

# VOGTLE VITALS



**Where Are We Now?** The expansion at Plant Vogtle is a project of many firsts. It will most likely be the first new nuclear generating units in nearly 30 years; the Vogtle Combined Construction and Operating License (COL) will be the first for an AP 1000 unit and the reference license for all Westinghouse AP 1000 units that are built; and Vogtle co-owners have available some first-of-their-kind financing options. As the project moves ahead, there are three important areas that continue to unfold:

**Construction, Schedule and Financing.**

## CONSTRUCTION

### An Enormous Undertaking

- Engineering, Procurement and Construction (EPC) contractor has been given the go-ahead
- Major equipment is being manufactured
- Site clearing is complete
- Foundation excavation has begun

The foundation is as long as four football fields and as wide as three; an earth mover will enter and exit the excavation each minute; the total amount of concrete used on site would pave a highway 2,000 miles long.



## SCHEDULE

### On Track To Date; A 95-Month Timeline

- PSC certification received by Georgia Power
- Early Site Permit and Limited Work Authorization issued by Nuclear Regulatory Commission
- COL being reviewed and a decision is expected in late 2011.

## FINANCING

### A Long-Term Strategy To Fund A \$3.6 Billion Capital Need

- MEAG Power owns 22.7%, or approximately 500 MW, divided between Units 3 and 4.
- MEAG Power ownership interest is divided among three projects.

MEAG POWER SUMMARY OF OWNERSHIP		
<b>NON-PPA</b> 169 MW  <b>MEAG POWER</b>  MEAG POWER – 29 Participants	<b>PPA</b> 206 MW  <b>JEA</b> [20-Year PPA] MEAG POWER – 39 Participants	<b>PPA-2</b> 125 MW  <b>POWERSOUTH</b> [20-Year PPA] MEAG POWER – 39 Participants

- A Power Purchase Agreement (PPA) has been entered into with JEA and PowerSouth for the initial 20 years of commercial operation for the PPA and PPA-2 Projects, respectively.
- MEAG Power is responsible to raise \$1.1 billion of construction costs on behalf of MEAG Power, JEA and PowerSouth over the next 12 months.
  - At an average interest rate of 0.84%, almost \$500 million has already been raised. These were short-term BANs (Bond Anticipation Notes) to allow flexibility if we are accepted into the Department of Energy (DOE) Federal Loan Guarantee Program.
  - Proceeds from the BANs paid back the Participant cities' advances including 11.25% interest as promised.

**Going Forward:** There must be a long-term financing strategy put in place that allows flexibility so we can borrow from different funding sources and take advantage of the lowest prevailing rates available each time we raise capital. This flexibility is critical. When Vogtle Units 1 and 2 were constructed, we were able to use only one source, the public debt markets. This, combined with construction delays, increased the financing cost to 40% of the Project cost, or over \$800 million. So.... *(continued on page 2)*

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## VOGTLE VITALS FINANCING

### Flexible Funding Is The Solution

- Three long-term financing options are under consideration. We will no doubt use a combination of the three.

LONG-TERM FINANCING OPTIONS		
<b>Long-Term Revenue Bonds</b> <ul style="list-style-type: none"> <li>• Tax-exempt rates</li> <li>• Typically refundable after 10 years</li> </ul>	<b>Federal Loan Guarantee Program</b> <ul style="list-style-type: none"> <li>• Potential funding up to 80% of capital needs</li> <li>• Taxable borrowing based on U.S. Treasury rates plus mark-up</li> <li>• 30-year maximum term</li> </ul>	<b>Build America Bonds (BAB)</b> <ul style="list-style-type: none"> <li>• Federal Stimulus Package</li> <li>• Taxable borrowing in public markets – 35% credit to debt issuer from Federal Government</li> <li>• Available ONLY in 2009 and 2010</li> </ul>

- Amendments to the Municipal Competitive Trust are being proposed. The Amendments to the Trust's New Generation Funding Account will work to build up dedicated reserves that will protect credit ratings that ultimately impact interest rates.
- Power Sales Contracts and PPA Agreements will need to be modified and signed under a pressing timetable if DOE Federal Loan Guarantee monies become available.

There is much work to come, but the disciplined, think-ahead approach we are taking to financing the project should reap substantial rewards.

## AND THE WINNER IS...

MEAG Power's 2007 Annual Report entitled "ONE" and filled with photos of our 49 Participant communities has won a gold award from LACP, the League of American Communication Professionals. Over 3,500 entries were part of the competition.



# 'E' IS FOR ENERGY EFFICIENCY It's Clean, Cheap, Abundant And Available.



And you don't necessarily have to turn down the heat and put on a sweater! That action is conserving energy, which is good, but there are lots of ways we can be energy efficient, and that is about doing the same or even more, with less. Energy efficiency isn't a new idea. Indeed, the Alliance to Save Energy calculates that if we had not started increasing efficiency after the energy crisis in 1973, we would probably be using nearly 50% more energy than we do today. For example, because of national refrigerator energy standards established over the last 30 years or so, the Department of Energy reports the amount of energy a standard fridge consumes today as compared to 1975 has been cut by 75%.

Energy efficiency is virtually an unlimited resource, as there are numerous things that can be addressed. Energy efficiency provisions in the federal stimulus package, such as incentives for better installation, present opportunities for homeowners and businesses. Energy audits of a commercial operation, such as those certain specialized firms perform, can usually pinpoint various efficiency opportunities. Plus, MEAG Power Participant communities are encouraging ratepayers to be energy efficient and helping them find new ways to do so. All this is great because hard-working kilowatts are the best kind and also the least expensive "generation" to build.

#### current

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www.meagpower.org .....(800)333-MEAG

Robert P. Johnston..... President & Chief Executive Officer  
Elaine A. Koster..... Editor



# CLIMATE LEGISLATION 101

Climate change legislation has passed the House and is being negotiated in the Senate. MEAG Power, its Participant communities and others in the industry are making their concerns known and are working to ensure that 1) the Southeast is not unduly penalized and 2) any legislation takes into consideration the absence of viable carbon capture technology as well as the prohibitive cost of compliance. As the talk continues, certain terms may need some clarification. Here are just a few.

- **Allocation of Allowances** – as it stands now, the federal government will distribute, at no charge, a portion of allowances directly to those being regulated. Eventually, however, the proposal is to sell allowances or auction them off in a market supply-and-demand approach.
- **Allowance or “Cap”** – the prescribed amount of CO<sub>2</sub> an entity is allowed to emit.
- **Incentives** – awards designed to encourage greenhouse gas capture and sequestration technology development as well as adherence to climate change reduction targets.
- **Off Ramp** – the ability to forgo meeting a reduction target if energy costs reach a certain level.
- **Offsets** – credits that an entity can create or purchase to reduce its reduction target. Offset projects vary greatly and can include anything from preventing deforestation in the Amazon to increasing energy efficiency of a production facility in Georgia.
- **Price Collar** – parameters set for which the auctioned price of carbon allowances would not be allowed to exceed or fall below.



## MAKE YOUR CONCERNS KNOWN

Please write to your members of Congress and let them know your positions on climate legislation. A sample letter is available on the MEAG Power website's Participant Portal: [www.meagpower.org](http://www.meagpower.org).

## Meet Your MEAG POWER COLLEAGUES

*Bill Yearta was unanimously elected as the newest member of the MEAG Power Board. He has been the mayor of Sylvester for eight years and has been a resident of the city for 25 years. Bill is the owner of a downtown Sylvester business.*

**What prompted you to volunteer as a Board member?** MEAG Power is a great organization – much like family – and it has been a pleasure to be associated with the Authority and particularly, to meet and learn from people at other Participant communities. The Board and the staff do a good job and I thought it was time I actively contribute. I consider it a privilege to be part of the group.

**What are you looking forward to as a new member of the Board?** It's an exciting time to be a part of this organization – the expansion at Plant Vogtle and the fact that this will possibly be the first nuclear plant built in 30 years is something exceptional. I want

to work to help keep the expansion project's costs down so our Participants can remain competitive. There are also the issues with carbon legislation and the challenges we need to work through there, plus it is important that we make certain our concerns are communicated to those who will be voting in Congress.

**You have been mayor of Sylvester since 2001. What makes you proudest when you think back over your years in office?** There is a great spirit of cooperation in Sylvester and particularly on the city council. There is a willingness to talk through issues and then implement decisions with efficiency and a positive attitude. Working together, we have been able to accomplish numerous projects, including building new facilities for the police and fire departments. I sincerely appreciate the support my colleagues give me and the way the council, city manager and the staff all work together for the good of Sylvester.



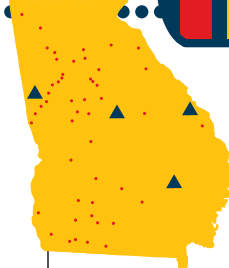
**Bill Yearta**

Mayor  
City of Sylvester  
and  
Member  
MEAG Power Board



1470 Riveredge Parkway, N.W.  
Atlanta, Georgia 30328-4686

# MEAG POWER current NEIGHBORS



**College Park** The new \$640 million rental car center, CONRAC, that is part of Hartsfield Jackson Airport's Capital Improvement Program will be located in College Park and add even more excitement to the city's continuing growth. It is expected to open in November.

**Ellaville** Picture this – a beautiful new wall mural that honors four of Ellaville's cherished citizens. The artwork was designed by local artist Linda Adams and at the recent unveiling, relatives and friends explained the reasons for the mural's depiction of various Ellaville individuals as well the Kwanzaa postage stamp that was designed by an Ellaville native.

**Palmetto and Monroe** Both cities have been awarded funds from the Atlanta Regional Commission. Recently, Palmetto received a \$30,000 Livable Centers Initiative grant that will help Palmetto find solutions to uniting neighborhoods that are now bisected by an historic railroad corridor. Monroe is using the Livable Centers Initiative monies it received earlier in the year to continue to re-vitalize the downtown area and its smart growth initiatives.

## UPDATE

**Coal-fired Plant Construction** – The Georgia Court of Appeals, while ruling in favor of the Longleaf Energy Station construction on five issues, upheld a lower court decision that the plant permit had not been thoroughly scrutinized by an independent fact-finder. Environmentalists are appealing the decision on the five issues. The appeal process should take at least a year, so construction is on hold.

**New CEO Named** – The recently reconstituted Electric Cities of Georgia (ECG) service organization named Keith Bass as President and CEO.

**Nuclear Energy Support** – The House has approved \$812 million, \$20 million above 2009, to support ongoing nuclear energy research and development projects and to maintain the infrastructure-supporting work in the nuclear energy industry. Also, the Senate rejected reinstating the Uranium Decontamination and Decommissioning fee and suggested that the DOE should no longer collect contributions from electricity customers and ratepayers for the Nuclear Waste Fund.

## Make A NOTE

- 20** MEAG Power Board Meetings  
September 17
- 09** October 15 – LaFayette, GA
- Mayors Summit**  
December 4 - 6
- New SCADA Training** (Low side)  
Targeting October class schedule

## COVINGTON Wetlands Project

Covington has used a \$158,000 grant from the Georgia Environmental Protection Division and some matching funds from the city to create a wetlands environment next to City Hall. The project helps protect the endangered status of Indian Creek and provides visitors with a natural wonder they can enjoy and study from the raised boardwalk that winds through the site. Biology students from nearby Oxford College have already used the wetlands as a sampling laboratory. Covington has also completed a bio-retention parking lot on the other side of City Hall that will funnel water runoff into surrounding soil and shrubbery. And there are plans to create a 15-acre regional water quality/retention pond on the east side of Covington. 'Greening Up' is up and running in Covington.

# GREENING UP

