



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 COMBINED CYCLE POWER SALES CONTRACTS

The following is a description of certain of the provisions of the CC Contracts. All of the CC Contracts between MEAG Power and each CC Participant are identical in all material respects. The CC Contracts will remain in effect until such time as all of the indebtedness issued under the CC Bond Resolution has been paid, or provision therefor has been made, or the CC 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 defined in the Annual Information Statement shall be as defined in the CC Contracts.

Combined Cycle Obligation Shares

MEAG Power is obligated to provide, and each CC Participant is obligated to take from MEAG Power, a fixed percentage, equal to such CC Participant’s respective Combined Cycle Obligation Share of the output and services of the CC Project. The Combined Cycle Obligation Share is a percentage set forth for each CC Participant that reflects both (a) each CC Participant’s percentage share of output and services of the CC Project to which it is entitled and (b) the percentage of the Combined Cycle Project Annual Costs (hereinafter defined) that such CC Participant is obligated to pay under its CC Contract, except that, with respect to the portion of the Combined Cycle Project Annual Costs comprised of MEAG Power’s Debt Related Costs, Combined Cycle Obligation Share means the dollar amounts for each Series of CC Bonds for which the CC Participant is obligated pursuant to its CC Contract, determined at the time of issuance of such Series of CC Bonds.

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

See “THE PARTICIPANTS – Obligation Shares of the Participants – CC Project” in the Annual Information Statement for tables that set forth the CC Participants’ respective Combined Cycle Obligation Shares and Embedded Simple Cycle Obligation Shares.

Embedded Simple Cycle Debt Related Costs

Each CC Participant is obligated to pay each month its Embedded Simple Cycle Obligation Share of Embedded Simple Cycle Debt Related Costs. “Embedded Simple Cycle Costs” is defined in the CC Contracts as all costs incurred by MEAG Power relating or pertaining to that certain General Electric 150 MW nominally related gas fired combustion turbine packaged power plant PG 7241 FA, as more particularly enumerated in the CC Contracts. “Embedded Simple Cycle Debt Related Costs” shall mean the amounts (i) which MEAG Power is required under the CC Resolution to pay or deposit into any fund or account established by the CC Resolution for the payment of Debt Service and any reserve requirements for the CC Bonds, but excluding any amounts related to Bonds issued for payment of Costs

of Acquisition and Construction of the CC Project and (ii) amounts constituting Financing Costs related to the Embedded Simple Cycle Costs.

Acquisition and Construction of the CC Project

From time to time, MEAG Power may issue CC Bonds to finance, acquire and own the CC Project and to finance Embedded Simple Cycle Costs). Prior to the issuance of a Series of CC Bonds relating to the CC Project, each CC 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 CC Participant as Debt Service, thereby reducing the principal amount of CC Bonds that MEAG Power is required to issue to finance such Costs of Acquisition and Construction or Embedded Simple Cycle Costs. The Capital Contribution so made prior to issuance of any Series of Bonds may be in any amount up to the portion of MEAG Power’s Cost of Acquisition and Construction or the Embedded Simple Cycle Costs to be financed with such Bonds that is allocable to the CC Participant, which shall be equal to the product of (a) such Cost of Acquisition and Construction to be financed with such Bonds and (b) the Combined Cycle Obligation Share of the CC Participant or the product of (x) the Embedded Simple Cycle Costs to be financed with such Bonds and (y) the Embedded Simple Cycle Obligation Share of the CC Participant.

Annual Budgets

MEAG Power is required to adopt a Combined Cycle Project Annual Budget for each Power Supply Year sufficient to recover all costs and expenses of MEAG Power paid during such year allocable to the CC Project (the “Combined Cycle Project Annual Costs”) and the Embedded Simple Cycle Debt Related Costs (as described above). Combined Cycle Project Annual Costs include both fixed and variable costs. Fixed costs include: (i) taxes or payments in lieu thereof attributable to the CC Project; (ii) amounts required for renewals and replacements or reserves therefor; (iii) amounts to be set aside for the retirement or disposal of facilities; (iv) amounts, if any, for the purchase of generating capacity reserves; (v) (not otherwise included under any other item of Combined Cycle Project Annual Costs) for the CC Project which MEAG Power is required under the CC Bond Resolution to pay or deposit during a particular Power Supply Year into any other fund or account established by the CC Bond Resolution; and (vi) amounts required to be paid or deposited pursuant to the CC Bond Resolution relating to Debt Service and reserves therefor, fund or account requirements thereunder, but excluding any amounts related to Bonds issued for payment of Embedded Simple Cycle Costs, and Financing Costs related to the CC Project. Variable costs include: (a) costs relating to the production and delivery of power and energy from the CC Project to the CC Participants and (b) amounts paid or required to provide for reserves for (i) extraordinary operation and maintenance costs, (ii) major renewals, replacements, repairs, additions, betterments and improvements necessary to keep the facilities of the CC 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 CC Project required by any governmental agency having jurisdiction or for which MEAG Power otherwise is responsible.

MEAG Power is authorized to amend the Combined Cycle Project Annual Budget upon 30 days’ notice to the CC Participants. MEAG Power submits and each CC Participant is obligated to pay a monthly Billing Statement for the CC Project based upon the applicable Budget. At the end of each Power Supply Year, MEAG Power determines if the aggregate amounts collected from the monthly Billing Statements, together with any other income, was in the proper amount. The CC Participant must be fully compensated for any over recovery by the end of such next succeeding Power Supply Year either as the result of credits, payments or a combination thereof. Any excess collected is, at the election of MEAG Power, either paid to the CC Participants or credited to the CC Participants on their monthly Billing Statements for the remaining month or months of the then current Power Supply Year. Any deficiencies found to exist are recovered by adding such deficiencies in equal installments over the

remaining months of the then current Power Supply Year to each of the CC Participants' succeeding monthly Billing Statements.

CC Participants' Obligations to Pay

Each CC Participant is obligated to pay its Obligation Share of Combined Cycle Project Annual Costs and its Embedded Simple Cycle Obligation Share of Embedded Simple Cycle Debt Related Costs, regardless of whether the Combined Cycle Project is completed, operating or operable, and whether or not its output is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, and such payments are unconditional. The CC Contracts acknowledge that all such payments, other than the Non-Pledged Portion thereof, may be pledged as security for the CC Bonds. "Non-Pledged Portion" is defined in the CC Contracts to mean, with respect to each CC Participant, the portion, if any, of each payment made by such CC Participant thereunder in respect of Combined Cycle Project Annual Costs or the Embedded Simple Cycle Costs that shall not be pledged to secure CC Bonds pursuant to the CC Bond Resolution, which portion shall be a fraction (i) the numerator of which is the sum of all Capital Contributions made by such CC Participant plus the principal amount of all CC Bonds defeased with prepayments made by the CC Participant pursuant to its CC Contract and (ii) the denominator of which is the sum of all Capital Contributions made by such Participant plus the principal amount of CC Bonds issued to finance Costs of Acquisition and Construction or the Embedded Simple Cycle Costs allocable to such CC Participant.

Each CC Participant is obligated to establish, maintain and collect rates and charges for the electric service of its electric distribution system so as to provide revenues sufficient, together with available electric distribution system reserves, to enable the CC Participant to pay MEAG Power all amounts due under its CC Contract, all other amounts payable from and all lawful charges against or liens on the revenues of its electric distribution system and to operate and maintain its electric distribution system.

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

Remedies

Failure by a CC Participant to make any payment due under its CC Contract will constitute a default thereunder. In such event, MEAG Power may proceed to enforce payment by action at law or equity and may, upon 60 days' written notice to the CC Participant, discontinue providing service to such CC Participant under its CC Contract. Also, each CC Contract provides that in the event of default in any payment by the CC Participant, such CC Participant must provide for the assessment and collection of an annual tax sufficient to meet its obligations under its CC Contract, and specific performance is provided as one remedy to enforce such provision. The CC Contract provides that a non-defaulting CC Participant will not be obligated for any additional costs as a result of a default by one or more other CC Participants.

Sale or Exchange of Power and Energy

MEAG Power is obligated to deliver to each CC Participant such of its Combined Cycle Obligation Share of the output and services of the CC Project as the CC Participant requires in order to serve the supplemental requirements of such CC Participant, unless MEAG Power determines that it is more economical to supply such amounts from other sources. MEAG Power will operate each generating facility to achieve the best operating economics for such facility in accordance with Prudent Utility Practice, and may sell such of the output to others as it determines to be economically appropriate. Further, MEAG Power may use the generating facilities to enter into, among other transactions, (a) capacity sales and swaps, (b) energy sales and swaps, and (c) financial swaps and hedges, when such

transactions are reasonably expected to economically benefit the CC Participants. The proceeds derived from any of such transactions will be credited *pro rata* to each CC Participant's obligation to pay its share of Combined Cycle Project Annual Costs. The proceeds from the sale or other transactions involving the assets acquired as a result of the Embedded Simple Cycle Costs will be credited to the CC Participants' obligation to pay Embedded Simple Cycle Debt Related Costs or, in the event that a CC Participant has satisfied such obligation, as a direct payment to such CC Participant, in the proportion of the CC Participant's respective Embedded Simple Cycle Obligation Share for other than Embedded Simple Cycle Debt Related Costs.

Termination or Amendment

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