



Municipal Electric Authority of Georgia

ANNUAL INFORMATION STATEMENT

For The Fiscal Year Ended December 31, 2009

The following documents (collectively, the “Annual Information Statement”) set forth certain information concerning MEAG Power (including, among other things, MEAG Power’s outstanding debt, its Projects, certain of its Participants and its audited consolidated financial statements for its fiscal years 2009 and 2008). The information contained in the Annual Information Statement speaks only as of the date thereof, and MEAG Power assumes no duty to update any information contained in the Annual Information Statement.

In accordance with the provisions of Rule 15c2-12, as amended (“Rule 15c2-12”), promulgated by the United States Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended, MEAG Power has filed the Annual Information Statement with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access (“EMMA”) website currently located at <http://emma.msrb.org> pursuant to Rule 15c2-12 in satisfaction of MEAG Power’s obligations under certain continuing disclosure undertakings made by MEAG Power pursuant to Rule 15c2-12 with respect to certain issues of its bonds. Because of limitations inherent in the electronic transmission of documents, the appearance (but not the content) of the Annual Information Statement on this website may differ from the version thereof filed with the MSRB through the EMMA website.

In accordance with Rule 15c2-12, MEAG Power may, from time to time, include by specific reference in the official statements or other offering documents relating to its securities all or any portion of the information contained in the Annual Information Statement, to the extent specified in such official statements or other offering documents (and subject to any provision of any such official statement or other offering document modifying, supplementing or superseding any such included portion). The Annual Information Statement is provided on this website for informational purposes only and must not be considered to be an offer to sell or the solicitation of an offer to buy any securities of MEAG Power in any jurisdiction, which offer or solicitation may only be made by an official statement or other offering document.

Each viewer acknowledges that (a) MEAG Power is not, by the Annual Information Statement, offering to sell any securities, nor soliciting an offer to buy any securities, (b) the Annual Information Statement will not be construed by the viewer as any description of MEAG Power, any of its Participants or the other parties referred to therein or their respective affairs at any time subsequent to the date of the Annual Information Statement nor will the viewer assume from the availability of the Annual Information Statement on this website that the affairs of MEAG Power, any of its Participants or the other parties referred to therein have not changed since the date of the Annual Information Statement and (c) because the information contained in the Annual Information Statement may be out of date or incomplete, the Annual Information Statement must not be relied upon in connection with any decision to purchase or sell any securities of MEAG Power.

SUMMARY OF TELECOMMUNICATIONS CONTRACTS

The following is a description of certain of the provisions of the Telecommunications Contracts. All of the Telecommunications Contracts between MEAG Power and each Telecommunications Participant, other than the Telecommunications Contract between Marietta and MEAG Power, are identical in all material respects. The Telecommunications Contracts will remain in effect until such time as all of the indebtedness issued under the Telecommunications Bond Resolution has been paid, or provision therefor has been made, or the Telecommunications Project is retired from service or disposed of by MEAG Power, whichever is later, but in no event longer than 50 years (unless extended either through amendment or replacement with another contract; see the fifth paragraph under “INTRODUCTORY STATEMENT – The Participants” in the Annual Information Statement). Capitalized terms not otherwise defined herein or in the Annual Information Statement shall be as defined in the Telecommunications Contracts.

Telecommunications Project Obligation Shares

Obligation Shares were established based on the requirements of each Telecommunications Participant during the first six months in which the Telecommunications Contracts were in effect, and calculated pro-rata, such that the total Obligation Shares after such calculation did not exceed 100 percent. The Obligation Shares may be revised from time to time by mutual agreement of those Telecommunications Participants who wish to change their Obligation Shares with the approval of MEAG Power, provided the sum of the Obligation Shares of all Telecommunications Participants will at all times equal 100 percent, excluding any Supplemental Obligation Share, as such term is defined in the second following paragraph. The Obligation Share is a percentage set forth for each Telecommunications Participant that reflects the percentage of the Annual Telecommunications Project Costs that such Telecommunications Participant is obligated to pay under its Telecommunications Contract, except that, with respect to the portion of the Annual Telecommunications Project Costs comprised of MEAG Power’s Debt Related Costs pertaining to the Outstanding Telecommunications Bonds, “Obligation Share” means the dollar amount, calculated in accordance with the Telecommunications Contracts, for which the Telecommunications Participant is obligated, pursuant to its Telecommunications Contract, determined at the time of issuance of such Series of Telecommunications Bonds. See “THE PARTICIPANTS – Obligation Shares of the Participants – Telecommunications Project” in the Annual Information Statement.

“Debt Related Costs” are defined in the Telecommunications Contracts to mean those portions of Annual Telecommunications Project Costs (i) which MEAG Power is required under the Telecommunications Bond Resolution to pay or deposit into any fund or account established by the Telecommunications Bond Resolution for the payment of Debt Service and any reserve requirements for the Telecommunications Bonds, and (ii) constituting Financing Costs related to the Telecommunications Project that MEAG Power may finance through the issuance of Telecommunications Bonds, including, without limitation, (1) costs of issuance; (2) capitalized interest on Telecommunications Bonds; and (3) amounts required to meet Debt Service reserve requirements for Telecommunications Bonds, or replenishment of such funds if drawn down.

Each of the Telecommunications Contracts provides that the total cost of the Telecommunications Project shall not exceed \$40,000,000. Each of the Telecommunications Contracts provides that the total project cost may be increased from time to time by the affirmative vote of Telecommunications Participants having at least two-thirds of the Obligation Shares. The Telecommunications Participants voting against any such increase will not be responsible for any costs in excess of their respective Obligation Shares times the maximum project cost prior to such increase. The amount of any such

increase will be allocated to the Telecommunications Participants voting in favor thereof in the ratio of their Obligation Shares, and their respective rights in the Telecommunications Project shall be increased incrementally in proportion to the amount of such cost increase. Obligation Shares shall not be recalculated as a result of any such increases, but the costs and additional rights to the Telecommunications Project shall be accounted for as “Supplemental Obligation Shares.”

On May 22, 2008, MEAG Power redeemed \$13,035,000 in aggregate principal amount of the 2003 Telecommunications Bonds from certain available moneys. As a result of such redemption, all of the 2003 Telecommunications Bonds allocated to nineteen of the Telecommunications Participants were redeemed, and such Telecommunications Participants no longer had any obligation with respect to the payment of debt service on the 2003 Telecommunications Bonds (or reserves therefor). In addition, on June 19, 2008, MEAG Power redeemed \$475,000 in aggregate principal amount of the 2003 Telecommunications Bonds. As a result of such redemption, all of the 2003 Telecommunications Bonds allocated to a twentieth Telecommunications Participant were redeemed, and such Telecommunications Participant no longer had any obligation with respect to the payment of debt service on the 2003 Telecommunications Bonds (or reserves therefor). On November 5, 2009, MEAG Power issued its Variable Rate Telecommunications Project Revenue Bonds, Taxable Series 2009 in the aggregate principal amount of \$8,495,000 (the “2009 Telecommunications Bonds”) for the purpose of providing the moneys required to refund all of the then outstanding 2003 Telecommunications Bonds. The 2009 Telecommunications Bonds are payable only from Telecom revenues under the Telecommunications Contracts. See “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program – *Outstanding Indebtedness – Telecommunications Project*” in the Amended Annual Information Statement. APPENDIX Q to the Annual Information Statement contains tables showing the debt service responsibilities of the respective Telecommunications Participants for the 2009 Telecommunications Bonds.

Acquisition and Construction of the Telecommunications Project

From time to time, MEAG Power may issue Bonds to finance and acquire the Telecommunications Project (the “Telecommunications Bonds”). Pursuant to the amendment of the Telecommunications Contract which became effective on May 15, 2008, prior to the issuance of a Series of Telecommunications Bonds relating to the Telecommunications Project, each Telecommunications Participant may make a capital contribution (a “Capital Contribution”) to MEAG Power representing a prepayment of amounts that otherwise would have been paid by such Telecommunications Participant as Debt Service, thereby reducing the principal amount of Telecommunications Bonds that MEAG Power is required to issue to finance such costs. The Capital Contribution so made prior to issuance of any Series of Telecommunications Bonds may be in any amount up to the portion of MEAG Power’s Cost of Acquisition and Construction to be financed with such Telecommunications Bonds that is allocable to the Telecommunications Participant, which shall be equal to the product of (a) such Cost of Acquisition and Construction to be financed with such Telecommunications Bonds and (b) the Obligation Share of the Telecommunications Participant. (Prior to the May 15, 2008 amendment to the Telecommunications Contracts becoming effective, Marietta had, under its Telecommunications Contract, made a prepayment to MEAG Power in the form of a capital contribution equal to Marietta’s Obligation Share of the estimated cost of acquiring and constructing the Telecommunications Project. In consideration of such capital contribution, Marietta does not have an obligation to pay any amounts attributable to Debt Service or certain other payments required under the Telecommunications Bond Resolution.) See “Annual Budgets” below.

Annual Budgets

MEAG Power is required to adopt a Telecommunications Project Budget containing estimates of Annual Telecommunications Project Costs and all revenues, income, or other funds to be applied to such costs. Annual Telecommunications Project Costs include fixed and other costs. Fixed costs include: (i)

amounts required to be paid or deposited pursuant to the Telecommunications Bond Resolution relating to Debt Service and reserves therefor, into funds or accounts established thereunder; (ii) any other amounts which MEAG Power is required under the Telecommunications Bond Resolution to pay or deposit including any amounts required to make up reserve or working fund deficiency resulting from a default in payment by a Telecommunications Participant; (iii) taxes or payments in lieu thereof attributable to the Telecommunications Project; and (iv) amounts required to be paid into reserves for renewals and replacements. Notwithstanding the foregoing, Marietta, as a result of its Capital Contribution, is not obligated to pay items (i) and (ii) of the fixed costs described in the foregoing sentence. Other costs include: (a) costs relating to ordinary operation, maintenance, and administration, general costs and other costs payable in connection with the Telecommunications Project, (b) the administrative and general expenses of MEAG Power allocable to the Telecommunications Project, and (c) amounts paid for the cost of or to provide for reserves for (i) extraordinary operating and maintenance costs, (ii) major renewals, replacements, repairs, additions, betterments and improvements necessary to keep the facilities of the Telecommunications Project in good operating condition or to prevent a loss of revenues therefrom and (iii) major additions, improvements, repairs or modifications to, or retirements or disposals of, the facilities of the Telecommunications Project required by any governmental agency having jurisdiction or for which MEAG Power otherwise is responsible.

MEAG Power is authorized to amend the Telecommunications Project Annual Budget upon 30 days' notice to the Telecommunications Participants. MEAG Power submits and each Telecommunications Participant is obligated to pay a monthly Billing Statement for the Telecommunications Project based upon the applicable Budget. At the end of each Power Supply Year, MEAG Power determines if the aggregate amounts collected from the Telecommunications Participants were in the proper amount. Any excess collected is credited to the Telecommunications Participants on their monthly Billing Statements for the remaining month or months of the then current Power Supply Year. Ten percent of the amount of any deficiency is added to each of the next ten Billing Statements.

In the event the Telecommunications Project realizes net revenues over the Annual Telecommunications Project Costs in any Power Supply Year, such net revenues shall be credited to the Telecommunications Participants in proportion to their Telecommunications Project Obligation Shares.

Telecommunications Participants' Obligations to Pay

Each Telecommunications Participant is required to pay its Obligation Share of Annual Telecommunications Project Costs whether or not the Telecommunications Project or any part thereof has been completed, is operating or operable or its output is suspended, interrupted, interfered with, reduced, curtailed or terminated in whole or in part. Such payments are not subject to reduction whether by offset or otherwise and are not conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever. The Telecommunications Contracts acknowledge that all such payments, other than the Non-Pledged Portion thereof, may be pledged as security for the Telecommunications Bonds. "Non-Pledged Portion" is defined in the Telecommunications Contracts to mean, with respect to each Telecommunications Participant, the portion, if any, of each payment made by such Telecommunications Participant thereunder in respect of Annual Telecommunications Project Costs that shall not be pledged to secure Telecommunications Bonds pursuant to the Telecommunications Bond Resolution, which portion shall be a fraction (i) the numerator of which is the sum of all Capital Contributions made by such Telecommunications Participant plus the principal amount of all Telecommunications Bonds defeased with prepayments made by the Telecommunications Participant pursuant to its Telecommunications Contract and (ii) the denominator of which is the sum of all Capital Contributions made by such Telecommunications Participant plus the principal amount of Telecommunications Bonds issued to finance Costs of Acquisition and Construction allocable to such Telecommunications Participant.

For further information with respect to the obligations of the Telecommunications Participants under the Telecommunications Contracts, see “THE PARTICIPANTS – Obligation Shares of the Participants – Telecommunications Project” in the Annual Information Statement.

Default

Failure of the Telecommunications Participant to make any payments due under its Telecommunications Contract will constitute a default on the part of the Telecommunications Participant. In the event of a default by a Telecommunications Participant, such Telecommunications Participant will remain liable for its Obligation Share of Annual Telecommunications Project Costs, and for all other amounts due under the Telecommunications Contract. In such event, MEAG Power will have the right to recover any amount in default, and may bring any suit, action, or proceeding in law or in equity necessary to enforce any obligation to make payment under the Telecommunications Contract against the Telecommunications Participant. Also, each Telecommunications Contract provides that in the event of default in any payment by the Telecommunications Participant, such Telecommunications Participant must provide for the assessment and collection of an annual property tax sufficient to meet its obligations under its Telecommunications Contract. Specific performance is provided as a means to enforce such provision.

Termination or Amendment

The Telecommunications Contracts may not be terminated or amended in any manner which would impair or adversely affect the rights of the owners of the Telecommunications Bonds or reduce the payments pledged as security for any of the Telecommunications Bonds.