still established several record throughputs. In January 2022, the Authority had an all-time monthly throughput record of 1,551,310 dekatherms, and a record 12-months ending throughput, December 2020 to November 2021 of 8,822,251 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.

GAS HEAT PUMP

NATURAL GAS POWERED
AIR CONDITIONING

HYDRO BOX

POWER CONNECTION
SINGLE PHASE 208-240V

VARIABLE REFRIGERANT FLOW TECHNOLOGY

REDUCE ELECTRICAL CONSUMPTION BY 10%

ENERGY SOLUTIONS

ENGINE DRIVEN TECHNOLOGY

QUIET OPERATION
54-58 DB

REDUCE OPERATIONAL COST BY 30-70%

VRF-HEAT PUMP & HEAT RECOVERY

THE Advantage

LOW CARBON FOOTPRINT

significant reduction in harmful emissions – 80% less NOx, 100% less SOx, 35% less CO2

ENERGY EFFICIENCY

30% reduction in electricity usage with VRF-HEAT GHP system

COST REDUCTION

30% to 70% lower running costs, higher efficiency, lower operating costs

QUIET

57 decibels – quieter than normal conversation

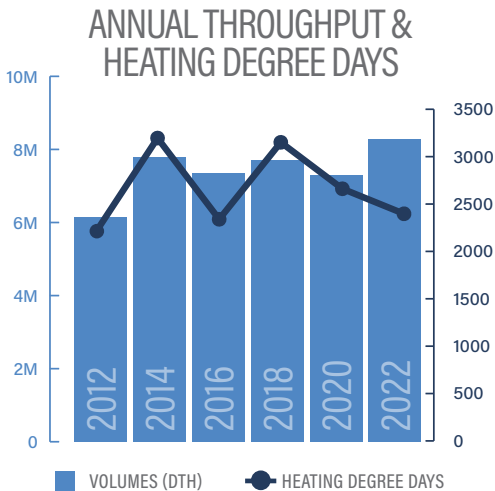
RELIABILITY

proven technology backed by warranty

LEADER IN TECHNOLOGY

As the natural gas industry adapts to a rapidly changing energy environment, the Authority continues to invest in research and development. The newly renovated Stephenson Administration Center, which includes both office and retail space, incorporates new technologies and highlights the many end uses of natural gas. The Showroom opened in FY 2022 with a month long Grand Opening event. The Yanmar Gas Heat Pump (GHP) Variable Refrigerant Flow (VFR) system, which provides high-efficiency heating and cooling for the Stephenson Center, exemplifies one of the cutting-edge natural gas technologies on display in the Showroom. This VRF technology allows for the simultaneous heating and cooling for thirty-six zones throughout the 17,000 sqft building. Another technology being utilized and on display is the Rinnai Demand Duo condensing water heating system. This 97% thermal efficient water heater provides continuous and abundant hot water for the needs of the Authority.

Gas Heat Pumps (GHPs), like the Yanmar Variable Refrigerant Flow (VRF) system used in the new Stephenson Administration Center, have substantial potential to reduce energy use and Greenhouse Gas (GHG) emissions for both the residential and commercial markets. Incorporating new technologies into the building for heating, cooling (HVAC) and water-heating applications demonstrate the high efficiency product choices available to help customers meet their energy efficiency goals.



Heating Degree Days (HDDs) are a measure of how cold the temperature was on a given day. A degree day compares the mean (the average of the high and low) outdoor temperatures recorded for a location to a standard average temperature of 65° Fahrenheit which is an indicator for the amount of energy required for space heating.

INFRASTRUCTURE PROJECT

Through its membership in Patriots Energy Group (PEG), the Authority continues to be proactive in planning for system growth. PEG is a South Carolina Joint Action Agency supplying energy solutions to the natural gas authorities of York, Chester and Lancaster counties. Under contract, the Authority operates and maintains the PEG transmission pipeline. Following several years of planning, the Authority and PEG began construction on a \$40 million compressor station near Blacksburg, SC. This project, which consists of three natural gas-fired reciprocating compressors, will greatly enhance the reliability of pressures received from the Transcontinental Gas Pipeline. The compressor project will allow Patriots Energy Group to maximize the supply provided to its members, including the Authority who will operate and maintain this new facility, well into the future. In a related move, the Authority began plans to assume responsibility for gas control oversight in FY 2023, a function that has been subcontracted since 2014.



AWARD WINNING SYSTEM

The Authority was recognized for several major awards during FY 2022. The American Public Gas Association, which consists of over 730 members across the United States, awarded the Authority the inaugural Community Service Award for its efforts to improve and enhance the quality of life in the community it serves. Additionally, the Authority received 1st and 3rd Places in the Marketing and Sales Award category. The Authority's in-house production of "Safety First" video series achieved the top spot in this category, followed by a 3rd Place finish for renovations to the Stephenson Center's "The Showroom". Locally, the Authority was recognized with the Summit Award by the United Way of York County for doubling participation and contributions from employees over the previous year.

In closing, there are many challenges on the horizon for the natural gas industry. We are confident the Authority is well-positioned to take on these obstacles in the years ahead. We would like to recognize the Authority's Board of Directors for their steadfast support of the Authority during an extremely challenging year. We also take great pride in our employees for their unrelenting efforts in providing safe, reliable and affordable 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 America's premier energy source... natural gas.

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



The United Way works to create long lasting change in the community. In FY 2022 the Authority was recognized by the UW of York County with the Summit Award for its efforts in doubling employee participation and contributions.

2021-22 | 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



R. Grier Sandifer, Jr.
City of York



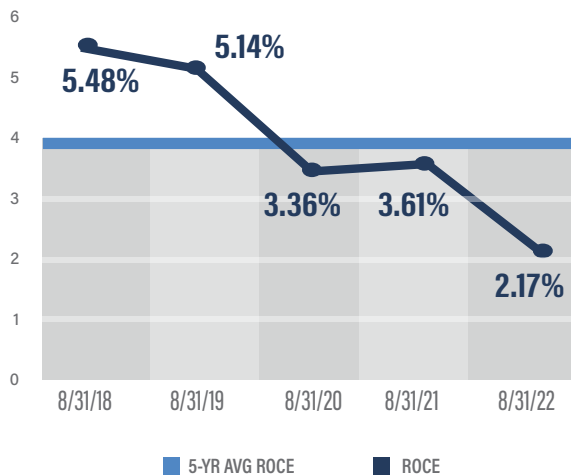
William J. Hagner
York County

2025 | STRATEGIC PLAN

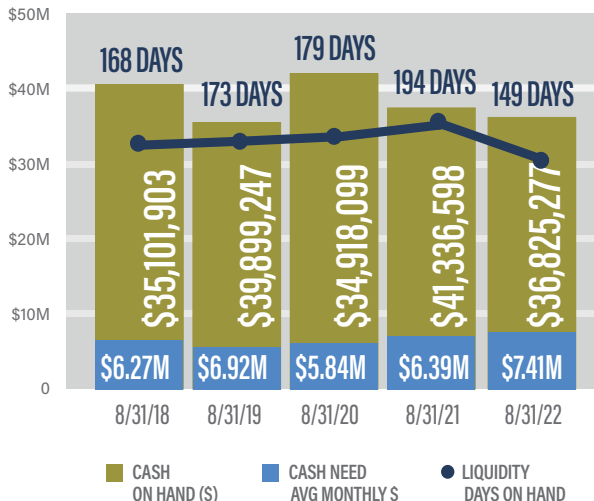
FINANCIAL STABILITY GOAL

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.

RETURN ON CAPITAL EMPLOYED



CASH & LIQUIDITY POSITIONS



STATEMENT OF NET POSITION

ASSETS

AS OF AUGUST 31

Utility Plant

	2022	2021
Gas Plant in Service	\$ 306,148,278	\$ 278,337,103
Accumulated Depreciation	(118,815,535)	(111,561,754)
	187,332,743	166,775,349

Other Property and Investments

Prepaid Pension Costs	2,149,711	2,203,749
Other	897,100	897,105
	3,046,811	3,100,854

Current Assets

Cash & Cash Equivalents	19,525,464	10,713,750
Investments - Operating & Maintenance	7,896,546	10,146,465
Investments - Renewal & Extension	4,118,501	9,175,275
Investments - Series 2017 Bond Proceeds	1,079,231	1,079,231
Investments - Series 2019 Bond Proceeds	3,150,045	3,143,546
Investments - Customer Deposits	-	10,735
Investments - Capital Reserve Fund	1,055,490	7,067,596
Accounts Receivable (net)	8,043,818	5,420,145
Accrued Interest	1,874	1,874
Advance for Prepaid Gas - PEG	-	1,293,810
Inventories	3,758,757	2,760,784
Prepaid Expenses	208,548	205,430
Total Current Assets	48,838,274	51,018,641

Deferred Charges

Intangibles, net of amortization	8,909,300	9,151,859
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Deferred Outflows

Deferred Outflows Related to Pension	3,804,992	3,891,425
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TOTAL ASSETS & DEFERRED OUTFLOWS

\$ 251,932,120	\$ 233,938,128
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Liabilities and Net Assets

Long-Term Liabilities

Bonds Payable	\$ 7,493,024	\$ 9,882,670
Post Retirement Benefit Obligation	1,527,043	3,174,916
Deferred Compensation	2,149,711	2,203,749
Total Long-Term Liabilities	11,169,778	15,261,335

Current Liabilities

Current Portion of Long-Term Debt	2,389,670	2,341,127
Accounts Payable	8,497,834	3,955,844
Accrued Expenses	12,057,045	1,134,832
Deferred Compensation	350,000	350,000
Customer Deposits	2,196,937	2,209,087
Total Current Liabilities	25,491,486	9,990,890

Deferred Inflows

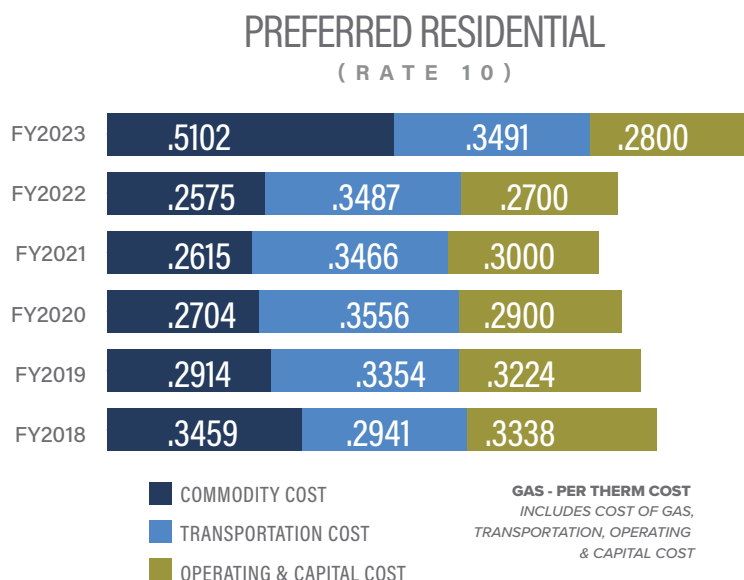
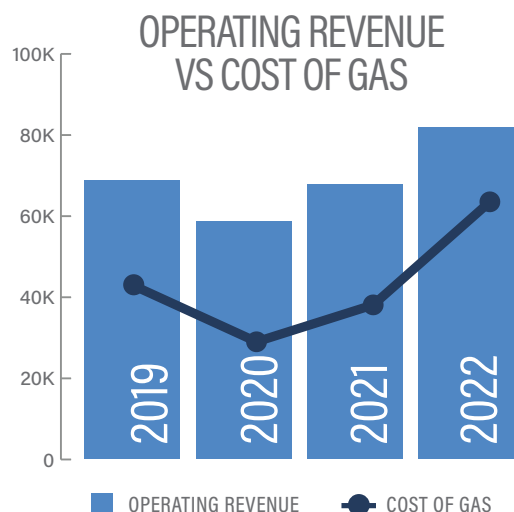
Deferred Inflows Related to Pension	745,437	141,934
Total Liabilities & Deferred Inflows	37,406,701	25,394,159

Retained Earnings

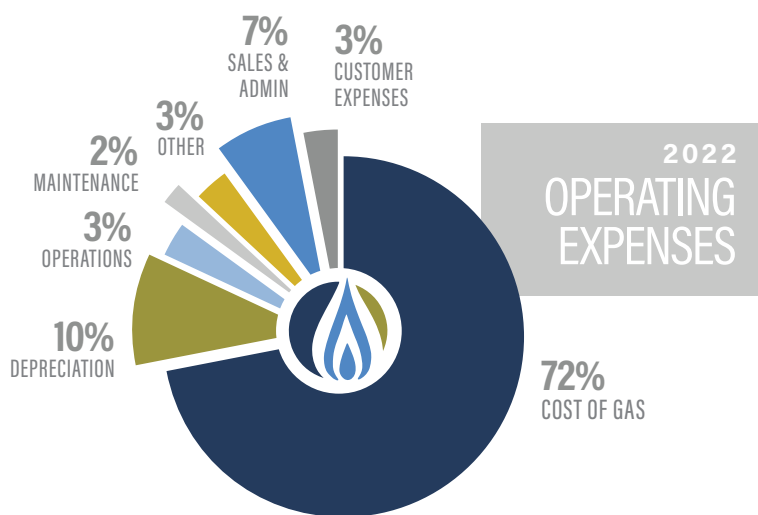
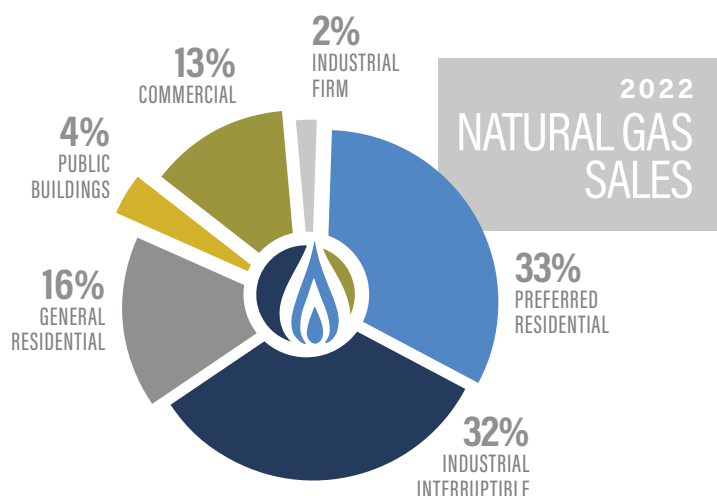
Invested in Capital Assets, Net of Related Debt	177,450,049	154,551,552
Unrestricted	37,075,370	53,992,417
	214,525,419	208,543,969

TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION

\$ 251,932,120	\$ 233,938,128
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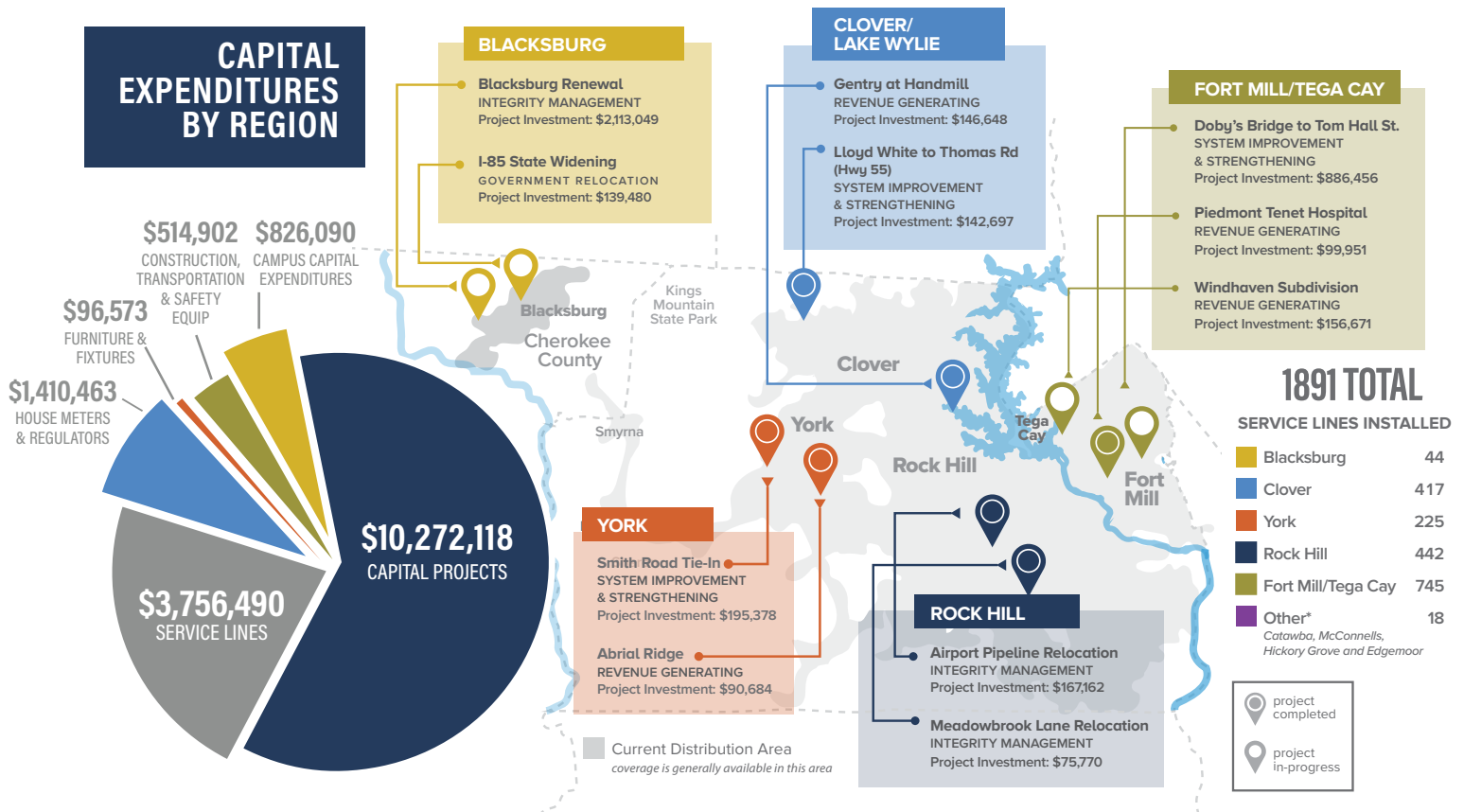
STATEMENT OF REVENUE, EXPENSES & CHANGES IN NET POSITION



	2022	2021
OPERATING REVENUE	\$ 81,764,745	\$ 67,687,566
Operating Expenses		
Cost of Gas	55,228,565	38,388,483
Operations	2,611,921	2,248,576
Maintenance	1,496,348	1,318,546
Customer Expenses	2,522,762	2,345,121
Sales, General & Administration	5,139,950	5,795,088
Depreciation & Amortization	7,797,802	7,427,527
Other	2,040,969	2,083,594
	<u>76,838,317</u>	<u>59,606,935</u>
Operating Income		
Before Interest Expense	4,926,428	8,080,631
Interest Expense	<u>227,898</u>	<u>273,362</u>
OPERATING INCOME	<u>4,698,530</u>	<u>7,807,269</u>
Non-Operating Income (Expense)		
Interest	160,110	374,726
Appliance Program	541,880	458,823
Other	<u>580,930</u>	<u>1,536,109</u>
NET INCOME	<u>\$ 5,981,450</u>	<u>\$ 10,176,927</u>
Capital Improvements		
System Expansion	\$ 12,809,669	\$ 11,632,750
Vehicles	(18,940)	379,099
Furniture, Fixtures and Equipment	328,954	531,506
Land and Buildings	826,090	7,613,988
Construction in Progress - increase/(decrease)	<u>13,865,400</u>	<u>(2,254,069)</u>
NET CAPITAL IMPROVEMENTS	<u>\$ 27,811,173</u>	<u>\$ 17,903,274</u>

FISCAL 2022 NOTABLE PROJECTS

DOBY'S BRIDGE ROAD



2025 | STRATEGIC PLAN

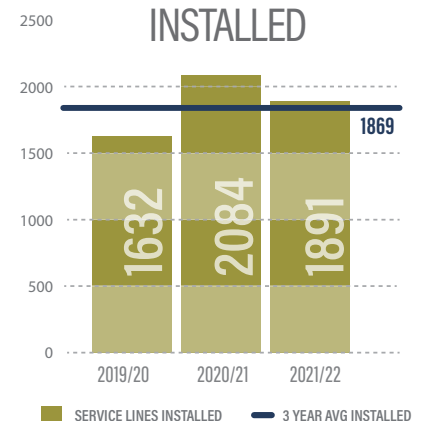
ENVIRONMENTAL GOAL

Support a balanced approach to environmental issues. Improve practices and maintain infrastructure to minimize emissions while supporting new fuels and the most effective use of natural gas.

- During **FY 2022**, aged out mercaptan tanks and oil storage drums were removed from the Oak Park storage area by an environmental solutions company who safely disposed of all liquids.
- In an effort to enhance our leak detection abilities, Optical Methane Detectors and Laser Methane Detectors are used at all above ground stations.
- The Authority is also exploring opportunities to receive Renewable Natural Gas (RNG) into the gas supply. RNG has one of the most impactful sustainability profiles by capturing and processing naturally occurring methane from agricultural, wastewater, and landfill facilities.

The Authority makes every effort to be good stewards of the environment and has incorporated an Environmental Goal into the 2025 Strategic Plan

SERVICE LINES INSTALLED



MAIN PIPELINE PROJECTS
36.3 MILES PLASTIC | 4.6 MILES STEEL

TYPES OF PROJECTS

Working with a team of representatives from engineering, business development and accounting, the Authority budgets dollars each year to address a variety of projects.

GOVERNMENT RELOCATION

These projects are typically attributed to road construction. Pipelines previously installed will be relocated due to the government's decision to widen the road, add or change lanes, improve the intersection, etc. Relocation projects are difficult to estimate due to permitting and right-of-way acquisitions which can add months and sometimes years to the timeline of a project. Project coordinators and engineers work with the SCDOT and Pennies for Progress, as well as engineering consulting firms and a multitude of cities and townships in an effort to determine the time frame, scope and management from design to completion.

I-85 STATE WIDENING PROJECT IN-PROGRESS

While the scope of this project during FY 2021 was a 1,300 foot, 8-inch steel bore at Exit 104 (complete), the scope for FY 2022 was for a 2,000 foot, 6-inch steel bore at Exit 102. Due to project grading along the interstate ramps, retaining wall construction, and the existing terrain, portions of this bore will be installed at a depth of up to 30 feet. This particular 6-inch steel crossing will eliminate an existing 4-inch plastic pipe for which records are either limited or missing entirely. Upon completion, this 6-inch steel main, along with the 8-inch Steel pipeline at Exit 104, will provide redundancy and a dual feed to AZZ Galvanizing, one of the Authority's largest industrial customers.

SYSTEM IMPROVEMENT & STRENGTHENING

These projects are designed to increase and expand the pipeline system, enhance safety and provide reliability of service for current and future customers. York County is one of the fastest growing regions in the United States attracting industry, commercial business and residential homes. The engineering team monitors growth, planning for future demand by looking for ways to double-feed and strengthen areas.

DOBY'S BRIDGE / TOM HALL 8" STEEL HIGH PRESSURE MAIN IN-PROGRESS

Planning, permitting and assessments were the main focus of this project during FY 2022. Local historical and archaeological scoping measures, along with required environmental assessments, and both county and state stormwater and erosion control reviews were completed. Plans were approved in May and the permit received in June. Pipe was delivered on-site in July and the contractor began staging and welding pipe. Pipeline construction will continue throughout the winter into the spring of 2023 resulting in 5.9 miles of 8-inch steel, supplying more gas to Fort Mill and the northern part of York County.

REVENUE GENERATING PROJECTS

Part of the Authority's mission is to expand natural gas service throughout the county where it is feasibly possible. Revenue projects are added through extensive research, communication and feedback from the business development department and our group of project coordinators. Team members review planning and development reports, as well as council agendas while working directly with contractors to monitor construction activities.

GENTRY AT HANDSMILL COMPLETE

The abundance of rock in this subdivision created a challenge for the teams involved in this project. After several onsite visits during the design phase, it was determined that the most cost effective way to supply gas to customers was to install new main along both sides of the street. Approximately 1.5 miles of new, 2-inch plastic pipe was installed in order to serve 130 future homes.

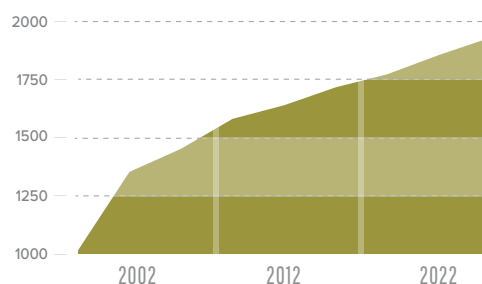
INTEGRITY MANAGEMENT

The Authority works hard to maintain the safety and reliability of the system. These projects address the need to retire and/or replace sections of main due to known issues, regulatory requirements or overall improvement of the pipeline system.

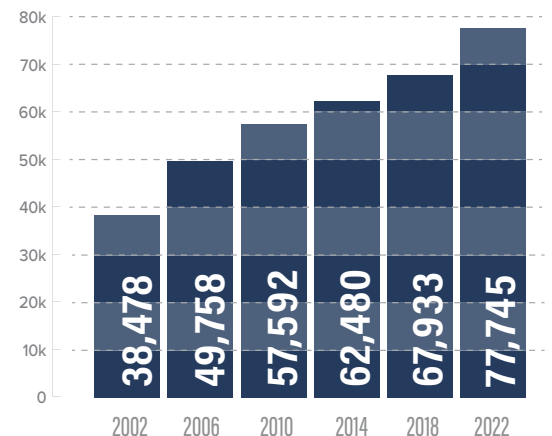
MEADOWBROOK LANE RELOCATION COMPLETE

The Meadowbrook neighborhood was initially established in the late 1950's. Erosion over the years, along creeks and drainage culverts created areas of exposed piping. The project, which started in July and was completed by August, eliminated sections of older steel main. Teams installed 1,100 feet of 2-inch plastic main in order to retire 950 feet of under-sized 3/4-inch steel and 1-inch plastic pipe which were split services and out of compliance. Affected homeowners were kept informed on the progress of the project by mail and in person to alleviate concerns and answer questions.

MILES OF MAIN



NUMBER OF SERVICE LINES



(*) Includes active and inactive service lines

ACCOMPLISHMENTS

During the opening of **FY 2022**, the marketing team focused on branding and promoting the new Appliance Showroom. The Grand Opening was held in October 2021, during Public Natural Gas Week, and extended throughout the month with late hours, featured vendors, door prizes and an online contest for a tailgating grill.



The highlight of the month was the Ribbon Cutting event with the Chamber of Commerce, board members, area officials and community leaders.

AWARD WINNING MARKETING

The Authority was honored by the American Public Gas Association during the Annual Conference in July winning both First Place and Third Place awards in the same category. The **First Place** honor was given for a series of safety videos featuring employees in safety gear narrating important safety topics including: leak detection, safe digging and home appliance piping.

The **Third Place** award was given for the extensive renovations and transformation of the Stephenson Administration Building into the new Sales & Appliance Showroom.



Amy Cassidy and Jeff Deason accept the prestigious APGA awards in Minneapolis during the July conference.

MARKETING SUPPORT FOR ALL DEPARTMENTS

From establishing consistency in company forms, branding for company vehicles, or promoting customer service initiatives, the marketing team supports all areas of the Authority.



Door Hangers



YCNGA Company Store



Leak Survey Materials



Our Fleet

CUSTOMER COMMUNICATIONS

Online, email or in print, the Authority uses all available tools and platforms to educate, inform, build relationships and promote the safety and efficiency of natural gas.



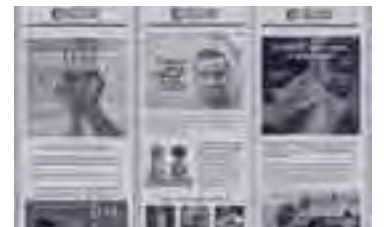
WRHI Straight Talk



Billtopper



TV/Video Ad



Emails

This year the Authority was honored to be the first recipient of the APGA Community Service Award. This award recognizes the gas system and its employees for their efforts in improving and enhancing the quality of life in the community it serves. Through our corporate vision and values, the Authority works diligently to develop relationships and partnerships that support our communities.

SUPPORTING THE COMMUNITIES WE SERVE

Employees of the Authority take an active role in community involvement whether by volunteering their time, serving on boards and committees, or donating items. This past year employees held a Souper Bowl Food Drive, donated toys to the Levine Children's Hospital and Toys for Happiness campaign, gave socks and blankets to the Men's Warming Shelter and donated mittens and hats to a local housing complex. Donations were also collected to provide an "Ice Cream Experience" for the residents of the Children's Attention Home.



The Authority received the Summit Award from the United Way of York County for doubling participation and contributions from the previous year.

COMMUNITY SPONSORSHIPS

The Authority strives to develop relationships and partnerships that support the communities we serve. These purposeful partnerships impact and improve the quality of life for all, while ensuring our communities have the resources and support they need to thrive.

EVENTS

American Red Cross Blood Drive
Come See Me - Everything Trucks
Come See Me - BBQ Cook Off
SC Strawberry Festival
Back2School Block Party
Summerfest



YMCA

Over 1,500 fourth-grade students in the Fort Mill School District participated in the YMCA Kicking with Confidence Swim Program, sponsored in part by YCNGA. Students are given a report card with swim safety and natural gas safety inserts in addition to other branded items. After all, the pool is heated by efficient and reliable natural gas!

EDUCATIONAL PARTNERSHIPS

Each year the Authority sponsors energy education materials for the classroom. These custom-branded curriculum packets are distributed directly to teachers, free of charge, and offer both online and classroom options for engagement.

Energy Safe Kids, a program created by the Nation Energy Foundation (NEF) educates students on the uses of natural gas and encourages important safety practices to detect or prevent a leak. Take-home materials and a custom website allow students to teach their families how to be safe as well.

RESULTS

38 teacher packets distributed
16 regional schools
950 students + families



The Authority supports and encourages careers in the natural gas industry through the Career Connect program at York Technical College

THE SHOWROOM... IS OPEN

FY 2022 started off with the Grand Opening of the new appliance showroom. *The Showroom*, as it has been branded, features over 5,300 square feet of retail space along with a patio filled with the latest in outdoor living fire features. The expanded space has provided the opportunity to display additional natural gas products including tankless water heaters, gas lanterns, vented fireplaces, modern linear fireplaces, and outdoor features including fire pits, tables, bowls, fountains and torches.

Gas fire features and heaters are starting to dot the commercial landscape around Rock Hill. In FY 2022, the installation team fired up groups of Outdoor Plus patio features at The Perch and Legal Remedy. The Roasting Company (known as RoCo) installed Bromic patio heaters to keep diners warm.



Three distinct fire features were installed in the area between Hobo's and Off the Tracks Brewing located in The Perch complex near Winthrop University.

Sales team associates hosted **1,300 showroom visitors** and handled over **10,000 calls** during the fiscal year.

CUSTOMER SATISFACTION *survey says...*

91% were satisfied or very satisfied

94% would recommend YCNGA to a friend

Overall experience for respondents - **Excellent**

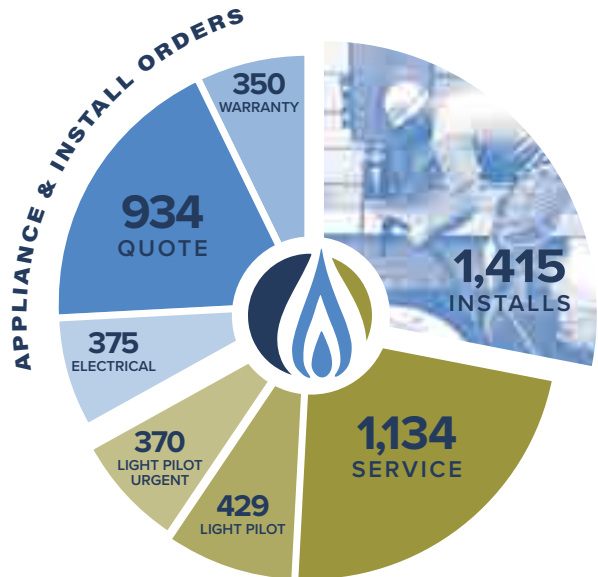
TOP 2 SELLING PRODUCTS



409 | TANKLESS WATER HEATERS



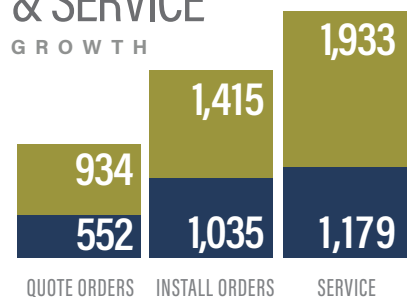
330 | GAS LOGS



Your tech was awesome. Very polite, professional, thorough and helpful.



APPLIANCE SALES & SERVICE GROWTH



● FY 2018

● FY 2022

2025 | STRATEGIC PLAN

GROWTH GOAL

Meet the demands of our growing area and customers' needs while maximizing partnerships and opportunities.

FACILITATING DEVELOPMENT

Our business development department focuses on economic development and residential commercial marketing services which extend to communities in York County and Blacksburg, SC.

During FY 2022, our teams negotiated 7 new developer agreements, coordinated 20 new main extension projects and assisted over 700 residential customers with new service requests.

In addition, representatives worked on numerous large commercial projects including the new Piedmont Medical Center - Fort Mill, The Perch, Carowinds, Preferred Finishing and the continued expansion of The University Center at Technology Way.

PREFERRED FINISHING | FY22 PROJECT HIGHLIGHT



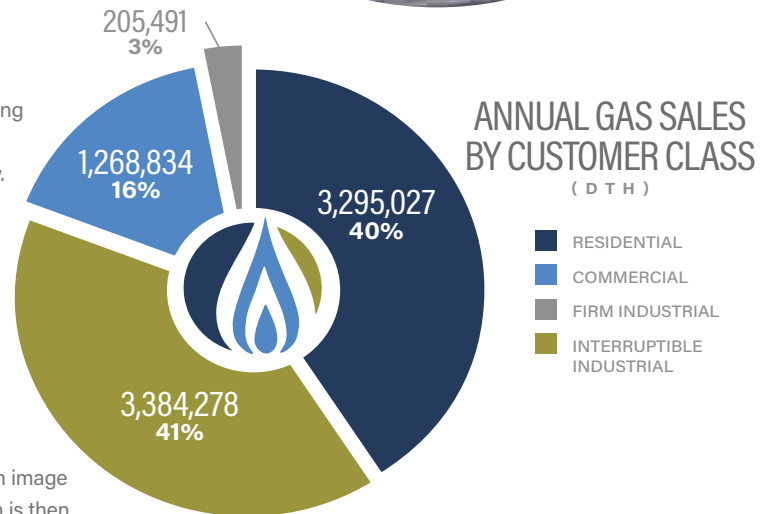
Preferred Finishing, located in Blacksburg, SC, is a 100,000 square foot facility specializing in dye sublimation printing. This process involves printing an image onto a piece of paper which is then transferred onto a polyester fabric using a heated press. The 100,000 square foot facility has two production lines, but could

use only one at a time with the existing natural gas load. To benefit the customer and make it easier and safer to access, the station was moved out of the plant and relocated closer to the road. Capacity was upgraded from 32 psig to 60 psig allowing the plant to efficiently run all processes and decrease emissions.

PIEDMONT MEDICAL CENTER - FORT MILL | FY22 PROJECT HIGHLIGHT



The construction of the new Piedmont Medical Center in Fort Mill, allowed the Authority to relocate a district regulator station onto hospital property, effectively supplying distribution pressure to the facility's commercial meter station. The new station also supplies the surrounding area including Kingsley and along Highway 160, eliminating the need for a farm tap that was located in a highly congested area alongside the roadway.



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.

2025 | STRATEGIC PLAN

SAFETY GOAL

Strive to be an industry leader in safety.

The Authority has an extensive Integrity Management Program in compliance with state and federal guidelines to ensure the safety of the community and our asset's integrity throughout our system. This Integrity Management Program applies to our transmission and distribution pipeline facilities.



TRAINING & DRILLS 47

The Authority conducted 47 training sessions during the fiscal year. This included monthly operations & maintenance and safety meetings, external and internal emergency response training, mock emergency exercises, and contractor safety training.

In addition to internal emergency response training performed in **FY 2022**, we also had the opportunity to provide training through our liaison efforts with local emergency responders. These sessions included:

- Emergency Response Training – Bethel Fire Department
- Mock Line Strike Drill – Multiple departments from York County
- Large Scale Tabletop Exercise – Blacksburg Fire Department
- Tactical Response Training – Fort Mill Fire Department

The Authority conducted *Incident Command System & Emergency Response Orientation* training for operations and PEG personnel. This training provided employees with an overview of the system used by public sector responders to manage emergencies. It also focused on how to work effectively with responders while managing a natural gas incident. The training culminated with a realistic role playing exercise simulating response to an emergency on the Authority's pipeline system.



TRAINING IN A VIRTUAL ENVIRONMENT



The Authority is now using a virtual reality training system developed by the Gas Technology Institute. This system creates a simulated environment where employees can respond to a variety of abnormal operating conditions and emergencies and learn effective methods for mitigation. This system enhances employee knowledge and safety while taking advantage of virtual reality technology already familiar to many younger employees.



REGULATORY COMPLIANCE

In **FY 2022**, the Office of Regulatory Staff (ORS) visited the Authority on three separate occasions for pipeline safety inspections. This included the Propane Air Plant, Operator Qualification and Transmission Comprehensive assessments. Each visit resulted in zero adverse findings.

The Authority was asked to participate in the Resiliency of South Carolina's Electric & Natural Gas Infrastructure Study. Response to numerous interrogatories was coordinated and submitted.



SAFETY MONTH

The Authority conducted its annual March Safety Month program for all employees with various training sessions and activities. The focus of the program is safety, on and off the job. The Safety Team and Marketing Department led the very successful initiative!

PUBLIC AWARENESS & DAMAGE PREVENTION

Every five years, the Authority participates in the GOAL Safety Awareness Survey.* Both customers and non-customers are contacted in an effort to determine the community's level of knowledge about natural gas, and the overall effectiveness of the Authority's public awareness program. These results are measured and compared to other natural gas utilities across the country.

** Gas Overall Awareness Level*

GOAL SURVEY STATS:

15,278 HOMES CALLED | 1,120 RESPONDENTS PARTICIPATED

- 70.02%** received natural gas safety information with their gas bill
- 80.02%** would recognize a natural gas leak by being able to smell it
- 92.76%** would leave the area and call 911 from a safe distance
- 90.09%** heard that they should call a central number prior to any digging project

Each year, the Authority places great emphasis on damage prevention and raising awareness of the state's one-call center — SC811.

APRIL - SAFE DIGGING MONTH ONLINE CONTEST

1,864 entries



811 DAY SOCIAL MEDIA CONTEST

990 entries



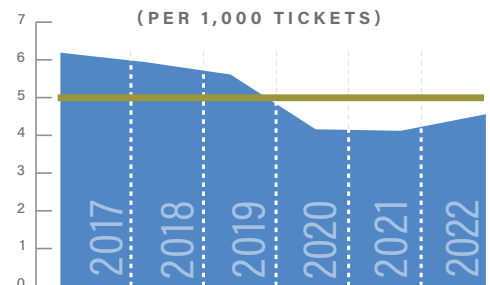
Visitors to Wilson's Nursery are reminded to call SC811 before digging.



EXCAVATION STATS DAMAGES ON MAINS & SERVICES

YEAR	MAIN	SERVICE	TOTAL	TICKETS
2022	38	192	231	50,549
2021	42	164	206	49,978
2020	25	170	195	46,872
2019	35	161	260	46,385
2018	43	263	306	51,506
2017	44	265	309	49,942

EXCAVATION DAMAGES (PER 1,000 TICKETS)



— OPERATIONAL GOAL <5

2025 | STRATEGIC PLAN

CUSTOMER SERVICE GOAL

Provide a premier customer experience.

So much of our lives have turned digital over the past two years, and customer service is no exception. Customers have made significant changes in the way they interact with companies and how they manage their finances and relationships. In a digital world, accelerated by the pandemic, customers realize the convenience of technology and have shown an increased preference for interacting over digital channels.

As the pandemic caused businesses to close their doors, it also introduced new opportunities and touch-points for consumers. As appliance sales moved to the new Stephenson Administration Center, the lobby of the Customer Service Building was transformed into a new call center. Customers continued to make payments and manage account issues primarily from the drive-thru window with very few customers requiring a face-to-face visit inside the building.

Team members handled over 64,000 incoming calls and completed 9,091 digital applications for service.

Our online payment portal was given a facelift, along with the corresponding mobile app. Upgrades in technology have allowed for a smoother interface with more options, including a Quick Pay option and a Spanish language version.

Digital technology continues to transform the way we live and work. As we adjust to those changes and trends, we become more reliant on connectivity and ensuring the security and privacy of our customers. Self-service may be the future of customer service and our focus is on building services that add value and increase user satisfaction.

DIGITAL OPTIONS



TOP PAGES

471,322
SITE VISITS

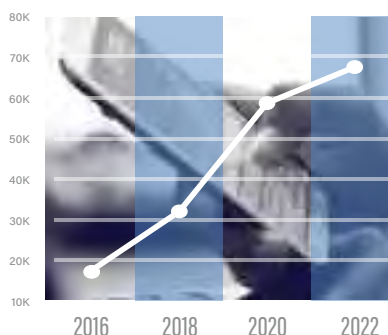


#3
SHOP
APPLIANCES

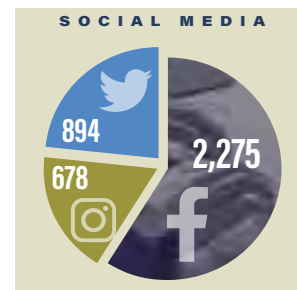
#2
STOP/
START/CHANGE
SERVICE

#1
RESIDENTIAL
CUSTOMERS

INCREASE IN MOBILE USAGE



Customers are now spending a significant amount of time online using their mobile devices



FEEL THE HEAT

Our payment assistance program was extended to include a larger customer base in FY 2022. In addition to disabled or elderly persons, partner agencies were authorized to provide assistance for people with emergency needs.



2021 | 67 FAMILIES
\$15,695

2022 | 117 FAMILIES
\$35,100

EMPLOYEE ENGAGEMENT



Engagement creates a strong company culture that promotes employee commitment, retention and improves company performance.

2025 | STRATEGIC PLAN

WORKFORCE GOAL

Create, empower and equip all stakeholders to be champions for the Authority.

Human Resources (HR) plays a key role in recruiting and screening applicants, along with administering employee benefit programs. With 13 vacant positions, **11 NEW EMPLOYEES** were hired during the fiscal year with two positions remaining unfilled into FY 2023.



The onboarding process for new employees was reviewed and expanded. Increased time is now spent with new hires to review the revised personnel policies and introduce the company's intranet, EDNA, which serves as an excellent resource for Authority policies, events, engagement activities, department news, and the employee database.

During **FY 2022**, updates were made to the Authority's Anti-Drug and Alcohol Plan, and HR continued to abide by and respond to OSHA Emergency Temporary Standards as it related to the pandemic. To round out the year, a new performance evaluation process was established, as well as an HR business continuity plan.



COMPREHENSIVE & EASY ACCESS TO BENEFITS

EASY LINKS & PAYROLL INFORMATION



EDNA (Employee Database and News for the Authority) is the Authority's best communication tool to keep employees informed and also provides important links to benefits and payroll.

OUR VALUES

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



Our goal is to create, empower and equip all stakeholders, especially employees, to be champions for York County Natural Gas Authority!



PATRIOT'S ENERGY GROUP

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.

FISCAL YEAR HIGHLIGHTS

Compression Station Planning & Procuring
3-Day Compressor HAZOPS Facilitation
Hosted First SC Natural Gas Conference | Charleston, SC
Upgraded and refreshed PEG website | Patriotsenergy.com
Patriots Press Newsletter | Winter 2022



FINANCING, SUPPLY MANAGEMENT & SAVINGS

OCT 2021 Public Gas Partners (PGP) Pool #4 Refunds **(\$197,554)**
APR 2022 Received information on the Carolina Market Link Project from TRANSCO
AUG 2022 Station 85 Basis causes gas costs to spike
PEGFA administrative fees returned **(\$304,558)**

INFRASTRUCTURE PROJECT

YORK ROAD COMPRESSOR STATION

In 2019, PEG engaged an outside consulting firm to complete a gas load forecast study to address the growth in the area and the future peak daily demand for the next 15-years.

The results of the study illustrated the need for additional infrastructure to provide a steady and reliable supply of natural gas to the area well into the future.



In FY 2021 PEG began planning for a compressor station to be constructed in Blacksburg, SC. Throughout FY 2022, staff engaged in finalizing details for the station, acquiring components, selecting contractors, educating the public, and meeting with elected officials, emergency responders and neighboring property owners about the planned project. The York Road Compressor Station officially broke ground in May of 2022 with construction set to begin in October 2022. The station will be operational by May 31, 2023.

COMPRESSOR STATION TIMELINE



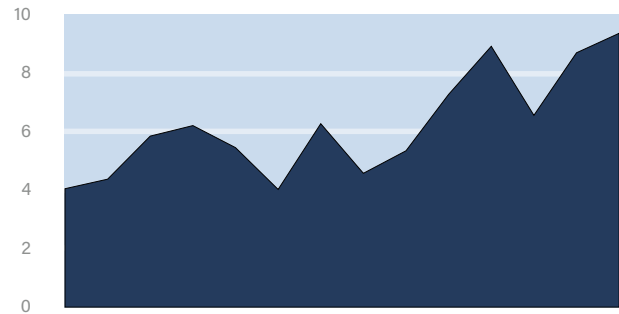
PRICES SPIKE

The most significant event in FY 2022 was the increase in the wholesale price of natural gas.

The annual average fiscal year price of gas for FY 2020 was: \$2.008; for FY 2021 - \$2.901, but FY 2022 increased to \$6.122. Fortunately the members of PEG locked in prices during the low price environment of 2020 (by hedging) and avoided large rate increases for residential and commercial customers. PEG also extended other contracts in 2020, for five years, at favorable rates versus rates in 2022. Existing prepay transactions in place during FY 2022 also provided a discount to market price gas on a monthly basis. Another benefit to prices during this fiscal year, was the ability to sell excess capacity into the marketplace, returning record revenue back to PEG members.

PRICE OF NATURAL GAS

AUGUST 2021 - SEPTEMBER 2022 (MMBtu)



COST SAVINGS

AVOIDED COSTS

By locking in services during the low price environment of 2020, PEG avoided millions in costs for delivered and peaking services in 2022.

PEAKING SERVICES	\$ 3,255,000
90 & 151 DAY DELIVERED SERVICES	\$ 7,545,150
TOTAL COST AVOIDED	\$ 10,800,150

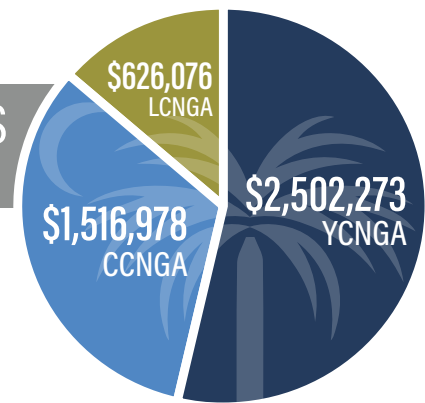
OTHER COST SAVINGS

There are many factors that affect natural gas prices, but the primary factors that drive prices include economic conditions, natural gas storage levels, weather, supply and demand balance, and the market's perception of these factors. PEG and its members mitigate exposure to the volatility of prices through hedging, long-term prepayment agreements and capacity release.

CGT CAPACITY RELEASE	\$ 239,657
TRANSCO CAPACITY RELEASE	\$ 1,873,502
HEDGING	\$ 14,665,079
TOTAL SAVINGS	\$ 16,778,231

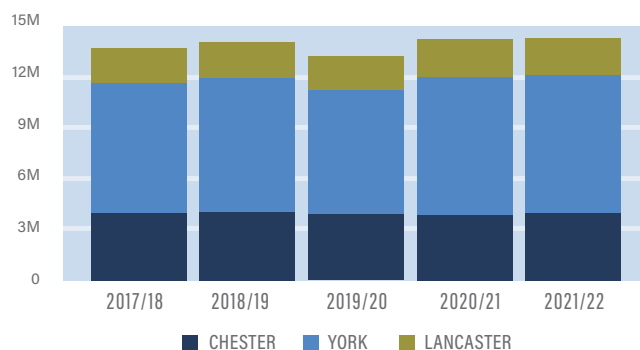
PREPAY GAS SAVINGS

TOTAL SAVINGS
\$4,645,327



TOTAL GAS SALES PER AUTHORITY

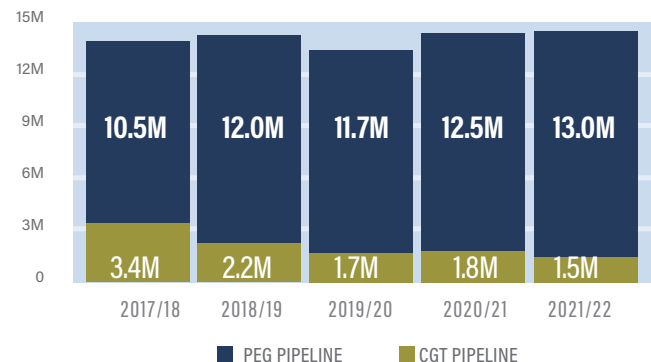
IN DEKATHERMS - 12-MONTHS ENDING JUNE



BREAKING THROUGHPUT RECORDS

	MONTHLY	12-MONTH
NOVEMBER 2021	1,637,946	15,239,320
JANUARY 2022	2,492,511	
JULY 2022	776,252	
AUGUST 2022	797,841	

TOTAL PEG THROUGHPUT





**York County
Natural Gas**
AUTHORITY

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Rock Hill, SC

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