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 2016 and 2015). 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 https://emma.msrb.org, 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 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.
ANNUAL INFORMATION STATEMENT

Dated June 30, 2017

of

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

For the Fiscal Year Ended December 31, 2016

(Prepared pursuant to certain continuing disclosure undertakings relating to the Bonds listed on Schedule I hereto)

As filed with the Municipal Securities Rulemaking Board through such Board’s Electronic Municipal Market Access (“EMMA”) website
Municipal Electric Authority of Georgia

1470 Riveredge Parkway, N.W.
Atlanta, Georgia 30328
(770) 563-0300

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Norcross
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Quimtim
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INTRODUCTORY STATEMENT

MEAG Power

The Municipal Electric Authority of Georgia ("MEAG Power") was created by the State of Georgia for the purpose of acquiring and/or constructing, and operating or causing to be operated, electric generation and transmission facilities to supply bulk electric power to political subdivisions of the State of Georgia which owned and operated electric distribution systems as of March 18, 1975 and which elected to contract with MEAG Power for the purchase of wholesale power. MEAG Power currently provides bulk electric power to 48 cities and one county in the State of Georgia (the "Participants") pursuant to separate power sales contracts with each Participant.

MEAG Power’s assets include ownership interests in ten electric generating units, which all have been placed in service. In addition, MEAG Power may purchase from, sell to or exchange with other bulk electric suppliers additional capacity and energy in order to enhance the Participants’ bulk power supply. MEAG Power’s ownership interests in those ten generating units represent 2,069 megawatts ("MW") of nominally rated generating capacity, consisting of 808 MW of nuclear-fired capacity, 750 MW of coal-fired capacity, 8 MW of combustion turbine capacity and 503 MW of combined cycle capacity. Additionally, MEAG Power owns transmission facilities that, together with those of other utilities, form a statewide, integrated transmission system (the “ITS”).

MEAG Power also acquired an ownership interest in two additional nuclear generating units under construction, Units 3 and 4, located at Plant Vogtle ("Vogtle Units 3&4"), representing approximately 500 MW of nominally rated generating capacity. In order to provide a source of financing for its interest in Vogtle Units 3&4 and augment its financing alternatives, in 2008 MEAG Power submitted an application to the U.S. Department of Energy ("DOE") for loans guaranteed by DOE pursuant to the Federal loan guarantee solicitation for nuclear projects employing new or significantly improved technology issued under Title XVII of the Energy Policy Act of 2005, as amended (the “2005 Energy Policy Act”).

On June 24, 2015, in order to permit the Vogtle Units 3&4 Project Entities (hereinafter defined) to obtain the DOE-guaranteed loans (hereinafter referred to individually as a “DOE Guaranteed Loan” and, collectively, as the “DOE Guaranteed Loans”), MEAG Power divided its undivided ownership interest in Vogtle Units 3&4 into three separate undivided interests (respectively, the “Project M Entity’s Ownership Interest,” the “Project J Entity’s Ownership Interest” and the “Project P Entity’s Ownership Interest” and, collectively, the “Vogtle Units 3&4 Project Entities’ Ownership Interests”) and transferred such interests as follows:

- it transferred approximately 33.871 percent of its ownership interest, representing 169.458 MW of nominally rated generating capacity (which is the portion of its ownership interest attributable to Project M (hereinafter defined)), to MEAG Power SPVM, LLC, a limited liability company organized and existing under the laws of the State of Georgia (the “Project M Entity”), of which MEAG Power is the sole member;

- it transferred approximately 41.175 percent of its ownership interest, representing 206.000 MW of nominally rated generating capacity (which is the portion of its ownership interest attributable to Project J (hereinafter defined)), to MEAG Power SPVJ, LLC, a limited liability company organized and existing under the laws of the State of Georgia (the “Project J Entity”), of which MEAG Power is the sole member; and

- it transferred approximately 24.955 percent of its ownership interest, representing 124.850 MW of nominally rated generating capacity (which is the portion of its ownership interest attributable to Project P (hereinafter defined)), to MEAG Power SPVP, LLC, a limited liability
company organized and existing under the laws of the State of Georgia (the “Project P Entity” and, together with the Project M Entity and the Project J Entity, the “Vogtle Units 3&4 Project Entities”), of which MEAG Power is the sole member.

As more fully described under “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects – DOE Guaranteed Loans” herein, under the Amended and Restated Project M Bond Resolution, the Amended and Restated Project J Bond Resolution and the Amended and Restated Project P Bond Resolution (as such terms are hereinafter defined), it was a condition to those transfers (and to the various other actions required in order to permit the Vogtle Units 3&4 Project Entities to obtain the DOE Guaranteed Loans) that each rating agency then maintaining a rating for the Vogtle Units 3&4 Bonds (hereinafter defined) notify MEAG Power in writing of the rating(s) that will apply to the Vogtle Units 3&4 Bonds following such transfers and other actions, which rating(s), as a result of such transfers and other actions, could not be lower than such rating agency’s rating(s) on the outstanding Vogtle Units 3&4 Bonds then in effect (without regard to any third-party credit enhancement). In May 2015, Fitch Ratings (“Fitch”), Moody’s Investors Service, Inc. (“Moody’s”) and Standard & Poor’s Ratings Services, a Standard and Poor’s Financial Services LLC business (“S&P”) each notified MEAG Power in writing to the effect that such transfers and other actions will not result in a reduction, withdrawal or suspension of each such rating agency’s ratings on the outstanding Vogtle Units 3&4 Bonds then in effect (without regard to any third-party credit enhancement).

In contemplation of the transfers described above, MEAG Power and each Vogtle Units 3&4 Project Entity entered into a take-or-pay, “hell or high water” Wholesale Power Sales Agreement, dated as of December 31, 2014 (respectively, the “Project M Power Purchase Agreement,” the “Project J Power Purchase Agreement” and the “Project P Power Purchase Agreement”) pursuant to which (a) MEAG Power is entitled to all of the capacity and output of the respective Vogtle Units 3&4 Project Entity’s Ownership Interest in Vogtle Units 3&4 and (b) MEAG Power is obligated to pay to such Vogtle Units 3&4 Project Entity all of its costs and expenses (including, without limitation, debt service on such Vogtle Units 3&4 Project Entity’s DOE Guaranteed Loan, except as provided in the Project J and Project P DOE Loan Guarantee Agreements during a Standstill Period (as such terms are hereinafter defined)) in connection with the ownership and operation of such Vogtle Units 3&4 Project Entity’s Ownership Interest in Vogtle Units 3&4. See “SUMMARY OF VOGLTE UNITS 3&4 POWER PURCHASE AGREEMENTS” in APPENDIX O hereto for a summary of certain provisions of the Vogtle Units 3&4 Power Purchase Agreements. As a result, each of the Vogtle Units 3&4 Projects now includes all of MEAG Power’s right, title and interest in and to the capacity and output of the related Vogtle Units 3&4 Project Entity’s Ownership Interest in Vogtle Units 3&4, but does not include such Ownership Interest.

On March 29, 2017, Westinghouse Electric Company LLC (“Westinghouse”) and WECTEC Global Project Services Inc. (“WECTEC” and, together with Westinghouse, the “Contractor”), the primary contractor for Vogtle Units 3&4, each filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. See “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects – Description of Vogtle Units 3&4” herein.

The Projects

MEAG Power’s ownership interests in nine of the ten generating units that have been placed in service were acquired from Georgia Power Company (“GPC”) and are included in four separate “projects” established by MEAG Power as described below.

MEAG Power’s first project (“Project One”), acquired in 1977 and in subsequent transactions, consists of 17.7 percent ownership interests in Plant Hatch and Plant Vogtle, each consisting of two nuclear generating units and common facilities, 10.0 percent ownership interests in the two coal-fired generating units and common facilities at Plant Wansley, including the Plant Wansley Combustion Turbine, 10.0
percent ownership interests in two of the four coal-fired generating units (Plant Scherer Unit Nos. 1 and 2) and 5.0 percent ownership interests in the common facilities at Plant Scherer, certain transmission system facilities and working capital. MEAG Power’s ownership interests included in Project One represent a total of 693 MW of nominally rated nuclear capacity, 335 MW of nominally rated coal-fired capacity and 5 MW of combustion turbine capacity. GPC, Oglethorpe Power Corporation (an Electric Membership Corporation) (“OPC”) and the City of Dalton, Georgia (“Dalton”) are co-owners with MEAG Power of the generating units. GPC has contracted to operate and maintain these jointly-owned facilities as agent for the respective co-owners, including MEAG Power.

MEAG Power’s second project (“Project Two”), acquired in 1978 and in subsequent transactions, consists of additional 5.1 percent ownership interests in the two coal-fired generating units and the common facilities at Plant Wansley, including the Plant Wansley Combustion Turbine, additional 5.1 percent ownership interests in Plant Scherer Unit Nos. 1 and 2 and an additional 2.55 percent ownership interest in the common facilities at Plant Scherer and working capital. MEAG Power’s third project (“Project Three”), acquired in 1980, consists of additional 15.1 percent ownership interests in Plant Scherer Unit Nos. 1 and 2 and an additional 7.55 percent ownership interest in the common facilities at Plant Scherer and working capital. MEAG Power’s fourth project (“Project Four” and, together with Project Two and Project Three, the “Existing General Resolution Projects”), acquired in 1984, consists of additional 5.0 percent ownership interests in the original two nuclear generating units and the common facilities at Plant Vogtle and working capital. MEAG Power’s generating interests in the Existing General Resolution Projects represent a total of 115 MW of nominally rated nuclear capacity, 415 MW of nominally rated coal-fired capacity and 3 MW of combustion turbine capacity.

MEAG Power is obligated to pay its share of the costs of acquisition and construction of certain capital additions required for the plants in such Projects and for the ITS. See “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Capital Improvements Program” herein. These additions, which are referred to in the Project One Resolution hereinafter referred to as “Additional Facilities” and in the General Resolution Projects Resolution hereinafter referred to as “Capital Improvements,” generally consist of reload nuclear fuel and major additions, renewals, replacements, repairs and betterments, including transmission system facilities to be acquired as part of Project One. See “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Definitions” in APPENDIX G hereto for a more complete definition of the term “Additional Facilities.” For purposes of this Annual Information Statement, other than the description of the Project One Resolution contained herein, all items included in such definition of “Additional Facilities” are referred to herein for convenience as “Capital Improvements.”

On June 1, 2004, MEAG Power’s CC Project (hereinafter defined) began commercial operation. The CC Project is a separate project from Project One and the Existing General Resolution Projects, as described above. See “MEAG POWER – Bulk Power Supply Operations – The Combined Cycle Project” herein. The CC Project, which is owned solely by MEAG Power, is a gas-fired and steam driven combined cycle power plant with a nominal summer capacity of 503 MW. The CC Project is located at Plant Wansley.

MEAG Power, through the Vogtle Units 3&4 Project Entities, also is a participant, along with GPC, OPC and Dalton, in Vogtle Units 3&4. Vogtle Units 3&4 will consist of two Westinghouse AP1000 reactors, each with a nominally rated generating capacity of 1,102 MW. MEAG Power’s ownership interest in Vogtle Units 3&4 was 22.7 percent, representing 500.308 MW of nominally rated generating capacity. MEAG Power structured its ownership interest in Vogtle Units 3&4 into three separate projects. The first project (“Project M”) comprised approximately 33.871 percent of MEAG Power’s ownership interest,
representing 169.458 MW of generating capacity based upon the nominal rating of Vogtle Units 3&4. The second project (“Project J”) comprised approximately 41.175 percent of MEAG Power’s ownership interest, representing 206.000 MW of generating capacity based upon the nominal rating of Vogtle Units 3&4. Lastly, the third project (“Project P”) comprised approximately 24.955 percent of MEAG Power’s ownership interest, representing 124.850 MW of generating capacity based upon the nominal rating of Vogtle Units 3&4. Project M, Project J and Project P are collectively referred to herein as the “Vogtle Units 3&4 Projects.” See “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects” herein. As more fully described under “MEAG Power” above, on June 24, 2015, MEAG Power transferred its ownership interest in Vogtle Units 3&4 to the Vogtle Units 3&4 Project Entities. As a result of its entry into the Vogtle Units 3&4 Power Purchase Agreements, MEAG Power is entitled to all of the capacity and output of each Vogtle Units 3&4 Project Entity’s Ownership Interest in Vogtle Units 3&4, and the Vogtle Units 3&4 Projects now include all of MEAG Power’s right, title and interest in and to the capacity and output of such Ownership Interests.

On February 10, 2012, Southern Nuclear Operating Company (“Southern Nuclear”), an affiliate of GPC and the operating agent for Vogtle Units 3&4, and the Original Vogtle Co-Owners (hereinafter defined) received the combined construction and operating licenses (the “COLs”) for Vogtle Units 3&4 from the U.S. Nuclear Regulatory Commission (the “NRC”). The COLs allowed for full construction to begin on Vogtle Units 3&4. There have been technical and procedural challenges to the construction and licensing of Vogtle Units 3&4, at the federal and state level, and additional challenges may arise as construction proceeds. Legal challenges filed immediately after COL issuance have been dismissed by court order for lack of merit. In addition, on March 29, 2017, the Contractor filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. See “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects – Description of Vogtle Units 3&4” herein.

Project One has been financed pursuant to the Power Revenue Bond Resolution adopted by MEAG Power on August 30, 1976, as supplemented, amended and restated (the “Project One Resolution”), through the issuance of both senior lien bonds and subordinated lien bonds. To the extent not paid from revenues or other sources, the costs of Capital Improvements to Project One will be financed under the Project One Resolution. All senior lien bonds and subordinated lien bonds heretofore or hereafter issued under the Project One Resolution are referred to herein as “Project One Senior Bonds” and “Project One Subordinated Bonds,” respectively. Such Project One Subordinated Bonds have been issued pursuant to the Project One Subordinated Bond Resolution adopted by MEAG Power on October 20, 1982, as supplemented and amended (the “Project One Subordinated Resolution”), which is supplemental to the Project One Resolution.

On December 16, 2011, MEAG Power adopted the following resolutions for the purpose of making certain amendments to the Project One Resolution: (i) the Second Amended and Restated Power Revenue Bond Resolution (the “Amended and Restated Project One Resolution”); and (ii) the Supplemental Resolution Adopted December 16, 2011 Amending the Power Revenue Bond Resolution, As The Same Is To Be Amended And Restated By The Second Amended and Restated Power Revenue Bond Resolution (the “Project One Amendatory Supplemental Resolution”). On March 8, 2017, MEAG Power caused to be published notice to the effect that the conditions precedent to the effectiveness of the various amendments to the Project One Resolution contained in the Amended and Restated Project One Resolution had been satisfied. As a result, all references in this Annual Information Statement to the Project One Resolution (including, without limitation, the summary thereof set forth in “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION” in APPENDIX G hereto) refer to the Project One Resolution as the same has been amended by the amendments thereto contained in the Amended and Restated Project One Resolution. Subject to the satisfaction of certain conditions set forth in the Project One Resolution, the various amendments contained in the Project One Amendatory Supplemental Resolution will become effective on the date on which all Project One Senior Bonds Outstanding under (and as defined in) the Project One Resolution at December 16, 2011 (the date of adoption of the Project One Amendatory Supplemental Resolution) cease to be Outstanding thereunder.
See “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Security for MEAG Power’s Senior Bonds – Proposed Amendments to the Project One Resolution and the General Resolution Projects Resolution” herein. At such time as such amendments become effective, they will apply to all Project One Senior Bonds then Outstanding.

The Existing General Resolution Projects have been financed pursuant to the General Power Revenue Bond Resolution adopted by MEAG Power on March 22, 1978 and readopted on April 19, 1978, as supplemented, amended and restated (the “General Resolution Projects Resolution”), through the issuance of both senior lien bonds and subordinated lien bonds. To the extent not paid from revenues or other sources, the costs of Capital Improvements to the Existing General Resolution Projects will be financed under the General Resolution Projects Resolution. All senior lien bonds and subordinated lien bonds heretofore or hereafter issued under the General Resolution Projects Resolution are referred to herein as “General Resolution Projects Senior Bonds” and “General Resolution Projects Subordinated Bonds,” respectively. Such General Resolution Projects Subordinated Bonds have been issued pursuant to the General Resolution Projects Subordinated Bond Resolution adopted by MEAG Power on November 1, 1985, as supplemented and amended (the “General Resolution Projects Subordinated Resolution”), which is supplemental to the General Resolution Projects Resolution.

On December 16, 2011, MEAG Power adopted the following resolutions for the purpose of making certain amendments to the General Resolution Projects Resolution: (i) the Second Amended and Restated General Power Revenue Bond Resolution (the “Amended and Restated General Resolution Projects Resolution”); and (ii) the Supplemental Resolution Adopted December 16, 2011 Amending the General Power Revenue Bond Resolution, As The Same Is To Be Amended And Restated By The Second Amended and Restated General Power Revenue Bond Resolution (the “General Resolution Projects Amendatory Supplemental Resolution” and, together with the Project One Amendatory Supplemental Resolution, the “Amendatory Supplemental Resolutions”). On March 8, 2017, MEAG Power caused to be published notice to the effect that the conditions precedent to the effectiveness of the various amendments to the General Resolution Projects Resolution contained in the Amended and Restated General Resolution Projects Resolution had been satisfied. As a result, all references in this Annual Information Statement to the General Resolution Projects Resolution (including, without limitation, the summary thereof set forth in “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION” in APPENDIX G hereto) refer to the General Resolution Projects Resolution as the same has been amended by the amendments thereto contained in the Amended and Restated General Resolution Projects Resolution. Subject to the satisfaction of certain conditions set forth in the General Resolution Projects Resolution, the various amendments contained in the General Resolution Projects Amendatory Supplemental Resolution will become effective on the date on which all General Resolution Projects Senior Bonds Outstanding under (and as defined in) the General Resolution Projects Resolution at December 16, 2011 (the date of adoption of the General Resolution Projects Amendatory Supplemental Resolution) cease to be Outstanding thereunder. See “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Security for MEAG Power’s Senior Bonds – Proposed Amendments to the Project One Resolution and the General Resolution Projects Resolution” herein. At such time as such amendments become effective, they will apply to all General Resolution Projects Senior Bonds then Outstanding.

The CC Project has been financed pursuant to the Combustion Turbine Project Bond Resolution adopted by MEAG Power on April 9, 2002 (the “CT Bond Resolution”), as supplemented, amended and restated (the “CC Bond Resolution”), including as supplemented, amended and restated by the Amended and Restated Combined Cycle Project Bond Resolution adopted by MEAG Power on July 18, 2003 (the “Amended and Restated CC Bond Resolution”), through the issuance of CC Project revenue bonds. All bonds heretofore or hereafter issued under the CC Bond Resolution (including bonds issued under the CT Bond Resolution prior to its amendment and restatement by the Amended and Restated CC Bond Resolution) are referred to herein as “CC Bonds.”
Project M is being financed, in part, pursuant to the Plant Vogtle Additional Units Non-PPA Project Bond Resolution adopted by MEAG Power on October 16, 2008 (the “Original Project M Bond Resolution”), as supplemented, amended and restated, including as supplemented, amended and restated (a) by the Amended and Restated Plant Vogtle Additional Units Non-PPA Project Bond Resolution adopted by MEAG Power on December 23, 2009 (the “Amended and Restated Project M Bond Resolution”) and (b) by the Second Amended and Restated Plant Vogtle Additional Units Non-PPA Project Bond Resolution adopted by MEAG Power on December 23, 2014 (the “Second Amended and Restated Project M Bond Resolution”; the Original Project M Bond Resolution, as so supplemented, amended and restated, is referred to herein as the “Project M Bond Resolution”), through the issuance of bonds, including bond anticipation notes and revenue bonds constituting “Build America Bonds” (“Build America Bonds”) for purposes of the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”). To the extent not paid from revenues or other sources (including, without limitation, the Project M Entity’s DOE Guaranteed Loan), the costs of acquisition and construction and financing costs of Project M will be financed under the Project M Bond Resolution. All bonds (including bond anticipation notes) heretofore or hereafter issued under the Project M Bond Resolution are referred to herein as “Project M Bonds.”

Project J is being financed, in part, pursuant to the Plant Vogtle Additional Units PPA Project Bond Resolution adopted by MEAG Power on October 16, 2008 (the “Original Project J Bond Resolution”), as supplemented, amended and restated, including as supplemented, amended and restated (a) by the Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution adopted by MEAG Power on December 23, 2009 (the “Amended and Restated Project J Bond Resolution”) and (b) by the Second Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution adopted by MEAG Power on December 23, 2014 (the “Second Amended and Restated Project J Bond Resolution”; the Original Project J Bond Resolution, as so supplemented, amended and restated, is referred to herein as the “Project J Bond Resolution”), through the issuance of bonds, including Build America Bonds. To the extent not paid from revenues or other sources (including, without limitation, the Project J Entity’s DOE Guaranteed Loan), the costs of acquisition and construction and financing costs of Project J will be financed under the Project J Bond Resolution. All bonds (including bond anticipation notes) heretofore or hereafter issued under the Project J Bond Resolution are referred to herein as “Project J Bonds.”

Project P is being financed, in part, pursuant to the Plant Vogtle Additional Units PPA-2 Project Bond Resolution adopted by MEAG Power on October 16, 2008 (the “Original Project P Bond Resolution”), as supplemented, amended and restated, including as supplemented, amended and restated by (a) the Amended and Restated Plant Vogtle Additional Units PPA-2 Project Bond Resolution adopted by MEAG Power on December 30, 2009 (the “Amended and Restated Project P Bond Resolution”) and (b) the Second Amended and Restated Plant Vogtle Additional Units PPA-2 Project Bond Resolution adopted by MEAG Power on December 23, 2014 (the “Second Amended and Restated Project P Bond Resolution; the Original Project P Bond Resolution, as so supplemented, amended and restated, is referred to herein as the “Project P Bond Resolution”), through the issuance of bonds, including bond anticipation notes and Build America Bonds. To the extent not paid from revenues or other sources (including, without limitation, the Project P Entity’s DOE Guaranteed Loan), the costs of acquisition and construction and financing costs of Project P will be financed under the Project P Bond Resolution. All bonds (including bond anticipation notes) heretofore or hereafter issued under the Project P Bond Resolution are referred to herein as “Project P Bonds.”

The Project M Bonds, the Project J Bonds and the Project P Bonds are collectively referred to herein as the “Vogtle Units 3&4 Bonds,” and the Project M Bond Resolution, the Project J Bond Resolution and the Project P Bond Resolution are collectively referred to herein as the “Vogtle Units 3&4 Bond Resolutions.”

In addition, MEAG Power has established a Telecommunications Project (hereinafter defined). See “COMPETITION – Certain Responses of MEAG Power to Competition – Telecommunications Project.”
herein. The Telecommunications Project was financed pursuant to the Telecommunications Project Revenue Bond Resolution adopted by MEAG Power on September 17, 1997, as supplemented, amended and restated (the “Telecommunications Bond Resolution”), through the issuance of Telecommunications Project revenue bonds. All bonds heretofore or hereafter issued under the Telecommunications Bond Resolution are referred to herein as “Telecommunications Bonds.” On December 15, 2015, all of the Telecommunications Bonds then outstanding were paid at maturity. As a result, as of the date of this Annual Information Statement, no Telecommunications Bonds remain outstanding and the Telecommunications Bond Resolution has been cancelled and discharged. MEAG Power may issue additional Telecommunications Bonds in the future to finance capital improvements to the Telecommunications Project, but it has no current plans to do so.

The Project One Senior Bonds and Project One Subordinated Bonds are financially independent of the General Resolution Projects Senior Bonds and General Resolution Projects Subordinated Bonds, the CC Bonds, the Vogtle Units 3&4 Bonds and the Telecommunications Bonds. The revenues from Project One and the funds established under the Project One Resolution are not pledged as security for and are not to be applied to the payment of General Resolution Projects Senior Bonds or General Resolution Projects Subordinated Bonds, CC Bonds, Vogtle Units 3&4 Bonds or Telecommunications Bonds. Similarly, (a) the revenues from the Existing General Resolution Projects or any other projects financed under the General Resolution Projects Resolution and the funds established under the General Resolution Projects Resolution are not pledged as security for and are not to be applied to the payment of Project One Senior Bonds or Project One Subordinated Bonds, CC Bonds, Vogtle Units 3&4 Bonds or Telecommunications Bonds, (b) the revenues from the CC Project and the funds established under the CC Bond Resolution are not pledged as security for and are not to be applied to the payment of Project One Senior Bonds or Project One Subordinated Bonds, CC Bonds, Vogtle Units 3&4 Bonds or Telecommunications Bonds, (c) the revenues from Project M and the funds established under the Project M Bond Resolution are not pledged as security for and are not to be applied to the payment of Project One Senior Bonds or Project One Subordinated Bonds, General Resolution Projects Senior Bonds or General Resolution Projects Subordinated Bonds, CC Bonds, Project J Bonds, Project P Bonds or Telecommunications Bonds, (d) the revenues from Project J and the funds established under the Project J Bond Resolution are not pledged as security for and are not to be applied to the payment of Project One Senior Bonds or Project One Subordinated Bonds, General Resolution Projects Senior Bonds or General Resolution Projects Subordinated Bonds, CC Bonds, Project J Bonds, Project M Bonds or Telecommunications Bonds, and (f) the revenues from the Telecommunications Project are not pledged as security for and are not to be applied to the payment of Project One Senior Bonds or Project One Subordinated Bonds, General Resolution Projects Senior Bonds or General Resolution Projects Subordinated Bonds, CC Bonds or Vogtle Units 3&4 Bonds. However, the payment obligations of each Participant under each power sales contract to which it is a party and, if such Participant is a Telecommunications Participant (hereinafter defined), under its Telecommunications Contract (hereinafter defined), are on a parity with its payment obligations under its contracts with respect to each other project in which it is a participant. Therefore, as an economic matter, the operational and financial performance of one project of MEAG Power may affect the other projects due to the involvement of most of the Participants in all of the projects.

The Participants

In 1975, MEAG Power entered into separate take-or-pay, “hell or high water” power sales contracts relating to Project One (collectively, the “Project One Power Sales Contracts”) with 47 of the Participants (the “Initial Participants”), which did not include the City of Oxford (“Oxford”) and the City of Acworth (“Acworth”). In 1978, 1980 and 1983, respectively, MEAG Power entered into separate power sales
contracts relating to Project Two, Project Three and Project Four (the “Project Two Power Sales Contracts,”
the “Project Three Power Sales Contracts” and the “Project Four Power Sales Contracts” and, together, the
“Existing General Resolution Projects Power Sales Contracts”) with each of the Initial Participants. Under
each such Power Sales Contract, MEAG Power has agreed to provide to the Initial Participant, and the
Initial Participant has agreed to take from MEAG Power, in the case of Project One, a specified percentage
of the output and services thereof and related reserve, emergency and interchange service, and, in the case
of the Existing General Resolution Projects, such output and services thereof and related reserve,
emergency and interchange service as may be available for the useful life thereof. Each Initial Participant’s
payment obligations under its Power Sales Contracts are general obligations to the payment of which its
full faith and credit are pledged. MEAG Power’s remedies under each Power Sales Contract include
specific performance to compel the Initial Participant to assess and collect an annual ad valorem tax
sufficient to meet its obligations thereunder.

In addition, in 1986, MEAG Power entered into separate take-or-pay, “hell or high water” power
sales contracts relating to Project One and the Existing General Resolution Projects with Oxford. Under
each such power sales contract, MEAG Power has agreed to provide to Oxford, and Oxford has agreed to
take from MEAG Power, in the case of Project One, a specified percentage of the output and services
thereof and related reserve, emergency and interchange service, and, in the case of the Existing General
Resolution Projects, such output and services thereof and related reserve, emergency and interchange
service as may be available for the useful life thereof; provided, however, that in the case of Project One,
such output and services to be taken by Oxford are provided pro rata from the shares of the Initial
Participants, and in the case of Project Four, the Obligation Share assigned to Oxford is provided pro rata
from the Obligation Shares of the Initial Participants. In each such case, the Initial Participants remain
obligated for such pro rata shares. See “THE PARTICIPANTS – Generation and Transmission Entitlement
Shares – Project One” and “– Obligation Shares of the Participants – Existing General Resolution Projects”
herein. Oxford’s payment obligations under its power sales contracts are general obligations to the payment
of which its full faith and credit are pledged. MEAG Power’s remedies under each power sales contract
with Oxford include specific performance to compel Oxford to assess and collect an annual ad valorem tax
sufficient to meet its obligations thereunder. For purposes of this Annual Information Statement, although
each of Oxford’s power sales contracts is substantially identical to the Power Sales Contracts between
MEAG Power and the Initial Participants relating to the applicable Project, (a) the term “Project One Power
Sales Contracts” shall not include Oxford’s power sales contract with respect to Project One, (b) the term
“Project Two Power Sales Contracts” shall include Oxford’s power sales contract with respect to Project
Two, (c) the term “Project Three Power Sales Contracts” shall include Oxford’s power sales contract with
respect to Project Three and (d) the term “Project Four Power Sales Contracts” shall not include Oxford’s
power sales contract with respect to Project Four.

Furthermore, effective May 16, 2002, a take-or-pay, “hell or high water” power sales contract
relating to Project One between MEAG Power and Acworth became effective. Under such power sales
contract, MEAG Power has agreed to provide to Acworth, and Acworth has agreed to take from MEAG
Power, a specified amount of the output and services of Project One and related reserve, emergency and
interchange service; provided, however, that such output and services to be taken by Acworth are provided
from the share of the output and services of Project One of the City of Sylvania (“Sylvania”), one of the
Initial Participants, and Sylvania remains obligated for such amount. See “THE PARTICIPANTS –
Generation and Transmission Entitlement Shares – Project One” herein. Acworth’s payment obligation
under its power sales contract is a general obligation to the payment of which its full faith and credit are
pledged. MEAG Power’s remedies under such power sales contract with Acworth include specific
performance to compel Acworth to assess and collect an annual ad valorem tax sufficient to meet its
obligations thereunder. For purposes of this Annual Information Statement, although Acworth’s Project
One power sales contract is substantially identical to the Project One Power Sales Contracts between
MEAG Power and the Initial Participants, the term “Project One Power Sales Contracts” shall not include
Acworth’s power sales contract with respect to Project One.
On February 4, 2004, the Georgia Supreme Court ruled that MEAG Power and the Participants could extend the term of the existing power sales contracts by either (1) amending the power sales contracts for the purpose of extending the term or (2) entering into new power sales contracts for the purpose of extending the term. The Georgia Supreme Court ruled that either approach was lawful under Georgia law so long as the term did not extend beyond 50 years from the effective date of either the amendment or new contract.

MEAG Power and each Participant have executed amendments to their power sales contracts for Project One and the Existing General Resolution Projects which, in part, extended the terms of such contracts until June 1, 2054 (the “Term Extension Amendments”). On December 14, 2004, the Superior Court of Fulton County, Georgia, in a bond validation proceeding relating to certain Project One Senior Bonds, General Resolution Projects Senior Bonds, Project One Subordinated Bonds and General Resolution Projects Subordinated Bonds, entered a judgment validating and confirming, among other things, (a) all of the terms and provisions of each of the Term Extension Amendments and (b) each of the Project One power sales contracts and the Existing General Resolution Projects power sales contracts, in each such case as the same have been amended by the Term Extension Amendments.

The Term Extension Amendments amended the Project Two Power Sales Contracts, the Project Three Power Sales Contracts and the power sales contracts for Project Four by providing that during the term extension period the output and services and costs of each Project will be allocated to each Participant based upon a percentage derived by dividing the total payments made by such Participant for debt service and capital costs pertaining to such Project during the entirety of the original term of such Participant’s power sales contract related to such Project, adjusted to present value, divided by the total payments made by all Participants for debt service and capital costs pertaining to such Project during the entirety of the original term of their power sales contracts related to such Project, also adjusted to present value (hereinafter referred to as “Billing Shares”). The formula for determining the Participant’s respective Project Two and Project Three Obligation Shares is not affected by the foregoing. See “THE PARTICIPANTS – Obligation Shares of the Participants – Existing General Resolution Projects” herein. Additionally, the Term Extension Amendments amended the schedule of Project Four Obligation Shares, effective as of November 16, 2033, so that such Obligation Shares shall be equal to the Participants’ respective Project Four Billing Shares.

In addition, the Term Extension Amendments provided that MEAG Power will not extend the term of any existing generation debt outstanding as of November 3, 2004, exclusive of existing debt pertaining to working capital and nuclear fuel working capital debt components, beyond the following dates: existing Project One generation debt shall not be extended beyond March 1, 2026; existing Project Two generation debt shall not be extended beyond February 1, 2028; existing Project Three generation debt shall not be extended beyond May 1, 2030; and existing Project Four generation debt shall not be extended beyond November 16, 2033. Additionally, MEAG Power committed to the Participants and confirmed in the bond validation proceeding referred to in the second preceding paragraph that it generally would not extend the longest term of any existing generation debt for either Project One or the Existing General Resolution Projects, exclusive of existing debt pertaining to working capital and nuclear fuel working capital debt components, beyond the current term of such indebtedness.

As of the date of this Annual Information Statement, 37 of the Participants are participants in the CC Project. The obligations of such participants with respect to the CC Project are set forth in the CC Contracts (hereinafter defined). See “THE PARTICIPANTS – Obligation Shares of the Participants – CC Project” herein. Thirty-two of the Participants are participants in the Telecommunications Project. The obligations of such participants with respect to the Telecommunications Project are set forth in the Telecommunications Contracts. See “THE PARTICIPANTS – Obligation Shares of the Participants – Telecommunications Project” herein.

On June 15, 2008, MEAG Power entered into separate take-or-pay, “hell or high water” power sales contracts (the “Original Project M Power Sales Contracts”) with 29 of the 49 Participants (in such
capacity, the “Project M Participants”) relating to Project M. Each Original Project M Power Sales Contract had a term not to exceed 50 years from June 15, 2008. Under the separate Original Project M Power Sales Contract with each Project M Participant, MEAG Power agreed to provide to such Project M Participant, and such Project M Participant agreed to take from MEAG Power, output and services from Project M and related reserve, emergency and interchange service as may be available. The Original Project M Power Sales Contract with each Project M Participant provided that its Obligation Share (as described in “THE PARTICIPANTS – Obligation Shares of the Participants – Vogtle Units 3&4 Projects” herein) of the net power and energy produced by Project M was to be delivered to such Project M Participant and that such Project M Participant was to pay a corresponding percentage of MEAG Power’s costs (including scheduled debt service, unless paid or provided for from the proceeds of Project M Bonds) resulting from the ownership, operation and maintenance of, and renewals and replacements to, Project M.

The output and services representing approximately 66.13 percent of MEAG Power’s ownership interest in Vogtle Units 3&4 (that is, the portion not included in Project M) was to be surplus initially to the requirements of the Participants. Consequently, with respect to Project J, MEAG Power entered into a take-or-pay, “hell or high water” power purchase agreement, dated as of May 12, 2008 (the “Original Project J PPA”), with JEA, a publicly owned electric, water and wastewater (sewer) utility located in Jacksonville, Florida (“JEA”) for the surplus output and services attributable to Project J. With respect to Project P, MEAG Power entered into a take-or-pay, “hell or high water” power purchase agreement, dated as of May 12, 2008 (the “Original Project P PPA”), with PowerSouth Energy Cooperative, a rural electric generation and transmission cooperative located in Andalusia, Alabama (“PowerSouth”) for the surplus output and services attributable to Project P.

On June 15, 2008, MEAG Power entered into separate take-or-pay, “hell or high water” power sales contracts (the “Original Project J Power Sales Contracts”) with 39 of the 49 Participants (in such capacity, the “Project J Participants”) relating to Project J. Each Original Project J Power Sales Contract had a term not to exceed 50 years from June 15, 2008. Under the separate Original Project J Power Sales Contract with each Project J Participant, beginning with the expiration of the respective twenty-year periods during which JEA was obligated to take the entire output and services from Project J and related reserve, emergency and interchange service of Vogtle Units 3&4 related to Project J, MEAG Power agreed to provide to such Project J Participant, and such Project J Participant agreed to take from MEAG Power, its Obligation Share of all of the output and services from Project J and related reserve, emergency and interchange service. The Original Project J Power Sales Contract with each Project J Participant provided that its Obligation Share (as described in “THE PARTICIPANTS – Obligation Shares of the Participants – Vogtle Units 3&4 Projects” herein) of the net power and energy produced by Project J was to be delivered to such Project J Participant and that such Project J Participant was to pay a corresponding percentage of MEAG Power’s costs (including scheduled debt service, unless paid or provided for from the proceeds of Project J Bonds) resulting from the ownership, operation and maintenance of, and renewals and replacements to, Project J.

On June 15, 2008, MEAG Power also entered into separate take-or-pay, “hell or high water” power sales contracts (the “Original Project P Power Sales Contracts” and, together with the Original Project M Power Sales Contracts and the Original Project J Power Sales Contracts, the “Original Vogtle Units 3&4 Power Sales Contracts”) with the same 39 Participants (in such capacity, the “Project P Participants”) relating to Project P. Each Original Project P Power Sales Contract had a term not to exceed 50 years from June 15, 2008. Under the separate Original Project P Power Sales Contract with each Project P Participant, beginning with the expiration of the respective twenty-year periods during which PowerSouth was obligated to take the entire output and services from Project P and related reserve, emergency and interchange service of Vogtle Units 3&4 related to Project P, MEAG Power agreed to provide to such Project P Participant, and such Project P Participant agreed to take from MEAG Power, its Obligation Share of all of the output and services from Project P and related reserve, emergency and interchange service. The Original Project P Power Sales Contract with each Project P Participant provided that its Obligation Share (as described in
“THE PARTICIPANTS – Obligation Shares of the Participants – Vogtle Units 3&4 Projects” herein) of the net power and energy produced by Project P was to be delivered to such Project P Participant and that such Project P Participant was to pay a corresponding percentage of MEAG Power’s costs (including scheduled debt service, unless paid or provided for from the proceeds of Project P Bonds) resulting from the ownership, operation and maintenance of, and renewals and replacements to, Project P.

As described under “MEAG Power” above, on June 24, 2015, MEAG Power transferred its ownership interest in Vogtle Units 3&4 to the Vogtle Units 3&4 Project Entities. In contemplation of those transfers, (a) MEAG Power and the Vogtle Units 3&4 Participants entered into amended and restated power sales contracts (collectively, the “Amended and Restated Vogtle Units 3&4 Power Sales Contracts”) for the purpose of amending and restating the Original Vogtle Units 3&4 Power Sales Contracts (the Original Vogtle Units 3&4 Project Sales Contracts, as so amended and restated, are referred to herein as the “Project M Power Sales Contracts,” the “Project J Power Sales Contracts” and the “Project P Power Sales Contracts,” respectively, and, collectively, as the “Vogtle Units 3&4 Power Sales Contracts”), (b) MEAG Power and JEA entered into an amended and restated power purchase agreement (the “Amended and Restated Project J PPA”) for the purpose of amending and restating the Original Project J PPA (such Original Project J PPA, as so amended and restated, is referred to herein as the “Project J PPA”) and (c) MEAG Power and PowerSouth entered into an amended and restated power purchase agreement (the “Amended and Restated Project P PPA” and, together with the Amended and Restated Project J PPA, the “Amended and Restated Vogtle Units 3&4 PPAs”) for the purpose of amending and restating the Original Project P PPA (such Original Project P PPA, as so amended and restated, is referred to herein as the “Project P PPA”; the Project J PPA and the Project P PPA are referred to herein collectively as the “Vogtle Units 3&4 PPAs”), in each such case, effective as of the date of such transfer, in order, among other things, (i) to extend the term of each such contract and agreement, so that each such contract and agreement shall remain in effect for not to exceed 50 years from December 31, 2014, the date of execution of the applicable amendment and restatement thereof, (ii) to reflect such transfers of MEAG Power’s ownership interest in Vogtle Units 3&4 and (iii) to provide that the payment obligations of the Project M Participants, JEA, the Project J Participants, PowerSouth and the Project P Participants, respectively, shall include all costs and expenses of the applicable Vogtle Units 3&4 Project Entity (including scheduled debt service on such Vogtle Units 3&4 Project Entity’s DOE Guaranteed Loan) resulting from the ownership, operation and maintenance of, and renewals and replacements to, the applicable Vogtle Units 3&4 Project Entity’s Ownership Interest.

Each Vogtle Units 3&4 Participant’s payment obligations under its Vogtle Units 3&4 Power Sales Contract(s) are general obligations to the payment of which its full faith and credit are pledged. MEAG Power’s remedies under each Vogtle Units 3&4 Power Sales Contract include specific performance to compel the Vogtle Units 3&4 Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder. For a description of the Vogtle Units 3&4 Participants’ payment obligations under their respective Vogtle Units 3&4 Power Sales Contracts, see “SUMMARY OF VOGLTE UNITS 3&4 POWER SALES CONTRACTS – Vogtle Units 3&4 Participants’ Obligations to Pay” in APPENDIX L hereto. For a description of JEA’s and PowerSouth’s payment obligations under their respective Vogtle Units 3&4 PPAs, see “SUMMARY OF VOGLTE UNITS 3&4 PPAs – PROJECT J PPA – JEA’s Payment Obligations” and “– PROJECT P PPA – PowerSouth’s Payment Obligations,” respectively, in APPENDIX K hereto.

For information concerning certain of the Participants, see APPENDIX D hereto.

Cautionary Statements Regarding Forward-Looking Information

This Annual Information Statement contains forward-looking statements. Forward-looking statements include, among other things, statements concerning sales, customer growth, economic recovery, current and proposed environmental regulations and related estimated expenditures, access to sources of capital, financing activities, start and completion of construction projects, plans and estimated costs for new
generation resources, estimated sales and purchases of power and energy, and estimated construction and other expenditures. In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “could,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “estimated,” “scheduled,” “potential,” or “continue” or the negative of these terms or other similar terminology. These forward-looking statements are based largely on MEAG Power’s current expectations and are subject to a number of risks and uncertainties, some of which are beyond MEAG Power’s control. There are various factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Accordingly, there can be no assurance that such indicated results will be realized. These factors include:

- the results of the Contractor’s bankruptcy filing and any inability or failure by Toshiba Corporation (“Toshiba”), Westinghouse and WECTEC’s parent company, to perform its obligations pursuant to its parent guarantee (the “Toshiba Guarantee”) of certain of Westinghouse and WECTEC’s obligations under the EPC Contract (hereinafter defined);

- uncertainty as to continued eligibility to receive advances under the DOE Guaranteed Loans for construction of Vogtle Units 3&4;

- schedule delays and cost increases with respect to the development and construction of facilities, in particular, the construction of Vogtle Units 3&4;

- legal proceedings and regulatory approvals and actions related to Vogtle Units 3&4, including Georgia Public Service Commission (“GPSC”) and NRC actions and related legal proceedings involving the commercial parties;

- the impact and the cost of recent and future federal and state regulatory changes or judicial decisions, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric utility industry, environmental laws including regulation of water, coal combustion residuals (“CCRs”), and emissions of sulfur dioxide (“SO₂”), nitrogen oxides (“NOₓ”), carbon dioxide (“CO₂”) and other greenhouse gases (“GHG”), particulate matter, and hazardous air pollutants including mercury and other substances, and also changes in tax and other laws and regulations to which MEAG Power and its Participants are subject, as well as changes in application of existing laws and regulations;

- current and future litigation, regulatory investigations, proceedings, or inquiries;

- the effects, extent, and timing of the entry of additional competition in the markets in which MEAG Power’s Participants operate;

- changes in protections granted by the Georgia Territorial Electric Service Act (the “Territorial Act”) that could subject MEAG Power’s Participants to increased competition;

- variations in demand for electricity, including those relating to weather, general economic conditions, recovery from the last recession, population and business growth (and declines), and the effects of energy conservation and efficiency measures including the development and deployment of alternative energy sources such as self-generation and distributed generation technologies;

- potential impacts of competition in various forms including self-generation, distributed generation, renewable generation, alternative competing energy sources and/or new or improved generating technologies that could reduce demand for MEAG Power’s generation and/or cause MEAG Power’s generation to be of higher cost in comparison to such other potential sources;
• the availability of an adequate and economical supply of fuel, water and other materials;

• effects of inflation;

• investment performance of MEAG Power’s invested funds;

• advances in technology available to and used in generation and distribution facilities including technology used by competitors and residential or commercial customers of the Participants and risk of using advanced designs in Vogtle Units 3&4 which have previously not been licensed and used in the United States;

• continued efficient operation of MEAG Power’s generating facilities by MEAG Power and third-parties;

• reliance on third-parties to efficiently manage, distribute and deliver generated electricity;

• risks and regulatory requirements including failure to maintain required license conditions and other permits related to the ownership, construction and operation of nuclear-, coal- and gas-fueled generating, transmission and other facilities resulting in costly delays in construction schedules or cancellations or shutdown of units;

• legislative and regulatory compliance standards and MEAG Power’s ability to comply with any applicable standards, including mandatory reliability standards, and potential penalties for noncompliance;

• adequate funding of MEAG Power’s nuclear decommissioning trust fund (the “Decommissioning Trust”) including investment performance and projected decommissioning costs;

• the ability of counterparties of MEAG Power to make payments as and when due and to perform as required;

• the direct or indirect effect on MEAG Power’s business resulting from acts of sabotage, wars or terrorist incidents, including cyber attacks;

• interest rate fluctuations and financial market conditions and the results of financing efforts, including MEAG Power’s and its Participants’ credit ratings including the inability to access capital to finance increased costs of Vogtle Units 3&4 and capital additions to other facilities because of downgrades of credit ratings or market disruptions;

• the ability of MEAG Power to obtain additional generating capacity at competitive prices;

• the ability of MEAG Power and its Participants to dispose of surplus generating capacity at competitive prices;

• catastrophic events such as fires, earthquakes, explosions, floods, hurricanes, droughts, pandemic health events such as influenzas, or other similar occurrences;

• physical risks associated with climate change such as changes in weather conditions, changes in precipitation, extreme weather events, temperature and humidity, which could vary customers’ energy needs, cause damage or increase operating costs, resulting in positive or negative effects on MEAG Power’s revenues and financial performance;

• the direct or indirect effects on MEAG Power’s business resulting from incidents affecting the U.S. electric grid or operation of generating resources;
• the effect of accounting pronouncements issued periodically by standard-setting bodies;

• hazards customary to the electric industry and the possibility that MEAG Power may not have adequate insurance to cover losses resulting from such hazards; and

• other factors discussed elsewhere herein.

MEAG Power expressly disclaims any obligation to update any forward-looking statements.

Other

This Annual Information Statement is being filed 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 certain continuing disclosure undertakings made by MEAG Power in accordance with the provisions of Rule 15c2-12, as amended (“Rule 15c2-12”), promulgated by the U.S. Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The bonds to which such continuing disclosure undertakings relate (including the CUSIP numbers thereof) are listed on SCHEDULE I hereto. As permitted by the provisions of Rule 15c2-12, this Annual Information Statement also is intended to be included by reference in official statements and other offering documents prepared by MEAG Power in connection with the sale and issuance, after the date hereof, of certain securities of MEAG Power.

There follows in this Annual Information Statement information concerning MEAG Power, selected financial and operating data of MEAG Power, its capital improvements and financing programs, the competitive environment in which MEAG Power operates, the Participants and the co-owners of the plants. In addition, attached hereto are (a) the audited consolidated financial statements of MEAG Power as of December 31, 2016 and 2015 and for the fiscal years then ended, and the Report of Independent Auditors thereon (hereinafter referred to as “MEAG Power’s 2016 Financial Statements”) as APPENDIX A, (b) summaries of (i) the debt service requirements of MEAG Power, as of December 31, 2016, for its Project One Senior Bonds, Project One Subordinated Bonds, General Resolution Projects Senior Bonds, General Resolution Projects Subordinated Bonds, CC Bonds, Project M Bonds, Project J Bonds and Project P Bonds, (ii) the debt service requirements of the Vogtle Units 3&4 Project Entities, as of December 31, 2016, for their respective DOE Guaranteed Loans and (iii) the expected aggregate debt service payments for each of the Vogtle Units 3&4 Projects (including, in each case, both MEAG Power’s expected debt service payments, as of December 31, 2016, for the applicable Vogtle Units 3&4 Bonds and the applicable Vogtle Units 3&4 Project Entity’s expected debt service payments, as of December 31, 2016, for its DOE Guaranteed Loan) as APPENDIX B, (c) the Consulting Engineer’s Letter – Project One and General Resolution Projects (hereinafter referred to as the “Consulting Engineer’s Letter”) as APPENDIX C, (d) selected historical information on certain Participants of MEAG Power as APPENDIX D, (e) summaries of MEAG Power’s Power Sales Contracts, Project Agreements, senior bond resolutions, subordinated bond resolutions (as in effect as of the date of this Annual Information Statement and as the same will be amended by the Amendatory Supplemental Resolutions) and subordinated bond resolutions for Project One and the General Resolution Projects as APPENDICES E through H, (f) summaries of the CC Contracts and the CC Bond Resolution as APPENDICES I and J, (g) summaries of MEAG Power’s Vogtle Units 3&4 PPAs, Vogtle Units 3&4 Power Sales Contracts, Vogtle Units 3&4 Project Agreements and certain Federal Loan Documents (as hereinafter defined), Vogtle Units 3&4 Bond Resolutions, Vogtle Units 3&4 Power Purchase Agreements and certain Federal Loan Documents (as hereinafter defined) as APPENDICES K through P, (h) a summary of the Telecommunications Contracts as APPENDIX Q and (i) tables setting forth the debt service responsibilities of the CC Participants (hereinafter defined) as APPENDIX R.

All descriptions of documents herein are only summaries and are qualified in their entirety by reference to each such document. For information concerning the sources of certain information contained in this Annual Information Statement, see “SOURCES OF CERTAIN INFORMATION” herein.
MEAG POWER

History

In the late 1950s, most of the Participants began to cooperate on matters of common concern to
their retail electric distribution systems, including jointly appearing before the Federal Power Commission
(now known as the Federal Energy Regulatory Commission or “FERC”) in proceedings regarding
wholesale electric rate increases. In 1972, several Participants intervened in the licensing proceedings
before the U.S. Atomic Energy Commission (now known as the NRC) relating to the planned construction
of nuclear power plants in Georgia by GPC. A settlement was reached with GPC providing for the sale of
a portion of certain nuclear units to the Initial Participants, among others. GPC subsequently elected to
negotiate for the sale of interests in other facilities not the subject of the settlement.

As the result of studies of sources of bulk power supply as alternatives to the purchase of their
requirements (in excess of allotments from federal hydroelectric projects) from GPC, the Initial Participants
sought State legislation to establish a public entity to enable them to meet the needs of publicly owned
electric distribution systems. The statute under which MEAG Power was created (the “Act”) was adopted
in 1975 and MEAG Power was organized in July of that year. MEAG Power assumed the negotiating
efforts with GPC which resulted in the agreements between GPC and MEAG Power for the acquisition by
MEAG Power of Project One. MEAG Power subsequently negotiated agreements with respect to the
Existing General Resolution Projects.

General

MEAG Power is a public corporation and an instrumentality of the State of Georgia, having
perpetual existence, created by the Act for the purpose of providing an adequate, dependable and
economical wholesale supply of electricity to those political subdivisions of Georgia which owned and
operated electric distribution systems on March 18, 1975, the effective date of the Act, and which elected
to contract with MEAG Power for the purchase of wholesale power. MEAG Power is empowered to
acquire, construct, operate and maintain electric generating and transmission facilities, solely or in common
with others, in fulfilling its purpose. MEAG Power is further authorized to employ agents in the
construction, operation and maintenance of any of its generating and transmission facilities. In the
acquisition of its property, MEAG Power may exercise the power of eminent domain. Incidental to its
principal purpose of supplying electricity to the political subdivisions, MEAG Power may also supply
wholesale electricity to other persons and entities in order to take advantage of economies of scale in the
construction and acquisition of generating and transmission facilities; however, MEAG Power is not
empowered to provide electricity at retail to the public.

The Georgia Supreme Court, in the initial validation of Project One Senior Bonds, affirmed that
the property of MEAG Power is public property and is exempt from ad valorem taxes. However, under an
amendment to the Act, MEAG Power has been required, since 1981, to make payments in lieu of taxes with
respect to any tangible property acquired after the date of the amendment and not included in Project One
or Project Two. MEAG Power is required to make payments in lieu of taxes with respect to tangible
property included in Project Three, Project Four, the Telecommunications Project, the CC Project and the
Vogtle Units 3&4 Projects. In addition, MEAG Power is required to make payments in lieu of taxes with
respect to tangible property included in Project One and Project Two commencing with the earlier of the
year 2020 or the year after retirement of all bonds issued to finance the applicable Project. The power sales
contracts for Project One, the Existing General Resolution Projects, the CC Project and the Vogtle Units
3&4 Projects and the Telecommunications Contracts provide for recovery by MEAG Power from the
Participants in each such Project of any ad valorem taxes or payments in lieu of taxes for which MEAG
Power becomes obligated.
MEAG Power is authorized to contract with the above-described political subdivisions to provide all or any part of their requirements for wholesale electricity, and to issue evidences of indebtedness to finance its ownership of electric generating and transmission facilities, pledging the revenues under such contracts as security for the payment of such debt. The Act provides that MEAG Power will establish rates and charges so as to produce revenues sufficient to cover all of MEAG Power’s costs, including debt service, but it may not operate any of its projects for profit, except insofar as any such profit will inure to the benefit of the public.

The governing body of MEAG Power (referred to herein as the “MEAG Power Board”) consists of nine members whose staggered terms of office are three years. Members of the MEAG Power Board are elected by an election committee consisting of one representative of each Participant. Each representative is entitled to cast a weighted vote computed on the basis of, among other things, the relative power purchases of the Participants from MEAG Power.

The President and Chief Executive Officer of MEAG Power is James E. Fuller. Mr. Fuller, who joined MEAG Power in 1997, has 37 years of utility experience. At the time of his appointment to the position of President and Chief Executive Officer in January 2016, Mr. Fuller was the Senior Vice President, Chief Financial Officer of MEAG Power. Prior to joining MEAG Power in 1997, Mr. Fuller worked for the Massachusetts Municipal Wholesale Electric Company in various finance and audit positions. Mr. Fuller holds a Bachelor of Science degree in accounting from Western New England College and a Master of Science degree in Taxation from Bentley College. Mr. Fuller holds a registered Certified Public Accountant certificate from the State of Connecticut.

The following are other members of MEAG Power’s management staff and their backgrounds:

Peter M. Degnan, Senior Vice President, General Counsel. Mr. Degnan has 41 years of legal experience and joined MEAG Power in July 2013, immediately following his retirement from the law firm of Alston & Bird LLP. He has extensive experience in public power and previously served as the outside general counsel for MEAG Power for 11 years. Mr. Degnan holds a degree in Mechanical Engineering from the United States Naval Academy, served in the United States Marine Corps on active duty for five years, and is a graduate of Syracuse University Law School.

Edward E. Easterlin, Senior Vice President, Chief Financial Officer. Mr. Easterlin, who joined MEAG Power in 2017, has 38 years of utility experience. Before joining MEAG Power, Mr. Easterlin served as Vice President and Chief Financial Officer for the Omaha Public Power District for approximately eight years. He also served as Chief Planning and Finance Officer and General Manager of Financial and Accounting Management for Colorado Springs Utilities over a seven-year period and held operational and financial positions during a twenty-year tenure with the South Carolina Public Service Authority, Santee Cooper. Mr. Easterlin holds Bachelor’s and Master’s degrees in Business Administration from Charleston Southern University. In addition, he holds an Associate’s degree in Nuclear and Chemical Engineering Technology from Trident Technical College.

Steven M. Jackson, Senior Vice President, Chief Operating Officer. Mr. Jackson has 34 years of utility experience specializing in power generation facility construction and operations. Mr. Jackson worked for Big Rivers Electric Corporation and the Tennessee Valley Authority in various engineering positions prior to joining MEAG Power in 1995. Mr. Jackson holds a Bachelor of Science degree in mechanical engineering from the University of Kentucky and a Masters of Science degree in engineering management from the University of Evansville. Mr. Jackson has been registered as a Professional Engineer in Kentucky and Tennessee.

Douglas K. Lego, Vice President, Chief Administrative Officer. Mr. Lego has over 32 years of utility experience in electric transmission, distribution and telecommunications. In addition to his 23 years at MEAG Power, Mr. Lego worked at Georgia Public Web, Inc. in various senior management positions.
and at Florida Power & Light Company as a distribution service planner. Mr. Lego holds a Bachelor of Science degree in Mathematics from Florida Southern College, and both a Bachelor of Science degree in Mechanical Engineering and a Masters of Science degree in Management of Technology from the Georgia Institute of Technology.

As of December 31, 2016, MEAG Power had 134 employees.

Bulk Power Supply Operations

General

The Project One Power Sales Contracts entered into by MEAG Power with each of the Initial Participants, and the Project One power sales contracts entered into by MEAG Power with Oxford and Acworth, obligate MEAG Power to provide the Participants with all of their Bulk Power Supply and obligate the Participants to take all of their Bulk Power Supply from MEAG Power. Bulk Power Supply of a Participant means all electric power and energy required by such Participant in excess of that amount (1) supplied by any generation and transmission facilities owned by the Participant on the effective date of its Project One power sales contract (Crisp County is the only Participant that owned generating resources on that date, and currently has 25.5 MW of generating capacity), (2) received by such Participant as an allotment from federally-owned projects through the Southeastern Power Administration (“SEPA”), as discussed below, or (3) procured by such Participant from alternative sources as permitted under the Project One power sales contracts.

Bulk Power Supply currently being furnished by MEAG Power to the Participants consists of (1) power and energy from the generating units and transmission system facilities of Project One, (2) power and energy from the generating units of the Existing General Resolution Projects, and for each of the foregoing sources such interchange services as are necessary for the reliable and economic supply of the output and services of Project One and the Existing General Resolution Projects, (3) power and energy from the generating units of the CC Project and such interchange services as are necessary for the reliable and economic supply of the output and services of the CC Project, and (4) power and energy obtained through purchases from and exchanges with other bulk electric suppliers. Power and energy furnished by MEAG Power from sources such as those referred to in the foregoing clause (4) constitutes “Supplemental Bulk Power Supply” which, as used herein and in the Project One power sales contracts, means Bulk Power Supply required by a Participant in excess of that supplied from Project One and the Existing General Resolution Projects and, unless otherwise provided, any future project owned or controlled by MEAG Power. The CC Project was developed to supply a portion of the power and energy requirements of the Initial CC Participants (hereinafter defined) that otherwise would be met with Supplemental Bulk Power Supply, and the Vogtle Units 3&4 Projects are being developed to supply a portion of the power and energy requirements of the Vogtle Units 3&4 Participants that otherwise would be met with Supplemental Bulk Power Supply.

Pursuant to the Project One power sales contracts, each Participant has the right, subject to certain conditions and limitations, to procure electric power and energy from alternative sources (any power and energy so procured being referred to herein as “Supplemental Power from Alternative Sources” and any source thereof as an “Alternative Source”). See “SUMMARY OF POWER SALES CONTRACTS – Procurement of Alternative Bulk Power Supply Resources” in APPENDIX E hereto for a discussion of such conditions and limitations and “Provisions for Participants to Obtain Supplemental Power from Alternative Sources” below for information concerning the election made by two Participants to procure Supplemental Power from Alternative Sources, subject to such conditions and limitations. See also the final paragraph under “Provisions for Participants to Obtain Supplemental Power from Alternative Sources” below for information concerning the adoption by MEAG Power of a policy with respect to the supplemental power requirements of the Participants.
Pursuant to Section 312 of the Project One power sales contracts, each Participant may declare a portion of its output and services from Project One to be in excess of its needs and MEAG Power may sell and transfer for any period of time all or a portion of such excess output and services to such other Participants as shall agree to take such excess. In the event that the other Participants do not agree to take the entire amount of the excess output and services, MEAG Power may sell such excess to other utilities. Pursuant to Section 702 of the CC Project power sales contracts, each Participant in the CC Project may assign a portion of its CC Project output to other Participants in the CC Project. These transactions are facilitated by MEAG Power through letter agreements referred to as Inter-Participant Transfers or “IPTs.” During 2016, 25 Participants transferred 109 MW (relating to Project One capacity) through 35 IPT contracts with terms ranging from one year to approximately 27 years.

Several Participants also have entered into inter-Participant contracts coterminous with the selling or assigning Participant’s Project One power sales contract and assignment agreements coterminous with the assigning Participant’s CC Project power sales contract, respectively, as follows:

### Project One

<table>
<thead>
<tr>
<th>Selling Participant</th>
<th>Buying Participant</th>
<th>Percentage of Selling Participant’s Entitlement Share Transferred(1)</th>
<th>Percentage of Project One Output and Services Transferred</th>
</tr>
</thead>
<tbody>
<tr>
<td>LaFayette</td>
<td>Camilla</td>
<td>19.268%</td>
<td>0.311%</td>
</tr>
<tr>
<td>College Park</td>
<td>Lawrenceville</td>
<td>8.076</td>
<td>0.621</td>
</tr>
<tr>
<td>College Park</td>
<td>Sandersville</td>
<td>20.191</td>
<td>1.553</td>
</tr>
<tr>
<td>Brinson</td>
<td>Camilla</td>
<td>63.030</td>
<td>0.021</td>
</tr>
<tr>
<td>Whigham</td>
<td>Camilla</td>
<td>40.072</td>
<td>0.050</td>
</tr>
</tbody>
</table>

(1) Net of selling Participant’s proportionate share of the transfer to Oxford but including its proportionate share of the Plant Vogtle sellback amount.

### CC Project

<table>
<thead>
<tr>
<th>Assigning Participant</th>
<th>Assuming Participant(1)</th>
<th>Percentage of CC Project Output and Services Assigned</th>
<th>Percentage of CC Project Annual Costs Assumed</th>
<th>Percentage of Embedded Simple Cycle Costs Assumed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douglas</td>
<td>Lawrenceville</td>
<td>0.79523%</td>
<td>0.79523%</td>
<td>0.92380%</td>
</tr>
<tr>
<td>Douglas</td>
<td>Grantville</td>
<td>0.19881</td>
<td>0.19881</td>
<td>0.23095</td>
</tr>
<tr>
<td>Newman</td>
<td>Palmetto</td>
<td>0.39761</td>
<td>0.39761</td>
<td>0.46191</td>
</tr>
<tr>
<td>Newman</td>
<td>Fairburn</td>
<td>0.39761</td>
<td>0.39761</td>
<td>0.46191</td>
</tr>
<tr>
<td>Griffin</td>
<td>Albany</td>
<td>1.98807</td>
<td>1.98807</td>
<td>2.30954</td>
</tr>
<tr>
<td>Griffin</td>
<td>Brinson</td>
<td>0.01988</td>
<td>0.01988</td>
<td>0.02310</td>
</tr>
</tbody>
</table>

(1) The Cities of Lawrenceville (“Lawrenceville”), Grantville (“Grantville”), Palmetto (“Palmetto”) and Albany (“Albany”) and the Town of Brinson (“Brinson”) have each entered into CC Project power sales contracts substantially similar to the CC Contracts.

MEAG Power expects that Participants will continue to utilize the foregoing provisions as a mechanism to allow the Participants to improve their respective power supply resource mixes. However, the take-or-pay obligations of the selling Participants under their Project One power sales contracts are not affected, each such selling Participant remaining contingently liable for all transferred obligations under its Project One power sales contract if a buying Participant defaults in connection with any of its purchased obligations.
With respect to the CC Project, each Participant in the CC Project may assign a portion of its CC Project output to other Participants. These transactions are facilitated by MEAG Power through the execution of additional power sales contracts, if applicable, and assignment agreements. In the event that the assignee defaults in connection with its obligations under its respective CC Project power sales contract pertaining to the assigned amounts, the assigning Participant shall be required to pay to MEAG Power whatever sums are necessary in order to cure such default. Moreover, during the period of such default, the assigning Participant shall be entitled to the output associated with the assigned rights of the defaulting party.

All of the generating units included in Project One, the Existing General Resolution Projects and the CC Project have been placed in service. Such ownership interests in Project One, the Existing General Resolution Projects and the CC Project represent 2,069 MW of nominally rated generating capacity, consisting of 808 MW of nuclear-fueled capacity, 750 MW of coal-fired capacity, 8 MW of combustion turbine capacity and 503 MW of combined cycle capacity. The following table sets forth information with respect to such units. As described under “SUMMARY OF PROJECT AGREEMENTS – Summary of Operating Agreements” in APPENDIX F hereto, MEAG Power has agreed to sell to GPC a portion of the output of Plant Vogtle Unit Nos. 1 and 2.
| Plant Hatch(3) | Nuclear | 807 | 17.7 | 142.8 | – | – | – | – | – | – | 17.7 | 142.8 |
| Plant Hatch Unit No. 2 | Nuclear | 807 | 17.7 | 142.8 | – | – | – | – | – | – | 17.7 | 142.8 |
| Total Hatch Units 1 and 2 | | 1,614 | 17.7 | 285.7 | – | – | – | – | – | – | 17.7 | 285.7 |
| Plant Wansley(4) | Coal | 865 | 10.0 | 86.5 | 5.1 | 44.1 | – | – | – | – | – | 15.1 | 130.6 |
| Plant Wansley Unit No. 1 | Coal | 865 | 10.0 | 86.5 | 5.1 | 44.1 | – | – | – | – | – | 15.1 | 130.6 |
| Total Wansley Units 1 and 2 | | 1,730 | 10.0 | 173.0 | 5.1 | 88.2 | – | – | – | – | – | 15.1 | 261.2 |
| Plant Wansley Combustion Turbine (Unit No. 5A)(5) | Oil | 50 | 10.0 | 5.0 | 5.1 | 2.6 | – | – | – | – | – | 15.1 | 7.6 |
| Plant Wansley Combined Cycle (Unit No. 9)(6) | Gas | 503 | – | – | – | – | – | – | – | 100.0 | 503.0 | 100.0 | 503.0 |
| Plant Scherer(7) | Coal | 810 | 10.0 | 81.0 | 5.1 | 41.3 | 15.1 | 122.3 | – | – | – | – | 30.2 | 244.6 |
| Plant Scherer Unit No. 2 | Coal | 810 | 10.0 | 81.0 | 5.1 | 41.3 | 15.1 | 122.3 | – | – | – | – | 30.2 | 244.6 |
| Total Scherer Units 1 and 2 | | 1,620 | 10.0 | 162.0 | 5.1 | 82.6 | 15.1 | 244.6 | – | – | – | – | 30.2 | 489.2 |
| Plant Vogtle(8) | Nuclear | 1,150 | 17.7 | 203.6 | – | – | – | – | 5.0 | 57.5 | – | – | 22.7 | 261.1 |
| Plant Vogtle Unit No. 1 | Nuclear | 1,150 | 17.7 | 203.6 | – | – | – | – | 5.0 | 57.5 | – | – | 22.7 | 261.1 |
| Total Vogtle Units 1 and 2 | | 2,300 | 17.7 | 407.1 | – | – | – | – | 5.0 | 115.0 | – | – | 22.7 | 522.1 |
| Total Ownership | | 1,032.8 | 173.4 | 244.6 | 115.0 | 503.0 | 2,068.8 |

Note: Column and row totals may not add due to rounding.

(1) The capacity ownership shown for each unit does not give effect to any sales of capacity from such unit, including sales of capacity to GPC as described under “SUMMARY OF PROJECT AGREEMENTS – Summary of Operating Agreements” in APPENDIX F hereto. For further information with respect to the sales of capacity to GPC, see the table on page C-2 in the Consulting Engineer’s Letter attached hereto as APPENDIX C.

(2) Amounts shown represent nominal ratings. The actual maximum net continuous ratings for such facilities can vary each year. Currently, such actual maximum net continuous ratings, in the aggregate, are approximately 0.4 percent higher than the amounts shown.

(3) Plant Hatch Unit Nos. 1 and 2 were placed in service in December 1975 and September 1979, respectively.

(4) Plant Wansley Unit Nos. 1 and 2 were placed in service in March 1982 and February 1984, respectively.

(5) MEAG Power owns a 15.1 percent interest in the nominally rated 50 MW combustion turbine unit at Plant Wansley. Due to environmental restrictions, beginning May 2003, this combustion turbine unit is prohibited from operating during the ozone season (May-September) other than during an emergency.

(6) The CC Project was placed in service in June 2004.

(7) Plant Scherer Unit Nos. 1 and 2 were placed in service in March 1982 and February 1984, respectively.

(8) Plant Vogtle Unit Nos. 1 and 2 were placed in service in June 1987 and May 1989, respectively.

The Operating Agreement for Plant Wansley will remain in effect with respect to Plant Wansley Units No. 1 and No. 2 until April 15, 2018. The co-owners currently are in discussions regarding extending this term prior to expiration. The Operating Agreement for Scherer Units No. 1 and No. 2 will remain in effect with respect to Scherer Units No. 1 and No. 2 until 2022 and 2024, respectively. Upon termination of each Operating Agreement (as the same may be extended from time to time), GPC’s appointment as agent for the co-owners will terminate, except that GPC will retain such powers as are necessary in connection with the disposition of the property of the applicable plant, and the rights and obligations of the parties shall continue with respect to actions and expenses taken or incurred in connection with such disposition. Also, for a period of fifteen years after the expiration of the term of the Wansley Operating Agreement, the parties retain their right of first refusal as set forth in the Wansley Ownership Agreement with respect to any sale or conveyance of the Wansley facility.

A brief description of each of the generating units included in Project One and the Existing General Resolution Projects and of MEAG Power’s transmission system facilities is set forth under “FACILITIES
INCLUDED IN PROJECT ONE AND GENERAL RESOLUTION PROJECTS” in the Consulting Engineer’s Letter attached hereto as APPENDIX C.

Additionally, as described below under “The Vogtle Units 3&4 Projects,” MEAG Power is a participant in the construction of Vogtle Units 3&4, each with a nominally rated generating capacity of 1,102 MW. MEAG Power’s ownership interest in Vogtle Units 3&4 was 22.7 percent, representing 500.308 MW of nominally rated generating capacity. As described under “INTRODUCTORY STATEMENT – MEAG Power” herein, on June 24, 2015, MEAG Power transferred its ownership interest in Vogtle Units 3&4 to the Vogtle Units 3&4 Project Entities. The Vogtle Units 3&4 Projects are being constructed to supply a portion of the power and energy requirements of the Vogtle Units 3&4 Participants that otherwise would be met with Supplemental Bulk Power Supply. See “The Vogtle Units 3&4 Projects – Description of Vogtle Units 3&4” below for a discussion of the current status of construction of Vogtle Units 3&4, including the recent filing by the Contractor for protection under Chapter 11 of the United States Bankruptcy Code.

At December 31, 2016, MEAG Power’s recorded investments in Property, Plant and Equipment (“PP&E”) at original cost in the generating units and common facilities, exclusive of fuel, at each plant including Project One and the Existing General Resolution Projects, transmission and distribution system facilities, general plant and other, the CC Project and the Vogtle Units 3&4 Projects were as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>PP&amp;E in Service(1)(2)</th>
<th>Construction Work in Progress(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant Hatch</td>
<td>$485,553</td>
<td>$24,963</td>
</tr>
<tr>
<td>Plant Wansley</td>
<td>237,795</td>
<td>42,687</td>
</tr>
<tr>
<td>Plant Scherer Unit Nos. 1 and 2</td>
<td>870,301</td>
<td>9,253</td>
</tr>
<tr>
<td>Plant Vogtle Unit Nos. 1 and 2</td>
<td>2,094,618</td>
<td>47,308</td>
</tr>
<tr>
<td>Transmission and Distribution</td>
<td>746,328</td>
<td>24,514</td>
</tr>
<tr>
<td>General Plant and other</td>
<td>53,993</td>
<td>8,681</td>
</tr>
<tr>
<td>CC Project</td>
<td>331,484</td>
<td>126</td>
</tr>
<tr>
<td>Vogtle Units 3&amp;4 Project Entities(3)</td>
<td>-</td>
<td>2,420,859</td>
</tr>
<tr>
<td>Total</td>
<td>$4,820,072</td>
<td>$2,578,391</td>
</tr>
</tbody>
</table>

(1) The investment for step-up substations is included in Plant investment for each of the generating facilities.
(2) Excludes investment in the Telecommunications Project.
(3) Effective June 24, 2015, PP&E in Service and Construction Work in Progress for Vogtle Units 3&4 has been recorded on each Vogtle Units 3&4 Project Entity’s balance sheet, in proportion to their respective ownership interests in Vogtle Units 3&4, but each Vogtle Units 3&4 Project Entity is a separate reporting component, and the Vogtle Units 3&4 Project Entities’ account balances are included in MEAG Power’s consolidated financial statements.

Project One Power

The output and services of the generating units included in Project One are furnished to the Participants by MEAG Power under the Project One power sales contracts. MEAG Power also provides such interchange services associated with Project One as are necessary for the reliable and economical supply of the output and services of Project One to the Participants.

Each Initial Participant is entitled to receive a specified percentage of the output and services of the generating units included in Project One. This percentage is called an “Entitlement Share.” Each Initial Participant is obligated to pay a percentage, equal to its Entitlement Share, of MEAG Power’s cost of owning, operating and maintaining the generating units, including all payments to be made by MEAG Power under the Project One Resolution, whether or not Project One, or any part thereof, is operating or
operable, and such payment is not subject to offset for any reason. See “THE PARTICIPANTS – Generation and Transmission Entitlement Shares – Project One” herein. With respect to each Participant’s ability to transfer that portion of its entitlement to the output of Project One which is in excess of its requirements, see “SUMMARY OF POWER SALES CONTRACTS – Sale or Exchange of Power and Energy” in APPENDIX E hereto. As more fully discussed under “INTRODUCTORY STATEMENT – The Participants” herein, (a) each of the Initial Participants has agreed to provide a portion of its Project One Entitlement Share to Oxford and (b) Sylvania has agreed to provide a portion of its Project One Entitlement Share to Acworth, but each Initial Participant remains obligated for the payment of all costs associated with the portion(s) of its Entitlement Share so provided.

MEAG Power entered into an eight-year purchase power agreement with the City of Robertsdale, Alabama (“Robertsdale”) during 2016 to provide full requirements service to Robertsdale, effective January 1, 2018 through December 31, 2025. The agreement provides 25 MW of Project One capacity and associated energy to meet Robertsdale’s needs net of (a) its purchases from SEPA and (b) any electric energy that Robertsdale is required to purchase from a generating facility in accordance with the Public Utility Regulatory Policies Act of 1978, as amended (“PURPA”) (on account of such generating facility’s status as a Qualifying Facility (within the meaning of PURPA)) and applicable regulations of FERC or any successor agency, and includes provisions for MEAG Power to sell additional capacity. This sale will be served from the Project One entitlements of nine subscribed Participants, as shown in the following table. However, the take-or-pay obligations of the selling Participants under their Project One Power Sales Contracts are not affected, each such selling Participant remaining contingently liable for all obligations under its Project One Power Sales Contract with respect to the amount sold if Robertsdale defaults in connection with any of its obligations under the purchase power agreement.

<table>
<thead>
<tr>
<th>Selling Participant</th>
<th>Pro-Rata Share (MW)</th>
<th>Percentage of Sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cairo</td>
<td>1.370</td>
<td>5.480%</td>
</tr>
<tr>
<td>Commerce</td>
<td>0.685</td>
<td>2.740%</td>
</tr>
<tr>
<td>Doerun</td>
<td>0.342</td>
<td>1.368%</td>
</tr>
<tr>
<td>East Point</td>
<td>4.110</td>
<td>16.440%</td>
</tr>
<tr>
<td>Elberton</td>
<td>1.370</td>
<td>5.480%</td>
</tr>
<tr>
<td>Griffin</td>
<td>5.479</td>
<td>21.916%</td>
</tr>
<tr>
<td>Moultrie</td>
<td>2.055</td>
<td>8.220%</td>
</tr>
<tr>
<td>Sandersville</td>
<td>2.055</td>
<td>8.220%</td>
</tr>
<tr>
<td>Thomasville</td>
<td>7.534</td>
<td>30.136%</td>
</tr>
<tr>
<td>Total</td>
<td>25.000</td>
<td>100.000%</td>
</tr>
</tbody>
</table>

**Transmission**

Bulk Power Supply is furnished by MEAG Power to the Participants through the ITS. Pursuant to a separate Revised and Restated Integrated Transmission System Agreement entered into between GPC and each of MEAG Power, OPC, as predecessor to GTC, and Dalton in 1990 (collectively, the “ITS Agreements”), GPC, MEAG Power, GTC and Dalton have agreed to acquire or construct certain transmission system facilities, which facilities form the ITS. Pursuant to the ITS Agreements, each party to the ITS may use all of the transmission system facilities included in the system, regardless of ownership, in serving its customers. MEAG Power’s transmission system facilities are included in Project One. On December 20, 2006, each owner of the ITS agreed to waive and not to exercise its right under its respective ITS Agreement to terminate that agreement on any date prior to December 31, 2027. In accordance with the five-year notice requirement of the ITS Agreements, an owner may provide written notice on or before December 31, 2022, terminating its respective ITS Agreement no earlier than December 31, 2027.

MEAG Power and GPC have entered into a Revised and Restated Integrated Transmission System Operation Agreement (the “Operation Agreement”), effective as of January 1, 2009. Through the Operation
Agreement, MEAG Power has appointed GPC as its agent for the management and operation of MEAG Power’s transmission system facilities. The revisions to the Operation Agreement included: an extension of the initial term through December 31, 2011, with automatic two-year renewals thereafter, with the current renewal term extending through December 31, 2017; an increase in the advance notice of cancellation requirement, which notice must be given by either party at least twelve months, but not more than 24 months, prior to the date of cancellation; the addition of a specification of the parties’ respective roles with respect to certain mandatory federal reliability standards that pertain to transmission systems; an additional indemnification for GPC in the event of claims arising out of GPC’s compliance with such reliability standards; and a covenant that MEAG Power will not sue GPC for its performance with respect to such reliability standards except in certain specified circumstances. In the event the Operation Agreement is cancelled, MEAG Power would make other arrangements for the day-to-day operation of its transmission system facilities. However, cancellation of the Operation Agreement would not affect the ITS Agreement between MEAG Power and GPC. As of December 31, 2016, neither party had given the required notice of cancellation to the other. Certain of the Operation Agreement revisions enabled MEAG Power, with GPC’s agreement and consent, to request that SERC Reliability Corporation (“SERC”) relieve MEAG Power of a number of obligations in certain mandatory federal reliability standards pertaining to transmission systems. The North American Electric Reliability Corporation (“NERC”) granted MEAG Power’s request for such relief, effective November 10, 2009, in accordance with the NERC Compliance Registry (at www.nerc.com).

The term of the Integrated Transmission System Maintenance Agreement, effective as of January 1, 2000 (the “Maintenance Agreement”), pursuant to which GPC maintains certain of MEAG Power’s transmission system facilities, has renewed annually since 2002 and requires a minimum of twelve months’ prior notice of cancellation. As of December 31, 2016, neither party had given the required twelve months’ prior notice of cancellation to the other. For a more detailed discussion of the Maintenance Agreement, see “SUMMARY OF PROJECT AGREEMENTS – Summary of Agreements Relating to Integrated Transmission System – The Maintenance Agreement” in APPENDIX F hereof.

Each Participant is entitled to a percentage, or Transmission Entitlement Share, of the services of the transmission system facilities included in Project One. Each Participant is obligated to pay a percentage, equal to its Transmission Entitlement Share, of MEAG Power’s costs with respect to such transmission facilities. Each Participant’s Transmission Entitlement Share is determined by dividing the average of the maximum one-hour integrated coincident system demands for Bulk Power Supply provided to such Participant during each month of the Power Supply Year by the average of the maximum one-hour integrated coincident system demands for Bulk Power Supply of all Participants during each month of the Power Supply Year.

**General Resolution Projects Power**

As set forth above, each Participant is obligated under its Project One power sales contract to take all of its Bulk Power Supply from MEAG Power. Each of the Existing General Resolution Projects Power Sales Contracts entered into by MEAG Power with each Initial Participant, and each of the Existing General Resolution Projects power sales contracts entered into by MEAG Power with Oxford, obligates MEAG Power to provide to such Participant, and obligates such Participant to take from MEAG Power, output and services of the applicable Project as may be available for the term of such contracts. In addition, MEAG Power is required to provide such interchange services associated with such Projects as are necessary for the reliable and economical supply of the output and services thereof to the Participants. Under each of the Existing General Resolution Projects power sales contracts, in the event the applicable Project is totally and permanently retired from service, or is out of service totally, but not permanently, and MEAG Power is unable to provide power from alternate sources, each Participant is liable to pay a fixed percentage, called an Obligation Share, of MEAG Power’s costs attributable to such Project. See “THE PARTICIPANTS – Obligation Shares of the Participants – Existing General Resolution Projects” herein. As more fully discussed under “INTRODUCTORY STATEMENT – The Participants” herein, each of the Initial...
Participants has agreed to provide a portion of its Project Four Obligation Share to Oxford, but each Initial Participant remains obligated for the payment of all costs associated with the portion of its Obligation Share so provided.

MEAG Power is required to establish and maintain rates and charges for the output and services of each of its Existing General Resolution Projects which will provide revenues sufficient, but only sufficient, to pay MEAG Power’s cost of owning, operating and maintaining such Projects, including all payments to be made by MEAG Power under the General Resolution Projects Resolution. See “Rates and Charges to Participants” below. The revenues allocated to the payment of costs attributable to each Project are required to be sufficient to pay 100 percent of such costs.

**Pseudo Scheduling and Services Agreement**

The Pseudo Scheduling and Services Agreement (the “PSSA”) between MEAG Power and GPC became effective August 1, 1997. The PSSA is a power supply arrangement between MEAG Power and GPC under which the following occurs:

(a) MEAG Power “pseudo” schedules how and when generation from its ownership interests in Plant Wansley Unit Nos. 1 and 2, the Plant Wansley Combustion Turbine and Plant Scherer Unit Nos. 1 and 2 is committed and dispatched. That is, GPC will deliver energy based upon such schedules as if it were generated at such plants, although the commitment of these units may actually be different from the “pseudo” schedule.

(b) MEAG Power “pseudo” schedules generation from the Participants’ entitlements to output from the SEPA facilities.

(c) MEAG Power utilizes the actual output from its ownership interests in Plants Hatch and Vogtle and the CC Project.

(d) MEAG Power schedules its own off-system transactions.

(e) MEAG Power controls the other non-nuclear resources in the Southern Company Control Area to which MEAG Power has ownership rights, all to meet MEAG Power’s requirements.

With respect to item (a), to the extent MEAG Power pseudo schedules output in excess of MEAG Power’s share of the actual output of a unit, MEAG Power purchases such excess energy from GPC at the energy cost of such unit. To the extent MEAG Power pseudo schedules output that is less than MEAG Power’s share of the actual output of the unit, MEAG Power sells such energy to GPC at the energy cost of such unit.

Under the PSSA, GPC provides the required ancillary services for the scheduling and dispatch of MEAG Power’s resources, provides back-up power supply to MEAG Power through an energy imbalance service, and to the extent not provided by MEAG Power, provides all ancillary services required for MEAG Power to operate its resources and to effectuate off-system sales and purchases. GPC has no further responsibility to provide partial requirements service to MEAG Power. MEAG Power is responsible for, among other matters, procuring its future requirements for all bulk power supply, obtaining replacement power when its generating resources are unavailable, planning, operating and maintaining its system in accordance with prudent utility practice, and paying the costs of all ancillary services needed to ensure the delivery of MEAG Power’s generation. For information with respect to such ancillary services, see “MEAG POWER – BULK POWER SUPPLY RESOURCES – Pseudo Scheduling and Services Agreement” in the Consulting Engineer’s Letter attached hereto as APPENDIX C.
The term of the PSSA is from year to year, with either party having the right to terminate the PSSA upon six months’ notice to the other party. GPC has agreed to cooperate with MEAG Power to develop agreements to permit MEAG Power, upon the termination of the PSSA, to form or become part of another electrical control area for dispatching and scheduling its generating units to match its loads should MEAG Power elect to do so.

The PSSA provides MEAG Power with flexibility to manage its generation resources in the current market. It allows for utilization of MEAG Power’s generating resources to match closely its system requirements. The PSSA also facilitates MEAG Power’s ability to make firm off-system sales and purchases.

During 2016, energy sales to GPC under the provisions of the PSSA totaled 1,621.1 gigawatt hours (“GWh”) with revenues of $51.3 million, while energy purchases from GPC amounted to 266.3 GWh with a cost of $6.3 million.

**Supplemental Bulk Power Supply**

Supplemental Bulk Power Supply is that portion of a Participant’s Bulk Power Supply in excess of its entitlement to power and energy from Project One and the output and related services of the Existing General Resolution Projects and, unless otherwise provided, any future project of MEAG Power. Each Participant is obligated to take and pay for Supplemental Bulk Power Supply procured and delivered by MEAG Power. The CC Project was developed to supply a portion of the power and energy requirements of the Initial CC Participants that otherwise would be met with Supplemental Bulk Power Supply. Additionally, as described below under “The Vogtle Units 3&4 Projects,” the Vogtle Units 3&4 Projects currently are being constructed to supply a portion of the power and energy requirements of the Vogtle Units 3&4 Participants that otherwise would be met with Supplemental Bulk Power Supply. Supplemental Bulk Power Supply (including transmission and ancillary services), supplied by MEAG Power to the Participants under the Project One power sales contracts, is obtained through purchases from and exchanges with wholesale electric suppliers and marketers (see “Transactions with Other Entities” below), as well as through purchases of surplus power from certain Participants.

In January 2008, MEAG Power entered into a twenty-year power purchase agreement with Southern Power Company (formerly known as West Georgia Generating Company, LLC) for the output and services of a General Electric (“GE”) 7FA combustion turbine nominally rated at 150 MW (the “Edward L. Addison Generating Facility”). The effective date of the power purchase agreement was May 1, 2009. This resource has been subscribed by twenty of the Participants whose shares are listed in the following table:

<table>
<thead>
<tr>
<th>Participant</th>
<th>Share (Percentage of 150 MW)</th>
<th>Participant</th>
<th>Share (Percentage of 150 MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buford</td>
<td>2.0161%</td>
<td>Griffin</td>
<td>2.5202%</td>
</tr>
<tr>
<td>Cairo</td>
<td>1.0081</td>
<td>Hogansville</td>
<td>0.2016</td>
</tr>
<tr>
<td>Commerce</td>
<td>0.8690</td>
<td>Lawrenceville</td>
<td>15.6252</td>
</tr>
<tr>
<td>Covington</td>
<td>10.0807</td>
<td>Marietta</td>
<td>35.2826</td>
</tr>
<tr>
<td>Elberton</td>
<td>5.0404</td>
<td>Monroe</td>
<td>4.6422</td>
</tr>
<tr>
<td>Ellaville</td>
<td>1.0419</td>
<td>Newnan</td>
<td>4.0323</td>
</tr>
<tr>
<td>Fairburn</td>
<td>2.5202</td>
<td>Norcross</td>
<td>4.5867</td>
</tr>
<tr>
<td>Forsyth</td>
<td>0.6552</td>
<td>Sylvester</td>
<td>0.5782</td>
</tr>
<tr>
<td>Fort Valley</td>
<td>0.5040</td>
<td>Thomaston</td>
<td>2.5202</td>
</tr>
<tr>
<td>Grantville</td>
<td>0.2268</td>
<td>Thomasville</td>
<td>6.0484</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>
During 2016, energy purchases from the Edward L. Addison Generating Facility totaled 14.6 GWh with a cost of $0.5 million.

Payments received by MEAG Power for Supplemental Bulk Power Supply are not pledged under the Project One Resolution, the General Resolution Projects Resolution, the CC Bond Resolution, the Vogtle Units 3&4 Bond Resolutions or the Telecommunications Bond Resolution, nor do MEAG Power’s expenses attributable to Supplemental Bulk Power Supply constitute operating expenses under any such resolution.

**Provisions for Participants to Obtain Supplemental Power from Alternative Sources**

Under the power sales contracts relating to MEAG Power’s Project One, each Participant may procure Supplemental Power from Alternative Sources up to certain maximum amounts determined by formulae contained in the power sales contracts. Procurement of Supplemental Power from Alternative Sources is subject to satisfaction of certain notice requirements ranging from two years to nine years depending upon the amount of such power procured. Any such action by a Participant does not relieve it of its obligation to pay its Entitlement Share of costs relating to Project One, its allocated share of the costs of the Existing General Resolution Projects or, if applicable, its Obligation Shares of the costs of the CC Project or the Vogtle Units 3&4 Projects. See “SUMMARY OF POWER SALES CONTRACTS – Procurement of Alternative Bulk Power Supply Resources” in APPENDIX E hereto.

Prior to the implementation of the Supplemental Power Supply Policy described in the following paragraph, two Participants, the City of Calhoun (“Calhoun”) and the City of LaGrange (“LaGrange”), had given the required notice to procure Supplemental Power from Alternative Sources and such notices remain in effect. Pursuant to its notice and in accordance with the provisions of its Project One power sales contract, Calhoun acquired a 20 MW combustion turbine unit to serve a portion of its supplemental power needs. Except with respect to such combustion turbine unit, both Calhoun and LaGrange continue to receive all of their respective supplemental power needs from MEAG Power.

In 1999, MEAG Power adopted a “Supplemental Power Supply Policy” with respect to its obligation to supply the supplemental power requirements of the Participants, which policy supplements the provisions of the Project One power sales contracts described in the second preceding paragraph. Among other things, the policy provides the Participants with several options with respect to the provision of supplemental power requirements from which they can choose on an annual basis, and it waives the notice requirements of the Project One power sales contracts described above for so long as the Supplemental Power Supply Policy is in effect. The Supplemental Power Supply Policy became effective for the 2000 Power Supply Year, and is intended to remain in effect for future power supply years unless changed due to future circumstances. In that event, outstanding Participant commitments for supplemental power supply shall be taken into account.

**Participant Interconnection Agreement**

As set forth below, Section 404(b) of the Project One power sales contracts provides for an interconnection agreement between MEAG Power and those Participants that elect to procure Supplemental Power from Alternative Sources. Section 404(b) states:

“The Participant will enter into an interconnection agreement with [MEAG Power] for reserves, emergency, economy, scheduled and other interchange service, the terms and conditions of which will be similar to those contained in interconnection agreements between [MEAG Power] and others.”

In May 1999, the MEAG Power Board approved a generic Participant Interconnection Agreement (the “PIA”) that is to be used in connection with any Participant that elects to procure Supplemental Power
from Alternative Sources. The PIA is available on a contract year basis (January 1 to December 31) and can be terminated with twelve months’ notification (the first termination cannot occur within the first two contract years). In general, the PIA provides for (i) MEAG Power to provide transmission and ancillary services; (ii) certain rights and obligations of the Participant with respect to the Alternative Source such as notice provisions, treatment of reserves and losses and operating procedures; (iii) the energy accounting associated with the Alternative Source; and (iv) administration costs and billing associated with the PIA. Calhoun and MEAG Power have entered into a PIA.

**Southeastern Power Administration (SEPA)**

Effective October 1, 1996, the Participants entered into 20-year contracts with SEPA under which they are entitled to receive capacity and energy allocations of hydroelectric generation. Each contract remains in effect after September 30, 2016 until termination notice is given by either the Participant (with 25 months’ notice) or SEPA (with 24 months’ notice). In recent years, the average annual amount of energy received from SEPA has been approximately 700,000 megawatt hours (“MWh”) per year. During low-water years, such amounts could be as low as 424,000 MWh annually (the minimum contract amount). The amount of energy delivered by SEPA during 2016 was 695,000 MWh. The estimated amount of energy to be delivered by SEPA during 2017 through 2021 is 655,800 MWh annually, based on an average of recent years’ actual annual delivered energy. The amount of capacity currently received under these contracts is 431 MW. Each Participant receives its allotment of electric power and energy and pays SEPA directly for such power and energy. However, any Participant may assign its allotment of SEPA power to MEAG Power for delivery by MEAG Power to such Participant. Effective June 1, 1989, MEAG Power assumed responsibility for delivering the allotments of SEPA power through the ITS. MEAG Power charges the Participants for such transmission service under the Project One power sales contracts based upon a rate provision set forth therein. For further information, see “MEAG POWER – SEPA POWER” in the Consulting Engineer’s Letter attached hereto as APPENDIX C.

MEAG Power includes the cost of SEPA power on its monthly bills submitted to the Participants for informational purposes only. However, the Participants, not MEAG Power, are responsible for making payments to SEPA.

On April 6, 2017, SEPA published a proposed capacity rate decrease in the *Federal Register*. Following completion of the comment period and any final adjustments to the proposal, the new rate schedule will be filed with DOE and will become effective on an interim basis on October 1, 2017. The rate schedule will become final upon approval by FERC.

**The Combined Cycle Project**

**General.** In 2002, MEAG Power entered into take-or-pay, “hell or high water” Combustion Turbine Power Sales Contracts (the “CT Contracts”) with 34 of the Participants (the “CT Participants”) relating to a combustion turbine project that was being developed by MEAG Power (the “CT Project”). The CT Project, the CT Bond Resolution, the CT Contracts and bonds to be issued under the CT Bond Resolution for the CT Project were validated by an order of the Superior Court of Fulton County, Georgia on May 1, 2002. The payment obligations of each CT Participant under its CT Contract were on a parity with its obligations under its contractual arrangements with MEAG Power with respect to each of MEAG Power’s other projects.

As originally contemplated, the CT Project was to be comprised of two distinct facilities: a combined cycle facility to be located at the existing Plant Wansley power plant located in Heard County, Georgia and designated as the “Wansley Combined Cycle Facility”; and a simple cycle facility to be located near the City of Monroe in Walton County, Georgia and designated as the “W. R. Clayton CT Facility.”
A portion of the cost of acquisition and construction of the CT Project was financed through the issuance, under the CT Bond Resolution, of $258,465,000 in aggregate principal amount of Combustion Turbine Project Revenue Bonds, Series 2002A (the “2002A CT Bonds”) and $86,220,000 in aggregate principal amount of Variable Rate Combustion Turbine Project Revenue Bonds, Series 2002B (the “2002B CT Bonds” and, together with 2002A CT Bonds, the “CT Bonds”). As described herein, on May 11, 2010, all outstanding 2002B CT Bonds and certain outstanding 2002A CT Bonds were refunded through the issuance of the 2010A CC Bonds (hereinafter defined). Additionally, as described herein, on February 2, 2012, certain outstanding 2002A CT Bonds were advance refunded through the issuance of the 2012A CC Bonds (hereinafter defined). As a result, no 2002A CT Bonds remain outstanding.

In July 2003, 32 of the 34 CT Participants (hereinafter referred to as the “Initial CC Participants”) agreed to execute a take-or-pay, “hell or high water” Amended and Restated Combined Cycle Power Sales Contract (each, an “Initial CC Contract”) for the purpose of amending and restating their respective CT Contracts in order to effect a proposed reconfiguration of the CT Project that consisted of (a) deleting the simple cycle component, (b) increasing the combined cycle component to the entire nominal summer rating capacity (503 MW) of the Wansley Combined Cycle Facility and (c) reallocating the shares of the two CT Participants that did not execute Initial CC Contracts. In addition, the two insurers of the CT Bonds consented to such Initial CC Contracts. As a result of the reconfiguration of the CT Project, the debt service responsibilities of the CT Participants for the outstanding CT Bonds were revised.

The Superior Court of Fulton County, Georgia, in a civil action styled State of Georgia v. Municipal Electric Authority of Georgia, et al., Civil Action File No. 2003CV73437, entered a judgment on August 20, 2003, which confirmed and validated MEAG Power’s authorization to issue and deliver (a) Combined Cycle Project Revenue Bonds in the amounts of (i) $175,315,000 to finance or refinance Costs of Acquisition and Construction of the CC Project, including generating capacity reserves for the CC Project, Embedded Simple Cycle Costs and Financing Costs (as defined in the CC Contracts), and (ii) $200,000,000 to finance or refinance fuel for the CC Project, and (b) Combined Cycle Project Refunding Revenue Bonds in the amount of $600,000,000 to provide for the refunding of Combined Cycle Project Revenue Bonds and/or CT Bonds. Each of the terms and provisions of the CC Contracts with the Initial CC Participants were declared to be valid and binding on each party thereto and were in each and every respect confirmed and validated.

Three additional Participants (Lawrenceville, Grantville and Palmetto) became CC Participants in 2007 and early 2008, one additional Participant (Albany) became a CC Participant effective as of January 1, 2011 and one additional Participant (Brinson) became a CC Participant effective as of January 1, 2012 (such additional Participants are collectively referred to herein as the “Additional CC Participants”), increasing the total number of participants in the CC Project to 37. The Additional CC Participants became participants in the CC Project through the execution of additional take-or-pay, “hell or high water” CC Contracts (the “Additional CC Contracts”) and assignment agreements with certain of the Initial CC Participants with respect to portions of such Initial CC Participants’ interests in the output of the CC Project (see “Bulk Power Supply Operations – General” above). The Initial CC Participants, together with the Additional CC Participants, are collectively referred to herein as the “CC Participants,” and the Initial CC Contracts, together with the Additional CC Contracts, are collectively referred to herein as the “CC Contracts.” The payment obligations of each CC Participant under its respective CC Contract are general obligations to the payment of which its full faith and credit are pledged. MEAG Power’s remedies under each such CC Contract include specific performance to compel the CC Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder. The Additional CC Contracts were entered into after the entry of the August 20, 2003 validation order referred to above and have not been so validated. See “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Security for MEAG Power’s CC Bonds – The CC Contracts” herein. For descriptions of the CC Contracts and the CC Bond Resolution, see “SUMMARY OF COMBINED CYCLE POWER SALES CONTRACTS” in APPENDIX I hereto and “SUMMARY OF COMBINED CYCLE PROJECT BOND RESOLUTION” in APPENDIX J hereto.
In October 2003, MEAG Power issued $84,840,000 in aggregate principal amount of Combined Cycle Project Revenue Bonds, Series 2003A (the “2003A CC Bonds”) pursuant to the CC Bond Resolution to provide funds to finance the costs of completion of the acquisition and construction of the CC Project. The 2003A CC Bonds were on a parity with the CT Bonds. As described below, on May 11, 2010, certain outstanding 2003A CC Bonds were refunded through the issuance of the 2010A CC Bonds. In addition, on November 1, 2013, (a) $44,280,000 in aggregate principal amount of the 2003A CC Bonds were redeemed with the proceeds of an advance under the CC Project Revolving Credit Agreement (hereinafter defined) and (b) $3,665,000 in aggregate principal amount of the 2003A CC Bonds were paid at maturity. As a result, no 2003A CC Bonds remain outstanding. As more fully described under “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program – Outstanding Indebtedness of MEAG Power – CC Project” herein, on November 28, 2016, the aggregate principal amount of such advance was repaid with revenues collected from the CC Participants and the proceeds of an advance under the CC Project 2012A BAN (hereinafter defined). At some point in the future, MEAG Power may refund such advance through the issuance of additional CC Bonds.

On May 11, 2010, MEAG Power issued $128,410,000 in aggregate principal amount of Combined Cycle Project Revenue Bonds, Series 2010A (the “2010A CC Bonds”) to, among other things, provide a portion of the moneys required to refund all of the then outstanding 2002B CT Bonds and certain outstanding 2002A CT Bonds and 2003A CC Bonds, as well as make a required deposit to the debt service reserve account established under the CC Bond Resolution. The 2010A CC Bonds were outstanding as of both December 31, 2016 and April 30, 2017 in an aggregate principal amount of $110,065,000.

On February 2, 2012, MEAG Power issued $102,365,000 in aggregate principal amount of Combined Cycle Project Revenue Bonds, Series 2012A (the “2012A CC Bonds”) to, among other things, provide a portion of the moneys required to advance refund certain outstanding 2002A CT Bonds. The 2012A CC Bonds were outstanding as of both December 31, 2016 and April 30, 2017 in an aggregate principal amount of $59,455,000.

See “CC PROJECT PARTICIPANTS ANNUAL GROSS DEBT SERVICE RESPONSIBILITIES” in APPENDIX R hereto for the current debt service responsibilities of the CC Participants with respect to the 2010A CC Bonds and the 2012A CC Bonds.

**Description of the CC Project.** The CC Project consists of the ownership of a GE gas-fired and steam driven combined cycle power plant (S207 FA) that has a nominal summer capacity of 503 MW. All major construction milestones were met and the CC Project began commercial operation on June 1, 2004. All contract guarantees were met or exceeded. The CC Project currently has all of the permits and licenses necessary for its operation, and the facility currently is in substantial compliance with all regulations, permits and licenses now in effect.

The CC Project is located at the existing Plant Wansley power plant site, which is located in a rural area in Heard County, Georgia, approximately 40 miles southwest of Atlanta and which is co-owned by MEAG Power, GPC, OPC and Dalton. The real property on which the CC Project is located is owned solely by MEAG Power.

The CC Project is supported by common facilities that have been developed by MEAG Power, GPC and OPC. The common facilities necessary to support the operation of the CC Project include a natural gas pipeline, raw water lines, wastewater lines, fire water lines, potable water lines, backup power lines, telecommunication lines and site drainage facilities, and such facilities have been installed. MEAG Power and OPC shared the costs of construction of a new 230 kV substation and associated facilities to interconnect the generating facilities being constructed by OPC and MEAG Power to the ITS. OPC subsequently transferred its interest in this 230 kV substation to GTC. In September 2007, MEAG Power and GTC completed a joint ownership and operating agreement under which MEAG Power and GTC each
have an initial 50 percent interest in the substation, with such interests subject to adjustment if the station is expanded in the future and both parties choose not to participate equally in such expansion.

The CC Project utilizes two Frame 7 FA combustion turbines ("CTs") in a combined cycle application where exhaust from each CT flows into a heat recovery steam generator ("HRSG") to produce steam, which in turn is used to drive a GE double flow steam turbine. The CTs have the capability to operate on natural gas fuel controlling NO\(_x\) emissions to nine parts per million ("ppm") at fifteen percent oxygen with dry low NO\(_x\) combustors. The HRSGs contain duct burners, which have the capability to augment the production of steam, and selective catalytic reduction systems to further reduce stack NO\(_x\) emission levels.

Through participation in the Momentum Expansion Phase II, previously known as the “Cornerstone Expansion,” of the Transco natural gas pipeline system, MEAG Power has secured firm natural gas transportation capacity sufficient to deliver 65 percent of the natural gas required to operate the facility at projected peak period capacity factors through January 31, 2019, and has obtained certain renewal options with respect thereto. For the remainder of the facility’s natural gas transportation requirements, MEAG Power uses a combination of daily and short-term capacity purchases. MEAG Power entered into a summer capacity release agreement with the Municipal Gas Authority of Georgia ("MGAG") that began on April 1, 2017 and ends on October 31, 2017 to fill the bulk of this need for the current year.

The Energy Authority ("TEA") provides fuel management services for MEAG Power, including procurement, scheduling and risk management of the transportation and supply portfolio. See “The Energy Authority” below. In addition, MEAG Power has entered into a long-term gas purchase with Main Street Natural Gas, Inc. ("Main Street"), a Georgia nonprofit corporation formed by MGAG. The term of this transaction, which commenced on February 1, 2007, is fifteen years. From December 31, 2016 through the remaining term of the contract, MEAG Power will purchase from Main Street, on a “take-and-pay” basis, 1,929 million British thermal units ("mmBtus") per day of natural gas on an average annual basis. Such purchases are structured to match the usage in the peak operating season and are expected to equal approximately 4 percent of MEAG Power’s natural gas requirements for its native load, based on the load forecast updated in October 2016. MEAG Power expects that the price to be paid by it for natural gas under the transaction will be substantially lower than the price of natural gas available to it on the spot market. For further information regarding this transaction, see Note 8 to MEAG Power’s 2016 Financial Statements attached hereto as APPENDIX A.

MEAG Power has entered into a Firm Storage Service Agreement and a Firm Transportation Service Agreement with Petal Gas Storage, L.L.C. (currently known as Gulf South Pipeline Company, LP) ("Petal") that provides for storage and associated transportation of 200,000 mmBtus of natural gas for a term of fifteen years that began in August 2008. MEAG Power has regularly utilized Petal under the terms of its original contract and under the FERC-approved tariff that the contract references. However, in a transaction that is expected to provide more value, MEAG Power has entered into a two-year release of the capacity that began on April 1, 2017 and ends on March 31, 2019.

In addition, effective February 28, 2013, MEAG Power revised a firm storage agreement with the Transco natural gas pipeline system for storage of 21,174 mmBtus of natural gas at Transco’s Eminence gas storage facility. The revision was required to reflect MEAG Power’s pro rata share of the reduced volume of storage available after FERC approved Transco’s abandonment of a portion of the facility. Operation under the Transco agreement began in July 2008 and continues to January 31, 2019. The agreements provide MEAG Power with storage rights for natural gas for the CC Project that may be drawn to manage daily gas supplies or to partially compensate for supply disruptions.

MEAG Power has contracted with North American Energy Services ("NAES") to perform the operation and maintenance of the CC Project. NAES has extensive experience in the operation of combined cycle facilities, including a number of facilities using Frame 7F technology similar to the CC Project.
The contract was effective on October 31, 2013 and its initial term ends on October 31, 2018. The contract has provisions for automatic three-year renewal options thereafter, but may be terminated at any time by MEAG Power giving ninety days’ notice to NAES.

In March 2015, MEAG Power contracted with PW Power Systems for long-term parts and outage services for the CC Project. The term of the contract is based on the operations of the unit and estimated to be in place through 2030.

The Vogtle Units 3&4 Projects

General. Each of MEAG Power, GPC, OPC and Dalton (collectively referred to herein as the “Original Vogtle Co-Owners”) agreed to expand the facilities at Plant Vogtle by constructing Vogtle Units 3&4, each with a nominally rated generating capacity of 1,102 MW. The Original Vogtle Co-Owners agreed to participate in Vogtle Units 3&4 at the same ownership shares as their participation in Plant Vogtle Unit Nos. 1 and 2, with (1) MEAG Power taking a 22.7 percent ownership interest, (2) GPC taking a 45.7 percent ownership interest, (3) OPC taking a 30.0 percent ownership interest and (4) Dalton taking a 1.6 percent ownership interest. MEAG Power’s ownership interest in Vogtle Units 3&4 represented 500.308 MW of nominally rated generating capacity. A portion of the output and services of MEAG Power’s ownership interest in Vogtle Units 3&4 was projected to be surplus initially to the requirements of the Participants in Vogtle Units 3&4. As a result, MEAG Power structured its interest in Vogtle Units 3&4 as three separate projects such that all of the output of Vogtle Units 3&4 was expected to be used as a baseload generation resource for load-serving entities during the entire projected useful life of Vogtle Units 3&4.

Project M initially comprised approximately 33.871 percent of MEAG Power’s ownership interest, representing 169.458 MW of generating capacity based upon the nominal rating of the proposed Vogtle Units 3&4, which percentage interest has been transferred to the Project M Entity (see “INTRODUCTORY STATEMENT – The Projects” herein). The output and services of Vogtle Units 3&4 related to Project M will be provided to the Project M Participants that executed Project M Power Sales Contracts commencing as of the commercial operation date of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, respectively. MEAG Power has issued Project M Bonds pursuant to its Project M Bond Resolution to finance and refinance costs of acquisition and construction and financing costs of Project M, and has pledged payments to be made pursuant to the Project M Power Sales Contracts with the Project M Participants to the payment of the Project M Bonds. The payment obligations of each Project M Participant under its Project M Power Sales Contract are on parity with its obligations under its contractual arrangements with MEAG Power with respect to MEAG Power’s other projects. See the final paragraph under “INTRODUCTORY STATEMENT – The Projects” herein for a discussion of the economic inter-relationship among MEAG Power’s projects. For a description of the Project M Participants’ payment obligations under their respective Project M Power Sales Contracts, see “SUMMARY OF VOGLTE UNITS 3&4 POWER SALES CONTRACTS – Vogtle Units 3&4 Participants’ Obligations to Pay” in APPENDIX L hereto.

Project J initially comprised approximately 41.175 percent of MEAG Power’s ownership interest, representing 206.000 MW of generating capacity based upon the nominal rating of the proposed Vogtle Units 3&4, which percentage interest has been transferred to the Project J Entity (see “INTRODUCTORY STATEMENT – The Projects” herein). MEAG Power entered into the Project J PPA with JEA to sell the output and services of Vogtle Units 3&4 related to Project J for the first twenty years of commercial operation of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, respectively. Following the twentieth anniversary of the commercial operation date of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, respectively, the output and services of such unit related to Project J shall be provided to the Project J Participants. MEAG Power has issued Project J Bonds pursuant to its Project J Bond Resolution to finance and refinance costs of acquisition and construction and financing costs of Project J, and has pledged payments to be made pursuant to the Project J PPA and the Project J Power Sales Contracts to the payment of the Project J Bonds. The payment obligations of each Project J Participant under its Project J
Power Sales Contract are on parity with its obligations under its contractual arrangements with MEAG Power with respect to MEAG Power’s other projects. See the final paragraph under “INTRODUCTORY STATEMENT – The Projects” herein for a discussion of the economic inter-relationship among MEAG Power’s projects. For a description of JEA’s payment obligations under the Project J PPA, see “SUMMARY OF VOGLTE UNITS 3&4 PPAs – PROJECT J PPA – JEA’s Payment Obligations” in APPENDIX K hereto and for a description of the Project J Participants’ payment obligations under their respective Project J Power Sales Contracts, see “SUMMARY OF VOGLTE UNITS 3&4 POWER SALES CONTRACTS – Vogtle Units 3&4 Participants’ Obligations to Pay” in APPENDIX L hereto.

Project P initially comprised approximately 24.955 percent of MEAG Power’s ownership interest, representing 124.850 MW of generating capacity based upon the nominal rating of the proposed Vogtle Units 3&4, which percentage interest has been transferred to the Project P Entity (see “INTRODUCTORY STATEMENT – The Projects” herein). MEAG Power entered into the Project P PPA with PowerSouth to sell the output and services of Vogtle Units 3&4 related to Project P for the first twenty years of commercial operation of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, respectively. Following the twentieth anniversary of the commercial operation date of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, respectively, the output and services of such unit related to Project P shall be provided to the Project P Participants. MEAG Power has issued Project P Bonds pursuant to its Project P Bond Resolution to finance and refinance costs of acquisition and construction and financing costs of Project P, and has pledged payments to be made pursuant to the Project P PPA and the Project P Power Sales Contracts to the payment of the Project P Bonds. The payment obligations of each Project P Participant under its Project P Power Sales Contract are on parity with its obligations under its contractual arrangements with MEAG Power with respect to MEAG Power’s other projects. See the final paragraph under “INTRODUCTORY STATEMENT – The Projects” herein for a discussion of the economic inter-relationship among MEAG Power’s projects. For a description of PowerSouth’s payment obligations under the Project P PPA, see “SUMMARY OF VOGLTE UNITS 3&4 PPAs – PROJECT P PPA – PowerSouth’s Payment Obligations” in APPENDIX K hereto and for a description of the Project P Participants’ payment obligations under their respective Project P Power Sales Contracts, see “SUMMARY OF VOGLTE UNITS 3&4 POWER SALES CONTRACTS – Vogtle Units 3&4 Participants’ Obligations to Pay” in APPENDIX L hereto.

Each of the Vogtle Units 3&4 Power Sales Contracts as well as the Project J PPA and the Project P PPA require the Vogtle Units 3&4 Participants, JEA and PowerSouth, as applicable, to make their payments as required by the applicable contract whether or not the respective project is completed, operating or operable, and such payment obligations are unconditional.

The Superior Court of Fulton County, Georgia, in the case of State of Georgia v. Municipal Electric Authority of Georgia, et al., Civil Action No. 2008CV159297, by judgment entered on November 18, 2008 (the “2008 Vogtle Validation Judgment”), validated and confirmed a total of (i) $4,951,210,000 of Project M Bonds (a) to finance or refinance the costs of acquisition and construction and financing costs of Project M and (b) to refund all or any portion of any Outstanding Bonds (as that term was defined in the Original Project M Bond Resolution) or all or any portion of any outstanding subordinated bonds issued pursuant to the Project M Bond Resolution, (ii) $6,010,140,000 of Project J Bonds (a) to finance or refinance the costs of acquisition and construction and financing costs of Project J and (b) to refund all or any portion of any Outstanding Bonds (as that term was defined in the Original Project J Bond Resolution) or all or any portion of any outstanding subordinated bonds issued pursuant to the Project J Bond Resolution, (iii) $3,390,780,000 of Project P Bonds (a) to finance or refinance the costs of acquisition and construction and financing costs of Project P and (b) to refund all or any portion of any Outstanding Bonds (as that term was defined in the Original Project P Bond Resolution) or all or any portion of any outstanding subordinated bonds issued pursuant to the Project P Bond Resolution. The 2008 Vogtle Validation Judgment provided that such validated bonds, when issued, will be the valid and binding obligations of MEAG Power in accordance with their terms and the terms of the Original Project M Bond Resolution, the Original Project J Bond Resolution or the Original Project P Bond Resolution, as applicable, and validated and confirmed
(a) the security for the payment of such bonds and (b) all of the terms and provisions of each of the Original Vogtle Units 3&4 Power Sales Contracts, the Original Project J PPA and the Original Project P PPA.

Additionally, the Superior Court of Fulton County, Georgia, in the case of State of Georgia v. Municipal Electric Authority of Georgia, et al., Civil Action No. 2009CV179503, by judgment entered on January 19, 2010 (the “2010 Vogtle Validation Judgment”), (x) validated and confirmed (i) the amendments to the Original Project M Bond Resolution provided for in the Amended and Restated Project M Bond Resolution, (ii) the amendments to the Original Project J Bond Resolution provided for in the Amended and Restated Project J Bond Resolution and (iii) the amendments to the Original Project P Bond Resolution provided for in the Amended and Restated Project P Bond Resolution and (y) confirmed that (i) the 2008 Vogtle Validation Judgment remained in full force and effect and (ii) the Vogtle Units 3&4 Bonds to be issued in accordance with the 2008 Vogtle Validation Judgment, as supplemented in the validation proceeding relating to the 2010 Vogtle Validation Judgment, and the respective security therefor, were, and remained, confirmed and validated.

**Financing of Vogtle Units 3&4 Projects.** In April 2009, MEAG Power issued (a) Project M Bonds in the form of tax-exempt bond anticipation notes that matured on May 7, 2010, in the aggregate principal amount of $163,610,000 to finance costs of acquisition and construction and financing costs of Project M (the “Series 2009 Project M Notes”) and (b) Project J Bonds in the form of tax-exempt bond anticipation notes that matured on May 25, 2010, in the aggregate principal amount of $200,960,000 to finance costs of acquisition and construction and financing costs of Project J (the “Series 2009 Project J Notes”). In May 2009, MEAG Power issued Project P Bonds in the form of both tax-exempt bond anticipation notes in the aggregate principal amount of $63,990,000 (the “Series 2009A Project P Notes”) and taxable bond anticipation notes in the aggregate principal amount of $64,995,000 (the “Series 2009B Project P Notes” and, together with the Series 2009A Project P Notes, the “Series 2009 Project P Notes”) that matured on June 21, 2010, to finance costs of acquisition and construction and financing costs of Project P.

On March 11, 2010, MEAG Power issued Project J Bonds in the aggregate principal amounts of $1,224,265,000 (the “Series 2010A Project J Bonds”) and $24,170,000 (the “Series 2010B Project J Bonds” and, together with the Series 2010A Project J Bonds, the “Series 2010A&B Project J Bonds”) to finance a portion of the costs of acquisition and construction and financing costs of Project J, to provide moneys to fund a debt service reserve account established under the Project J Bond Resolution, to fund certain capitalized interest on the Series 2010A&B Project J Bonds, and to refund the outstanding Series 2009 Project J Notes. On March 12, 2010, MEAG Power issued Project M Bonds in the aggregate principal amounts of $1,012,235,000 (the “Series 2010A Project M Bonds”) and $16,710,000 (the “Series 2010B Project M Bonds” and, together with the Series 2010A Project M Bonds, the “Series 2010A&B Project M Bonds”) to finance a portion of the costs of acquisition and construction and financing costs of Project M, to provide moneys to fund a debt service reserve account established under the Project M Bond Resolution, to fund certain capitalized interest on the Series 2010A&B Project M Bonds, and to refund the outstanding Series 2009 Project M Notes. On March 16, 2010, MEAG Power issued Project P Bonds in the aggregate principal amounts of $383,405,000 (the “Series 2010A Project P Bonds”) and $7,090,000 (the “Series 2010B Project P Bonds” and, together with the Series 2010A Project P Bonds, the “Series 2010A&B Project P Bonds”) to finance a portion of the costs of acquisition and construction and financing costs of Project P, to provide moneys to fund a debt service reserve account established under the Project P Bond Resolution, to fund certain capitalized interest on the Series 2010A&B Project P Bonds, and to refund the outstanding Series 2009A Project P Notes.

MEAG Power has designated the Series 2010A Project J Bonds, the Series 2010A Project M Bonds and the Series 2010A Project P Bonds as Build America Bonds for purposes of the Recovery Act. As a result, MEAG Power, provided it complies with the requirements of the Recovery Act, is entitled to receive cash subsidy payments rebating a portion of the interest payable on such Build America Bonds from the United States Treasury equal to 35 percent of the interest payable on such bonds. All cash subsidy payments received by MEAG Power from the United States Treasury in respect of the interest payable on any Build
America Bonds will constitute revenues for all purposes of the applicable Vogtle Units 3&4 Bond Resolution, subject to the provisions thereof permitting the application of the cash subsidy payments for the purposes and on the terms and conditions set forth therein. No assurance can be given by MEAG Power of the receipt of such cash subsidy payments. MEAG Power is obligated to make payments of the principal and interest on the Series 2010A Project J Bonds, the Series 2010A Project M Bonds and the Series 2010A Project P Bonds whether or not it receives such cash subsidy payments.

As a result of enactment of the Bipartisan Budget Act of 2013, sequester reduction on all subsidy payments owed to issuers of direct-pay Build America Bonds (including the Series 2010A Project J Bonds, the Series 2010A Project M Bonds and the Series 2010A Project P Bonds) was extended until 2023 (the “Sequester Reduction”). The Sequester Reduction for federal fiscal year 2016 was 6.8%. The Sequester Reduction for federal fiscal year 2017 is 6.9%. The 2018 Sequester Reduction percentage will be announced at the end of the current federal fiscal year, which is September 30, 2017.

MEAG Power has entered into a credit agreement with two commercial banks in order to finance a portion of the costs of acquisition and construction and financing costs of Project P (such agreement, as amended from time to time, is referred to herein as the “Project P Credit Agreement”). The initial borrowing under the Project P Credit Agreement was made on June 21, 2010 in order to pay the maturing principal of the Series 2009B Project P Notes. In order to evidence its obligation to repay borrowings made and to be made by MEAG Power pursuant to the Project P Credit Agreement, and interest thereon, MEAG Power has issued its Plant Vogtle Units 3&4 Project P Bond Anticipation Notes, Taxable Series 2010A (the “Series 2010A Project P Notes”) to the banks that are parties to the Project P Credit Agreement. The Series 2010A Project P Notes constitute “Bonds” within the meaning of the Project P Bond Resolution and are on a parity with the Series 2010A&B Project P Bonds, the Series 2012A Project P Note hereinafter referred to and the Series 2015A Project P Bonds hereinafter referred to, except that the Series 2010A Project P Notes are not payable from amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Project P Bond Resolution. Each Series 2010A Project P Note is issued in a maximum aggregate principal amount equal to the bank’s commitment under the Project P Credit Agreement, and has a stated maturity date that is the same as the stated termination date of such bank’s commitment thereunder. However, the Series 2010A Project P Notes constitute “Option Bonds” within the meaning of the Project P Bond Resolution. As such, the maturity thereof may be extended at the option of the holder thereof.

In June 2013, the Project P Credit Agreement was amended to, among other things, increase the maximum aggregate principal amount of borrowings that may be made by MEAG Power thereunder to $275,000,000. In conjunction with such amendment, MEAG Power adopted a supplemental resolution that amended the supplemental resolution that initially authorized the issuance of the Series 2010A Project P Notes in order to, among other things, increase the maximum aggregate principal amount of the Series 2010A Project P Notes that may be outstanding at any time to $275,000,000. In April 2015, the Project P Credit Agreement was amended further to, among other things, extend the term thereof to July 31, 2015.

In June 2015, all borrowings under the Project P Credit Agreement were repaid from the proceeds of the Project P Entity’s initial advances under its DOE Guaranteed Loan. As a result, as of the date of this Annual Information Statement, no Series 2010A Project P Notes remain outstanding.

In September 2015, MEAG Power and the banks party thereto amended and restated the Project P Credit Agreement in order to (a) extend the term thereof to September 25, 2018, (b) convert the agreement into a revolving credit agreement (that is, an agreement that permits MEAG Power to borrow, prepay and reborrow thereunder) and (c) reduce the maximum aggregate principal amount of borrowings that may be made by MEAG Power thereunder to $100,000,000. As a result, the maximum aggregate principal amount of the Series 2010A Project P Notes outstanding has been correspondingly reduced to $100,000,000, and the maturity date of the Series 2010A Project P Notes and the Series 2012A Project P Note have been correspondingly extended to September 25, 2018.
MEAG Power may cause the term of the Project P Credit Agreement to be extended further from time to time. In the event, however, that the term of the Project P Credit Agreement is not extended for any reason, MEAG Power anticipates that the Series 2010A Project P Notes will be refunded through the issuance of Project P Bonds (including Bond Anticipation Notes (as defined in the Project P Bond Resolution and referred to herein as “Project P Bond Anticipation Notes”)) and/or from proceeds of the Project P Entity’s DOE Guaranteed Loan.

On August 28, 2012, MEAG Power issued its Plant Vogtle Units 3&4 Project P Bond Anticipation Note, Taxable Series 2012A (the “Series 2012A Project P Note”) in a maximum aggregate principal amount to be outstanding from time to time not to exceed $107,029,000. The Series 2012A Project P Note was issued to evidence MEAG Power’s obligation to repay advances made by the trustee of the Municipal Competitive Trust (hereinafter defined) to MEAG Power, as an investment of funds on deposit in the Municipal Competitive Trust, and the interest thereon. Such advances will be used by MEAG Power to finance a portion of the costs of acquisition and construction and financing costs of Project P. The Series 2012A Project P Note constitutes a “Bond” within the meaning of the Project P Bond Resolution and is on a parity with the Series 2010A&B Project P Bonds, the Series 2010A Project P Notes and the Series 2015A Project P Bonds, except that the Series 2012A Project P Note is not payable from amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Project P Bond Resolution. As of December 31, 2016, the aggregate principal amount of the Series 2012A Project P Note outstanding was $18,075,000. During the first four months of 2017, MEAG Power obtained advances under the Series 2012A Project P Note totaling $17,341,000. As a result, as of the date of this Annual Information Statement, the aggregate principal amount of the Series 2012A Project P Note outstanding is $35,416,000. The maturity date of the Series 2012A Project P Note currently is September 25, 2018. Upon any further extension of the term of the Project P Credit Agreement, the maturity date of the Series 2012A Project P Note will be correspondingly extended.

In September 2015, MEAG Power issued (a) its Plant Vogtle Units 3&4 Project J Bonds, Series 2015A (the “Series 2015A Project J Bonds”) in the aggregate principal amount of $185,180,000 to finance a portion of the costs of acquisition and construction and financing costs of Project J, to provide moneys to fund a debt service reserve account established under the Project J Bond Resolution, and to fund certain capitalized interest on the Project J Bonds and (b) its Plant Vogtle Units 3&4 Project P Bonds, Series 2015A (the “Series 2015A Project P Bonds”) in the aggregate principal amount of $69,245,000 to finance a portion of the costs of acquisition and construction and financing costs of Project P, to provide moneys to fund a debt service reserve account established under the Project P Bond Resolution, and to fund certain capitalized interest on the Project P Bonds.

DOE Guaranteed Loans. In order to provide a source of financing for its interest in Vogtle Units 3&4 and augment its financing alternatives, in 2008 MEAG Power submitted an application to DOE for loans guaranteed by DOE pursuant to the Federal loan guarantee solicitation for nuclear projects employing new or significantly improved technology (the “Solicitation”) issued under Title XVII of the 2005 Energy Policy Act (“Title XVII”). DOE selected Vogtle Units 3&4 as a nuclear-powered generation facility for which it would move forward with final due diligence and negotiations of the terms and conditions of a loan guarantee term sheet. DOE offered the term sheet to MEAG Power, and MEAG Power accepted the term sheet and paid the required portion of a facility fee to DOE and, as a result, the term sheet became a conditional commitment for the DOE Guaranteed Loans.

The Superior Court of Fulton County, Georgia, in the case of State of Georgia v. Municipal Electric Authority of Georgia, et al., Civil Action No. 2015CV259189, by judgment entered on April 20, 2015 (the “2015 Vogtle Validation Judgment”), (x) validated and confirmed, among other things, (i) the amendments to the Project M Bond Resolution, as theretofore amended and restated, provided for in the Second Amended and Restated Project M Bond Resolution, (ii) the amendments to the Project J Bond Resolution, as theretofore amended and restated, provided for in the Second Amended and Restated Project J Bond Resolution, (iii) the amendments to the Project P Bond Resolution, as theretofore amended and restated,
provided for in the Second Amended and Restated Project P Bond Resolution, (iv) the Federal Loan Documents (which term has the meaning assigned to the term “Loan Documents” in each of the Vogtle Units 3&4 Project Entity’s respective DOE Loan Guarantee Agreement), (v) the Vogtle Units 3&4 Power Purchase Agreements and (vi) the Amended and Restated Vogtle Units 3&4 Power Sales Contracts and the Amended and Restated Vogtle Units 3&4 PPAs and (y) confirmed that (i) the 2008 Vogtle Validation Judgment and the 2010 Vogtle Validation Judgment remain in full force and effect and (ii) the Vogtle Units 3&4 Bonds to be issued in accordance with the 2008 Vogtle Validation Judgment and the 2010 Vogtle Validation Judgment, as supplemented in the validation proceeding relating to the 2015 Vogtle Validation Judgment, and the respective security therefor, are, and remain, confirmed and validated. In addition, the 2015 Vogtle Validation Judgment includes approval of a formula that ensures that the utilization of the DOE Guaranteed Loans does not serve to increase the amount of debt that may be incurred to finance the Vogtle Units 3&4 Projects, either individually or in the aggregate.

On April 29, 2014, the NRC approved proposed conditional transfers of the respective portions of MEAG Power’s ownership interest in Vogtle Units 3&4 to each Vogtle Units 3&4 Project Entity after determining that the transfers would not significantly impact the financial qualifications of the licensees.

On June 24, 2015, (a) MEAG Power transferred its ownership interest in Vogtle Units 3&4 to the Vogtle Units 3&4 Project Entities, (b) MEAG Power and each of the Vogtle Units 3&4 Project Entities entered into the various Federal Loan Documents to which it is a party and (c) each Vogtle Units 3&4 Project Entity borrowed the initial Advances (hereinafter defined) under its DOE Guaranteed Loan. See “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program – Outstanding Indebtedness of Vogtle Units 3&4 Project Entities” herein.

**Description of Vogtle Units 3&4.** The Original Vogtle Co-Owners entered into the Plant Vogtle Owners’ Agreement Authorizing Development, Construction, Licensing and Operation of Additional Generating Units, dated as of May 13, 2005, as amended (the “Vogtle Units 3&4 Development Agreement”), pursuant to which each Original Vogtle Co-Owner authorized the development, construction, licensing and operation of Vogtle Units 3&4. The Vogtle Units 3&4 Development Agreement provided each Original Vogtle Co-Owner with the right, but not the obligation, to participate in the ownership of Vogtle Units 3&4 in an amount up to such Original Vogtle Co-Owner’s existing pro rata interest in Plant Vogtle Unit Nos. 1 and 2. The Original Vogtle Co-Owners finalized their ownership shares on July 2, 2008. See “SUMMARY OF VOGLTE UNITS 3&4 PROJECT AGREEMENTS – Vogtle Units 3&4 Development Agreement” in APPENDIX M hereto. In contemplation of MEAG Power’s transfer of its ownership interest in Vogtle Units 3&4 to the Vogtle Units 3&4 Project Entities as described under “INTRODUCTORY STATEMENT – MEAG Power” herein, in February 2014, the Original Vogtle Co-Owners amended the Vogtle Units 3&4 Development Agreement in certain respects, in order, among other things, to permit MEAG Power to assign to the Vogtle Units 3&4 Project Entities, and to permit the Vogtle Units 3&4 Project Entities to assume, MEAG Power’s rights and obligations thereunder. Effective as of the date of such transfers, such amendments became effective and the Vogtle Units 3&4 Project Entities have assumed, in proportion to their respective undivided ownership interests in Vogtle Units 3&4, MEAG Power’s rights and obligations under the Vogtle Units 3&4 Development Agreement, as well as its rights and obligations under the Vogtle Units 3&4 Ownership Agreement referred to below and its rights and obligations with respect to Vogtle Units 3&4 under the Vogtle Operating Agreement and the Nuclear Managing Board Agreement referred to below. See “DOE Guaranteed Loans” above. As a result of such assignment and assumption, for purposes of this Annual Information Statement, the term “Vogtle Co-Owners” includes GPC, OPC, Dalton and the Vogtle Units 3&4 Project Entities, and does not include MEAG Power. MEAG Power has, however, retained certain rights and obligations under the Vogtle Units 3&4 Project Agreements. See “SUMMARY OF VOGLTE UNITS 3&4 PROJECT AGREEMENTS – Vogtle Units 3&4 Ownership Agreement – Alienation and Assignment” and “– Remedies for Non-Payment” in APPENDIX M hereto.
Additionally, the Original Vogtle Co-Owners entered into the Plant Alvin W. Vogtle Additional Units Ownership Participation Agreement, dated as of April 21, 2006, as amended (the “Vogtle Units 3&4 Ownership Agreement”), and the Plant Alvin W. Vogtle Nuclear Units Amended and Restated Operating Agreement, dated as of April 21, 2006, as amended (the “Vogtle Operating Agreement”). The Vogtle Operating Agreement amended and restated the operating agreement, dated as of August 27, 1976, as amended, which originally governed Plant Vogtle Unit Nos. 1 and 2, to include Vogtle Units 3&4. In contemplation of MEAG Power’s transfer of its ownership interest in Vogtle Units 3&4 to the Vogtle Units 3&4 Project Entities as described under “INTRODUCTORY STATEMENT – MEAG Power” herein, in February 2014, the Original Vogtle Co-Owners amended the Vogtle Units 3&4 Ownership Agreement and the Vogtle Operating Agreement in certain respects, in order, among other things, to permit MEAG Power to assign to the Vogtle Units 3&4 Project Entities, and to permit the Vogtle Units 3&4 Project Entities to assume, MEAG Power’s rights and obligations thereunder with respect to Vogtle Units 3&4. Effective as of the date of such transfers, such amendments became effective and the Vogtle Units 3&4 Project Entities have assumed, in proportion to their respective undivided ownership interests in Vogtle Units 3&4, MEAG Power’s rights and obligations under the Vogtle Units 3&4 Ownership Agreement and the Vogtle Operating Agreement with respect to Vogtle Units 3&4. These agreements address, among other things, the Vogtle Co-Owners’ rights and obligations related to Vogtle Units 3&4, including the designation of GPC as agent, allocation of output and costs attributable to the Vogtle Co-Owners and oversight of Vogtle Units 3&4, including audit rights. As agent, GPC has the sole authority and responsibility to arrange for and acquire nuclear fuel for Vogtle Units 3&4. Each Vogtle Co-Owner may make its own financial arrangements for the discharge of its fuel payment obligations so long as such arrangements do not adversely affect the rights of the other Vogtle Co-Owners. See “SUMMARY OF VOGTLE UNITS 3&4 PROJECT AGREEMENTS – Vogtle Units 3&4 Ownership Agreement” and “– Vogtle Operating Agreement” in APPENDIX M hereto.

In the Second Amended and Restated Nuclear Managing Board Agreement, entered into among the Original Vogtle Co-Owners on April 21, 2006, as amended (the “Nuclear Managing Board Agreement” and, together with the Vogtle Units 3&4 Development Agreement, the Vogtle Units 3&4 Ownership Agreement and the Vogtle Operating Agreement, the “Vogtle Units 3&4 Project Agreements”), MEAG Power and the other Original Vogtle Co-Owners amended and restated the nuclear managing board agreement, dated as of November 12, 1990, as amended, which established a nuclear managing board (the “Nuclear Managing Board”) to coordinate the implementation and administration of the Plant Hatch and Plant Vogtle ownership and operating agreements as well as provide executive level oversight of each of the facilities. The Nuclear Managing Board also will coordinate and oversee the administration of Vogtle Units 3&4 and the implementation of the Vogtle Units 3&4 Ownership Agreement and the Vogtle Operating Agreement. In contemplation of MEAG Power’s transfer of its ownership interest in Vogtle Units 3&4 to the Vogtle Units 3&4 Project Entities as described under “INTRODUCTORY STATEMENT – MEAG Power” herein, in February 2014, the Original Vogtle Co-Owners amended the Nuclear Managing Board Agreement in certain respects, in order, among other things, to permit MEAG Power to assign to the Vogtle Units 3&4 Project Entities, and to permit the Vogtle Units 3&4 Project Entities to assume, MEAG Power’s rights and obligations thereunder with respect to Vogtle Units 3&4. Effective as of the date of such transfers, such amendments became effective and the Vogtle Units 3&4 Project Entities have assumed, in proportion to their respective undivided ownership interests in Vogtle Units 3&4, MEAG Power’s rights and obligations under the Nuclear Managing Board Agreement with respect to Vogtle Units 3&4. See “SUMMARY OF PROJECT AGREEMENTS – General – Nuclear Managing Board” in APPENDIX F hereto and “SUMMARY OF VOGTLE UNITS 3&4 PROJECT AGREEMENTS – Nuclear Managing Board Agreement” in APPENDIX M hereto.

As agent under the Vogtle Units 3&4 Development Agreement, GPC is authorized to apply for the issuance of licenses, permits, and other governmental approvals from the NRC and the State of Georgia, as necessary for the development of Vogtle Units 3&4. In 2006, Southern Nuclear filed an application with the NRC for an early site permit for Vogtle Units 3&4. On August 26, 2009, the NRC issued an Early Site Permit (“ESP”) and Limited Work Authorization (“LWA”) for Vogtle Units 3&4. The ESP addressed many site-related safety and environmental issues, and determined that the site is suitable for construction
and operation of a nuclear power plant. The LWA allowed a limited scope of construction activities at the site such as placement of engineered backfill, retaining walls, lean concrete, mudmats, and a waterproof membrane.

On March 31, 2008, Southern Nuclear, on behalf of the Original Vogtle Co-Owners, filed an application with the NRC for the COLs for Vogtle Units 3&4, which authorize construction of a plant based on its completed design specifications and provide conditional authority for an application to operate the plant, subject to verification that the plant has been constructed in accordance with the licenses, the approved design, and the NRC’s regulations. As discussed above, on August 26, 2009, the NRC issued the ESP and LWA for Vogtle Units 3&4. Excavation of the foundation areas for both Vogtle Units 3&4 began in August 2009.

On April 8, 2008, GPC, acting for itself and as agent for the other Original Vogtle Co-Owners, entered into an Engineering, Procurement and Construction Contract (the “EPC Contract”) with a consortium consisting of Westinghouse and Stone & Webster, Inc., which subsequently was acquired by Westinghouse and changed its name to WECTEC Global Project Services Inc. As a result of MEAG Power’s transfer of its ownership interest in Vogtle Units 3&4 to the Vogtle Units 3&4 Project Entities as described under “INTRODUCTORY STATEMENT – MEAG Power” herein, the Vogtle Units 3&4 Project Entities have assumed MEAG Power’s rights and obligations under the EPC Contract, in proportion to their respective undivided ownership interests in Vogtle Units 3&4. Pursuant to the EPC Contract, the Contractor agreed to design, engineer, procure, construct, and test two AP1000 nuclear units (with electric generating capacity of approximately 1,100 MWs each) and related facilities at Plant Vogtle.

Under the terms of the EPC Contract, the Vogtle Co-Owners agreed to pay a purchase price that is subject to certain price escalations and adjustments, including fixed escalation amounts and index-based adjustments, as well as adjustments for change orders, and performance bonuses for early completion and unit performance. The EPC Contract also provides for liquidated damages upon the Contractor’s failure to fulfill the schedule and performance guarantees, subject to certain caps. In addition, the EPC Contract provides for limited cost sharing by the Vogtle Co-Owners for Contractor costs under certain conditions, with maximum additional capital costs under this provision attributable to the Vogtle Units 3&4 Project Entities (based on their respective ownership interests) of approximately $56.8 million. Each Vogtle Co-Owner is severally (and not jointly) liable for its proportionate share, based on its ownership interest, of all amounts owed to the Contractor under the EPC Contract. The Vogtle Units 3&4 Project Entities’ aggregate proportionate share is 22.7 percent.

In 2009, the GPSC voted to certify construction of Vogtle Units 3&4. See “Regulation – Georgia Public Service Commission” below.

The NRC certified Westinghouse’s Design Control Document (as amended, the “DCD”) for the AP1000 reactor design, effective December 30, 2011. In February 2012, the NRC issued the COLs for Vogtle Units 3&4 in accordance with its regulations. Receipt of the COLs on February 10, 2012 allowed full construction to begin on Vogtle Units 3&4. There have been technical and procedural challenges to the construction and licensing of Vogtle Units 3&4, at the federal and state level, and additional challenges may arise as construction proceeds. Legal challenges filed immediately after COL issuance have been dismissed by court order for lack of merit.

On December 31, 2015, Westinghouse and the Vogtle Co-Owners entered into a definitive settlement agreement (the “Contractor Settlement Agreement”) to resolve disputes between the Vogtle Co-Owners and the Contractor under the EPC Contract, including litigation that was pending in the U.S. District Court for the Southern District of Georgia. Among other things, the Contractor Settlement Agreement and the related amendment to the EPC Contract revised the guaranteed substantial completion dates to June 30, 2019 for Plant Vogtle Unit No. 3 and June 30, 2020 for Plant Vogtle Unit No. 4. Further, as a consequence
of the settlement and Westinghouse’s acquisition of WECTEC, Westinghouse engaged Fluor Enterprises, Inc. (“Fluor Enterprises”), a subsidiary of Fluor Corporation (“Fluor”), as a new construction subcontractor.

Under the terms of the EPC Contract, in the event of an abandonment of work by the Contractor, the maximum liability of the Contractor is 40% of the contract price (approximately $3.68 billion, of which the Vogtle Units 3&4 Project Entities’ aggregate shares is approximately $835 million based on the Vogtle Units 3&4 Project Entities’ aggregate ownership interests).

Under the Toshiba Guarantee, Toshiba has guaranteed certain payment obligations of the Contractor, including any liability of the Contractor for abandonment of work. However, due to Toshiba’s financial situation described below, substantial risk regarding the Vogtle Co-Owners’ ability to fully collect under the Toshiba Guarantee exists. In January 2016, Westinghouse delivered to the Vogtle Co-Owners $920 million of letters of credit from financial institutions (the “Westinghouse Letters of Credit”) to secure a portion of the Contractor’s potential obligations under the EPC Contract. The Westinghouse Letters of Credit are subject to annual renewals through June 30, 2020 and require 60 days’ written notice to GPC in the event the Westinghouse Letters of Credit will not be renewed. In the event of such notice, the Vogtle Co-Owners would be able to draw on the entire balance of the Westinghouse Letters of Credit. The Westinghouse Letters of Credit remain in place in accordance with the terms of the EPC Contract.

On March 29, 2017, Westinghouse and WECTEC each filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. GPC, acting for itself and as agent for the other Vogtle Co-Owners, entered into an interim assessment agreement with the Contractor and WECTEC Staffing Services LLC (“WECTEC Staffing”), dated as of March 29, 2017 (the “Interim Assessment Agreement”), to provide for a continuation of work with respect to Vogtle Units 3&4. The provisions in the Interim Assessment Agreement became effective upon approval of the Interim Assessment Agreement by the bankruptcy court on March 30, 2017.

The term of the Interim Assessment Agreement was originally scheduled to expire on April 28, 2017 but the term has been extended several times and currently is scheduled to expire on the earlier of (i) 5:00 p.m., Eastern Time, on July 20, 2017, (ii) the date the Services Agreement becomes effective pursuant to its terms and (iii) termination of the Interim Assessment Agreement by any party upon five business days’ notice.

On June 9, 2017, GPC and the other Vogtle Co-Owners and Toshiba entered into a settlement agreement (the “Guarantee Settlement Agreement”) regarding the Toshiba Guarantee. Pursuant to the Guarantee Settlement Agreement, Toshiba has acknowledged the amount of its obligation under the Toshiba Guarantee is $3.68 billion (the “Guarantee Obligations”) and that the Guarantee Obligations exist regardless of whether Vogtle Units 3&4 are completed. The Guarantee Settlement Agreement also provides for a schedule of payments for the Guarantee Obligations, beginning in October 2017 and continuing through January 2021. In the event Toshiba receives certain payments, including sale proceeds, from or related to Westinghouse (or its subsidiaries) or Toshiba Nuclear Energy Holdings (UK) Limited (or its subsidiaries), it will hold a portion of such payments in trust for the Vogtle Co-Owners and promptly pay them over as offsets against any remaining Guarantee Obligations. Under the Guarantee Settlement Agreement, the Vogtle Co-Owners will forbear from exercising remedies in respect of the Toshiba Guarantee, including drawing on the Westinghouse Letters of Credit, until June 30, 2020, unless, among other items, certain events of nonpayment, insolvency, or other material breach of the Guarantee Settlement Agreement by Toshiba occur. If such an event occurs, the balance of the Guarantee Obligations will become immediately due and payable, and the Vogtle Co-Owners may exercise any and all rights and remedies, including drawing on the Westinghouse Letters of Credit without restriction. In addition, the Guarantee Settlement Agreement does not restrict the Vogtle Co-Owners from fully drawing on the Westinghouse Letters of Credit in the event they are not renewed or replaced prior to the expiration date. However, due to Toshiba’s financial situation, substantial risk regarding the Vogtle Co-Owners’ ability to fully collect under the Guarantee Settlement Agreement remains.
On June 9, 2017, GPC (for itself and as agent for the other Vogtle Co-Owners) and the Contractor entered into a services agreement (the “Services Agreement”) for the Contractor to transition construction management of Vogtle Units 3&4 to Southern Nuclear and to provide ongoing design, engineering, and procurement services to Southern Nuclear. The Services Agreement provides that the Contractor generally will be compensated on a time and materials basis for services rendered. The Services Agreement will become effective upon satisfaction of the following conditions: (i) approval by the Westinghouse and WECTEC boards of directors; (ii) approval by the debtor-in-possession lender and the bankruptcy court in the Contractor’s bankruptcy proceeding; (iii) rejection of the EPC Contract by the Contractor in its bankruptcy proceeding, and approval by the bankruptcy court of the rejection; and (iv) approval by DOE (together, the “Services Agreement Conditions”) and will continue until the start-up and testing of Vogtle Units 3&4 is complete and electricity is generated and sold from both units. The Services Agreement is terminable by the Vogtle Co-Owners upon 30 days’ written notice.

On June 21, 2017, the Westinghouse and WECTEC boards of directors approved the Services Agreement.

On June 23, 2017, the Contractor filed a motion (the “Contractor’s Motion”) with the bankruptcy court seeking, among other things, authorization to (a) enter into and perform its obligations under the Services Agreement and (b) reject the EPC Contract. The Contractor’s Motion contemplates that the Contractor and the Vogtle Co-Owners will discuss and incorporate certain changes to the Services Agreement, including comments that have been received from third parties, and will enter into an amended and restated Services Agreement. The bankruptcy court has scheduled a hearing on the Contractor’s Motion for July 18, 2017.

GPC and the other Vogtle Co-Owners are continuing to conduct a comprehensive schedule and cost-to-complete assessment, as well as a cancellation cost assessment, to determine the impact of the Contractor’s bankruptcy filing on the construction cost and schedule for Vogtle Units 3&4. GPC has stated that it also will continue working with the GPSC and the other Vogtle Co-Owners to determine future actions related to Vogtle Units 3&4, including, but not limited to, the status of construction.

The Interim Assessment Agreement provides, among other items, that (i) GPC will be obligated to pay, on behalf of the Vogtle Co-Owners, all costs accrued by the Contractor for subcontractors and vendors for services performed or goods provided during the Interim Assessment Period, with these amounts to be paid to the Contractor, except for amounts accrued for Fluor, which will be paid directly to Fluor; (ii) during the Interim Assessment Period, the Contractor shall provide certain engineering, procurement and management services for Vogtle Units 3&4, to the same extent as contemplated by the EPC Contract, and GPC, on behalf of the Vogtle Co-Owners, will make payments of $5.4 million per week for these services; (iii) GPC will have the right to make payments, on behalf of the Vogtle Co-Owners, directly to subcontractors and vendors who have accounts past due with the Contractor; (iv) during the Interim Assessment Period, the Contractor will use its commercially reasonable efforts to provide information reasonably requested by GPC as is necessary to continue construction and investigate the completion status of Vogtle Units 3&4; (v) the Contractor will reject or accept the EPC Contract by the termination of the Interim Assessment Agreement; and (vi) during the Interim Assessment Period, GPC will not exercise any remedies against Toshiba under the Toshiba Guarantee. Under the Interim Assessment Agreement, all parties expressly reserve all rights and remedies under the EPC Contract, all related security and collateral, and under applicable law.

A number of subcontractors to the Contractor, including Fluor Enterprises, have alleged non-payment by the Contractor for amounts owed for work performed on Vogtle Units 3&4. GPC, acting for itself and as agent for the Vogtle Co-Owners, has taken, and continues to take, action to remove liens filed by these subcontractors through the posting of surety bonds. In May 2017, GPC estimated the aggregate liability for the Vogtle Co-Owners under the Interim Assessment Agreement and the removal of
subcontractor liens to be approximately $470 million, of which the Vogtle Units 3&4 Project Entities’ aggregate proportionate share would total approximately $107 million.

In February 2017, the Contractor provided GPC with revised forecasted in-service dates of December 2019 and September 2020 for Vogtle Units 3&4, respectively. However, based on information subsequently made available during Westinghouse and WECTEC’s bankruptcy proceedings and pursuant to the Interim Assessment Agreement, MEAG Power and the Vogtle Co-Owners do not believe the revised in-service dates are achievable. As mentioned above, GPC, along with the other Vogtle Co-Owners, is undertaking a comprehensive schedule and cost-to-complete assessment, as well as a cancellation cost assessment. It is reasonably possible these assessments result in estimated incremental costs to complete, including owners’ costs, that materially exceed the value of the payments to be made by Toshiba under the Guarantee Settlement Agreement.

On April 11, 2017, Toshiba filed its unaudited financial statements as of and for the nine months ended December 31, 2016, which reflected a negative shareholders’ equity balance of $1.9 billion, with Japanese regulators. Toshiba also announced that further substantial charges may be required in the quarter ended March 31, 2017 in connection with the bankruptcy filing of Westinghouse and WECTEC and that there are material events and conditions that raise substantial doubt about Toshiba’s ability to continue as a going concern.

GPC reports that there are processes in place that are designed to assure compliance with the requirements specified in the DCD and the COLs, including inspections by Southern Nuclear and the NRC that occur throughout construction. As a result of such compliance processes, certain license amendment requests have been filed and approved or are pending before the NRC. Various design and other licensing-based compliance issues may arise as construction proceeds, which may result in additional license amendments or require other resolution. If any license amendment requests or other licensing-based compliance issues are not resolved in a timely manner, there may be delays in the project schedule that could result in increased costs.

Substantial risks remain that challenges with construction, as well as matters related to the bankruptcy filings by Westinghouse and WECTEC, may further impact the Vogtle Units 3&4 project schedule and cost.

The Contractor’s bankruptcy filing is expected to have a material impact on the construction cost and schedule of Vogtle Units 3&4 and could have a material impact on MEAG Power’s financial condition and results of operation, although MEAG Power does not have sufficient information at this time to quantify the effect of such filing. In addition, an inability or other failure by Toshiba to perform its obligations under the Guarantee Settlement Agreement could have a material impact on the cost to the Vogtle Co-Owners of Vogtle Units 3&4 and, therefore, on MEAG Power’s financial condition and results of operation. The Contractor’s bankruptcy and failure to perform its obligations under the EPC Contract also could impact the Vogtle Units 3&4 Project Entities’ ability to make further borrowings under their respective DOE Loan Guarantee Agreements.

MEAG Power will continue to monitor and evaluate developments related to Vogtle Units 3&4 and will endeavor to undertake a course of action that MEAG Power believes will advance the long-term interest of MEAG Power, JEA, PowerSouth and the Vogtle Units 3&4 Participants.

The ultimate outcome of these matters also is dependent on the results of the assessments currently underway and cannot be determined at this time.
The Energy Authority

On April 16, 1997, the MEAG Power Board approved MEAG Power’s participation with JEA and the South Carolina Public Service Authority (“Santee Cooper”) in a joint power marketing alliance through TEA, a Georgia nonprofit corporation. Since that time, the Nebraska Public Power District (“NPPD”), the City of Gainesville, Florida, doing business as Gainesville Regional Utilities, the City Utilities of Springfield, Missouri, Public Utility District No. 1 of Cowlitz County, Washington and American Municipal Power, Inc. were added as members. The operating office of TEA is located in Jacksonville, Florida. Its Board of Directors currently consists of one representative from each of its eight members. TEA commenced operations on August 18, 1997, assuming the wholesale power marketing responsibilities of its members. In December 2000, TEA began providing natural gas services, including physical procurement and risk management services to participating members. See “Fuel Risk Management Policy” below.

TEA and its members have entered into both an operating agreement and a settlement agreement. TEA operates a 24-hour-a-day trading floor on behalf of its members. TEA has access to in excess of 30,000 MW of its members’ and resource partners’ generation resources. TEA provides energy products and resource management services to the power industry in five major categories: (1) standard short-term and mid-term energy products; (2) structured energy products designed to meet the unique needs of a group or class of customers; (3) customized energy products designed to meet a specific customer’s unique short-, mid-, or long-term energy needs; (4) financial energy products to reduce volatility and manage market price risk; and (5) resource management services to enhance customers’ asset management strategy or improve their energy acquisition processes. Participation in this joint venture has increased MEAG Power’s access to the wholesale market, reduced wholesale costs and, in turn, improved the competitive position of the Participants. In addition, the conservative credit policies of TEA have proven to be a highly successful business strategy for the members in light of recent developments in the energy trading market.

TEA has two broad financial objectives: first, to promote and preserve the long-term value of the members’ generating assets, and second, to maximize the short-term net margins or savings by leveraging the combined assets. TEA’s capabilities include trading in the short-, intermediate-, and long-term energy markets, purchasing transmission capacity reservations for moving energy across other utilities’ systems and using financial instruments to manage price risk.

As of December 31, 2016, MEAG Power had committed $60.8 million for the purpose of providing credit support for TEA’s trading of electric power and natural gas. As of April 30, 2017, MEAG Power had committed $56.3 million for such purpose. Such commitment was secured by a combination of trade guarantees and bank guarantees. For certain financial information with respect to TEA, see Note 6 to MEAG Power’s 2016 Financial Statements attached hereto as APPENDIX A.

Mutual Aid Agreement

MEAG Power has entered into a mutual aid agreement with six Florida utilities for provision of replacement power during an extended outage of certain specified baseload generating units. In the event of an outage of Plant Scherer Unit No. 1 or Plant Scherer Unit No. 2 that extends beyond 60 days, MEAG Power will receive 100 MW at a price based upon a fixed heat rate and a published gas price index or, if replacement power is provided by a coal unit, such coal unit’s actual dispatch cost. In an amendment to the mutual aid agreement, MEAG Power included 150 MW of capacity of the CC Project, subject to the provisions of such agreement. The inclusion of such capacity under the mutual aid agreement provides that in the event of an outage of the CC Project that extends beyond 60 days, MEAG Power will receive 150 MW at a price based upon a fixed heat rate and a published gas price index or, if replacement power is provided by a coal unit, such coal unit’s actual dispatch cost. If a counterparty has an extended outage, MEAG Power expects that it would be required to provide between 13 MW and 31 MW for a maximum of 305 days, also at a price based upon a fixed heat rate and a published gas price index or, if replacement
power is provided by a coal unit, such coal unit’s actual dispatch cost. The mutual aid agreement expires in October 2017 and will automatically renew for an additional five years unless a 90-day notice is provided.

**Future Projects of MEAG Power**

MEAG Power is authorized to conduct studies and to negotiate with respect to the power supply of the Participants and with respect to future ownership of generation and transmission facilities not included in Project One, the Existing General Resolution Projects, the CC Project, Project M, Project J or Project P. The acquisition and construction of any such additional generation facilities and transmission facilities may be accomplished as an additional project.

MEAG Power may finance additional projects through issuance of bonds under the General Resolution Projects Resolution if certain conditions are met. Among such conditions are the requirements that MEAG Power and each of the Initial Participants enter into a power sales contract meeting the requirements of the General Resolution Projects Resolution, that MEAG Power adopt a supplemental resolution authorizing the acquisition and construction of an additional project and related issuance of bonds, that there be rendered certain opinions of counsel, and that there be rendered an opinion of the Consulting Engineer (or, following the effectiveness of the amendment and restatement of the General Resolution Projects Resolution provided for in the Amended and Restated General Resolution Projects Resolution, a certificate of an authorized officer of MEAG Power) setting forth the estimated costs of acquisition and construction and beneficial use of such proposed additional project. If all such conditions cannot be met, or if MEAG Power so elects, MEAG Power may finance additional projects under a separate financial arrangement.

**Power and Energy Requirements/Resources**

For information concerning the historical (during the period from 2007 through 2016) and projected (during the period from 2017 through 2021) power and energy requirements of the Participants, see “MEAG POWER – HISTORICAL AND PROJECTED DEMAND AND ENERGY REQUIREMENTS” in the Consulting Engineer’s Letter attached hereto as APPENDIX C. Over the period 2007 through 2016, the peak demand decreased at a compound average annual rate of 1.1 percent per year, while the annual energy requirements of the Participants remained flat. The 2017 projections for peak demand and annual energy requirements are 4.9 percent higher and 1.9 percent higher than actual 2016 peak demand and annual energy requirements, respectively, which reflect MEAG Power’s forecast assumption of normal weather and the economic recovery that began in Georgia in 2012. Such projections result in compound average annual growth rates in peak demand and annual energy requirements for the Participants of approximately 0.6 percent per year and 0.6 percent per year, respectively, for the period from 2017 through 2021. Such projections are included in the load forecast prepared by MEAG Power in November 2016, which was based on a number of assumptions. Actual growth in peak demand and energy requirements may be adversely affected by various factors, including those discussed under “COMPETITION” herein.

For information concerning the projected resources, including capacity purchases from other entities to supplement its owned resources, that MEAG Power will use in serving the Participants’ loads, see “MEAG POWER – BULK POWER SUPPLY RESOURCES – PROJECTED CAPACITY REQUIREMENTS AND RESOURCES” in the Consulting Engineer’s Letter attached hereto as APPENDIX C. As discussed therein, under the PSSA, MEAG Power is responsible for procuring all of its future bulk power supply requirements and planning, operating and maintaining its system in accordance with prudent utility practice. MEAG Power has established a set of generating capacity planning reserve criteria which will result in its maintaining capacity at least fifteen percent greater than its forecast annual peak demand less firm capacity resources supplied by SEPA.
Rates and Charges to Participants

Rate Covenants

Pursuant to the rate covenants in the Project One Resolution, the General Resolution Projects Resolution, the CC Bond Resolution and the Vogtle Units 3&4 Bond Resolutions, MEAG Power is required to charge and collect rates, fees and other charges for the sale of the output, capacity, use or service of the project or projects financed thereunder so as to produce revenues sufficient in each calendar year, together with other available funds, to pay all costs relating to such project or projects for such year payable from revenues, including debt service on bonds issued under each such resolution and, in the case of the Vogtle Units 3&4 Projects, to the extent not otherwise provided for, all amounts payable by MEAG Power to the applicable Vogtle Units 3&4 Project Entity pursuant to the applicable Vogtle Units 3&4 Power Purchase Agreement (which include, without limitation, amounts necessary to enable the applicable Vogtle Units 3&4 Project Entity to pay all amounts owed by it, and fund all accounts or reserves required to be funded by it, pursuant to its DOE Loan Guarantee Agreement and all of its other Federal Loan Documents) during such year. See “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Rate Covenant” in APPENDIX G hereto, “SUMMARY OF COMBINED CYCLE PROJECT BOND RESOLUTION – Rate Covenant” in APPENDIX J hereto and “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Rate Covenant” in APPENDIX N hereto. MEAG Power also has covenanted in the Telecommunications Bond Resolution that it will at all times charge, or cause to be charged, and collect rates, fees and other charges for the sale of the capacity, use or service of the Telecommunications Project as required to provide revenues at least sufficient in each calendar year, together with other available funds, for the payment during such calendar year of operating expenses, aggregate debt service on Telecommunications Bonds (if any) and all other charges or liens payable from such revenues.

Allocation of Costs Among Participants

The allocation of the costs of a project among the Participants in such project is determined according to the applicable power sales contracts or telecommunications contracts, as the case may be. Each such contract relating to a project obligates the contracting Participant to make its payments thereunder whether or not the applicable project is operating or operable. See “SUMMARY OF POWER SALES CONTRACTS – Participants’ Obligations to Pay” in APPENDIX E hereto, “SUMMARY OF COMBINED CYCLE POWER SALES CONTRACTS – CC Participants’ Obligations to Pay” in APPENDIX I hereto, “SUMMARY OF VOGTLE UNITS 3&4 POWER SALES CONTRACTS – Vogtle Units 3&4 Participants’ Obligations to Pay” in APPENDIX L hereto, and “SUMMARY OF TELECOMMUNICATIONS CONTRACTS – Telecommunications Participants’ Obligations to Pay” in APPENDIX Q hereto.

In the case of Project One, the costs of Project One are allocated to the Participants according to the Entitlement Shares referred to herein under “THE PARTICIPANTS – Generation and Transmission Entitlement Shares – Project One.” Such Entitlement Shares are used for billing purposes when Project One is operating and would likewise be used in the circumstance where Project One has become inoperable.

In the case of the General Resolution Projects, the power sales contracts relating to each Existing General Resolution Project require MEAG Power to establish and maintain fair and nondiscriminatory rates and charges which will provide revenues that are sufficient to pay the annual costs of such project. MEAG Power may combine the annual costs for the Existing General Resolution Projects and Supplemental Bulk Power Supply for the purpose of establishing rates and charges or, alternatively, MEAG Power at its discretion may establish for any of the Existing General Resolution Projects separate rates and charges sufficient to recover the respective costs of the individual project and the costs of Supplemental Bulk Power Supply. Pursuant to a resolution of the MEAG Power Board, MEAG Power is recovering the costs of Projects Two and Three separately based on an equal weighting of the average historical use for (i) the
period of 24 months ended September 30, 1996 and (ii) the period beginning with the inception of each Project and ended September 30, 1996, which is based on the Obligation Shares formula contained in the applicable power sales contracts. Project Four is allocated based on the Project Four billing shares established for 1996 which are based on an average of each Participant’s bulk power demand ratio in 1994 and its Project One generation Entitlement Share. See “INTRODUCTORY STATEMENT – The Participants” herein. Supplemental Bulk Power Supply for each Participant is provided at market rates, including related operating and administrative costs.

Pursuant to the CC Contracts, MEAG Power is obligated to collect from each CC Participant and each CC Participant is obligated to pay on a monthly basis its Combined Cycle Obligation Share of all annual fixed and variable costs relating to the CC Project and its Embedded Simple Cycle Obligation Share of Embedded Simple Cycle Debt Related Costs (as more fully described under “THE PARTICIPANTS – Obligation Shares of the Participants – CC Project” herein and in “SUMMARY OF COMBINED CYCLE POWER SALES CONTRACTS” in APPENDIX I hereto); provided, however, that with respect to fixed costs relating to debt service on the CC Bonds, each CC Participant’s obligation is determined based upon the elections made by the CC Participants as provided for in the CC Contracts. See “THE PARTICIPANTS – Obligation Shares of the Participants – CC Project” herein. MEAG Power will operate the CC Project to achieve the best operating economics in accordance with prudent utility practice, and may sell such of the output to others as it determines economically appropriate. Further, MEAG Power may use the CC Project to enter into, among other agreements, (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 to each CC Participant’s obligation to pay its share of annual CC Project costs on a ratable basis according to each CC Participant’s Combined Cycle Obligation Share. 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. See “SUMMARY OF COMBINED CYCLE POWER SALES CONTRACTS – CC Participants’ Obligations to Pay” in APPENDIX I hereto.

In general, pursuant to the Vogtle Units 3&4 Power Sales Contracts, during the term of each Vogtle Units 3&4 Power Sales Contract, MEAG Power is obligated to collect from each Vogtle Units 3&4 Participant, and each Vogtle Units 3&4 Participant is obligated to pay, on a monthly basis, its Obligation Share of all annual fixed and variable costs (excluding debt service for the periods during which JEA and PowerSouth are obligated to pay debt service under the Project J PPA and the Project P PPA, respectively) relating to the applicable Vogtle Units 3&4 Project (as more fully described under “THE PARTICIPANTS – Obligation Shares of the Participants – Vogtle Units 3&4 Projects” herein and in “SUMMARY OF Vogtle Units 3&4 Power Sales Contracts” in APPENDIX L hereto). MEAG Power will operate each Vogtle Units 3&4 Project to achieve the best operating economics in accordance with prudent utility practice, and may sell, during the period of time when the applicable Vogtle Units 3&4 Participants are entitled to receive output and services from a Vogtle Units 3&4 Project, the output to others as it determines economically appropriate. Further, during the same time period, MEAG Power may use a Vogtle Units 3&4 Project to enter into, among other agreements, (a) capacity sales and swaps, (b) energy sales and swaps and (c) financial swaps, hedges and risk management contracts and reliability exchanges with other utilities when such transactions are reasonably expected to economically benefit the applicable Vogtle Units 3&4 Participants. The proceeds derived from any of such transactions will be credited to each applicable Vogtle Units 3&4 Participant’s obligation to pay its share of the annual Vogtle Units 3&4 Project’s costs on a ratable basis according to each such Vogtle Units 3&4 Participant’s Obligation Share.

With respect to each of Project J and Project P, there may be certain circumstances relating to delay, cancellation or termination of either or both of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 whereby the Project J Participants’ payment obligations and the Project P Participants’ payment obligations will be
adjusted with respect to JEA’s and PowerSouth’s respective payment commitments. See “SUMMARY OF VOGTLE UNITS 3&4 PPAs – PROJECT J PPA – JEA’s Payment Obligations” and “– PROJECT P PPA – PowerSouth’s Payment Obligations” in APPENDIX K hereto.

Pursuant to the Telecommunications Contracts, MEAG Power is obligated to collect from each Telecommunications Participant and each Telecommunications Participant is obligated to pay on a monthly basis its Obligation Share of all annual fixed and variable costs relating to the Telecommunications Project (as more fully described under “THE PARTICIPANTS – Obligation Shares of the Participants – Telecommunications Project” herein and in “SUMMARY OF TELECOMMUNICATIONS CONTRACTS” in APPENDIX Q hereto); provided, however, that with respect to fixed costs relating to debt service on the Telecommunications Bonds (if any), each Telecommunications Participant’s obligation is determined as provided in the Telecommunications Contracts, as amended. See “COMPETITION – Certain Responses of MEAG Power to Competition – Telecommunications Project” and “THE PARTICIPANTS – Obligation Shares of the Participants – Telecommunications Project” herein. The Telecommunications Contracts require MEAG Power to establish and maintain fair and nondiscriminatory rates and charges which will provide revenues that are sufficient, but only sufficient, to pay the annual costs of the Telecommunications Project.

Other Pricing Schedule

In the past, MEAG Power has offered special rate schedules designed to assist the Participants in attracting large loads. While no such schedules currently are in effect, MEAG Power continues to review rates and other options that would aid the Participants in pursuing new large-load customers.

Transactions with Other Entities

As contemplated by its power sales contracts with the Participants and by the PSSA, MEAG Power purchases capacity and energy from GPC and other electric utilities and marketers in order to supplement the capacity and energy that it furnishes to the Participants from the generating facilities in which it has ownership interests or capacity rights. For information concerning MEAG Power’s Supplemental Power Supply Policy adopted in March 1999, see the final paragraph under “Bulk Power Supply Operations – Provisions for Participants to Obtain Supplemental Power from Alternative Sources” above. For a discussion of MEAG Power’s contract sales to GPC, see “MEAG POWER – TRANSACTIONS WITH OTHER ENTITIES – Contract Sales to GPC” in the Consulting Engineer’s Letter attached hereto as APPENDIX C.

During 2016, energy sales to GPC under the provisions of the PSSA totaled 1,621.1 GWh with revenues of $51.3 million, while energy purchases from GPC amounted to 266.3 GWh with a cost of $6.3 million.

Also in 2016, MEAG Power purchased power from the Edward L. Addison Generating Facility, which is owned and operated by Southern Power Company (formerly known as West Georgia Generating Company, LLC). During 2016, energy purchases from the Edward L. Addison Generating Facility totaled 14.6 GWh with a cost of $0.5 million.

Under the PSSA, MEAG Power contracts directly for the sale and purchase of capacity and energy with utilities both inside and outside of the Georgia territory. Commencing in August 1997, all short-term trading activities in the wholesale market have been coordinated through TEA. In 2016, total energy sales related to Project One, the Existing General Resolution Projects and the CC Project to parties other than native load and GPC totaled 1,509.2 GWh with gross revenues of $45.6 million. During 2016, energy purchases from TEA totaled 476.6 GWh with a cost of $11.5 million.
For the 2016 Power Supply Year, MEAG Power’s interchanges with others, excluding sellback to GPC, included (i) purchases from TEA, GPC under the PSSA, and others totaling 757.5 GWh and $18.3 million and (ii) sales to TEA, GPC under the PSSA, and others totaling 3,130.3 GWh and $96.9 million.

In conjunction with its natural gas services for MEAG Power, during 2016, TEA facilitated third party sales of natural gas bundled with MEAG Power’s natural gas transportation capacity. Gross margins of $0.6 million received from these sales reduced the fuel expense for the CC Participants. As discussed under “Bulk Power Supply Operations – *The Combined Cycle Project – Description of the CC Project*” above, effective April 1, 2017 for a period of two years, MEAG Power released its Petal storage capacity to NJR Energy Services, offsetting storage commitments by $0.3 million.

**Regulation**

*Georgia Public Service Commission*

The Act provides that the rates, services and practices relating to the generation, transmission and sale by MEAG Power of power to be generated from Project One, the Existing General Resolution Projects or other projects authorized by the Act (including the CC Project and the Vogtle Units 3&4 Projects) are not subject to regulation by the GPSC. The provision of telecommunications service to the public for hire is subject to certification by the GPSC. See “COMPETITION – Certain Responses of MEAG Power to Competition – *Telecommunications Project*” herein. Pursuant to the State Constitution, rates for service provided by the electric systems of the Participants are exempt from regulation by the GPSC. Because of their volume of electric sales, not for resale, six Participants are subject to certain requirements under PURPA. GPC is subject to GPSC jurisdiction. For further information, see “CO-OWNERS OF THE PLANTS – Georgia Power Company” herein.

Although MEAG Power specifically does not require any approvals from the GPSC, GPC is required to obtain certification of the proposed construction of Vogtle Units 3&4 from the GPSC. GPC filed an application for certification to the GPSC on August 1, 2008. On March 17, 2009, the GPSC approved GPC’s application to certify Vogtle Units 3&4. The Certification Order (as defined in the EPC Contract) has been issued by the GPSC and the full notice to proceed was issued by Southern Nuclear to the Contractor on March 31, 2009.

**Environmental Regulations**

Plants Hatch, Vogtle, Wansley and Scherer and the CC Project are subject to federal, state and local air, water and other environmental quality laws, which govern, among other things, control of emissions of pollutants into the air; transportation, storage and disposal of hazardous and toxic wastes; and discharges of pollutants, including thermal discharges, into the waters of the United States. Compliance with these legal requirements requires MEAG Power and the co-owners of jointly-owned facilities to commit significant expenditures for installation of pollution control equipment, environmental monitoring, emissions fees, and permits at all of the respective facilities. These laws, rules and regulations require MEAG Power and/or the co-owners of the facilities to undertake considerable efforts and substantial costs to obtain licenses, permits and approvals from various federal, state and local agencies. Failure to comply with these laws, regulations, licenses, permits or approvals, could lead to fines, sanctions, civil and criminal penalties and/or reduced operating levels or the complete shutdown of facilities that are not in compliance. These environmental laws and regulations are complex, change frequently due to continuing legislative, regulatory and judicial actions and have tended to become more stringent over time. The existing nuclear units, coal units, combustion turbine unit, and combined cycle facility currently have all of the environmental permits and licenses necessary for operation, and the facilities currently comply with environmental regulations, permits, and licenses now in effect. MEAG Power cannot predict at this time whether any additional legislation, regulations, permit requirements or other rules will be enacted which will affect its operations, or the cost of continuing compliance.
Plant Vogtle has received various environmental permits in support of the construction and operation of Vogtle Units 3&4. These include several Title V air permit amendments issued by the Georgia Environmental Protection Division (“EPD”) approving the addition of various diesel-fueled standby generators, emergency generators, ancillary generators, and fire pumps. Also, EPD has issued a water withdrawal permit to accommodate Vogtle Units 3&4. All other required permits and licenses required have been approved or are on track to be approved when required.

For additional information on environmental regulations particular to Plants Wansley and Scherer (hereinafter referred to as the “Coal Units”), see “FACILITIES INCLUDED IN PROJECT ONE AND GENERAL RESOLUTION PROJECTS – OTHER MATTERS RELATED TO FACILITIES – Environmental Issues” in the Consulting Engineer’s Letter attached hereto as APPENDIX C.

**Nuclear Facilities**

MEAG Power is a co-owner of two nuclear plants, Plant Hatch, which is included in Project One, and Plant Vogtle, which is included in Projects One and Four. MEAG Power (through the Vogtle Units 3&4 Project Entities) is also a participant in the development of two additional nuclear generating plants (Vogtle Units 3&4) to be located at Plant Vogtle. The Atomic Energy Act of 1954, as amended, vests jurisdiction in the NRC over the construction and operation of nuclear reactors, particularly with regard to certain public health and safety and antitrust matters. For additional information relating to the NRC reactor oversight process for monitoring plant performance and security issues following the events of September 11, 2001, see “FACILITIES INCLUDED IN PROJECT ONE AND GENERAL RESOLUTION PROJECTS – OTHER MATTERS RELATED TO FACILITIES – Nuclear Plant Performance” and “Security Issues” in the Consulting Engineer’s Letter attached hereto as APPENDIX C.

In March 2011, a major earthquake and tsunami struck Japan and caused substantial damage to the nuclear generating units at the Fukushima Daiichi generating plant. Following this event, the NRC conducted an independent assessment and ensured agency regulations reflected the lessons learned from the Fukushima events. The NRC completed additional operational and safety reviews of nuclear facilities in the U.S. focused on seismic and flooding protections, and the NRC has issued a series of orders requiring safety-related changes to U.S. nuclear facilities. These orders include physical modifications which are complete at Plant Vogtle Unit Nos. 1 and 2 and nearing completion at Plant Hatch Unit Nos. 1 and 2. The modifications at Plant Hatch are expected to be complete in 2018. These capital expenditures included upgrades to the hardened vent systems at Plant Hatch and special buildings at both plants to house equipment to mitigate the consequences of a beyond-design-basis event. The final form and the resulting impact of any additional changes to licensing or safety requirements for nuclear reactors will be dependent on further review and action by the NRC and cannot be determined at this time; however, MEAG Power does not currently anticipate that the associated compliance costs would have a material impact on its financial statements.

The NRC has broad authority under federal law to impose licensing and safety-related requirements for the operation of nuclear generation facilities. In the event of non-compliance with NRC licensing and safety-related requirements, the NRC has the authority to impose fines and/or shut down any unit, depending upon its assessment of the severity of the situation, until compliance is achieved. NRC orders or regulations related to increased security measures and any future safety requirements promulgated by the NRC could require MEAG Power to make substantial operating and capital expenditures at Plant Hatch Unit Nos. 1 and 2 and Plant Vogtle Unit Nos. 1 and 2. In addition, although GPC has no reason to anticipate a serious nuclear incident at such existing nuclear units, if an incident did occur, it could result in substantial costs to MEAG Power. A major incident at a nuclear facility anywhere in the world could cause the NRC to limit or prohibit the operation or licensing of any domestic nuclear unit that could result in substantial costs. Moreover, a major incident at any nuclear facility in the United States could require MEAG Power to make material contributory payments. In addition, potential terrorist threats and increased public scrutiny
of utilities could result in increased nuclear licensing or compliance costs that are difficult to predict. See the discussion of MEAG Power’s liability and insurance coverage for nuclear incidents below.

In 2014, the U.S. Court of Federal Claims (“Federal Claims Court”) awarded GPC damages, representing the vast majority of the direct costs of the spent nuclear fuel storage facilities for the years 2005 through 2010. MEAG Power’s share of those damages was $6.6 million and was recorded in MEAG Power’s Consolidated Statement of Net Revenues for the year ended December 31, 2015. MEAG Power had previously received its share of an award by the Federal Claims Court for spent nuclear fuel damages for the years 1998 through 2004.

On March 4, 2014, GPC filed additional lawsuits against the U.S. Government for the costs of continuing to store spent nuclear fuel at Plant Vogtle and Plant Hatch for the period from January 1, 2011 through December 31, 2013. The damage period was subsequently extended to December 31, 2014. Damages will continue to accrue until the issue is resolved or storage is provided. The final outcome of this matter cannot be determined at this time, and no amounts have been recognized in MEAG Power’s financial statements as of December 31, 2016.

On August 26, 2014, the NRC approved a final rule on the environmental effects of continued storage of spent nuclear fuel. The rule (the “Continued Storage Rule”) adopted the findings of the Generic Environmental Impact Statement (“GEIS”) developed by NRC staff regarding the environmental impacts of storing spent fuel at any reactor site after the reactor’s licensed period of operations. As a result, those generic impacts do not need to be re-analyzed in the environmental reviews for individual licenses. The Continued Storage Rule provides analyses on long-term storage of spent nuclear fuel that can be relied upon as part of individual licensing actions. The Continued Storage Rule was published in the Federal Register on September 19, 2014 and became effective on October 20, 2014.

On November 19, 2013, the U.S. District Court for the District of Columbia ordered DOE to cease collecting spent fuel depositary fees from nuclear power plant operators until such time as DOE either complies with the Nuclear Waste Policy Act of 1982 or until the U.S. Congress enacts an alternative waste management plan. DOE set the nuclear fuel disposal fee to zero effective May 16, 2014.

For additional information concerning the storage and disposal of spent nuclear fuel, see “FACILITIES INCLUDED IN PROJECT ONE AND GENERAL RESOLUTION PROJECTS – OTHER MATTERS RELATED TO FACILITIES – Nuclear Fuel Matters” in the Consulting Engineer’s Letter attached hereto as APPENDIX C.

Under the Price-Anderson Act, which was renewed as part of the 2005 Energy Policy Act (see “COMPETITION – Certain Factors Affecting the Electric Utility Industry – Energy Policy Act of 2005” herein), MEAG Power maintains agreements of indemnity with the NRC which, together with private insurance, cover third party liability arising from any nuclear incident occurring at MEAG Power’s nuclear power units. This Act limits to $13.4 billion public liability claims that could arise from a single nuclear incident. In addition, Congress could impose revenue raising measures on the nuclear industry to pay claims. Each nuclear plant is insured against this liability to a maximum of $375 million by American Nuclear Insurers (“ANI”) with the remaining coverage provided by a mandatory program of deferred
premiums that could be assessed, after a nuclear incident, against all owners of nuclear reactors. A company could be assessed up to $127.3 million per incident for each licensed reactor it operates, but not more than $19.0 million per reactor per incident would be paid in a calendar year. MEAG Power would be liable for its 22.7 percent share, adjusting for the long-term sale of output to GPC, of any such assessments with respect to Plant Vogtle and its 17.7 percent share of any such assessments with respect to Plant Hatch, which amounts to a total of $14.9 million per year up to a total limit of $100.0 million. Both the maximum assessment per reactor and the maximum yearly assessment are adjusted for inflation at least every five years. The next scheduled adjustment is due by September 2018.

GPC, on behalf of all the co-owners of Plants Hatch and Vogtle, is a member of Nuclear Electric Insurance Limited (“NEIL”), a mutual insurer established to provide insurance for members’ nuclear generating facilities. NEIL provides three types of property coverage for the co-owners through GPC, primary property insurance, excess property insurance and excess non-nuclear property insurance. The primary property insurance provides coverage limits of $1.5 billion per plant. The excess property insurance provides coverage limits for nuclear losses up to $1.25 billion per plant above the primary property coverage levels. These policies cover decontamination and debris removal, as well as excess property damage and premature decommissioning. These policies have a combined sublimit of $1.5 billion for non-nuclear losses. The excess non-nuclear property insurance provides additional coverage limits for non-nuclear losses of $750.0 million per plant above the primary policy.

MEAG Power is also a member of the mutual insurer NEIL, which provides insurance to cover members’ costs of replacement power and other costs related to a prolonged accidental outage of one of its nuclear units. The MEAG Power coverage levels under these policies are (i) for the first 52 weeks, $1,418,750 per week for each of Plant Vogtle Unit Nos. 1 and 2 and $913,717 per week for each of Plant Hatch Unit Nos. 1 and 2, (ii) for the next 71 weeks, $1,135,000 per week for each of Plant Vogtle Unit Nos. 1 and 2, and (iii) for the next 110 weeks, $730,973 per week for each of Plant Hatch Unit Nos. 1 and 2. NEIL has instituted a change in policy coverage such that lower total limits of liability apply for non-nuclear events. NEIL’s liability under the accidental outage policies for nuclear events is limited to $490,000,000 for all policies related to a given plant. For non-nuclear events, NEIL’s limit of liability for a given plant is reduced to $327,600,000. MEAG Power is entitled to its ownership share of the total coverage that NEIL makes available to each plant. For each of Plant Hatch Unit Nos. 1 and 2, the limit of liability in the MEAG Power policy for nuclear events is $127,920,380 and for non-nuclear events is $85,523,911. For each of Plant Vogtle Unit Nos. 1 and 2, the limit of liability in the MEAG Power policy for nuclear events is $154,486,080 and for non-nuclear events is $103,284,979. The coverage begins after the outage has exceeded twelve weeks. These policies, similar to the other NEIL policies, contain provisions for a retrospective premium adjustment for a member of up to ten times the annual premium under the applicable policy. Under each of the NEIL policies, members are subject to assessments if losses each year exceed the accumulated funds available to the insurer under that policy.

GPC, on behalf of the Vogtle Co-Owners, subscribed to a builders’ risk policy addressing the construction of Vogtle Units 3&4. The policy is through NEIL and provides coverage limits of $2.75 billion during construction. The policy has a natural catastrophe sublimit of $300.0 million, and includes $200.0 million in delay-in-startup coverage, full terrorism coverage and nuclear exposure during hot testing.

MEAG Power’s share of retrospective premium assessments, based on policies effective April 1, 2016, could be as much as $17.3 million for primary, excess property insurance and excess non-nuclear property and $7.3 million per incident for replacement power and other costs. The aggregate of the Vogtle Units 3&4 Project Entities’ shares of retrospective premium assessments for the Vogtle Units 3&4 builders’ risk policy, based on the policy effective April 1, 2016, could be as much as $10.7 million during each policy year. All retrospective assessments, whether generated for liability, property or replacement power, may be subject to applicable state premium taxes.
Claims resulting from terrorist acts against commercial nuclear power stations are covered under both the ANI and NEIL insurance policies, subject to normal policy limits. The Terrorism Risk Insurance Program Reauthorization Act of 2015 extended coverage of domestic acts of terrorism until December 31, 2020. The aggregate, however, that NEIL will pay for all claims resulting from terrorist acts in any 12-month period is $3.2 billion plus such additional amounts NEIL can recover through reinsurance, indemnity, or other sources.

For all on-site property damage insurance policies for commercial nuclear power plants, the NRC has issued a final rule providing that for all policies issued on or after April 2, 1991, the proceeds of such policies shall be dedicated first for the sole purpose of placing the reactor in a safe and stable condition after an accident. Any remaining proceeds are next to be applied towards the costs of decontamination or debris removal operations ordered by the NRC, and then, any further remaining proceeds are to be paid to either the owners of the facility or their bond trustees as may be appropriate under applicable trust indentures. In the event of a loss, the amount of insurance available might not be adequate to cover property damage and other expenses incurred. Uninsured losses and other expenses would be borne by MEAG Power and could have a material adverse effect on MEAG Power’s financial condition and results of operations.

In May 1990, pursuant to amendments to the NRC’s regulations relating to the decommissioning of nuclear facilities, MEAG Power transferred all amounts then held in the Decommissioning Accounts under the Project One Resolution and the General Resolution Projects Resolution to two trusts outside the administrative control of MEAG Power for application to the payment of future decommissioning costs. All amounts subsequently derived by MEAG Power from the Participants have been similarly transferred to such trusts. Such trusts are not pledged to secure any indebtedness of MEAG Power. In 2000, MEAG Power determined that it is more efficient to combine the two trusts into one, and the funds in Decommissioning Trust No. 2 have been transferred to the Decommissioning Trust. Effective June 22, 2015, MEAG Power and the Vogtle Units 3&4 Project Entities entered into an Amended and Restated Nuclear Decommissioning Master Trust Agreement for the purpose of creating twelve (12) separate Trust Funds with respect to MEAG Power’s ownership interest in Plant Hatch Unit Nos. 1 and 2 and Plant Vogtle Unit Nos. 1, 2, 3 and 4, as well as each Vogtle Units 3&4 Project Entity’s Ownership Interest in Vogtle Units 3&4 (the Trust Funds relating to the Vogtle Units 3&4 Project Entities’ Ownership Interests in Vogtle Units 3&4 are hereinafter referred to collectively as the “Vogtle Units 3&4 Decommissioning Trusts”). Each Trust Fund will contain the entire undistributed amount of all contributions and/or transferred assets placed with the trustee of the Decommissioning Trust, as adjusted for all income, expense, gain or loss on such amounts as may exist from time to time. Such trustee is required to maintain separate records for each Trust. For information regarding decommissioning costs, see Note 2(H) to MEAG Power’s 2016 Financial Statements attached hereto as APPENDIX A.

Westinghouse is a provider of fuel fabrication, outage support and other services for the nuclear industry, including Plants Vogtle and Hatch operated by Southern Nuclear. While the ultimate impact of the Westinghouse bankruptcy proceedings cannot be determined at this time (see the final paragraph under “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects – Description of Vogtle Units 3&4” herein), to date no disruption of these services has occurred, and none is anticipated. Alternative suppliers for these nuclear services are available, and Southern Nuclear maintains an appropriate level of interaction with these suppliers should alternative sources be required.

Enterprise Risk Management

During 2004, MEAG Power implemented an Enterprise Risk Management (“ERM”) program and adopted an ERM policy. The ERM policy established a risk management organizational structure, which in addition to the Risk Management Department, includes a MEAG Power Board-level Risk Management and Audit Committee (previously, the MEAG Power Board Audit Committee) and an executive-level Risk Oversight Committee. In December 2012, MEAG Power’s Risk Management and Internal Audit personnel
began reporting to the Senior Vice President, Chief Financial Officer, as part of organizational changes implemented by MEAG Power. The Risk Management Department remains responsible for assessing risks throughout the organization and integrating mitigation activities for a more comprehensive approach to managing risks.

**Asset/Liability Management Policy**

In January 1998, the MEAG Power Board adopted an Asset/Liability Management Policy in order to establish a framework to govern the management of MEAG Power’s financial assets and liabilities. The policy, as approved by the MEAG Power Board upon the recommendation of the Asset/Liability Committee of the MEAG Power Board and as amended from time to time, governs investment of funds, issuance and management of debt securities, use of derivative instruments, overall management of interest rate risk and all reporting requirements.

The Project One Resolution, the General Resolution Projects Resolution, the CC Bond Resolution, the Vogtle Units 3&4 Bond Resolutions and the Telecommunications Bond Resolution each specifies the investments that MEAG Power may make with moneys held in the funds and accounts established thereunder. See the definitions of “Investment Securities” in APPENDIX G hereto, “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Definitions – The Project One Resolution,” in APPENDIX J hereto, “SUMMARY OF COMBINED CYCLE PROJECT BOND RESOLUTION – Definitions” and in APPENDIX N hereto, “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions – The Project M Bond Resolution,” “The Project J Bond Resolution” and “The Project P Bond Resolution.”

The Asset/Liability Management Policy permits the use of financial derivatives, such as interest rate swaps, as hedges against risks so long as the expected benefit of use is considered to outweigh any additional risks presented by such use. The policy provides that financial derivatives should not be used for trading speculation without specific approval of the MEAG Power Board and the Asset/Liability Committee and that highly leveraged derivatives are prohibited. Furthermore, the policy addresses counterparty risk by requiring that each counterparty have minimum credit ratings from recognized rating agencies of “A3/A-” or the equivalent thereof and by limiting MEAG Power’s credit exposure to counterparties to tiered dollar amounts based upon the counterparty’s credit ratings. See Notes 2(K), 2(L) and 5 to MEAG Power’s 2016 Financial Statements attached hereto as APPENDIX A for additional information.

Regulations implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) have imposed additional requirements on the use of over-the-counter derivatives, including clearing, margining, and reporting requirements on parties to financial instrument transactions. MEAG Power is not subject to the clearing and margining requirements because it elected an end-user exemption from such requirements. In addition, since all counterparties to MEAG Power swap transactions are swap dealers and are responsible for the reporting requirements, MEAG Power is not subject to additional reporting requirements. As a result, MEAG Power does not consider the impact of Dodd-Frank Act regulations to be material.

**Fuel Risk Management Policy**

In November 2003, the MEAG Power Board adopted a Natural Gas Risk Management Policy (the “Natural Gas Policy”) to govern hedging transactions related to MEAG Power’s procurement of natural gas in order to provide MEAG Power the flexibility to manage the specific risks associated with the procurement of natural gas. Another objective of the Natural Gas Policy is to place strategic and operational responsibility for gas hedging activities in the hands of MEAG Power’s power supply personnel. The Natural Gas Policy is intended to guide MEAG Power’s management and staff regarding all strategies used to manage exposure to market fluctuations in the price of natural gas. Strategies include hedging activities
such as purchasing and selling NYMEX-based futures and forward contracts, put and call options, floors, caps, collars, other over-the-counter products and other means of managing natural gas acquisition or inventories.

The Natural Gas Policy and other policies and procedures related to management of coal and emissions were superseded by the Fuel Risk Management Policy (the “Fuel Risk Policy”) approved by the MEAG Power Board in December 2008. The Fuel Risk Policy consolidates the responsibilities of the MEAG Power Board and staff for all fuel purchase and risk management efforts. The Fuel Risk Policy provides that MEAG Power’s power supply personnel and a Fuel Risk Oversight Committee have, subject to the oversight of MEAG Power’s Risk Oversight Committee and the MEAG Power Board, the authority to execute and monitor hedging activities as well as implement the hedging strategy for natural gas and coal. The Policy provides that the tactical procedures for management of gas, coal and emissions allowances will be developed by the Fuel Risk Oversight Committee and approved by the Risk Oversight Committee. The Asset/Liability Committee of the MEAG Power Board is charged with oversight of the marking-to-market of all hedging instruments. See Notes 2(I), 2(J), 2(K) and 2(L) to MEAG Power’s 2016 Financial Statements attached hereto as APPENDIX A for additional information.

See the last paragraph under “Asset/Liability Management Policy” above for a discussion of the Dodd-Frank Act.

COMPETITION

Current Competition in MEAG Power Service Area

The Territorial Act, enacted in 1973, regulates the service rights of all retail electric suppliers in the state. Pursuant to the Territorial Act, the GPSC has assigned substantially all areas in the state to specified retail suppliers, and these areas cannot be changed without the consent of the GPSC. The territorial assignments under the Territorial Act are subject to certain exceptions, including an exception that permits the owner of any new facility (with limited exception for those locating within 1973 city limits) having a connected demand upon initial full operation of 900 kilowatts (“kW”) or greater to receive electric service from the retail supplier of its choice.

The Participants are actively engaged in competition with other retail electric suppliers for new industrial and commercial loads. An important factor in this competition is the price of power furnished by MEAG Power to the Participants. MEAG Power continually monitors its competitive position relative to other wholesale suppliers in the Georgia territory so that it can budget, plan and structure rates to assist the Participants in maintaining competitive pricing for these new industrial and commercial loads.

In 2015, Georgia enacted the Solar Power Free-Market Financing Act of 2015, O.C.G.A. § 46-3-60, et. seq., allowing solar installers to offer third-party financing to Georgia property owners who want to install solar panels on their property. However, this legislation restricts the size of any such residential solar project to 10 kW and restricts the size of any such commercial solar project to 125 percent of the commercial customer’s actual or expected maximum annual peak demand. Utilities in Georgia are required to buy excess power from distributed generation until the cumulative generating capacity of all renewable energy sources equals 0.2 percent of the utility’s annual peak demand in the prior year. Also, a utility is not required to pay an amount above avoided energy costs. To date, this legislation has not had any material impact on MEAG Power.
Certain Responses of MEAG Power to Competition

General

MEAG Power has been engaged in a program to reduce its costs and otherwise improve its competitive position. This program has included: (a) the establishment of the Municipal Competitive Trust (the “Municipal Competitive Trust”) in order to accumulate and grow through common investment a substantial fund to assist MEAG Power and the Participants in maintaining competitive electric rates and in preparing for competition in the electric utility industry (see “Municipal Competitive Trust” below); (b) participation in a long-term lease transaction with an affiliate of a large investor-owned utility with respect to MEAG Power’s ownership interests in Plant Scherer Unit Nos. 1 and 2 and Plant Wansley Unit Nos. 1 and 2 (see “Lease Financing Arrangement” below); (c) the construction of the Telecommunications Project (see “Telecommunications Project” below); (d) the construction and development of the Vogtle Units 3&4 Projects (see “Planned Resources: Vogtle Units 3&4 Projects” below); (e) the establishment of a power supply arrangement with GPC that affords MEAG Power greater control with respect to the commitment and dispatch of its generating facilities and more flexibility to make purchases and sales in external markets (see “MEAG POWER – Bulk Power Supply Operations – Pseudo Scheduling and Services Agreement” herein); and (f) participation in TEA, a joint power marketing alliance with certain other public power entities (see “MEAG POWER – Bulk Power Supply Operations – The Energy Authority” herein).

Notwithstanding the steps taken by MEAG Power to help maintain its competitive position, MEAG Power cautions that various factors, such as the ongoing evolution of the electric utility industry and the extent and timing of additional competition in the markets of MEAG Power and the Participants, could cause actual results to differ significantly from the projections contained herein of the Participants’ power and energy requirements.

Municipal Competitive Trust

MEAG Power formed the Municipal Competitive Trust pursuant to a Declaration of Trust, The Municipal Competitive Trust, dated as of January 1, 1999, as amended (the “Trust Agreement”), for the benefit of its Participants and has funded the Municipal Competitive Trust with certain monies that had been accumulated in MEAG Power reserves, including certain rate stabilization monies and sums from the debt service reserves that were released following a successful effort to obtain bondholder consent to amend the Project One and General Resolution Projects Resolutions. The MBIA Surety Bond (hereinafter defined) was substituted for monies and investments on deposit in the debt service reserve accounts under the Project One and General Resolution Projects Resolutions to preserve the security of the bondholders, thus allowing the accumulated debt service reserves to be transferred to the Municipal Competitive Trust. Funds in the Municipal Competitive Trust have been retained and invested, and will be available to reduce future power supply costs of the Participants. See Note 1(E) to MEAG Power’s 2016 Financial Statements attached hereto as APPENDIX A.

As of December 31, 2016, the net value of the investments in the Municipal Competitive Trust was $602.4 million, with all Participants participating in the Municipal Competitive Trust. As of April 30, 2017, the net value of the investments in the Municipal Competitive Trust was $607.8 million, with all Participants participating in the Municipal Competitive Trust.

Except for the flexible account and for certain limited uses of the Credit Support Operating Trust Account (as defined in the Trust Agreement), the funds have been retained in the Municipal Competitive Trust and invested. Under the terms of the Municipal Competitive Trust, the investment earnings on the portions of the Municipal Competitive Trust funded by rate stabilization monies will be retained in the Municipal Competitive Trust. The Municipal Competitive Trust provides that the interest earnings on the funds deposited in the Municipal Competitive Trust from the amounts released from the debt service reserve accounts under the Project One and General Resolution Projects Resolutions will be retained in the
Municipal Competitive Trust to the extent that MEAG Power reduces in each year its administrative, general or other controllable costs below the amounts budgeted for 1999, as adjusted for inflation, through direct efforts of MEAG Power.

In late 2008, the proposed First Amendment to the Municipal Competitive Trust (the “First Amendment”) became effective. The First Amendment authorizes MEAG Power to apply funds from the Reserve Funded Debt Trust Account (as defined in the Trust Agreement) and/or the Credit Support Operating Trust Account as a credit to the power sales contract billings of any Participant for the purpose of lowering said Participant’s annual generation charges from MEAG Power during the period from January 1, 2009 through December 31, 2018. The amount of any such withdrawals would be pursuant to a formula described in the First Amendment that is designed to reduce and levelize said Participant’s fixed production costs (exclusive of transmission, fuel and emission costs) pertaining to Project One and the Existing General Resolution Projects in a measured and prudent manner consistent with the original purpose of the Municipal Competitive Trust, to offset the Participant’s costs during the period from 2009 through 2018. Additionally, the First Amendment also authorizes MEAG Power, in its discretion, to utilize all or any portion of the funds contained in said accounts for the purpose of defeasing, redeeming, refunding or otherwise retiring outstanding revenue bonds issued by MEAG Power, provided that any such funds that are related to the reserve-funded portion of the Municipal Competitive Trust may be applied by MEAG Power only to defease, redeem, refund or retire Project One Senior Bonds and/or General Resolution Projects Senior Bonds, so long as any such senior bonds are outstanding. For the fiscal year ended December 31, 2016, funds from the Municipal Competitive Trust applied to offset expenses in Project One totaled $61.8 million. Since January 2009, when MEAG Power commenced applying funds from the Municipal Competitive Trust to offset such expenses in Project One, as well as in the Existing General Resolution Projects in certain years, available funds of the Participants have been deposited to the Municipal Competitive Trust in an amount equal to 75% of the total credits paid to the Participants from the Municipal Competitive Trust through December 31, 2016.

Further, the First Amendment authorized the establishment of an additional account within the Municipal Competitive Trust entitled the “Generation Construction Trust Account” for the purpose of permitting any Participant to fund from its own funds or the flexible account of the Municipal Competitive Trust all or any portion of its share of the cost of acquisition and construction of any future generation project undertaken by MEAG Power in which such Participant elects to participate (including the Vogtle Units 3&4 Projects described herein).

In October 2008, MEAG Power distributed to the Participants for their consideration a proposed Second Amendment to the Municipal Competitive Trust (the “Second Amendment”) that had been approved by the MEAG Power Board. The Second Amendment modifies the provisions of the Municipal Competitive Trust to provide additional flexibility pertaining to the funding of new generation projects by MEAG Power by removing the “Generation Construction Trust Account” and creating the “New Generation Funding Account.” Additionally, the Second Amendment establishes a contractual process, consistent with current MEAG Power policy, whereby the Participants will confirm to MEAG Power the authority and identity of the individuals authorized to make elections on behalf of the respective Participants concerning deposits and withdrawals involving the subaccounts established under the Municipal Competitive Trust. To date, the Second Amendment has been fully executed and taken effect with respect to 40 of the Participants. Unanimous approval by the Participants is not required respecting the Second Amendment.

On August 3, 2009, MEAG Power distributed to those Participants that had elected to execute the Second Amendment, a proposed Second Replacement Amendment to the Municipal Competitive Trust (the “Second Replacement Amendment”). The Second Replacement Amendment would provide additional flexibility to the Participants as to the funding of new generation projects and capacity purchases proposed by MEAG Power, the funding of the purchase of additional entitlement shares or obligation shares of existing MEAG Power projects and for mitigation of certain Bulk Power Supply cost increases.
On the same date, MEAG Power also distributed to those nine Participants that had elected not to execute the Second Amendment, a proposed Second Alternative Amendment to the Municipal Competitive Trust (the “Second Alternative Amendment”). The Second Alternative Amendment would have the same effect as the Second Replacement Amendment described above. As of the date hereof, 47 Participants have executed either the Second Replacement Amendment or Second Alternative Amendment. As a result of the execution of the Second Replacement Amendment and the Second Alternative Amendment, the New Generation Funding Account now is known as the “New Generation and Capacity Funding Account.”

The Municipal Competitive Trust will terminate when the purposes thereof have been substantially accomplished and MEAG Power and the Participants elect to terminate the Municipal Competitive Trust and direct how the funds in the Municipal Competitive Trust are to be applied. The Municipal Competitive Trust also may be terminated as to any individual Participant when it and MEAG Power elect to terminate after the purposes of the Municipal Competitive Trust have been substantially accomplished.

lease Financing Arrangement

In June 2000, MEAG Power completed a long-term lease transaction (the “Lease Transaction”) with an affiliate of a large investor-owned utility (the “Lessor”) with respect to MEAG Power’s total 30.2 percent undivided interest in Unit Nos. 1 and 2 of Plant Scherer and its total 15.1 percent undivided interest in Unit Nos. 1 and 2 of Plant Wansley and related common facilities at each plant (together, the “Undivided Interest”). Under the lease financing arrangement, MEAG Power leased (the “Lease”) the Undivided Interest to the Lessor for a term equal to approximately 50 years. All rent under the Lease was paid by the Lessor at the commencement of the Lease. The Undivided Interest did not include the coal stockpile, inventories, intangibles, and unit trains owned by MEAG Power at the sites.

The Lessor subleased the Undivided Interest back to MEAG Power under a sublease for a term of approximately 30 years. Under the sublease, MEAG Power was required to pay the entire balance of the rent due thereunder six months after the commencement of the sublease. During the term of the sublease, MEAG Power was to continue to operate and maintain the Undivided Interest and was to continue to receive all the output from the Undivided Interest.

On March 31, 2016, MEAG Power and the Lessor finalized an agreement that terminated the Lease and other related agreements prior to their expiration dates (the “Termination Agreement”). Pursuant to the Termination Agreement, MEAG Power paid the Lessor a net early termination amount of $360 million. MEAG Power believes that the termination on the terms contained in the Termination Agreement was in MEAG Power’s best interest.

As a result of such termination, the Lease and all of the other related agreements, with the exception of certain provisions that MEAG Power does not believe will have any material adverse effect on MEAG Power, automatically and irrevocably terminated and were discharged, and neither MEAG Power nor the Lessor has any further right, liability or obligation to the other with respect to the Lease and such other related agreements, except with respect to the provisions referenced above.

The termination of the Lease is expected to reduce MEAG Power’s revenue requirements for the period through December 15, 2030.

Telecommunications Project

In 1997, MEAG Power formed a separate project (referred to herein as the “Telecommunications Project” or “Telecom”) to consist of those properties, telecommunications facilities, fibers and other equipment acquired, constructed and installed by MEAG Power (the “Telecommunications System”), in its discretion from time to time, for the following purposes: (1) providing telecommunications capabilities to Project One for the operation of MEAG Power’s transmission system facilities and serving its other internal
needs in the areas of load regulation, power system control, data collection, communications and conferencing, training, real-time pricing and other electric system functions; (2) providing telecommunications capabilities to the Participants for use in their electric distribution systems and communities, including economic development and educational purposes; and (3) in order to achieve economies of scale and improve the economics of the Telecommunications Project, providing telecommunications capabilities to others, including the public for hire. The Telecommunications System utilizes rights-of-way leased from Project One, as well as other leased rights-of-way acquired from third parties, and provides the telecommunications requirements for MEAG Power’s internal needs to Project One as an operating expense of Project One.

In connection with the formation of the Telecommunications Project, MEAG Power established certain contractual and financing arrangements. It entered into take-or-pay, “hell or high water” telecommunications contracts (the “Telecommunications Contracts”) with 32 of the Participants (the “Telecommunications Participants”) generally providing for the allocation of MEAG Power’s costs related to the Telecommunications Project among the Telecommunications Participants in accordance with their Obligation Shares. It also adopted the Telecommunications Bond Resolution, authorizing the issuance of Telecommunications Bonds to finance the cost of acquisition and construction of the Telecommunications Project. In an initial bond validation proceeding held on December 8, 1997, the Superior Court of Fulton County, Georgia confirmed and validated all of the terms and provisions of the Telecommunications Contracts as well as Telecommunications Bonds in the aggregate principal amount of $35,000,000.

Following the formation of the Telecommunications Project, MEAG Power commenced acquisition and construction of the Telecommunications System, which is now in operation. Funding for the costs of acquisition and construction was provided initially from Project One financings, and those financings were retired with proceeds of MEAG Power’s Variable Rate Telecommunications Project Revenue Bonds, Taxable Series 2003 (the “2003 Telecommunications Bonds”).

Under the original plan for the Telecommunications System, MEAG Power itself was to operate the Telecommunications System, using the telecommunications capabilities thereof for its own internal needs and selling such capabilities to the Participants and to others. However, in a 1998 ruling of the GPSC, later upheld on appeal, the GPSC ruled that MEAG Power does not have legislative authorization to engage in the business of selling the excess capacity of the Telecommunications System to the public for hire. Although this ruling had no effect on MEAG Power’s ability to utilize the Telecommunications System for its own internal needs and sell the telecommunications capabilities thereof to the Participants, it did prohibit MEAG Power from selling the excess capacity of the Telecommunications System to the public for hire. As set forth above, such sales are necessary to achieve economies of scale and improve the economics of the Telecommunications Project. Accordingly, in order to maximize the use of the Telecommunications System, MEAG Power entered into a Master Agreement, dated January 23, 2001 (the “Master Agreement”), with Georgia Public Web, Inc., a Georgia nonprofit corporation (“GPW”) formed by the 32 Telecommunications Participants. The purpose of this arrangement was to facilitate the sale of excess capacity of the Telecommunications System to third parties by utilizing GPW’s corporate status. Under the Master Agreement, GPW agreed, among other things, (i) to lease from MEAG Power certain dark fiber and electronic or optronic equipment, (ii) to assume certain MEAG Power rights and obligations in various indefeasible right of use agreements, fiber leases and other agreements assigned to GPW by MEAG Power, (iii) to provide MEAG Power with telecommunications services in connection with MEAG Power’s generation and transmission operations, (iv) to provide the Telecommunications Participants with telecommunications services and (v) to pay MEAG Power certain monthly lease payments. The GPSC agreed that the excess capacity could be sold by GPW to the public for hire under this arrangement and issued an interim certificate of authority to GPW on September 4, 2001. All 32 Telecommunications Participants are now capable of receiving telecommunications services and fifteen of them have received certificates of authority from the GPSC permitting them to re-sell such services to the public.
The 32 Telecommunications Participants, as members of GPW, have entered into an Intergovernmental Contract Agreement whereby each Telecommunications Participant has made certain commitments to the other Participants concerning the Master Agreement and the costs incurred and revenues received by GPW. Among other things, such agreement provides for monthly payments by each Telecommunications Participant of its Obligation Share of the excess, if any, of GPW’s budgeted costs for the billing period over its revenues for such period and for annual distributions to the Telecommunications Participants (as members of GPW), in accordance with their respective Obligation Shares, of the net revenues of GPW, if any.

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 Telecommunication Bonds were purchased by the trustee of the Municipal Competitive Trust, as an investment of funds on deposit in the Municipal Competitive Trust. The Telecommunications Bonds were payable only from revenues under the Telecommunications Contracts. The 2009 Telecommunications Bonds and the Master Agreement (discussed above) were validated by an order of the Superior Court of Fulton County, Georgia on September 29, 2009. On December 15, 2015, all of the 2009 Telecommunications Bonds then outstanding were paid at maturity. As a result, as of the date of this Annual Information Statement, no Telecommunications Bonds remain outstanding. MEAG Power may issue additional Telecommunications Bonds in the future to finance capital improvements to the Telecommunications Project, but it has no current plans to do so.

The Telecommunications Project operates independently of MEAG Power’s generation and transmission functions; however, it is not legally separate from MEAG Power. Since the services offered by the Telecommunications Project are not an integral part of MEAG Power’s generation and transmission functions, the costs incurred by the Telecommunications Project in providing the contract services are billed only to those Participants that elect to contract for such services.

Balance sheet information for the Telecommunications Project as of December 31, 2016 and 2015 is shown in the applicable Consolidated Balance Sheet in MEAG Power’s 2016 Financial Statements attached hereto as APPENDIX A. Revenue and expense information, and cash flow data for the Telecommunications Project for the years ended December 31, 2016 and 2015 are shown in the Consolidated Statement of Net Revenues and Consolidated Statement of Cash Flows, respectively, in MEAG Power’s 2016 Financial Statements attached hereto as APPENDIX A. Additional financial information related to the Telecommunications Project is included in Note 1(F), various parts of Note 2, as well as Notes 3, 4 and 5 to such financial statements.

On May 15, 2008, an amendment to each of the Telecommunications Contracts (other than the Telecommunication Contract with the City of Marietta (“Marietta”), which was not required to be amended because Marietta had prepaid its share of the costs of acquisition and construction of the Telecommunications Project and, pursuant to the provisions of its Telecommunications Contract, was not obligated to pay amounts relating to debt service on the 2003 Telecommunications Bonds) took effect. Pursuant to the amendment, 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, each Telecommunications Participant is obligated to pay only its own share of such costs in annual amounts equal to the dollar amounts calculated in accordance with the Telecommunications Contracts for such Participant. Further, the amendment gives each Telecommunications Participant an option to prepay all or any portion of the amounts owed by it in respect of its interest in the Telecommunications Project by paying a capital contribution (a “Telecom Capital Contribution”) to MEAG Power in an amount equal to all or any portion of the non-financing costs associated with the acquisition and construction of the Telecommunications Project. Telecom Capital Contribution payments made by any Telecommunications Participant will reduce the principal amount of the Telecommunications Bonds that MEAG Power is required to issue in connection with the Telecommunications Project and therefore will decrease the
percentage share of debt service on the Telecommunications Bonds that would otherwise have to be paid by a Telecommunications Participant providing a Telecom Capital Contribution. In addition, pursuant to such amendment to the Telecommunications Contracts, while the Telecommunications Bonds are outstanding, the Telecommunications Participants will be allowed to pay to MEAG Power an amount (a “Telecom Defeasance Payment”), which could be in the form of monies or certain securities (or rights to payment of such securities) of, or which are guaranteed by, the United States of America, sufficient to provide for the defeasance of Telecommunications Bonds allocable to such Telecommunications Participant. Telecom Defeasance Payments will decrease the share of debt service on the Telecommunications Bonds that would otherwise have to be paid by the Telecommunications Participant making the Telecom Defeasance Payment. In connection with the amendment of the Telecommunications Contracts, the MEAG Power Board approved an amendment and restatement of the Telecommunications Bond Resolution which became effective on the same date that the amendment of the Telecommunications Contracts became effective.

The Telecommunications Participants’ payment obligations under the Telecommunications Contracts are general obligations to the payment of which their full faith and credit are pledged, and MEAG Power’s remedies under each Telecommunications Contract includes specific performance to compel the Telecommunications Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder.

**Planned Resources: Vogtle Units 3&4 Projects**

In 2005, MEAG Power began certain investigations to develop power supply plans to meet the future needs of the Participants. These plans were developed to assure the continued reliable supply of power to the Participants in the most economic manner available. With the assistance of a consultant, MEAG Power conducted analyses and forecasts of wholesale market conditions, fuel and wholesale power commodity prices, Participant load growth, MEAG Power capacity needs, optimum generation capacity expansion plans and expansion plan risk analysis.

In addition to the capacity then available to MEAG Power, the analyses and forecasts determined that MEAG Power and the Participants would require an additional 65 MW of generating capacity beginning in 2008, increasing to 952 MW by 2026, in order to maintain reasonable planning and operating reliability of the MEAG Power electric system. MEAG Power investigated several viable generating resource alternatives that could be combined to serve forecasted growth in system need. As part of the analysis, MEAG Power also evaluated ways in which uncertain future conditions and prices might affect the economic value (measured by the net present value of total power costs) of each of the several plans. A risk-based analysis was performed to assess how variability in power and fuel prices could affect the relative economic merit of each plan. MEAG Power’s current generation expansion plan is based, in part, on the results of this analysis, which determined that a plan consisting of simple-cycle combustion turbines and nuclear steam turbines provided the best balance of lowest cost and least risk of all of the potential plans.

The analysis also considered ways in which potential future GHG legislation and resulting emissions allowance costs could affect resource expansion decisions. The analysis determined that, because nuclear energy, unlike coal- and natural gas-fired power plants, does not emit GHGs, the implementation of any GHG legislation would increase the economic value of generation expansion plans containing nuclear generation resources. This value increases in direct proportion to the nuclear capacity included in the plan. At the same time, the value of plans including GHG-emitting resources decreases in proportion to the capacity and resulting projected generation of fossil-fuel resources included in such plan. As such, the investigation of GHG impacts further supported the selection of a capacity expansion plan including nuclear baseload and peaking resources.
In connection with these plans, MEAG Power also conducted a planning study covering the thirty-year period from 2008 to 2038, and evaluated each Participant’s need for baseload, intermediate and peaking generating resources over this period. The planning studies anticipated, among other things, the retirement of the two nuclear units at Plant Hatch (collectively 286 MW) when the operating licenses for each unit expire in 2034 and 2037, respectively. Additionally, several of MEAG Power’s other generating resources will be candidates for retirement by the end of the planning study period, including Plant Wansley Unit Nos. 1 and 2 (collectively, 261 MW) and Plant Scherer Unit Nos. 1 and 2 (collectively, 489 MW). The combined cycle facility at Plant Wansley (503 MW) will also reach retirement age by 2039. See “MEAG POWER – Bulk Power Supply Operations” herein for further discussion of these facilities.

MEAG Power also considered that the development of Vogtle Units 3&4 will benefit from the experience of more than three decades of joint ownership by the Original Vogtle Co-Owners of existing Plant Vogtle and Plant Hatch nuclear units. See “CO-OWNERS OF THE PLANTS” herein.

In light of the foregoing considerations, among others, MEAG Power acquired a 22.7 percent undivided ownership interest in Vogtle Units 3&4, representing 500.308 MW of nominally rated generating capacity, for the purpose of serving the future loads of the Participants. MEAG Power determined that Vogtle Units 3&4 will enable it to serve a significant portion of the projected baseload needs of the Participants and potentially offset the retirement of some of MEAG Power’s other generating resources. See “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects” herein for a description of how MEAG Power structured its ownership interest in Vogtle Units 3&4.

Certain Factors Affecting the Electric Utility Industry

The following is a brief discussion of certain recent regulatory developments affecting competition. However, this discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof.

Energy Policy Act of 2005

On July 29, 2005, Congress passed the 2005 Energy Policy Act and it was signed by President Bush on August 8, 2005. The 2005 Energy Policy Act made significant changes in the federal regulation of the electric utility industry. This legislation addressed, among other things, energy efficiency, renewable energy, nuclear energy and electricity related reforms; provided incentives for oil and gas production; and encouraged the deployment of clean coal technology through legislative reforms and directives to FERC relating to certain actions. For a further description of the 2005 Energy Policy Act, see “MEAG POWER – ENERGY POLICY ACT OF 2005” in the Consulting Engineer’s Letter attached hereto as APPENDIX C.

FERC Initiatives

While neither MEAG Power nor any of the Participants is a FERC-jurisdictional utility, MEAG Power and all of the Participants nonetheless are affected significantly, directly or indirectly, by certain FERC rulemakings.

A non-FERC-jurisdictional utility, such as MEAG Power, that receives open access transmission service from a FERC-jurisdictional utility is required to provide open access service under terms and conditions comparable to the service it receives from the FERC-jurisdictional utility. MEAG Power has an Open Access Transmission Tariff (“OATT”) in substantially the form of the pro forma OATT adopted by FERC in Order Nos. 888 and 888-A, which required all “public utilities” under the Federal Power Act (“FPA”) that own, control or operate transmission facilities used in interstate commerce to file OATTs containing minimum terms and conditions of non-discriminatory transmission service with FERC. While MEAG Power is not a public utility under the FPA and therefore is not subject to the mandatory filing requirement, MEAG Power believes that its OATT satisfies the “reciprocity” requirements of Order Nos.
888 and 888-A inasmuch as MEAG Power’s eligibility to obtain OATT transmission service from public utilities never has been challenged.

MEAG Power’s OATT offers firm and non-firm point-to-point transmission service and network integration transmission service, along with the ancillary services of scheduling, system control and dispatch service, reactive supply and voltage control service, regulation and frequency response service, energy imbalance service, operating reserve-spinning reserve service and operating reserve-supplemental reserve service. MEAG Power’s OATT rates are stated rates, based on MEAG Power’s budgeted transmission costs in effect at the time the rates were established, with certain adjustments to cover properly the cost of providing third-party transmission service. Adjustments include the use of taxable debt for transmission facilities, adjustments to cover equity in the transmission system and adjustments for specific facilities to be considered transmission facilities. MEAG Power also has a native load service obligation that is afforded the protections included in its existing OATT.

The establishment of TEA, discussed above under “MEAG POWER – Bulk Power Supply Operations – The Energy Authority,” satisfied a standard of conduct requirement under FERC’s Order No. 889, as amended, which has the effect of requiring MEAG Power to establish a wholesale marketing organization separate and apart from its operating group that controls operations of its generation and transmission facilities. In October 2008, FERC issued Order No. 717, which, among other things, amended FERC’s Standards of Conduct for Transmission Providers to make them clearer and to refocus the rules on the areas where there is the greatest potential for abuse. MEAG Power believes that its participation in TEA and related procedures satisfies the reforms to the standards of conduct included in FERC’s final rule without material impact on MEAG Power’s costs.

In 2007, FERC issued Order No. 890 amending the regulations and the pro forma OATT adopted in Order Nos. 888 and 889. Order No. 890’s requirements include: (i) greater consistency and transparency in available transfer capability calculations; (ii) open, coordinated and transparent planning; (iii) reforms of energy imbalance penalties; (iv) reform of rollover rights policy; (v) clarification of tariff ambiguities; and (vi) increased transparency and customer access to information. FERC reaffirmed many of the core elements of the Order No. 888 pro forma OATT in Order No. 890, including: (i) the comparability requirement wherein third-party users of the transmission system must receive service in a manner comparable to the transmission owner’s use of the system; (ii) the continuance of the protection of native load customers’ transmission service rights, with FERC determining that the protections included in the Order No. 888 pro forma OATT were consistent with FPA Section 217; and (iii) FERC’s current approach to reciprocity for non-FERC-jurisdictional transmission owners, which include MEAG Power, was retained and broadened such that, if a Regional Transmission Organization (“RTO”) or Independent System Operator (“ISO”) is the transmission provider, reciprocity is owed to all members of the RTO or ISO. Under the pro forma OATT, a public utility may refuse to provide open access transmission service to a non-public utility if the non-public utility refuses to reciprocate.

Section 211A of the FPA, which was added by the 2005 Energy Policy Act, authorized, but did not require, FERC to order non-public utilities (or “unregulated transmitting utilities,” which include MEAG Power) to provide transmission services at rates, and on terms and conditions, that are comparable to those under which such non-public utilities provide transmission service to themselves. In Order No. 890, FERC did not propose a generic rule to implement Section 211A. Rather, FERC stated it would apply Section 211A provisions on a case-by-case basis. MEAG Power has participated in a joint transmission planning process for decades and is cosponsoring and participating in regional and interregional transmission planning processes, the proposed details of which were filed with FERC by Southern Company, as called for in Order No. 890 and subsequently expanded in Order No. 1000. The inter-regional transmission planning process is sponsored by many of the major transmission owners registered by SERC. MEAG Power believes that its current OATT coupled with its participation in regional planning satisfies the broadened “reciprocity” requirements of order No. 890 inasmuch as MEAG Power’s eligibility to obtain OATT transmission service from public utilities never has been challenged.
The 2005 Energy Policy Act also added Section 215 of the FPA, which expanded FERC’s jurisdiction to ensure the reliability of the Bulk Power System. In 2007, FERC issued Order No. 693 entitled “Mandatory Reliability Standards for the Bulk-Power System.” In this order, FERC approved the majority of the proposed reliability standards developed by NERC, which FERC had certified as the Electric Reliability Organization (“ERO”) responsible for developing and enforcing mandatory reliability standards. The order also added a new part to FERC’s regulations, which applies to all users, owners and operators of the bulk power system within the United States (other than Alaska or Hawaii), including MEAG Power. NERC was also permitted to delegate certain enforcement authority to approved regional entities. SERC is the approved regional entity for most of the Southeast United States including MEAG Power’s service territory. NERC is authorized to enforce its reliability standards, subject to FERC oversight, through the imposition of monetary and non-monetary penalties on NERC-registered entities that are found to be in violation of the standards. The monetary penalties can reach up to $1 million per day per violation.

In 2008, FERC issued Order No. 706 entitled “Mandatory Reliability Standards for Critical Infrastructure Protection.” In this order, FERC approved eight reliability standards (the “Cyber Security Standards”) submitted by NERC which require certain users, owners, and operators of the Bulk Power System, including MEAG Power, to comply with specific requirements to identify and safeguard their critical cyber assets. In November 2013, FERC issued Order No. 791 approving “Version 5” of NERC’s Cyber Security Standards and directing NERC to make further revisions. Version 5 includes new cyber security controls and extends the scope of the systems that are protected. In January 2016, FERC issued Order No. 822 approving a set of revised NERC Critical Infrastructure Protection standards, Version 5 (V5) – many of which became known within industry as the Version 6 (V6) standards. Of these, MEAG Power successfully met the Medium Impact asset compliance set of requirements which had a July 1, 2016 deadline and certain Low Impact asset compliance requirements which had an April 1, 2017 deadline. In addition, MEAG Power will be working towards successfully meeting additional Low Impact asset requirements which have a compliance deadline of September 1, 2018.

On March 7, 2014, FERC directed NERC to submit for its approval one or more reliability standards to address unspecified physical security risks and vulnerabilities to the electric grid. On May 23, 2014, NERC submitted for FERC approval Reliability Standard CIP-014, which would require transmission owners, such as MEAG Power, to perform risk assessments on a periodic basis to identify facilities that, if rendered inoperable or damaged, could have a “widespread,” critical impact on the electric grid. Owners of such critical facilities would be required to develop and implement a security plan to address potential threats and vulnerabilities. On November 20, 2014, FERC issued a final order approving Reliability Standard CIP-014-1 and directing NERC to remove the term “widespread” from Reliability Standard CIP-014-1 or, alternatively, to propose modifications to the Reliability Standard that would address FERC’s concerns. FERC directed that NERC submit a responsive modification on July 27, 2015. On May 7, 2015, the NERC Board of Trustees adopted CIP-014-2 removing the term “widespread” in response to the FERC final order. The provisions of this standard became effective July 1, 2015. MEAG Power has completed its initial risk assessment and has found no MEAG Power-owned facilities to require a CIP-014 security plan.

In 2011, FERC issued Order No. 1000 entitled “Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities.” Order No. 1000 requires that, among other things, public utility transmission providers participate in a regional process that produces a regional transmission plan satisfying certain principles. Order No. 1000 also provides that public utility transmission providers must amend their open access transmission tariffs to include a methodology for allocating the costs of new regional and inter-regional transmission facilities. Order No. 1000 does not, however, disturb the charges for transmission facilities that existed on such order’s effective date.

As a non-public utility, MEAG Power is not directly subject to the requirements of Order No. 1000. However, in the order, FERC states that non-public utilities that decline to bear their assigned share of the costs for new regional facilities may be denied tariff-based transmission service from public utilities and
that FERC will consider using the authority it has under Section 211A of the FPA against such non-public utilities. MEAG Power has intervened in the Order No. 1000 compliance filings of Southern Company and certain other FERC-jurisdictional utilities. MEAG Power is continuing to participate, voluntarily, in a regional transmission planning process with Southern Company and certain other southeast utilities. The effect of Order No. 1000 and related orders on MEAG Power, the Participants or the ITS cannot be determined at this time.

On October 17, 2013, FERC issued an Order approving TPL-001-4, which Order became effective on December 23, 2013. MEAG Power, in conjunction with Southern Company, performs an annual assessment required under TPL-001-4 requirements which includes any necessary Corrective Action Plans required of MEAG Power.

**Other Federal Legislative Initiatives**

In recent sessions of Congress, various members have introduced legislation to address global climate change. Public input has been sought on the legislative proposals through hearings and other outreach efforts. MEAG Power has provided input to the legislative process through its participation in the Alliance for Fuel Options, Reliability and Diversity, the American Public Power Association, and the Large Public Power Council.

**Georgia Legislative Initiatives**

At present, there are no pending bills that would mandate restructuring of the electric industry in Georgia or amend the Territorial Act. The projections of MEAG Power’s operations contained herein assume that there will not be any significant changes in the electric utility industry in Georgia and that the Territorial Act will remain unchanged and in effect.
### SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA

The information in the table below provides a summary of selected financial and operating data for MEAG Power. See APPENDIX A hereto for MEAG Power’s 2016 Financial Statements, including the Notes thereto and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” with respect thereto contained therein.

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<th>For the year ended or as of December 31,</th>
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<tr>
<td></td>
<td>2014</td>
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<td>2016</td>
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<tr>
<td></td>
<td>(Dollars in Thousands)</td>
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<td>Revenues</td>
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<td>Expenses</td>
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<td>Operating Expenses</td>
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<td>Total Expenses</td>
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<td>$ 661,382</td>
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<td>By MEAG Power</td>
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<td>1,505</td>
<td>1,540</td>
<td>1,540</td>
</tr>
<tr>
<td>Plant Vogtle Sellbacks</td>
<td>61</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>Wansley Combined Cycle Facility</td>
<td>503</td>
<td>503</td>
<td>503</td>
</tr>
<tr>
<td>Total Generating Capacity in Service</td>
<td>2,069</td>
<td>2,069</td>
<td>2,069</td>
</tr>
</tbody>
</table>

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(1) With respect to Plants Hatch, Scherer, Vogtle (Unit Nos. 1 and 2 only) and Wansley, GPC has contracted to operate and maintain the jointly owned facilities as agent for the respective co-owners, including MEAG Power. MEAG Power’s proportionate share of plant operating expenses with respect to years 2016 and 2015 is included in the corresponding operating expense items in the applicable Consolidated Statement of Net Revenues set forth in APPENDIX A hereto.

(footnotes continued on following page)
Management’s Discussion and Analysis of Financial Condition and Results of Operations

The audited consolidated financial statements of MEAG Power as of December 31, 2016 and 2015 and for the fiscal years then ended are contained in APPENDIX A hereto. Also included in such APPENDIX A is MEAG Power’s “Management’s Discussion and Analysis of Financial Condition and Results of Operations” with respect to such financial statements. Such financial statements should be read in their entirety, including the Notes thereto and such “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained therein.

Rating Triggers and Other Factors That Could Affect MEAG Power’s Liquidity, Results of Operations or Financial Condition

MEAG Power has entered into certain agreements that contain provisions giving the other parties thereto certain rights and remedies based upon downgrades in MEAG Power’s credit ratings below specified levels and/or the occurrence of certain other events or circumstances. In addition, MEAG Power has entered into certain other agreements and arrangements that contain provisions giving other parties certain rights and remedies based upon downgrades in the credit ratings of certain financial institutions that provide credit enhancement in connection with such agreements and arrangements below specified levels and/or the occurrence of certain other events or circumstances.

The table below sets forth the current ratings for MEAG Power’s Project One Senior Bonds, Project One Subordinated Bonds, General Resolution Projects Senior Bonds, General Resolution Projects Subordinated Bonds, CC Bonds, Project M Bonds, Project J Bonds and Project P Bonds as assigned by Fitch, Moody’s and S&P. Given its current ratings levels, MEAG Power’s management does not believe that the rating and other credit-related triggers relating to MEAG Power contained in any of its existing agreements will have a material adverse effect on its liquidity, results of operations or financial condition. However, MEAG Power’s ratings reflect the views of the rating agencies and not of MEAG Power and, therefore, MEAG Power cannot give any assurance that its ratings will be maintained at current levels for any period of time. In addition, MEAG Power cannot give any assurance that the ratings of the financial institutions that provide credit enhancement in connection with such agreements and arrangements will be maintained at current levels for any period of time, or that the rating and other credit-related triggers relating to such financial institutions contained in any of such agreements and arrangements will not have a material adverse effect on MEAG Power’s liquidity, results of operations or financial condition.
Fitch’s outlook on all MEAG Power bonds is negative except for the Project P bonds, which is stable. Moody’s and S&P had a stable outlook on all MEAG Power bonds at December 31, 2016. On March 21, 2017, Moody’s affirmed its ratings on the Vogtle Units 3&4 Bonds and changed the rating outlook to negative from stable. On March 23, 2017, S&P affirmed its ratings on all MEAG Power bonds and changed the rating outlook to negative from stable.

The following paragraphs describe the provisions of those agreements and arrangements that could affect MEAG Power’s liquidity, results of operations or financial condition:

**Interest Rate Swap Agreements.** As of both December 31, 2016 and the date of this Annual Information Statement, MEAG Power had entered into interest rate swap transactions outstanding under interest rate swap master agreements with four different counterparties. Currently, MEAG Power has interest rate swap transactions outstanding with respect only to Project One and the Existing General Resolution Projects. For additional information concerning those interest rate swap transactions, see Notes 2(K), 2(L) and 5 to MEAG Power’s 2016 Financial Statements attached hereto as APPENDIX A. MEAG Power may, however, enter into interest rate swaps with respect to the Vogtle Units 3&4 Projects in the future.

Under the master agreements, the exposure limit is (a) $0 if MEAG Power’s ratings are lower than “A3” or “A-” by Moody’s or S&P, (b) $25,000,000 if the lower of MEAG Power’s ratings by Moody’s and S&P is between “A3” and “A1” by Moody’s or between “A-” and “A+” by S&P, (c) $50,000,000 if the lower of MEAG Power’s ratings by Moody’s and S&P is between “Aa3” and “Aa1” by Moody’s or between “AA-” and “AA+” by S&P and (d) $75,000,000 if MEAG Power’s ratings are “Aaa” by Moody’s and “AAA” by S&P. Under one transaction confirmation, such exposure limit termination event is not applicable, and in lieu thereof, a termination event if MEAG Power’s ratings are lower than “A3” or “A-” by Moody’s or S&P applies.

All of the master agreements provide that, upon receipt by MEAG Power from the counterparty of notice to the effect that MEAG Power’s credit exposure value exceeds the applicable exposure limit, the counterparty is permitted to terminate all of the transactions outstanding thereunder unless, within five business days, MEAG Power (i) causes its credit ratings to be upgraded, (ii) causes its obligations under any or all of the transactions thereunder to be guaranteed, insured or similarly supported by a credit enhancer acceptable to the counterparty whose credit exposure value is less than the exposure limit applicable to such credit enhancer or (iii) reduces MEAG Power’s aggregate credit exposure value thereunder by causing one or more of the transactions thereunder to be terminated (and, in that event, MEAG Power pays to the counterparty any termination payment(s) resulting therefrom).

As of December 31, 2016, the aggregate fair market value of the various interest rate swap transactions relating to Project One and the Existing General Resolution Projects outstanding under the master agreement(s) with each particular counterparty ranged from approximately $(1,468,000) to approximately $(23,175,000), and the aggregate fair market value of the interest rate swap transactions outstanding under the master agreements with all counterparties was approximately $(58,772,000). As of
April 30, 2017, the aggregate fair market value of the various interest rate swap transactions relating to Project One and the Existing General Resolution Projects outstanding under the master agreement(s) with each particular counterparty ranged from approximately $(1,184,000) to approximately $(24,082,000), and the aggregate fair market value of the interest rate swap transactions outstanding under the master agreements with all counterparties was approximately $(60,392,000). (Note: When noting the fair market value of an interest rate swap transaction or group of swap transactions, the number represents the amount that MEAG Power would pay (if negative) or receive (if positive) if the transaction(s) were terminated as of the specified date.)

MEAG Power has executed credit support annexes with the counterparties under the master agreements requiring the counterparties to post collateral under certain circumstances. Subject to certain adjustments, the amount of a counterparty’s posted collateral at any time must be equal to the amount, if any, it would be required to pay if its transactions with MEAG Power were terminated at such time, reduced by the following thresholds: (a) $0 if the counterparty’s ratings are lower than “A3” or “A-” by Moody’s or S&P, (b) $25,000,000 if the lower of the counterparty’s ratings by Moody’s and S&P is between “A3” and “A1” by Moody’s or between “A-” and “A+” by S&P, (c) $50,000,000 if the lower of the counterparty’s ratings by Moody’s and S&P is between “Aa3” and “Aa1” by Moody’s or between “AA-” and “AA+” by S&P and (d) $75,000,000 if the counterparty’s ratings are “Aaa” by Moody’s and “AAA” by S&P, and the minimum transfer amount is $100,000; provided, however, that the threshold for Wells Fargo Bank, National Association (“Wells Fargo”) is $2,000,000 if its ratings are lower than “A3” or “A-” by Moody’s or S&P.

Credit and Liquidity Support for MEAG Power’s Commercial Paper Notes. Until December 28, 2016, direct pay letters of credit totaling $285.8 million issued by commercial banks pursuant to related reimbursement agreements between MEAG Power and the commercial banks supported commercial paper notes which, as of December 31, 2015, were issued and outstanding in the amount of $224.8 million. On December 28, 2016, in connection with the entry by MEAG Power and certain commercial banks into the revolving credit agreements described in the following paragraph, MEAG Power caused $129.9 million in aggregate amount of such letters of credit to be terminated. As a result, as of December 31, 2016, $155.9 million in aggregate amount of letters of credit remained in effect to support commercial paper notes which, as of such date, were issued and outstanding in the amount of $107.3 million, as follows: (a) a letter of credit (the “TD Project One Letter of Credit”) issued by TD Bank, N.A. with respect to the Project One Series B commercial paper notes in the current stated amount of $103,945,206; and (b) a letter of credit (the “PNC General Resolution Projects Letter of Credit” and, together with the TD Project One Letter of Credit, the “CP Letters of Credit”) issued by PNC Bank, National Association with respect to the General Resolution Projects Series B commercial paper notes in the current stated amount of $51,972,603. Any amounts drawn under the letters of credit would be payable by MEAG Power on a semiannual basis over a three-year period using the respective bank’s (each, a “CP LOC Bank”) interest rates. The maximum amount of commercial paper notes authorized to be issued is $410.0 million, but in no event can the aggregate principal amount of all commercial paper notes outstanding, and the interest thereon due at maturity, exceed the aggregate stated amounts of all such letters of credit at any time outstanding and in effect. A principal amount of validated but unissued Power Revenue Bonds and General Power Revenue Bonds of not less than the amount of subordinated bonds issued as bond anticipation notes (“BANs”) is required and was maintained as of both December 31, 2016 and April 30, 2017.

On December 28, 2016, in order to replace the borrowing capacity previously provided by commercial paper notes that were able to be supported by the letters of credit that were terminated on such date, MEAG Power and two commercial banks entered into revolving credit agreements (“RCAs”) for Project One and the General Resolution Projects that permit MEAG Power to borrow from such banks, until the end of the “revolving credit period” thereunder (initially, until December 28, 2019 unless earlier terminated, and subject to extension at the sole discretion of the applicable bank), in the aggregate, not to exceed $225.0 million. Any amounts borrowed under the RCAs would be payable by MEAG Power following the end of the revolving credit period on a quarterly basis over a three-year period using the
bank’s interest rates. Since the notes evidencing such banks’ right to be repaid for such borrowings constitute subordinated bonds issued as BANs, a principal amount of validated but unissued Power Revenue Bonds and General Power Revenue Bonds of not less than the amount of such subordinated bonds is required and was maintained as of both December 31, 2016 and April 30, 2017.

If, on any date on which a commercial paper note matures, MEAG Power is not able to issue additional commercial paper note(s) to pay such maturing commercial paper note, subject to the satisfaction of certain conditions, the applicable CP LOC Bank is obligated to honor a drawing under the applicable CP Letter of Credit in an amount sufficient to pay such maturing commercial paper note. Any such drawing is required to be repaid by MEAG Power on the first business day of the first month that is not less than six months after the date of such drawing, and on the first business day of each sixth month thereafter, in amounts sufficient, with interest thereon at the rates specified in the related reimbursement agreement, to amortize the amount of the principal portion of such drawing in approximately equal semi-annual payments over the period ending on the third anniversary of the date of such drawing, with the remaining outstanding amount of the principal portion of such drawing together with interest thereon as provided in the reimbursement agreement being due and payable on such third anniversary of the date of such drawing.

As of both December 31, 2016 and April 30, 2017, there were no unreimbursed drawings outstanding under either CP Letter of Credit.

Each reimbursement agreement provides that, upon the occurrence and continuation of any event of default on the part of MEAG Power thereunder, the applicable CP LOC Bank may, among other things, (a) deliver a “no-issuance notice” to the paying agent for the applicable commercial paper notes, instructing such paying agent not to issue any additional commercial paper notes supported by such CP Letter of Credit thereafter or (b) deliver to such paying agent a notice to the effect that the applicable CP Letter of Credit will terminate ten days after such paying agent’s receipt of such notice. In either such event, the principal of and interest on all outstanding commercial paper notes supported by such CP Letter of Credit will be paid with the proceeds of a drawing on such CP Letter of Credit, and all amounts drawn on such CP Letter of Credit in respect of the principal of commercial paper notes are required to be repaid by MEAG Power on the first business day of the first month that is not less than six months after the date of such drawing, and on the first business day of each sixth month thereafter, in amounts sufficient, with interest thereon at the rates specified in the related reimbursement agreement, to amortize the amount of the principal portion of such drawing in approximately equal semi-annual payments over the period ending on the third anniversary of the date of such drawing, with the remaining outstanding amount of the principal portion of such drawing being due and payable on such third anniversary of the date of such drawing. Among others, it is an event of default on the part of MEAG Power under each reimbursement agreement if the rating assigned to any of MEAG Power’s long-term debt obligations (excluding debt obligations incurred in connection with any of the Vogtle Units 3&4 Projects, other than debt obligations incurred in connection with Project M) by Moody’s and S&P is withdrawn, suspended, reduced below “Baa2” or “BBB,” respectively, or revoked.

Any drawing made under a CP Letter of Credit bears interest at the rate per annum set forth in the reimbursement agreement pursuant to which such CP Letter of Credit was issued, which rate may be significantly higher than the market rates of interest borne by MEAG Power’s commercial paper notes.

See “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program – Outstanding Indebtedness of MEAG Power – Project One and Existing General Resolution Projects” herein for a discussion of the principal amounts of the Project One and General Resolution Projects commercial paper notes outstanding as of December 31, 2016 and as of the date of this Annual Information Statement.
Credit and Liquidity Support for MEAG Power’s Variable Rate Subordinated Bonds.


MEAG Power has caused Barclays Bank PLC to issue two separate letters of credit (collectively, the “Barclays Letters of Credit”) to provide credit and liquidity support for MEAG Power’s General Resolution Projects Subordinated Bonds, Series 1985A and Series 1985B (collectively, the “1985A&B Subordinated Bonds”), respectively. As of both December 31, 2016 and April 30, 2017, there were $54,320,000 in aggregate principal amount of the 1985A&B Subordinated Bonds outstanding.

On November 25, 2015, TD Bank, N.A. issued its letter of credit in order to provide credit and liquidity support for MEAG Power’s General Resolution Projects Subordinated Bonds, Series 1985C (the “1985C Subordinated Bonds” and, together with the 1985A&B Subordinated Bonds, the “1985 Subordinated Bonds”), in substitution for the letter of credit previously in effect with respect to the 1985C Subordinated Bonds. As of both December 31, 2016 and April 30, 2017, there were $30,815,000 in aggregate principal amount of the 1985C Subordinated Bonds outstanding.

If a 1985 Subordinated Bond that is subject to tender for purchase by the owner thereof is not remarshaled, subject to the satisfaction of certain conditions, the applicable bank is obligated to honor a drawing under its letter of credit in an amount sufficient to pay the purchase price of such 1985 Subordinated Bond. Any such 1985 Subordinated Bond purchased with the proceeds of such a drawing is required to be redeemed by MEAG Power in equal semiannual installments over an approximately two- to five-year period, commencing on the date that is six months following the date of such purchase. As of both December 31, 2016 and April 30, 2017, no 1985 Subordinated Bonds had been tendered for purchase by the owners thereof and not remarshaled.

The reimbursement agreement pursuant to which each such letter of credit was issued provides that, upon the occurrence and continuation of any event of default on the part of MEAG Power thereunder, the applicable bank may, among other things, deliver written notice causing the 1985 Subordinated Bonds of the applicable series to become subject to mandatory tender for purchase, and such bank is required to purchase all of the 1985 Subordinated Bonds of such series upon such mandatory tender. In that event, such 1985 Subordinated Bonds are required to be redeemed by MEAG Power in equal semiannual installments over an approximately two- to five-year period, commencing on the date that is six months following the date of such purchase. Among others, it is an event of default on the part of MEAG Power under the reimbursement agreements relating to the 1985A&B Subordinated Bonds, respectively, if (i) the unenhanced rating of such Bonds or any other obligations of MEAG Power secured on a parity basis with such Bonds (“Parity Debt”) is withdrawn, suspended or reduced below “Baa1” by Moody’s or “BBB+” by S&P, or (ii) either of Moody’s or S&P have not issued, or no longer provide, an unenhanced rating on such Bonds or any Parity Debt. Among others, it is an event of default on the part of MEAG Power under the reimbursement agreement relating to the 1985C Subordinated Bonds if the rating assigned to any of MEAG Power’s long-term debt obligations (excluding debt obligations incurred in connection with any of the Vogtle Units 3&4 Projects) by Moody’s and S&P is withdrawn, suspended, reduced below “Baa3” or “BBB-,” respectively, or revoked.

Any 1985 Subordinated Bonds purchased with the proceeds of a drawing under a letter of credit bear interest at the rate per annum set forth in the reimbursement agreement pursuant to which such letter of credit was issued, which rate may be significantly higher than the market rates of interest borne by 1985 Subordinated Bonds held by investors.

In addition, the supplemental resolution authorizing the 1985 Subordinated Bonds provides that in the event that any 1985 Subordinated Bonds are tendered or deemed tendered for purchase and the proceeds of remarketing or drawing under the applicable letter of credit are not sufficient to pay the full amount of
the purchase price therefor, such 1985 Subordinated Bonds are required to be redeemed by MEAG Power in lieu of such purchase.

(b) **MEAG Power’s Project One Subordinated Bonds, Series 2008B**

MEAG Power has caused The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch (“BTMU”) to issue a letter of credit (the “BTMU Letter of Credit”) to provide credit and liquidity support for MEAG Power’s Project One Subordinated Bonds, Series 2008B (the “Project One Series 2008B Subordinated Bonds”). As of both December 31, 2016 and April 30, 2017, there were $148,065,000 in aggregate principal amount of the Project One Series 2008B Subordinated Bonds outstanding.

If a Project One Series 2008B Subordinated Bond that is subject to tender for purchase by the owner thereof is not remarketed, subject to the satisfaction of certain conditions, BTMU is obligated to honor a drawing under the BTMU Letter of Credit in an amount sufficient to pay the purchase price of such Project One Series 2008B Subordinated Bond. Any such Project One Series 2008B Subordinated Bond purchased with the proceeds of such a drawing is required to be redeemed by MEAG Power in equal semiannual installments over a period of approximately five years. As of both December 31, 2016 and April 30, 2017, no Project One Series 2008B Subordinated Bonds had been tendered for purchase by the owners thereof and not remarkeated.

The reimbursement agreement pursuant to which the BTMU Letter of Credit was issued provides that, upon the occurrence and continuation of any event of default on the part of MEAG Power thereunder, BTMU may, among other things, deliver written notice causing the Project One Series 2008B Subordinated Bonds to become subject to mandatory tender for purchase, and BTMU is required to purchase all of the Project One Series 2008B Subordinated Bonds upon such mandatory tender. In that event, the Project One Series 2008B Subordinated Bonds are required to be redeemed by MEAG Power in equal semiannual installments over a period of approximately five years. Among others, it is an event of default on the part of MEAG Power under such reimbursement agreement if the ratings on the Project One Subordinated Bonds (without giving effect to any third-party credit enhancement) by Moody’s, S&P or Fitch shall be withdrawn, suspended, reduced below “Baa2,” “BBB” and “BBB,” respectively, or revoked.

Any Project One Series 2008B Subordinated Bonds purchased with the proceeds of a drawing under the BTMU Letter of Credit bear interest at the rate per annum set forth in the reimbursement agreement pursuant to which such letter of credit was issued, which rate may be significantly higher than the market rates of interest borne by Project One Series 2008B Subordinated Bonds held by investors.

**Revolving Credit Agreements.** MEAG Power has entered into three revolving credit agreements with certain commercial banks, one for Project One, one for the Existing General Resolution Projects and one for the CC Project (respectively, the “Project One Revolving Credit Agreement,” the “General Resolution Projects Revolving Credit Agreement” and the “CC Project Revolving Credit Agreement” and, collectively, the “Revolving Credit Agreements”). All loans under the Revolving Credit Agreements are evidenced by notes that constitute bond anticipation notes in accordance with the Act. Under each Revolving Credit Agreement, prior to the “termination date” thereof (which currently is March 6, 2020, but is subject to extension from time to time at the sole discretion of the banks), MEAG Power is required to issue and sell Project One Senior Bonds, General Resolution Projects Senior Bonds or CC Bonds, as applicable, in an amount sufficient to repay the notes in full at their maturity, unless other funds have been provided therefor. Each Revolving Credit Agreement provides that, upon the occurrence and continuation of any event of default on the part of MEAG Power thereunder, the banks may, among other things, require MEAG Power to issue a series of Project One Senior Bonds, General Resolution Projects Senior Bonds or CC Bonds, as applicable, in exchange for the notes, which bonds shall mature in three, five, or ten years, at the option of the banks. In addition, upon the occurrence and continuance of a default by MEAG Power in the payment of principal of or interest on any of its bonds or certain other items of debt described in the Revolving Credit Agreements, such notes shall become due and payable forthwith. It is an event of default
on the part of MEAG Power under each Revolving Credit Agreement if the rating assigned to any of MEAG Power’s long-term debt obligations by Moody’s and S&P is withdrawn, suspended, reduced below “Baa3” or “BBB-,” respectively, or revoked.

**Gas Transportation Agreement.** MEAG Power has an agreement in effect for the transportation of natural gas for the CC Project that contains provisions entitling the other party thereto to exercise certain rights based upon MEAG Power’s creditworthiness. Pursuant to the agreement, the other party has the right to terminate the agreement and seek any other legal remedies available to it if (i) MEAG Power, in the other party’s reasonable judgment, fails to demonstrate creditworthiness and (ii) MEAG Power fails to provide adequate security as determined by the other party. In the event that the agreement is terminated, MEAG Power would have to acquire gas transportation capacity at market rates, which rates could be in excess of the rates provided for in the agreement.

**Natural Gas Hedging Contracts.** MEAG Power uses fuel-related derivative financial instruments/natural gas hedges to manage specific risks associated with procurement of natural gas for the CC Project. Such strategies are governed by MEAG Power’s Fuel Risk Policy (see “MEAG POWER – Fuel Risk Management Policy” herein) and primarily include hedging transactions used to manage MEAG Power’s natural gas cost. As of both December 31, 2016 and April 30, 2017, MEAG Power had entered into natural gas hedging transactions outstanding under International Swaps and Derivatives Association, Inc. master agreements with two different counterparties. For additional information concerning those natural gas hedging transactions, see Notes 2(I), 2(J), 2(K) and 2(L) to MEAG Power’s 2016 Financial Statements attached hereto as APPENDIX A.

Under the master agreements, the exposure limit is (a) $0 if MEAG Power’s ratings are lower than “A3” or “A-” by Moody’s or S&P, (b) $25,000,000 if the lower of MEAG Power’s ratings by Moody’s and S&P is between “A3” and “A1” by Moody’s or between “A-” and “A+” by S&P, (c) $50,000,000 if the lower of MEAG Power’s ratings by Moody’s and S&P is between “Aa3” and “Aa1” by Moody’s or between “AA-” and “AA+” by S&P, and (d) $75,000,000 if MEAG Power’s ratings are “Aaa” by Moody’s and “AAA” by S&P.

Each master agreement provides that, upon receipt by MEAG Power from the counterparty of notice to the effect that MEAG Power’s credit exposure value exceeds the applicable exposure limit, the counterparty is permitted to terminate all of the transactions outstanding thereunder unless, within five business days, MEAG Power (i) causes its credit ratings to be upgraded, (ii) causes its obligations under any or all of the transactions thereunder to be guaranteed, insured or similarly supported by a credit enhancer acceptable to the counterparty whose credit exposure value is less than the exposure limit applicable to such credit enhancer or (iii) reduces MEAG Power’s aggregate credit exposure value thereunder by causing one or more of the transactions thereunder to be terminated (and, in that event, MEAG Power pays to the counterparty any termination payment(s) resulting therefrom).

As of December 31, 2016, the aggregate fair market value of the various natural gas hedging transactions outstanding under the master agreement with each particular counterparty was approximately $(313,000) and approximately $(213,000), respectively, and the aggregate fair market value of the natural gas hedging transactions outstanding under the master agreements with both counterparties was approximately $(526,000). As of April 30, 2017, the aggregate fair market value of the various natural gas hedging transactions outstanding under the master agreement with each particular counterparty was approximately $(278,000) and approximately $(432,000), respectively, and the aggregate fair market value of the natural gas hedging transactions outstanding under the master agreements with both counterparties was approximately $(710,000). (Note: When noting the fair market value of a natural gas hedging transaction or group of natural gas hedging transactions, the number represents the amount that MEAG Power would pay (if negative) or receive (if positive) if the transaction(s) were terminated as of the specified date.)
MEAG Power has executed credit support annexes with the counterparties under the master agreements requiring the counterparties to post collateral under certain circumstances. Subject to certain adjustments, the amount of a counterparty’s posted collateral at any time must be equal to the amount, if any, it would be required to pay if its transactions with MEAG Power were terminated at such time, reduced by the following thresholds: (a) $0 if the counterparty’s ratings are lower than “A3” or “A-” by Moody’s or S&P, (b) $25,000,000 if the lower of the counterparty’s ratings by Moody’s and S&P is between “A3” and “A1” by Moody’s or between “A-” and “A+” by S&P, (c) $50,000,000 if the lower of the counterparty’s ratings by Moody’s and S&P is between “Aa3” and “Aa1” by Moody’s or between “AA-” and “AA+” by S&P, and (d) $75,000,000 if the counterparty’s ratings are “Aaa” by Moody’s and “AAA” by S&P, and the minimum transfer amount is $100,000.

CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS

Capital Improvements Program

MEAG Power is obligated to pay its share of the costs of acquisition and construction of Capital Improvements for its projects. At December 31, 2016, the estimated direct costs for Capital Improvements for Project One and the Existing General Resolution Projects that were reflected in MEAG Power’s capital budget total $607.7 million over the period 2017 through 2021, including a portion of the estimated costs of certain improvements relating to environmental compliance with respect to the Coal Units described below. Of such total amount, $383.6 million is related to MEAG Power’s ownership interests in the generating facilities included in such Projects (assuming that no additional nuclear fuel will need to be acquired) and $224.1 million is for transmission facilities. For information concerning the amount of future financing that will be required in order to pay the remainder of such direct costs, see “Financing Program – Future Financing” below. The direct cost estimates have been prepared by MEAG Power based on current budgets of GPC. For a number of reasons, including unforeseen inflationary pressures and compliance with governmental regulations, actual costs may vary substantially from such direct cost estimates.

As described under the caption “FACILITIES INCLUDED IN PROJECT ONE AND GENERAL RESOLUTION PROJECTS – OTHER MATTERS RELATED TO FACILITIES – Environmental Issues” in the Consulting Engineer’s Letter attached here to as APPENDIX C, to achieve compliance with certain federal and state emissions limitations and requirements, in recent years, MEAG Power and the other owners of the Coal Units have made significant investments in plant environmental enhancements at such Units. For the Coal Units, MEAG Power has invested $578.8 million from 2000 through 2016 in plant environmental enhancements, including a switch to lower sulfur coal at Plant Scherer Unit Nos. 1 and 2 and installing control technologies to reduce emissions of mercury, SO\textsubscript{2}, NO\textsubscript{x}, non-mercury metals, and acid gases at Plant Scherer Unit Nos. 1 and 2 and at Plant Wansley Unit Nos. 1 and 2.

MEAG Power anticipates that the total capital investment for environmental equipment additions at the Coal Units for the years 2017 through 2021 will be $124.0 million, of which $62.2 million is attributable to MEAG Power’s interests in the Coal Units included in Project One and $61.8 million is attributable to MEAG Power’s interests in the Coal Units included in the Existing General Resolution Projects.

MEAG Power’s current capital budget does not provide for any capital improvements to the Telecommunications Project over the period 2017 through 2021. MEAG Power anticipates that any capital improvements to the Telecommunications Project that it determines to be necessary or desirable during such period will be paid for from revenues of the Telecommunications Project.
MEAG Power’s current capital budget provides for $5.6 million of capital improvements to the CC Project over the period 2017 through 2021. MEAG Power anticipates that the costs of those capital improvements during such period will be paid from revenues of the CC Project.

**Financing Program**

**Outstanding Indebtedness of MEAG Power**

**Project One and Existing General Resolution Projects.** As of December 31, 2016, MEAG Power had issued Project One Senior Bonds in the aggregate principal amount (net of refunded amounts) of $1,847,365,998 and Project One Subordinated Bonds other than commercial paper notes in the aggregate principal amount (net of refunded amounts) of $2,238,906,105; including commercial paper notes issued (net of refunded amounts), the amount of such Project One Subordinated Bonds issued was $2,382,113,438. Of such principal amounts, $339,505,000 and $1,543,786,105 of Project One Senior Bonds and Project One Subordinated Bonds (excluding accretion of capital appreciation bonds (“CABs”) in the amount of $1.5 million), other than commercial paper notes, were outstanding as of December 31, 2016, and $60,231,000 in aggregate principal amount of Project One commercial paper notes were outstanding as of such date. The Project One Subordinated Bonds included $148,065,000 principal amount of variable rate bonds that are subject to optional or mandatory tender for purchase from time to time and are supported by letters of credit provided by one or more banks.

On January 3, 2017, MEAG Power paid at maturity and redeemed through scheduled sinking fund installments Project One Senior Bonds and Project One Subordinated Bonds in aggregate principal amounts of $48,980,000 and $81,570,000, respectively. On March 2, 2017, amounts released from the Debt Service Reserve Account in the Debt Service Fund established under the Project One Resolution were applied to retire $5,505,000 in aggregate principal amount of MEAG Power’s Project One Subordinated Bonds, Taxable Series 2012B that were scheduled to be paid at maturity on January 1, 2018. As a result, as of the date of this Annual Information Statement, $290,525,000 in aggregate principal amount of Project One Senior Bonds and $1,462,216,105 in aggregate principal amount of Project One Subordinated Bonds (excluding accretion of CABs in the amount of $1.8 million), other than commercial paper notes, are outstanding.

As of December 31, 2016, MEAG Power had issued General Resolution Projects Senior Bonds in the aggregate principal amount (net of refunded amounts) of $772,625,588 and General Resolution Projects Subordinated Bonds other than commercial paper notes in the aggregate principal amount (net of refunded amounts) of $735,049,910; including commercial paper notes issued (net of refunded amounts), the amount of such General Resolution Projects Subordinated Bonds issued was $851,428,910. Of such principal amounts, $161,085,000 and $441,375,000 of General Resolution Projects Senior Bonds and General Resolution Projects Subordinated Bonds, other than commercial paper notes, were outstanding as of December 31, 2016, and $47,067,000 in aggregate principal amount of General Resolution Projects commercial paper notes were outstanding as of such date. The General Resolution Projects Subordinated Bonds included $85,135,000 principal amount of variable rate bonds that are subject to optional or mandatory tender for purchase from time to time and are supported by letters of credit provided by one or more banks.

On January 3, 2017, MEAG Power paid at maturity and redeemed through scheduled sinking fund installments General Resolution Projects Senior Bonds and General Resolution Projects Subordinated Bonds in aggregate principal amounts of $42,085,000 and $10,607,000, respectively. As a result, as of the date of this Annual Information Statement, $119,000,000 in aggregate principal amount of General Resolution Projects Senior Bonds and $430,775,000 in aggregate principal amount of General Resolution Projects Subordinated Bonds, other than commercial paper notes, are outstanding.
In December 1997, MEAG Power established a commercial paper program for Project One and the Existing General Resolution Projects in an aggregate authorized amount of $300,000,000. In December 2002, the program was increased to $360,000,000; in September 2004 it was further increased to $410,000,000. The purpose of the program is to finance the purchase or redemption of outstanding Senior Bonds and to finance certain capital improvements and ongoing required investments in transmission system facilities.

Commercial paper notes currently outstanding are supported by irrevocable letters of credit issued by commercial banks. The commercial paper notes and the notes issued by MEAG Power to evidence its reimbursement obligations to the letter of credit banks constitute “Project One Subordinated Bonds” or “General Resolution Projects Subordinated Bonds” for purposes of the applicable bond resolution. As such, they are subordinated to MEAG Power’s Project One Senior Bonds and General Resolution Projects Senior Bonds, respectively, and are secured on a parity with its variable rate and fixed rate Project One Subordinated Bonds and General Resolution Projects Subordinated Bonds.

For a discussion of the credit and liquidity support arrangements currently in effect for the Project One and General Resolution Projects commercial paper notes, see “SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA – Rating Triggers and Other Factors That Could Affect MEAG Power’s Liquidity, Results of Operations or Financial Condition – Credit and Liquidity Support for MEAG Power’s Commercial Paper Notes” herein.

As of both December 31, 2016 and as of the date of this Annual Information Statement, MEAG Power had an aggregate principal amount of $60,231,000 of Project One commercial paper notes outstanding and an aggregate principal amount of $47,067,000 of General Resolution Projects commercial paper notes outstanding.

On August 28, 2012, MEAG Power issued its Project One Bond Anticipation Note, Taxable Series 2012A (the “Project One 2012A BAN”) in a maximum aggregate principal amount outstanding at any time not to exceed $100,000,000 pursuant to the provisions of the Act and under and pursuant to a resolution of MEAG Power adopted on August 16, 2012 entitled “Resolution Authorizing the Issuance of Project One Bond Anticipation Notes, Taxable Series 2012A” (as amended, the “Project One 2012 BAN Resolution”). The Project One 2012A BAN was issued to evidence MEAG Power’s obligation to repay advances made by the trustee of the Municipal Competitive Trust to MEAG Power, as an investment of funds on deposit in the Municipal Competitive Trust, and the interest thereon. Such advances will be used by MEAG Power to finance and refinance a portion of the costs of acquisition and construction of Project One. The Project One 2012A BAN does not constitute a Project One Senior Bond or a Project One Subordinated Bond, and is not secured by a pledge of the revenues of Project One. The Project One 2012A BAN had an initial stated maturity date of December 6, 2014. The trustee of the Municipal Competitive Trust, however, has been granted the option to extend the maturity of the Project One 2012A BAN in the manner set forth in the Project One 2012 BAN Resolution. As a result of the extension of the term of the Project One Revolving Credit Agreement (see “Revolving Credit Agreements” below), the stated maturity date of the Project One 2012A BAN likewise has been extended to March 6, 2020. The trustee of the Municipal Competitive Trust has the right to exchange the Project One 2012A BAN for Project One Senior Bonds under the same circumstances, and to the same extent, as the banks are entitled under the Project One Revolving Credit Agreement. See “SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA – Rating Triggers and Other Factors That Could Affect MEAG Power’s Liquidity, Results of Operations or Financial Condition – Revolving Credit Agreements” herein. As of both December 31, 2016 and April 30, 2017, the aggregate principal amount of the Project One 2012A BAN outstanding was $28,075,000.

On August 28, 2012, MEAG Power issued its General Resolution Projects Bond Anticipation Note, Taxable Series 2012A (the “General Resolution Projects 2012A BAN”) in a maximum aggregate principal amount outstanding at any time not to exceed $100,000,000 pursuant to the provisions of the Act and under and pursuant to a resolution of MEAG Power adopted on August 16, 2012 entitled “Resolution Authorizing
the Issuance of General Resolution Projects Bond Anticipation Notes, Taxable Series 2012A” (as amended, the “General Resolution Projects 2012 BAN Resolution”). The General Resolution Projects 2012A BAN was issued to evidence MEAG Power’s obligation to repay advances made by the trustee of the Municipal Competitive Trust to MEAG Power, as an investment of funds on deposit in the Municipal Competitive Trust, and the interest thereon. Such advances will be used by MEAG Power to finance and refinance a portion of the costs of acquisition and construction of the Existing General Resolution Projects. The General Resolution Projects 2012A BAN does not constitute a General Resolution Projects Senior Bond or a General Resolution Projects Subordinated Bond, and is not secured by a pledge of the revenues of the General Resolution Projects. The General Resolution Projects 2012A BAN had an initial stated maturity date of December 6, 2014. The trustee of the Municipal Competitive Trust, however, has been granted the option to extend the maturity of the General Resolution Projects 2012A BAN in the manner set forth in the General Resolution Projects 2012 BAN Resolution. As a result of the extension of the term of the General Resolution Projects Revolving Credit Agreement (see “Revolving Credit Agreements” below), the stated maturity date of the General Resolution Projects 2012A BAN likewise has been extended to March 6, 2020. The trustee of the Municipal Competitive Trust has the right to exchange the General Resolution Projects 2012A BAN for General Resolution Projects Senior Bonds under the same circumstances, and to the same extent, as the banks are entitled under the General Resolution Projects Revolving Credit Agreement. See “SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA – Rating Triggers and Other Factors That Could Affect MEAG Power’s Liquidity, Results of Operations or Financial Condition – Revolving Credit Agreements” herein. As of both December 31, 2016 and April 30, 2017, the aggregate principal amount of the General Resolution Projects 2012A BAN outstanding was $4,670,000.

On March 31, 2016, MEAG Power issued its $194,125,000 Project One Bond Anticipation Notes, Series 2016A (the “Project One Series 2016A BANs”) and its $80,875,000 General Resolution Projects Bond Anticipation Notes, Series 2016A (the “General Resolution Projects Series 2016A BANs” and, together with the Project One Series 2016A BANs, the “Series 2016A BANs”) in order to provide, together with the amounts then on deposit in the Environmental Facilities Reserve Accounts (see “Environmental Facilities Reserve Accounts” below), the moneys required to redeem MEAG Power’s Project One Subordinated Bonds, Taxable Series 2006A in the aggregate principal amount of $75,626,086.65 (the “Project One Series 2006A Subordinated Bonds”) and its General Resolution Projects Subordinated Bonds, Taxable Series 2006A in the aggregate principal amount of $97,539,167.80 (the “General Resolution Projects Series 2006A Subordinated Bonds”) and, together with the Project One Series 2006A Subordinated Bonds, the “Series 2006A Subordinated Bonds”) and thereby provide, together with a portion of the proceeds of the Series 2016A BANs, the moneys required to pay the termination payment to the Lessor in connection with the termination of the Leasing Transaction (see “COMPETITION – Certain Responses of MEAG Power to Competition – Lease Financing Arrangement” herein). On June 7, 2016, (a) $49,125,000 in aggregate principal amount of the Project One Series 2016A BANs were refunded with proceeds of MEAG Power’s Project One Subordinated Bonds, Series 2016A and (b) $74,870,000 in aggregate principal amount of the General Resolution Projects Series 2016A BANs were refunded with proceeds of MEAG Power’s General Resolution Projects Subordinated Bonds, Series 2016A. On June 1, 2017, all of the Series 2016A BANs that remained outstanding were redeemed from the remaining proceeds of such Series 2016A BANs.

Telecommunications Project. On December 15, 2015, all of the Telecommunications Bonds then outstanding were paid at maturity. As a result, as of the date of this Annual Information Statement, no Telecommunications Bonds remain outstanding and the Telecommunications Bond Resolution has been cancelled and discharged. MEAG Power may issue additional Telecommunications Bonds in the future to finance capital improvements to the Telecommunications Project, but it has no current plans to do so.

CC Project. In September 2002 and October 2003, MEAG Power issued CC Bonds in the aggregate principal amount of $429,525,000 for the construction of the CC Project. In May 2010, MEAG Power issued the 2010A CC Bonds in the aggregate principal amount of $128,410,000 to, among other things, provide a portion of the moneys required to refund all of the then outstanding 2002B CT Bonds and
certain outstanding 2002A CT Bonds and 2003A CC Bonds, as well as make a required deposit to the debt service reserve account established under the CC Bond Resolution. In February 2012, MEAG Power issued the 2012A CC Bonds in the aggregate principal amount of $102,365,000 to, among other things, provide a portion of the moneys required to advance refund certain outstanding 2002A CT Bonds. None of the 2002A CT Bonds remain outstanding. On November 1, 2013, $44,280,000 in aggregate principal amount of the 2003A CC Bonds, which consisted of all of the 2003A CC Bonds then outstanding, were redeemed with the proceeds of an advance under the CC Project Revolving Credit Agreement. On November 28, 2016, the balance outstanding under the CC Project Revolving Credit Agreement, $36,590,000, was repaid with revenues collected from the CC Participants of $4,095,000 and the proceeds of an advance under the CC Project 2012A BAN in the amount of $32,495,000. At some point in the future, MEAG Power may refund the then outstanding principal amount of such advance under the CC Project 2012A BAN through the issuance of additional CC Bonds.

The CC Bonds were outstanding as of both December 31, 2016 and April 30, 2017 in an aggregate principal amount of $169,520,000.

On August 28, 2012, MEAG Power issued its Combined Cycle Project Bond Anticipation Note, Taxable Series 2012A (the “CC Project 2012A BAN”) in a maximum aggregate principal amount outstanding at any time not to exceed $100,000,000 pursuant to the provisions of the Act and under and pursuant to a resolution of MEAG Power adopted on August 16, 2012 entitled “Resolution Authorizing the Issuance of CC Project Bond Anticipation Notes, Taxable Series 2012A” (as amended, the “CC Project 2012 BAN Resolution”). The CC Project 2012A BAN was issued to evidence MEAG Power’s obligation to repay advances made by the trustee of the Municipal Competitive Trust to MEAG Power, as an investment of funds on deposit in the Municipal Competitive Trust, and the interest thereon. Such advances will be used by MEAG Power to finance and refinance a portion of the costs of acquisition and construction of the CC Project. The CC Project 2012A BAN does not constitute a CC Bond, and is not secured by a pledge of the revenues of the CC Project. The CC Project 2012A BAN had an initial stated maturity date of December 6, 2014. The trustee of the Municipal Competitive Trust, however, has been granted the option to extend the maturity of the CC Project 2012A BAN in the manner set forth in the CC Project 2012 BAN Resolution. As a result of the extension of the term of the CC Project Revolving Credit Agreement (see “Revolving Credit Agreements” below), the stated maturity date of the CC Project 2012A BAN likewise has been extended to March 6, 2020. The trustee of the Municipal Competitive Trust has the right to exchange the CC Project 2012A BAN for CC Bonds under the same circumstances, and to the same extent, as the banks are entitled under the CC Project Revolving Credit Agreement. See “SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA – Rating Triggers and Other Factors That Could Affect MEAG Power’s Liquidity, Results of Operations or Financial Condition – Revolving Credit Agreements” herein. On November 28, 2016, an advance under the CC Project 2012A BAN in the amount of $32,495,000 was made to repay a portion of the balance then outstanding under the CC Project Revolving Credit Agreement. As of both December 31, 2016 and April 30, 2017, the aggregate principal amount of the CC Project 2012A BAN outstanding was $32,495,000.

**Project M.** In April 2009, MEAG Power issued the Series 2009 Project M Notes in the aggregate principal amount of $163,610,000 to finance a portion of the costs of acquisition and construction and financing costs of Project M. In March 2010, MEAG Power issued the Series 2010A&B Project M Bonds in the aggregate principal amount of $1,028,945,000 to finance a portion of the costs of acquisition and construction and financing costs of Project M, to provide moneys to fund a debt service reserve account established under the Project M Bond Resolution, to fund certain capitalized interest on the Project M Bonds, and to refund the outstanding Series 2009 Project M Notes. The Project M Bonds were outstanding as of December 31, 2016 in an aggregate principal amount of $1,028,945,000. On April 3, 2017, the first principal payment on the Series 2010B Project M Bonds was made in the amount of $5,005,000. As a result, the Project M Bonds were outstanding as of as of April 30, 2017 in an aggregate principal amount of $1,023,940,000.
Project J. In April 2009, MEAG Power issued the Series 2009 Project J Notes in the aggregate principal amount of $200,960,000 to finance a portion of the costs of acquisition and construction and financing costs of Project J. In March 2010, MEAG Power issued the Series 2010A&B Project J Bonds in the aggregate principal amount of $1,248,435,000 to finance a portion of the costs of acquisition and construction and financing costs of Project J, to provide moneys to fund a debt service reserve account established under the Project J Bond Resolution, to fund certain capitalized interest on the Project J Bonds, and to refund the outstanding Series 2009 Project J Notes. In September 2015, MEAG Power issued the Series 2015A Project J Bonds in the aggregate principal amount of $185,180,000 to finance a portion of the costs of acquisition and construction and financing costs of Project J, to provide moneys to fund a debt service reserve account established under the Project J Bond Resolution, and to fund certain capitalized interest on the Project J Bonds. The Project J Bonds were outstanding as of December 31, 2016 in an aggregate principal amount of $1,433,615,000. On April 3, 2017, the first principal payment on the Series 2010B Project J Bonds was made in the amount of $6,175,000. As a result, the Project J Bonds were outstanding as of as of April 30, 2017 in an aggregate principal amount of $1,427,440,000.

Project P. In May 2009, MEAG Power issued the Series 2009 Project P Notes in the aggregate principal amount of $128,985,000 to finance a portion of the costs of acquisition and construction and financing costs of Project P. In March 2010, MEAG Power issued the Series 2010A&B Project P Bonds in the aggregate principal amount of $390,495,000 to finance a portion of the costs of acquisition and construction and financing costs of Project P, to provide moneys to fund a debt service reserve account established under the Project P Bond Resolution, to fund certain capitalized interest on the Project P Bonds, and to refund the outstanding Series 2009A Project P Notes. In June 2010, MEAG Power borrowed $61,444,000 under the Project P Credit Agreement, which amount was applied to the payment of the maturing principal of the outstanding Series 2009A Project P Notes. See “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects – General” herein for a discussion of the Project P Credit Agreement.

On August 28, 2012, MEAG Power issued the Series 2012A Project P Note in a maximum aggregate principal amount to be outstanding from time to time not to exceed $107,029,000. The Series 2012A Project P Note was issued to evidence MEAG Power’s obligation to repay advances made by the trustee of the Municipal Competitive Trust to MEAG Power, as an investment of funds on deposit in the Municipal Competitive Trust, and the interest thereon. Such advances will be used by MEAG Power to finance a portion of the costs of acquisition and construction and financing costs of Project P. As of December 31, 2016, the aggregate principal amount of the Series 2012A Project P Note outstanding was $18,075,000. During the first four months of 2017, MEAG Power obtained advances under the Series 2012A Project P Note totaling $17,341,000. As a result, as of the date of this Annual Information Statement, the aggregate principal amount of the Series 2012A Project P Note outstanding is $35,416,000. The maturity date of the Series 2012A Project P Note currently is September 25, 2018.

As of December 31, 2016, $477,815,000 in aggregate principal amount of Project P Bonds were outstanding. As a result of (a) the making of the additional advances under the Series 2012A Project P Note during the first four months of 2017 referred to above and (b) the payment of the first principal payment on the Series 2010B Project P Bonds on April 3, 2017 in the principal amount of $1,820,000, as of the date of this Annual Information Statement, the Project P Bonds are outstanding in the aggregate principal amount of $493,336,000.

For further information concerning MEAG Power’s outstanding indebtedness, see (a) the three-page diagram that follows, which depicts MEAG Power’s bond resolutions, validated bonds, indebtedness and certain bank credit facilities as of December 31, 2016 and (b) Table I of “Summary of Annual Debt Service Billings on Outstanding Bonds and DOE Guaranteed Loans” in APPENDIX B hereto, which provides a summary of the expected annual debt service billings of MEAG Power, as of December 31, 2016, for its Project One Senior Bonds, Project One Subordinated Bonds, General Resolution Projects

In addition, for information concerning borrowings by each Vogtle Units 3&4 Project Entity under its respective DOE Guaranteed Loan, see “Outstanding Indebtedness of Vogtle Units 3&4 Project Entities” below.

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## RESOLUTIONS AND INDEBTEDNESS

### AS OF DECEMBER 31, 2016

**MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA**

*Created by an Act of the State of Georgia March 18, 1975*

### COMBUSTION TURBINE PROJECT BOND RESOLUTION

**Adopted April 9, 2002**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Acquisition and Construction and</td>
<td>$520,000,000</td>
</tr>
<tr>
<td>Financing Bonds Validated</td>
<td></td>
</tr>
<tr>
<td>Prepayment of Fuel Costs Bonds</td>
<td>$200,000,000</td>
</tr>
<tr>
<td>Refunding Bonds Validated</td>
<td>$600,000,000</td>
</tr>
<tr>
<td><strong>Total Combustion Turbine Bonds Validated</strong></td>
<td><strong>$1,320,000,000</strong></td>
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</tbody>
</table>

### COMBUSTION TURBINE PROJECT BONDS ISSUED BY SUPPLEMENTAL RESOLUTIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Acquisition and Construction and</td>
<td>$344,685,000</td>
</tr>
<tr>
<td>Financing Bonds</td>
<td></td>
</tr>
<tr>
<td>Refunding Bonds</td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$344,685,000</strong></td>
</tr>
<tr>
<td>Redeemed Bonds</td>
<td>-$240,940,000</td>
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<tr>
<td>Redeemed Bonds</td>
<td>-$103,745,000</td>
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<tr>
<td><strong>Outstanding</strong></td>
<td><strong>0</strong></td>
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### TELECOMMUNICATIONS PROJECT BOND RESOLUTION

**Adopted September 17, 1997**

<table>
<thead>
<tr>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Cost of Acquisition and Construction Bonds</td>
<td>$35,000,000</td>
</tr>
<tr>
<td>2009 Refunding Bonds</td>
<td>$9,000,000</td>
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<tr>
<td><strong>Total Telecommunications Bonds Validated</strong></td>
<td><strong>$44,000,000</strong></td>
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### TELECOMMUNICATIONS PROJECT BONDS ISSUED BY SUPPLEMENTAL RESOLUTIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Acquisition and Construction Bonds</td>
<td>$32,805,000</td>
</tr>
<tr>
<td>2009 Refunding Bonds</td>
<td>$8,495,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$41,300,000</strong></td>
</tr>
<tr>
<td>Refunded Bonds</td>
<td>-$8,495,000</td>
</tr>
<tr>
<td>Redeemed Bonds</td>
<td>-$32,805,000</td>
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<tr>
<td><strong>Outstanding</strong></td>
<td><strong>0</strong></td>
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### COMBINED CYCLE PROJECT BOND RESOLUTION

**Adopted July 18, 2003**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Cost of Acquisition and Construction Bonds</td>
<td>$175,315,000</td>
</tr>
<tr>
<td>Prepayment of Fuel Costs Bonds</td>
<td>$200,000,000</td>
</tr>
<tr>
<td>Refunding Bonds Validated</td>
<td>$600,000,000</td>
</tr>
<tr>
<td><strong>Total Combined Cycle Bonds Validated</strong></td>
<td><strong>$975,315,000</strong></td>
</tr>
</tbody>
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### COMBINED CYCLE PROJECT BONDS ISSUED BY SUPPLEMENTAL RESOLUTIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Acquisition and Construction Bonds</td>
<td>$84,840,000</td>
</tr>
<tr>
<td>Refunding Bonds</td>
<td>$230,775,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$315,615,000</strong></td>
</tr>
<tr>
<td>Redeemed Bonds</td>
<td>-$55,195,000</td>
</tr>
<tr>
<td>Redeemed Bonds</td>
<td>-$90,900,000</td>
</tr>
<tr>
<td><strong>Outstanding</strong></td>
<td><strong>$169,320,000</strong></td>
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### COMBINED CYCLE PROJECT REVOLVING CREDIT AGREEMENT

**Dated as amended 03/06/15**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Max - $125,000,000</td>
<td></td>
</tr>
<tr>
<td>Outstanding - $0</td>
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### COMBINED CYCLE PROJECT BOND ANTICIPATION NOTES, SERIES 2012A

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Max - $100,000,000</td>
<td></td>
</tr>
<tr>
<td>Outstanding - $32,495,000</td>
<td></td>
</tr>
</tbody>
</table>
# DOE Loan Guarantee Agreements and Indebtedness

## As of December 31, 2016

**PROJECT M ENTITY**

**DOE Loan Guarantee Agreement**

Dated as of June 24, 2015

| Authorized Advances for Payment of Eligible Project Costs | $532,173,503 |
| Authorized Advances for Payment of Capitalized Interest | $38,483,629 |
| Total Authorized Advances | $570,657,132 |

**PROJECT M BOND RESOLUTION**

Adopted November 18, 2008

| Cost of Acquisition and Construction Bonds Validated | $4,951,210,000* |
| Total Project M Bonds Validated | $4,951,210,000* |

**PROJECT M BONDS**

ISSUED BY SUPPLEMENTAL RESOLUTIONS

| Cost of Acquisition and Construction Bonds | $1,192,555,000 |
| Redeemed Bonds | $163,610,000 |
| Outstanding | $1,028,945,000 |

**PROJECT M ENTITY**

**ADVANCES MADE**

| Advances for Payment of Eligible Project Costs | $473,363,221 |
| Advances for Payment of Capitalized Interest | $13,166,779 |
| Subtotal | $486,530,000 |
| Repaid Advances | 0 |
| Prepaid Advances | 0 |
| Outstanding | $486,530,000 |

**PROJECT J BOND RESOLUTION**

Adopted November 18, 2008

| Cost of Acquisition and Construction Bonds Validated | $6,010,140,000* |
| Total Project J Bonds Validated | $6,010,140,000* |

**PROJECT J BONDS**

ISSUED BY SUPPLEMENTAL RESOLUTIONS

| Cost of Acquisition and Construction Bonds | $1,634,575,000 |
| Redeemed Bonds | $200,960,000 |
| Outstanding | $1,433,615,000 |

**PROJECT J ENTITY**

**DOE Loan Guarantee Agreement**

Dated as of June 24, 2015

| Authorized Advances for Payment of Eligible Project Costs | $553,261,098 |
| Authorized Advances for Payment of Capitalized Interest | 24,482,348 |
| Total Authorized Advances | 577,743,446 |

**PROJECT P BOND RESOLUTION**

Adopted November 18, 2008

| Cost of Acquisition and Construction Bonds Validated | $3,390,780,000* |
| Total Project P Bonds Validated | $3,390,780,000* |

**PROJECT P BONDS**

ISSUED BY SUPPLEMENTAL RESOLUTIONS

| Cost of Acquisition and Construction Bonds | $822,467,000 |
| Redeemed Bonds | $344,652,000 |
| Outstanding | $477,815,000 |

**PROJECT P ENTITY**

**DOE Loan Guarantee Agreement**

Dated as of June 24, 2015

| Authorized Advances for Payment of Eligible Project Costs | $605,802,134 |
| Authorized Advances for Payment of Capitalized Interest | 51,999,426 |
| Total Authorized Advances | $657,801,560 |

**PROJECT P ENTITY**

**ADVANCES MADE**

| Advances for Payment of Eligible Project Costs | $33,035,004 |
| Advances for Payment of Capitalized Interest | 13,024,569 |
| Subtotal | $351,059,573 |
| Repaid Advances | 0 |
| Prepaid Advances | 0 |
| Outstanding | $351,059,573 |

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* Advances made under the related DOE Loan Guarantee Agreement reduce, dollar-for-dollar, the amount of validated Vogtle Units 3&4 Bonds that may be issued under the applicable Vogtle Units 3&4 Bond Resolution.
Outstanding Indebtedness of Vogtle Units 3&4 Project Entities

As described under “INTRODUCTORY STATEMENT – MEAG Power” herein, in order to permit the Vogtle Units 3&4 Project Entities to obtain their respective DOE Guaranteed Loans, on June 24, 2015, MEAG Power transferred its ownership interest in Vogtle Units 3&4 to the Vogtle Units 3&4 Project Entities. Concurrently with such transfers, each Vogtle Units 3&4 Project Entity entered into, among other agreements, (a) a Loan Guarantee Agreement with DOE, dated as of June 24, 2015 (respectively, the “Project M DOE Loan Guarantee Agreement,” the “Project J DOE Loan Guarantee Agreement” and the “Project P DOE Loan Guarantee Agreement” and, collectively, the “DOE Loan Guarantee Agreements”) and (b) its other Federal Loan Documents (as such term is defined in each Vogtle Units 3&4 Project Entity’s DOE Loan Guarantee Agreement). Under its respective DOE Loan Guarantee Agreement:

(i) the Project M Entity is permitted to borrow from FFB an aggregate amount of $570,657,132, of which $38,483,629 is available to pay capitalized interest on certain Advances made thereunder,

(ii) the Project J Entity is permitted to borrow from FFB an aggregate amount of $577,743,446, of which $24,482,348 is available to pay capitalized interest on certain Advances made thereunder and

(iii) the Project P Entity is permitted to borrow from FFB an aggregate amount of $657,801,560, of which $51,999,426 is available to pay capitalized interest on certain Advances made thereunder.

On June 24, 2015, (a) DOE issued its respective loan guarantees and (b) FFB funded the initial Advances for each Vogtle Units 3&4 Project Entity under its respective DOE Loan Guarantee Agreement as follows:

(i) the Project M Entity received proceeds of Advances in an aggregate principal amount of $473,363,221,

(ii) the Project J Entity received proceeds of Advances in an aggregate principal amount of $327,442,591 and

(iii) the Project P Entity received proceeds of Advances in an aggregate principal amount of $336,035,004.

As a result, (x) the Project M Entity is permitted to obtain additional Advances under its DOE Loan Guarantee Agreement (exclusive of amounts set aside for the payment of capitalized interest on Advances) in an aggregate principal amount of $58,810,282, (y) the Project J Entity is permitted to obtain additional Advances under its DOE Loan Guarantee Agreement (exclusive of amounts set aside for the payment of capitalized interest on Advances) in an aggregate principal amount of $225,818,507 and (z) the Project P Entity is permitted to obtain additional Advances under its DOE Loan Guarantee Agreement (exclusive of amounts set aside for the payment of capitalized interest on Advances) in an aggregate principal amount of $269,767,130, in each such case, in order to pay (or to reimburse MEAG Power for the payment of) Eligible Project Costs (as such term is defined in each respective DOE Loan Guarantee Agreement).

See Table II of “Summary of Annual Debt Service Billings on Outstanding Bonds and DOE Guaranteed Loans” in APPENDIX B hereto, which provides a summary of the expected annual debt service billings on each Vogtle Units 3&4 Project Entity’s DOE Guaranteed Loan outstanding as of December 31, 2016. Amounts payable by each Vogtle Units 3&4 Project Entity in respect of debt service on such Vogtle Units 3&4 Project Entity’s DOE Guaranteed Loan are passed through to MEAG Power under the applicable Vogtle Units 3&4 Power Purchase Agreement and, as a result, are passed through to
the applicable Vogtle Units 3&4 Participants under their respective Vogtle Units 3&4 Power Sales Contracts (and, in the case of Project J, are passed through to JEA under the Project J PPA and, in the case of Project P, are passed through to PowerSouth under the Project P PPA). See, also, (a) Table III, “Summary of Expected Annual Debt Service Payments on Outstanding Bonds and DOE Guaranteed Loans” in APPENDIX B hereto, which provides a summary of the expected aggregate annual debt service payments for each Vogtle Units 3&4 Project, including, in each case, both MEAG Power’s expected annual debt service payments, as of December 31, 2016, for the applicable Vogtle Units 3&4 Bonds and the applicable Vogtle Units 3&4 Project Entity’s expected annual debt service payments, as of December 31, 2016, for its DOE Guaranteed Loan and (b) Table IV, “Summary of Expected Annual Debt Service Payments on Outstanding DOE Guaranteed Loans” in APPENDIX B hereto, which provides a summary of the expected aggregate annual debt service payments for each Vogtle Units 3&4 Project Entity, as of December 31, 2016, for its DOE Guaranteed Loan.

**Future Financing by MEAG Power**

MEAG Power anticipates that on average 50.84 percent of the direct costs of Capital Improvements for Project One and the Existing General Resolution Projects, exclusive of nuclear fuel, will be paid from revenues for the period 2017 through 2021.

Based on MEAG Power’s capital budget projections prepared in October 2016, and taking into account a nuclear fuel projection that was prepared in October 2016, the future financing requirements for Project One Capital Improvements were estimated to total $268,848,000 principal amount of senior and/or subordinated debt, but after giving effect to amounts financed in December 2015 and June 2016 for 2017 and a portion of 2018 Project One Capital Improvements, the remaining future financing requirements over the period 2018 through 2021 are estimated to total $263,178,000. Such requirements include $219,604,000 for transmission facilities and $43,574,000 for plant improvements.

Based on MEAG Power’s capital budget projections prepared in October 2016, and taking into account a nuclear fuel projection that was prepared in October 2016, the future financing requirements for Existing General Resolution Projects Capital Improvements were estimated to total $29,885,300 principal amount of senior and/or subordinated debt. Of such amount, the projected financing requirement is $13,015,700 for Project Two, $11,991,800 for Project Three and $4,877,800 for Project Four, for plant improvements.

Nuclear fuel costs for Project One and Project Four are paid from proceeds of Subordinated Bonds and revenues. During the period that nuclear fuel financed by Subordinated Bonds is being burned in the reactors, MEAG Power bills the Participants in amounts sufficient to amortize the costs thereof (billed as nuclear fuel costs). The revenues from nuclear fuel amortization, together with proceeds from additional Subordinated Bonds (to the extent that such revenues are not sufficient), are deposited in the Construction Fund and used to pay the additional cost of acquisition of nuclear fuel. In the future, as the last batch of fuel in a nuclear unit is amortized, the associated revenues will be used to retire the Subordinated Bonds allocable to such nuclear unit. The interest on the Subordinated Bonds used to finance nuclear fuel in process is capitalized and paid from moneys in the Construction Fund. The interest on the Subordinated Bonds allocable to nuclear fuel in stock and in the reactor is paid from revenues and is not included in annual debt service shown in Table I of APPENDIX B hereto. The amount of interest on nuclear fuel in stock and in the reactor paid from revenues during the period 2017 through 2021 is estimated to be in the range of $4.0 million to $4.2 million associated with Project One and in the range of $0.3 million to $0.4 million associated with Project Four.
Revolving Credit Agreements

MEAG Power is a party to the three Revolving Credit Agreements which provide for revolving credit lines aggregating $125,000,000 for Project One, the Existing General Resolution Projects and the CC Project. Currently, the term of each Revolving Credit Agreement expires on March 6, 2020, subject to earlier termination under certain circumstances and to extension in the sole and absolute discretion of the banks party thereto.

As of December 31, 2016, the amount outstanding under the Project One Revolving Credit Agreement was $7,000,000. As of the date of this Annual Information Statement, the amount outstanding under the Project One Revolving Credit Agreement is $0. As of December 31, 2016 and as of the date of this Annual Information Statement, the amount outstanding under the General Resolution Projects Revolving Credit Agreement is $751,000. As of December 31, 2016 and as of the date of this Annual Information Statement, the amount outstanding under the CC Project Revolving Credit Agreement is $0.

Environmental Facilities Reserve Accounts

In August 2006, MEAG Power established separate Environmental Facilities Reserve Accounts, one under the Project One Resolution and the others under the General Resolution Projects Resolution. These Accounts were established in order to mitigate future planned environmental costs involving the Coal Units. These Accounts were funded initially with $77.9 million of the proceeds received by MEAG Power in connection with the Lease Transaction referred to under the caption “COMPETITION – Certain Responses of MEAG Power to Competition – Lease Financing Arrangement” herein, and additional funding is being provided from billings to the Participants. Amounts on deposit in the Environmental Facilities Reserve Accounts may be applied to any lawful purpose of MEAG Power related to the Coal Units or, to the extent not so applied, to the payment of debt service on any Senior Bonds or Subordinated Bonds issued with respect to the Coal Units. See “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Environmental Facilities Reserve Accounts” in APPENDIX G hereto.

On March 31, 2016, the amounts then on deposit in the Environmental Facilities Reserve Accounts were applied, together with a portion of the proceeds of the Series 2016A BANs, to provide the moneys required to redeem the Series 2006A Subordinated Bonds and thereby provide, together with a portion of the proceeds of the Series 2016A BANs, the moneys required to pay the termination payment to the Lessor in connection with the termination of the Leasing Transaction (see “COMPETITION – Certain Responses of MEAG Power to Competition – Lease Financing Arrangement” herein). MEAG Power will continue to deposit amounts to the Environmental Facilities Reserve Accounts in accordance with the funding schedules set forth in the supplemental resolutions pursuant to which the Environmental Facilities Reserve Accounts were established, which amounts may be applied to any lawful purpose of MEAG Power related to the Coal Units or, to the extent not so applied, to the payment of debt service on any Senior Bonds or Subordinated Bonds issued with respect to the Coal Units.

Vogtle Units 3&4 Projects Financing

Project M Financing. In April 2009, MEAG Power issued the Series 2009 Project M Notes in order to provide funds to finance a portion of the costs of acquisition and construction and financing costs of Project M. In March 2010, MEAG Power issued the Series 2010A&B Project M Bonds in the aggregate principal amount of $1,028,945,000 to finance a portion of the costs of acquisition and construction and financing costs of Project M, to provide moneys to fund a debt service reserve account established under the Project M Bond Resolution, to fund certain capitalized interest on the Series 2010A&B Project M Bonds, and to refund the outstanding Series 2009 Project M Notes. In accordance with the provisions of the Project M Bond Resolution, (1) $78,980,000 of the principal amount of the Series 2010A Project M Bonds and (2) the Series 2010B Project M Bonds maturing on April 1, 2040 initially constitute “Refundable
Principal Installments” within the meaning of the Project M Bond Resolution (see “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions” in APPENDIX N hereto). As such, it is the intention of MEAG Power that such respective principal amounts constituting Refundable Principal Installments will be paid from moneys which are not Revenues. The Project M Bond Resolution provides that, for purposes of estimating future debt service on Project M Bonds, certain adjustments are made in the calculation of debt service for Refundable Principal Installments. See the definition of “Adjusted Aggregate Debt Service” in “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions” in APPENDIX N hereto.

In addition, as described under “Outstanding Indebtedness of Vogtle Units 3&4 Project Entities” above, on June 24, 2015, FFB funded the initial Advances under the Project M DOE Loan Guarantee Agreement in an aggregate principal amount of $473,363,221.

**Project J Financing.** In April 2009, MEAG Power issued the Series 2009 Project J Notes in order to provide funds to finance a portion of the costs of acquisition and construction and financing costs of Project J. In March 2010, MEAG Power issued the Series 2010A&B Project J Bonds in the aggregate principal amount of $1,248,435,000 to finance a portion of the costs of acquisition and construction and financing costs of Project J, to provide moneys to fund a debt service reserve account established under the Project J Bond Resolution, to fund certain capitalized interest on the Series 2010A&B Project J Bonds, and to refund the outstanding Series 2009 Project J Notes. In September 2015, MEAG Power issued the Series 2015A Project J Bonds in the aggregate principal amount of $185,180,000 to finance a portion of the costs of acquisition and construction and financing costs of Project J, to provide moneys to fund a debt service reserve account established under the Project J Bond Resolution, and to fund certain capitalized interest on the Project J Bonds. In accordance with the provisions of the Project J Bond Resolution, (1) $95,590,000 of the principal amount of the Series 2010A Project J Bonds, (2) the Series 2010B Project J Bonds maturing on April 1, 2040 and (3) $2,145,000 of the principal amount of the Series 2015A Project J Bonds maturing on July 1, 2060 initially constitute “Refundable Principal Installments” within the meaning of the Project J Bond Resolution (see “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions” in APPENDIX N hereto). As such, it is the intention of MEAG Power that such respective principal amounts constituting Refundable Principal Installments will be paid from moneys which are not Revenues. The Project J Bond Resolution provides that, for purposes of estimating future debt service on Project J Bonds, certain adjustments are made in the calculation of debt service for Refundable Principal Installments. See the definition of “Adjusted Aggregate Debt Service” in “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions” in APPENDIX N hereto.

In addition, as described under “Outstanding Indebtedness of Vogtle Units 3&4 Project Entities” above, on June 24, 2015, FFB funded the initial Advances under the Project J DOE Loan Guarantee Agreement in an aggregate principal amount of $327,442,591.

**Project P Financing.** In May 2009, MEAG Power issued the Series 2009 Project P Notes in order to provide funds to finance a portion of the costs of acquisition and construction and financing costs of Project P. On March 16, 2010, MEAG Power issued the Series 2010A&B Project P Bonds in the aggregate principal amount of $390,495,000 to finance a portion of the costs of acquisition and construction and financing costs of Project P, to provide moneys to fund a debt service reserve account established under the Project P Bond Resolution, to fund certain capitalized interest on the Series 2010A&B Project P Bonds, and to refund the outstanding Series 2009A Project P Notes.

MEAG Power has entered into the Project P Credit Agreement in order to finance a portion of the costs of acquisition and construction and financing costs of Project P. In order to evidence its obligation to repay borrowings made and to be made by MEAG Power pursuant to the Project P Credit Agreement, and interest thereon, MEAG Power issued the Series 2010A Project P Notes to the banks that are parties to the Project P Credit Agreement. The Series 2010A Project P Notes constitute “Bonds” within the meaning of the Project P Bond Resolution and are on a parity with the Series 2010A&B Project P Bonds, the Series
2012A Project P Note and the Series 2015A Project P Bonds, except that the Series 2010A Project P Notes are not payable from amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Project P Bond Resolution. Each Series 2010A Project P Note is issued in a maximum aggregate principal amount equal to the bank’s commitment under the Project P Credit Agreement, and has a stated maturity date that is the same as the stated termination date of such bank’s commitment thereunder. However, the Series 2010A Project P Notes constitute “Option Bonds” within the meaning of the Project P Bond Resolution. As such, the maturity thereof may be extended at the option of the holder thereof.

In June 2015, all borrowings under the Project P Credit Agreement were repaid from the proceeds of the Project P Entity’s initial Advances under its DOE Guaranteed Loan. As a result, as of the date of this Annual Information Statement, no Series 2010A Project P Notes remain outstanding. See “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects – General” herein for a discussion of the Project P Credit Agreement and the Series 2010A Project P Notes.

The term of the Project P Credit Agreement currently terminates on September 25, 2018. MEAG Power may cause the term of the Project P Credit Agreement to be extended further from time to time. In the event, however, that the term of the Project P Credit Agreement is not extended for any reason, MEAG Power anticipates that any additional borrowings under the Project P Credit Agreement will be refunded through the issuance of Project P Bonds (including Project P Bond Anticipation Notes) and/or from proceeds of the Project P Entity’s DOE Guaranteed Loan.

On August 28, 2012, MEAG Power issued the Series 2012A Project P Note in a maximum aggregate principal amount to be outstanding from time to time not to exceed $107,029,000. The Series 2012A Project P Note was issued to evidence MEAG Power’s obligation to repay advances made by the trustee of the Municipal Competitive Trust to MEAG Power, as an investment of funds on deposit in the Municipal Competitive Trust, and the interest thereon. Such advances will be used by MEAG Power to finance a portion of the costs of acquisition and construction and financing costs of Project P. The Series 2012A Project P Note constitutes a “Bond” within the meaning of the Project P Bond Resolution and is on a parity with the Series 2010A&B Project P Bonds, the Series 2010A Project P Notes and the Series 2015A Project P Bonds, except that the Series 2012A Project P Note is not payable from amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Project P Bond Resolution. In conjunction with the amendments to the Project P Credit Agreement described under “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects – General” herein, the maturity date of the Series 2012A Project P Note has been extended to September 25, 2018 and the maximum aggregate principal amount thereof has been reduced to $100,000,000. On January 29, 2016, MEAG Power repaid $88,242,000 of the outstanding principal amount of the Series 2012A Project P Note. On April 15, 2016, MEAG Power received an additional advance under the Series 2012A Project P Note in the amount of $6,336,214. As a result, as of December 31, 2016, the aggregate principal amount of the Series 2012A Project P Note outstanding was $18,075,000. On January 30, February 27, March 31, 2017 and April 28, 2017, MEAG Power received additional advances under the Series 2012A Project P Note in the respective amounts of $3,477,000, $1,750,000, $1,536,000 and $10,578,000, respectively. As a result, as of April 30, 2017, the aggregate principal amount of the Series 2012A Project P Note outstanding is $35,416,000.

In September 2015, MEAG Power issued the Series 2015A Project P Bonds in the aggregate principal amount of $69,245,000 to finance a portion of the costs of acquisition and construction and financing costs of Project P, to provide moneys to fund a debt service reserve established under the Project P Bond Resolution, and to fund certain capitalized interest on the Project P Bonds.

In accordance with the provisions of the Project P Bond Resolution, (a) $30,440,000 of the principal amount of the Series 2010A Project P Bonds, (b) the Series 2010B Project P Bonds maturing on April 1, 2040, (c) the Series 2010A Project P Notes, (d) the Series 2012A Project P Note and (e) $695,000 of the
principal amount of the Series 2015A Project P Bonds maturing on July 1, 2060 initially constitute “Refundable Principal Installments” within the meaning of the Project P Bond Resolution (see “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions” in APPENDIX N hereto). As such, it is the intention of MEAG Power that such respective principal amounts constituting Refundable Principal Installments will be paid from moneys which are not Revenues. The Project P Bond Resolution provides that, for purposes of estimating future debt service on Project P Bonds, certain adjustments are made in the calculation of debt service for Refundable Principal Installments. See the definition of “Adjusted Aggregate Debt Service” in “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions” in APPENDIX N hereto.

In addition, as described under “Outstanding Indebtedness of Vogtle Units 3&4 Project Entities” above, on June 24, 2015, FFB funded the initial Advances under the Project P DOE Loan Guarantee Agreement in an aggregate principal amount of $336,035,004.

**DOE Guaranteed Loans.**

**Background.** As more fully described under “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects – DOE Guaranteed Loans” herein, in order to obtain an assured source of financing at a locked-in spread over United States Treasury securities for its undivided ownership interest in Vogtle Units 3&4 and augment its financing alternatives, MEAG Power submitted an application to DOE for the Guaranteed Loans in 2008 pursuant to the Solicitation issued under Title XVII. DOE selected Vogtle Units 3&4 as a nuclear-powered generation facility for final due diligence and negotiations of the terms and conditions of a conditional loan guarantee commitment under the Solicitation. DOE offered the term sheet to MEAG Power, and MEAG Power accepted the term sheet and paid the required portion of a facility fee to DOE and, as a result, the term sheet became the conditional commitment for the Guaranteed Loans. In addition to its positive effect on the cost of financing, the availability of the Guaranteed Loans has substantially mitigated MEAG Power’s need to access the capital markets.

Pursuant to the conditional commitment, on June 24, 2015, each of the Vogtle Units 3&4 Project Entities entered into its DOE Loan Guarantee Agreement and MEAG Power and each Vogtle Units 3&4 Project Entity entered into certain other Federal Loan Documents. As described under “INTRODUCTORY STATEMENT – MEAG Power” and “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects” herein, in connection with the entry into such Agreements and Documents, (a) MEAG Power divided its undivided ownership interest in Vogtle Units 3&4 into three separate undivided interests and transferred such interests to the respective Vogtle Units 3&4 Project Entities and (b) MEAG Power and the Vogtle Units 3&4 Project Entities entered into the Vogtle Units 3&4 Power Purchase Agreements. In addition, in order to permit the Vogtle Units 3&4 Project Entities to obtain the DOE Guaranteed Loans, certain other actions were required, each of which became effective on June 24, 2015. Certain of such actions are described below:

- the Project M Bond Resolution, as theretofore amended and restated, the Project J Bond Resolution, as theretofore amended and restated, and the Project P Bond Resolution, as theretofore amended and restated, were further amended and restated by the Second Amended and Restated Project M Bond Resolution, the Second Amended and Restated Project J Bond Resolution and the Second Amended and Restated Project P Bond Resolution, respectively, in order to, among other things:
  
  (a) reflect the fact that each Vogtle Units 3&4 Project Entity, and not MEAG Power, is the owner of the applicable undivided interest in Vogtle Units 3&4 included in the applicable Vogtle Units 3&4 Project, and that MEAG Power is entitled to all of the output and services thereof under the applicable Vogtle Units 3&4 Power Purchase Agreement;
(b) provide that accruals of debt service and related reserve requirements on the respective DOE Guaranteed Loans and accruals of debt service and related reserve requirements on the related Vogtle Units 3&4 Bonds, as well as deposits to various other funds established to secure DOE and the holders of the Vogtle Units 3&4 Bonds, be made on a parity basis;

(c) divide the “Trust Estate” established thereunder into a “Bondholders’ Trust Estate,” which is pledged solely to the holders of the applicable Vogtle Units 3&4 Bonds, and a “Shared Trust Estate,” which is pledged on a parity basis to both (i) DOE and PNC Bank, National Association, doing business as Midland Loan Services, a division of PNC Bank, National Association, as Collateral Agent for DOE (the “DOE Collateral Agent”; DOE and the DOE Collateral are referred to herein collectively as the “DOE Secured Parties”) and (ii) the holders of the applicable Vogtle Units 3&4 Bonds; and

(d) establish DOE’s rights and remedies under each Vogtle Units 3&4 Bond Resolution upon a default by MEAG Power thereunder.

- The Vogtle Units 3&4 Power Sales Contracts and the JEA PPA and the PowerSouth PPA, as theretofore amended, were amended and restated in order to, among other things:

  (a) reflect the fact that each Vogtle Units 3&4 Project Entity, and not MEAG Power, is the owner of the applicable undivided interest in Vogtle Units 3&4 included in the applicable Vogtle Units 3&4 Project, and that MEAG Power is entitled to all of the output and services thereof under the applicable Vogtle Units 3&4 Power Purchase Agreement; and

  (b) provide for inclusion in the amounts payable by the Participants, JEA and PowerSouth, respectively, thereunder of all of the applicable Vogtle Units 3&4 Project Entity’s costs in connection with the applicable Vogtle Units 3&4 Project, including (without limitation) debt service and related reserve requirements on the related DOE Guaranteed Loan.

- The Vogtle Units 3&4 Project Agreements, as theretofore amended, were further amended in order to, among other things, permit MEAG Power to assign to the Vogtle Units 3&4 Project Entities, and permit the Vogtle Units 3&4 Project Entities to assume, MEAG Power’s rights and obligations thereunder with respect to Vogtle Units 3&4.

- In order to secure the DOE Guaranteed Loans:

  (a) pursuant to its respective Federal Loan Documents, each Vogtle Units 3&4 Project Entity granted to the DOE Collateral Agent a security interest in and lien on all of such Vogtle Units 3&4 Project Entity’s assets, including its undivided ownership interest in Vogtle Units 3&4; and

  (b) pursuant to (i) an Equity Pledge Agreement (the “Project M Equity Pledge Agreement”), executed among MEAG Power, the Project M Entity and the DOE Collateral Agent, (ii) an Equity Pledge Agreement (the “Project J Equity Pledge Agreement”), executed among MEAG Power, the Project J Entity and the DOE Collateral Agent and (iii) an Equity Pledge Agreement (the “Project P Equity Pledge Agreement” and, together with the Project M Equity Pledge Agreement and the Project J Equity Pledge Agreement, the “DOE Equity Pledge Agreements” and each individually, a “DOE Equity Pledge Agreement”), executed among MEAG Power, the Project P Entity and the DOE Collateral Agent, MEAG Power granted to the DOE Collateral Agent, for the benefit of DOE and the
DOE Collateral Agent, all of MEAG Power’s right, title and interest in the applicable Vogtle Units 3&4 Project Entity, including its 100 percent membership interest therein and all rights to receive income, dividends or other distributions allocated or distributed to MEAG Power, and all of MEAG Power’s voting rights in or rights to control or direct the affairs of the applicable Vogtle Units 3&4 Project Entity, subject to the limitations set forth therein (see “SUMMARY OF CERTAIN FEDERAL LOAN DOCUMENTS – DOE EQUITY PLEDGE AGREEMENTS” in APPENDIX P hereto.

In consideration of the other Original Vogtle Co-Owners’ agreement to amend the Vogtle Units 3&4 Project Agreements as described above, on June 24, 2015, MEAG Power entered into a Guaranty Agreement with respect to each of the Vogtle Units 3&4 Project Entities in favor of GPC, OPC and Dalton (each, a “Vogtle Units 3&4 Guaranty” and, collectively, the “Vogtle Units 3&4 Guaranties”), pursuant to which MEAG Power guaranteed the respective obligations of each Vogtle Units 3&4 Project Entity under each of the Vogtle Units 3&4 Project Agreements. See “SUMMARY OF VOGTLE UNITS 3&4 PROJECT AGREEMENTS – Vogtle Units 3&4 Guaranties” in APPENDIX M hereto.

As described under “INTRODUCTORY STATEMENT – MEAG Power” herein, in May 2015, Fitch, Moody’s and S&P each notified MEAG Power in writing to the effect that such transfers and other actions will not result in a reduction, withdrawal or suspension of each such rating agency’s ratings on the outstanding Vogtle Units 3&4 Bonds then in effect (without regard to any third-party credit enhancement).

**DOE Loan Guarantee Agreements.**

**Advances Under the DOE Loan Guarantee Agreements.** Under each DOE Loan Guarantee Agreement, the applicable Vogtle Units 3&4 Project Entity may, from time to time during the “Availability Period” thereunder, and provided that certain conditions have been satisfied and that no “Event of Default” (as defined therein and hereinafter referred to as a “DOE Event of Default”) or event that, with the giving of notice or passage of time or both, would become a DOE Event of Default has occurred and is continuing thereunder, request a borrowing under its DOE Guaranteed Loan (an “Advance”) in an amount that, together with all Advances theretofore made by it, does not exceed (a) in the case of the Project M Entity, $570,657,132, of which $38,483,629 is available to pay capitalized interest on certain Advances made thereunder, (b) in the case of the Project J Entity, $577,743,446, of which $24,482,348 is available to pay capitalized interest on certain Advances made thereunder and (c) in the case of the Project P Entity, $657,801,560, of which $51,999,426 is available to pay capitalized interest on certain Advances made thereunder.

“Availability Period” is defined in each DOE Loan Guarantee Agreement to mean the period from June 24, 2015 (the “Guarantee Issuance Date”) until the earliest to occur of (i) December 31, 2020 (the “Last Day for an Advance”), (ii) the date on which the undrawn FFB Credit Facility Commitment (hereinafter defined) is reduced to zero, (iii) the date of termination of the FFB Credit Facility Commitment or (iv) termination of the applicable Vogtle Units 3&4 Project Entity’s right to request Advances under the FFB Credit Facility Documents (as such term is defined in the DOE Loan Guarantee Agreements).

For a discussion of the conditions precedent to the making of Advances under the DOE Loan Guarantee Agreements, see “SUMMARY OF CERTAIN FEDERAL LOAN DOCUMENTS – DOE LOAN GUARANTEE AGREEMENTS – Conditions Precedent to Advances” in APPENDIX P hereto. For a discussion of the DOE Events of Default, see “SUMMARY OF CERTAIN FEDERAL LOAN DOCUMENTS – DOE LOAN GUARANTEE AGREEMENTS – Events of Default” in APPENDIX P hereto. In addition, for a discussion of the aggregate amount of Advances heretofore made by each Vogtle Units 3&4 Project Entity under its DOE Loan Guarantee Agreement, see “Outstanding Indebtedness of Vogtle Units 3&4 Project Entities” above.
Terms of DOE Guaranteed Loans. Each DOE Guaranteed Loan has a final maturity date of April 2, 2045. Each Advance to a Vogtle Units 3&4 Project Entity under its DOE Guaranteed Loan is evidenced by a promissory note issued by such Vogtle Units 3&4 Project Entity to, and purchased by, FFB on the Guarantee Issuance Date (each, an “FFB Promissory Note”), each of which FFB Promissory Notes has been guaranteed by DOE. The maximum amount that a Vogtle Units 3&4 Project Entity may borrow under its DOE Guaranteed Loan and capitalized interest thereon (the “FFB Credit Facility Commitment”) has been allocated among the various FFB Promissory Notes of such Vogtle Units 3&4 Project Entity and the Advances evidenced by each such FFB Promissory Note will bear interest as specified therein at a rate that either (a) is fixed to maturity or (b) may be reset not more frequently than quarterly, in each such case, at a rate determined by FFB equal to the sum of (i) a rate based on a United States Treasury yield for a comparable maturity, plus (ii) a spread equal to three-eighths of 1 percent per annum (0.375%).

Principal of the Advances and capitalized interest thereon, if applicable, evidenced by a particular FFB Promissory Note is, as specified in such FFB Promissory Note, payable (a) in quarterly installments on a fully amortizing level debt service basis during the period commencing (i) in the case of principal and capitalized interest (if applicable) allocable to Plant Vogtle Unit No. 3, on October 2, 2019 and (ii) in the case of principal and capitalized interest (if applicable) allocable to Plant Vogtle Unit No. 4, on October 2, 2020 and, in each such case, ending on the maturity date thereof, (b) as a “bullet” maturity due on the maturity date thereof or (c) in quarterly installments on an amortizing, pre-determined principal payment basis that was intended to provide level debt service over an assumed 40-year period (and was calculated prior to the Guarantee Issuance Date, before the interest rates on the initial Advances were determined), during the period commencing (i) in the case of principal and capitalized interest (if applicable) allocable to Plant Vogtle Unit No. 3, on October 2, 2019 and (ii) in the case of principal and capitalized interest (if applicable) allocable to Plant Vogtle Unit No. 4, on October 2, 2020 and, in each such case, ending on the maturity date thereof, with the remaining principal due in a “bullet” at the maturity date of the DOE Guarantee Loan. All overdue amounts on a DOE Guaranteed Loan will accrue interest at a late charge rate equal to one and one-half times the rate to be determined by the Secretary of the Treasury taking into consideration the prevailing market yield on the remaining maturity of the most recently auctioned 13-week United States Treasury bills.

The DOE Guaranteed Loans are subject to mandatory and voluntary prepayment provisions. Each Vogtle Units 3&4 Project Entity is obligated to make mandatory prepayments of its DOE Guaranteed Loan upon the occurrence of certain events, including (i) at DOE’s request, in the event of (and pro-rata to) any prepayment of any of the applicable Vogtle Units 3&4 Bonds, other than (x) a refunding or refinancing of the applicable Vogtle Units 3&4 Bonds, (y) any repayment of the portion of the applicable Vogtle Units 3&4 Bonds whose proceeds were used to finance financing and operating costs during or attributable to the period of a delay in Vogtle Units 3&4 for which delay damages were paid, or to reimburse MEAG Power or the applicable Vogtle Units 3&4 Project Entity for financing and operating costs paid by MEAG Power or the applicable Vogtle Units 3&4 Project Entity (in the case of MEAG Power, from sources other than applicable Vogtle Units 3&4 Bonds) during or attributable to the period of such delay (without any double-counting between amounts) or (z) after commercial operation of the second unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation, a redemption of the applicable Vogtle Units 3&4 Bonds with the proceeds of such Vogtle Units 3&4 Bonds that are not needed to satisfy any remaining Project Costs, with the proceeds of insurance to the extent such proceeds are not used to rebuild or restore Vogtle Units 3&4 or upon a total loss to either unit, (ii) after the Last Day for an Advance, if the amount of Advances Made (as defined in the applicable DOE Loan Guarantee Agreement) exceeds the principal amount of any previously made prepayments plus the applicable DOE Leverage Percentage of Eligible Project Costs Paid (each as defined in the applicable DOE Loan Guarantee Agreement) and (iii) cash reimbursements of disputed amounts of Eligible Project Costs Paid under the EPC Contract following the resolution of such dispute. See “SUMMARY OF CERTAIN FEDERAL LOAN DOCUMENTS – DOE LOAN GUARANTEE AGREEMENTS – Mandatory Prepayment of DOE Guaranteed Loans” in APPENDIX P hereto.
Collateral. Each DOE Loan Guarantee Agreement provides that the DOE Guaranteed Loan thereunder is secured by various assets (collectively, the “Collateral”), including, among other things, the applicable Vogtle Units 3&4 Project Entity’s rights or interests in: (i) Vogtle Units 3&4, (ii) all governmental approvals and permits for Vogtle Units 3&4, (iii) the project documents and other contracts and agreements relating to Vogtle Units 3&4, (iv) nuclear fuel purchased for Vogtle Units 3&4, (v) all revenues, accounts receivable, investment property of or equity contributions to such Vogtle Units 3&4 Project Entity, including the Project Accounts established pursuant to the Collateral Agency and Accounts Agreement, dated as of June 24, 2015, among such Vogtle Units 3&4 Project Entity, DOE and the DOE Collateral Agent (such Agreements are referred to herein respectively as the “Project M DOE Accounts Agreement,” the “Project J DOE Accounts Agreement” and the “Project P DOE Accounts Agreement” and, collectively, as the “DOE Accounts Agreements”), (vi) subject to certain requirements of the NRC and other limitations, the accounts in the Decommissioning Trust established with respect to the applicable Vogtle Units 3&4 Project (the “Vogtle Units 3&4 Decommissioning Trusts”), and (vii) the Shared Trust Estate established under the applicable Vogtle Units 3&4 Bond Resolution. Each DOE Guaranteed Loan also is secured by MEAG Power’s pledge of its equity interest in the applicable Vogtle Units 3&4 Project Entity.

For a discussion of the Project Accounts established pursuant to each DOE Accounts Agreement and the application of amounts on deposit therein, see “SUMMARY OF CERTAIN FEDERAL LOAN DOCUMENTS – DOE COLLATERAL AGENCY AND ACCOUNTS AGREEMENTS” in APPENDIX P hereto.

Security interests in each Vogtle Units 3&4 Project Entity’s Collateral have been granted in favor of the DOE Collateral Agent. The DOE Guaranteed Loans are not subordinate to any loan or other debt obligation and DOE has a first-priority perfected security interest in the Collateral, subject only to customary permitted liens, the arrangements relating to the flow of funds and, in the case of the Shared Trust Estate, the shared pledge thereof and lien thereon in favor of the holders of the related Vogtle Units 3&4 Bonds.

Covenants and Agreements of the Vogtle Units 3&4 Project Entities. Each Vogtle Units 3&4 Project Entity has made certain covenants and agreements with DOE in its DOE Loan Guarantee Agreement. For a discussion of certain of such covenants and agreements, see “SUMMARY OF CERTAIN FEDERAL LOAN DOCUMENTS – DOE LOAN GUARANTEE AGREEMENTS – Affirmative Covenants Under DOE Loan Guarantee Agreements” and “– Negative Covenants Under DOE Loan Guarantee Agreements” in APPENDIX P hereto.

DOE Events of Default and Remedies. Upon the occurrence and continuance of a DOE Event of Default under a DOE Loan Guarantee Agreement, DOE is permitted to exercise any or all rights and remedies at law or in equity (in any combination or order that DOE may elect), including, without prejudice to DOE’s other rights and remedies, the remedies described under “SUMMARY OF CERTAIN FEDERAL LOAN DOCUMENTS – DOE LOAN GUARANTEE AGREEMENTS – Rights and Remedies of DOE” in APPENDIX P hereto. A default under one DOE Loan Guarantee Agreement does not constitute a default under either other DOE Loan Guarantee Agreement.

In the case of the Project J DOE Loan Guarantee Agreement and the Project P DOE Loan Guarantee Agreement, the rights of DOE following the occurrence and during the continuance of a DOE Event of Default thereunder are subject to several limitations and restrictions during a specified standstill period (the “Standstill Period”). In general, for purposes of the applicable Federal Loan Documents, “Standstill Period” means any period after the occurrence and during the continuance of a DOE Event of Default that results from (i) the failure of JEA (in the case of the Project J DOE Loan Guarantee Agreement) or PowerSouth (in the case of the Project P DOE Loan Guarantee Agreement) to satisfy its payment obligations under its Vogtle Units 3&4 PPA, (ii) the premature termination of the applicable Vogtle Units 3&4 PPA as a result of an insolvency proceeding of JEA or PowerSouth, as applicable, (iii) an insolvency proceeding having been commenced by or against JEA or PowerSouth, as applicable, or (iv) a failure of the applicable Vogtle
Units 3&4 Project Entity to comply with covenants under its DOE Loan Guarantee Agreement requiring the payment or deposit of funds (including deposits to or transfers from the Project Accounts, the Local Account, the Vogtle Units 3&4 Decommissioning Trusts and the Shared Collateral Accounts) as a result of an insufficiency of funds resulting from a payment default of JEA or PowerSouth, as the case may be.

During the Standstill Period, DOE agrees not to exercise certain of the remedies specified in the applicable DOE Loan Guarantee Agreement, including (a) its right to accelerate the maturity of the applicable Vogtle Units 3&4 Project Entity’s DOE Guaranteed Loan and (b) its right to enter into possession of the Collateral (or any portion thereof). For a further discussion of (i) the circumstances under which a Standstill Period may arise, (ii) the limitations on the exercise of DOE’s rights and remedies during a Standstill Period and (iii) the circumstances under which a Standstill Period shall terminate, see “SUMMARY OF CERTAIN FEDERAL LOAN DOCUMENTS – DOE LOAN GUARANTEE AGREEMENTS – Rights and Remedies of DOE – Rights and Remedies of DOE Under Project J Loan Guarantee Agreement During a Standstill Period” and “– Rights and Remedies of DOE Under Project P Loan Guarantee Agreement During a Standstill Period” in APPENDIX P hereto.

Security for MEAG Power’s Senior Bonds

Project One Senior Bonds

**Pledge.** The Project One Senior Bonds are payable from and secured by a pledge of the revenues of MEAG Power attributable to Project One after payment of operating expenses relating thereto, as well as by a pledge of the Construction Fund, the Debt Service Fund and all other funds established by the Project One Resolution. The Project One Resolution permits the issuance of additional Project One Senior Bonds for certain purposes relating to Project One.

**Power Sales Contracts.** Under the separate Project One Power Sales Contract with each Initial Participant, MEAG Power has agreed to provide to such Participant, and such Participant has agreed to take from MEAG Power, output and services from Project One and related reserve, emergency and interchange service as may be available for the useful life thereof. Each Project One Power Sales Contract provides that a specified percentage of the net power and energy produced by Project One is to be delivered to the Initial Participant and that such Participant is to pay a corresponding percentage of MEAG Power’s costs (including scheduled debt service, unless paid or provided for from the proceeds of Project One Senior Bonds or Project One Subordinated Bonds) resulting from the ownership, operation and maintenance of, and renewals and replacements to, Project One. Such payments are required to be made by the Initial Participant whether or not Project One or any part thereof 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 whatever. Payments made for power and energy from Project One sold to others, including GPC, are credited to the accounts of the Initial Participants. As a result of the Term Extension Amendments, each power sales contract for Project One will continue in full force and effect until June 1, 2054. As more fully discussed under “INTRODUCTORY STATEMENT – The Participants” herein, (a) each of the Initial Participants has agreed to provide a portion of its Project One Entitlement Share to Oxford and (b) Sylvania has agreed to provide a portion of its Project One Entitlement Share to Acworth, but each Initial Participant remains obligated for the payment of all costs associated with the portion(s) of its Entitlement Share so provided. The Project One power sales contracts between MEAG Power and Oxford and Acworth are substantially identical to the Project One Power Sales Contracts between MEAG Power and the Initial Participants.

In the court proceedings relating to the initial validation of the Project One Senior Bonds, the Georgia Supreme Court affirmed the lower court’s decision that each of the Initial Participant’s payment obligations under its Project One Power Sales Contract are general obligations to the payment of which its full faith and credit are pledged, that all terms and provisions of the Project One Power Sales Contracts are
valid and binding upon the Initial Participants and that the Project One Power Sales Contracts are enforceable. So long as electric power and energy are actually received by a Participant from any facility of Project One, payments are required to be made as a cost of power and energy of the Participant’s electric system and as an expense of operation and maintenance thereof. Each Participant has covenanted to maintain and collect rates to provide revenues sufficient, together with available electric system reserves, to make such payments. If payment is not made from the revenues of the electric system of the Participant or from other funds thereof, the Participant is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make the payments required under its Project One power sales contract. If any such provision or appropriation is not made for a fiscal year, then the chief fiscal officer of the Participant is required, in accordance with the provisions of the Act, to set up as an appropriation on the accounts of the Participant the amounts required to pay its obligations under its Project One power sales contract, and such appropriation will have the same legal status as if the Participant had included the amount of the appropriation in its general revenue or appropriation measure. MEAG Power’s remedies under each Project One power sales contract include specific performance to compel the Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder.

**Debt Service Reserve Account.** The Project One Resolution establishes a Debt Service Reserve Account in the Debt Service Fund and requires that such Account be funded in an amount equal to the Debt Service Reserve Requirement, which is defined to mean, as of any date of calculation, an amount equal to the greatest amount of the Aggregate Debt Service (as defined in “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Definitions – The Project One Resolution” in APPENDIX G hereto) on the Project One Senior Bonds for the current or any future calendar year. The Project One Resolution provides that, in lieu of depositing monies in the Debt Service Reserve Account, or in substitution for monies previously deposited in the Debt Service Reserve Account, MEAG Power may provide the Trustee with a Financial Guaranty (as such term is defined in the Project One Resolution) for deposit into the Debt Service Reserve Account. See “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Debt Service Reserve Accounts – Deposit of Financial Guaranty” in APPENDIX G hereto. The Debt Service Reserve Account was funded with a Financial Guaranty in the form of a Debt Service Reserve Surety Bond (the “MBIA Surety Bond”) issued by MBIA Insurance Corporation (“MBIA”). The MBIA Surety Bond also funded the Debt Service Reserve Account in the Debt Service Fund established under the General Resolution Projects Resolution. See “General Resolution Projects Senior Bonds – Debt Service Reserve Account” below. As a result of Moody’s downgrade of the insurance financial strength rating of MBIA, MEAG Power was required to replace the MBIA Surety Bond. In September 2008, MEAG Power borrowed approximately $168,350,000 pursuant to two credit agreements entered into between MEAG Power and a commercial bank with respect to Project One and the General Resolution Projects, respectively (together, the “DSRA Credit Agreements”) in order to fund, in part, the amount required to replace the MBIA Surety Bond. The balance of the funds required to replace the MBIA Surety Bond was provided from a portion of the proceeds of the Project One Series 2008D Subordinated Bonds and the General Resolution Projects Series 2008C Subordinated Bonds (collectively, the “Series 2008D&C Subordinated Bonds”) issued by MEAG Power in November 2008.

**Rate Covenant.** MEAG Power has covenanted in the Project One Resolution that it will at all times charge and collect rates, fees and other charges for the sale of the output, capacity, use or service of Project One as required to provide revenues at least sufficient in each calendar year, together with other available funds, for the payment during such calendar year of operating expenses, scheduled debt service on Project One Senior Bonds and Project One Subordinated Bonds, amounts required for reserves under the Project One Resolution, and all other charges or liens payable from such revenues.

**Nature of Obligation.** The Project One Senior Bonds do not constitute a debt or a loan or pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, other than MEAG Power. The issuance of Project One Senior Bonds does not obligate the State of Georgia or any political subdivision thereof to levy or pledge any form of taxation for the payment thereof. No person has the right
to enforce payment of any Project One Senior Bond against any property of the State of Georgia or of any political subdivision thereof, other than MEAG Power, nor does any Project One Senior Bond constitute a charge, lien or encumbrance upon any such property. However, in the Project One Resolution, MEAG Power has covenanted to enforce the obligation of any Participant to pay the amounts required by its Project One Power Sales Contract, which is an obligation of the Participant to the payment of which its full faith and credit are pledged.

**Additional Project One Senior Bonds.** The issuance of any series of Project One Senior Bonds is conditioned upon the deposit of an amount in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Project One Resolution such that, giving effect to the issuance of such series of Project One Senior Bonds, the balance in such Account equals the Debt Service Reserve Requirement therefor. The Project One Resolution also provides that an irrevocable and unconditional policy of insurance or surety bond meeting certain requirements set forth in the Project One Resolution may be deposited in the Debt Service Reserve Account to satisfy the Debt Service Reserve Requirement. See “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Debt Service Reserve Accounts – Deposit of Financial Guaranty” in APPENDIX G hereto.

**Proposed Amendments to the Project One Resolution.** On December 16, 2011, MEAG Power adopted the Project One Amendatory Supplemental Resolution for the purpose of making certain amendments to the Project One Resolution. For a description of such amendments and the conditions to the effectiveness thereof, see “Proposed Amendments to the Project One Resolution and the General Resolution Projects Resolution” below. At such time as such amendments become effective, they will apply to all Project One Senior Bonds then Outstanding.

**General Resolution Projects Senior Bonds**

**Pledge.** The General Resolution Projects Senior Bonds are payable from and secured by a pledge of the revenues of MEAG Power attributable to the General Resolution Projects after payment of operating expenses relating thereto, as well as by a pledge of the Construction Fund, the Debt Service Fund and all other funds established by the General Resolution Projects Resolution. The General Resolution Projects Resolution permits the issuance of additional General Resolution Projects Senior Bonds for certain purposes relating to the Existing General Resolution Projects and, upon satisfaction of the conditions described under “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Additional Senior Bonds – The General Resolution Projects Resolution” in APPENDIX G hereto, to finance additional projects (“Additional General Resolution Projects”).

**Power Sales Contracts.** Under the separate Power Sales Contracts for each of the Existing General Resolution Projects with each Initial Participant, and under the separate Power Sales Contracts for Project Two and Project Three with Oxford, MEAG Power has agreed to provide to such Participant, and such Participant has agreed to take from MEAG Power, output and services from the applicable Project and related reserve, emergency and interchange service as may be available for the useful life thereof. Such Participants are required to make payments therefor according to rates and charges established by MEAG Power to produce revenues sufficient to pay MEAG Power’s costs attributable to the applicable Project, including scheduled debt service on General Resolution Projects Senior Bonds and General Resolution Projects Subordinated Bonds issued to finance such Project. In general, the Power Sales Contracts for each Existing General Resolution Project provide that if, at any time, (i) such Project is declared by MEAG Power to be totally and permanently retired from service or (ii) such Project is totally, but not permanently, out of service and MEAG Power is unable to provide service from alternate sources, then each such Participant will remain liable to pay a fixed percentage, referred to as an “Obligation Share,” of MEAG Power’s costs attributable to such Project. In case of a default by such a Participant under its Power Sales Contract relating to any Existing General Resolution Project, such Participant would remain liable to pay the greater of its Obligation Share of MEAG Power’s costs attributable to such Project or the amount
determined to be due under the rates and charges established by MEAG Power. A Participant’s Obligation Share with respect to either Project Two or Project Three would be fixed by MEAG Power under a formula based generally upon such Participant’s historical demand in excess of capacity delivered by MEAG Power from Project One relative to such historical demands for all Participants. An Initial Participant’s Obligation Share with respect to Project Four is a percentage specified in its Project Four Power Sales Contract. If at any time an Existing General Resolution Project is totally and permanently retired from service, or is totally out of service but not permanently retired and MEAG Power is unable to provide service from alternate sources, the sum of all Participants’ Obligation Shares for such Project is required to equal 100 percent. As more fully discussed under “INTRODUCTORY STATEMENT – The Participants” herein, each of the Initial Participants has agreed to provide a portion of its Project Four Obligation Share to Oxford, but each Initial Participant remains obligated for the payment of all costs associated with the portion of its Obligation Share so provided. The Project Four power sales contract between MEAG Power and Oxford is substantially identical to the Project Four Power Sales Contracts between MEAG Power and the Initial Participants.

Payments under the Existing General Resolution Projects Power Sales Contracts 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 whatever. Payments made for power and energy from the Existing General Resolution Projects sold to others, including GPC, are credited to the accounts of the Participants. As a result of the Term Extension Amendments, each power sales contract for the Existing General Resolution Projects will continue in full force and effect until June 1, 2054. See “INTRODUCTORY STATEMENT – The Participants” herein for a discussion of the allocation among the Participants of the output and services and the costs of the Existing General Resolution Projects during the term extension period under the Term Extension Amendments.

In the separate court proceedings relating to validation of the General Resolution Project Senior Bonds authorized to finance each of the Existing General Resolution Projects, the Superior Court of Fulton County, Georgia ruled that each of the Initial Participant’s payment obligations under its Existing General Resolution Projects Power Sales Contracts are general obligations to the payment of which its full faith and credit is pledged, that all terms and provisions thereof are valid and binding upon the Initial Participants and that the Existing General Resolution Projects Power Sales Contracts are enforceable. The Power Sales Contracts relating to each Existing General Resolution Project provide that, so long as electric power and energy are actually received by a Participant from any facility of such Project, payments are required to be made as a cost of purchased power and energy of the Participant’s electric system and as an expense of operation and maintenance thereof. Each Participant has covenanted to maintain and collect rates to provide revenues sufficient, together with available electric system reserves, to make such payments. If payments required for any such Project are not made from revenues of the electric system of the Participant or from other funds thereof, the Participant is required under its applicable power sales contract to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make the required payments. If any such provision or appropriation is not made for a fiscal year, then the chief fiscal officer of the Participant is required, in accordance with the provisions of the Act, to set up as an appropriation on the accounts of the Participant the amounts required to pay its obligation under its applicable power sales contract, and such appropriation will have the same legal status as if the Participant had included the amount of the appropriation in its general revenue or appropriation measure. MEAG Power’s remedies under each Existing General Resolution Projects power sales contract include specific performance to compel the Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder.

**Debt Service Reserve Account.** The General Resolution Projects Resolution establishes a Debt Service Reserve Account in the Debt Service Fund and requires that such Account be funded in an amount equal to the Debt Service Reserve Requirement, which is defined to mean, as of any date of calculation, an amount equal to the greatest amount of the Aggregate Debt Service (as defined in “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Definitions – The Project One Resolution” in APPENDIX G hereto) on the General Resolution Projects
Senior Bonds for the current or any future calendar year. The General Resolution Projects Resolution provides that, in lieu of depositing monies in the Debt Service Reserve Account, or in substitution for monies previously deposited in the Debt Service Reserve Account, MEAG Power may provide the Trustee with a Financial Guaranty (as such term is defined in the General Resolution Projects Resolution) for deposit into the Debt Service Reserve Account. See “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Debt Service Reserve Accounts – Deposit of Financial Guaranty” in APPENDIX G hereto. The Debt Service Reserve Account was funded with the MBIA Surety Bond. The MBIA Surety Bond also funded the Debt Service Reserve Account in the Debt Service Fund established under the Project One Resolution. See “Project One Senior Bonds – Debt Service Reserve Account” above. As a result of Moody’s downgrade of the insurance financial strength rating of MBIA, MEAG Power was required to replace the MBIA Surety Bond. In September 2008, MEAG Power borrowed approximately $168,350,000 pursuant to the DSRA Credit Agreements in order to fund, in part, the amount required to replace the MBIA Surety Bond. The balance of the funds required to replace the MBIA Surety Bond was provided from a portion of the proceeds of the Series 2008D&C Subordinated Bonds issued by MEAG Power in November 2008.

**Rate Covenant.** MEAG Power has covenanted in the General Resolution Projects Resolution that it will at all times charge and collect rates, fees and other charges for the sale of the output, capacity, use or service of all General Resolution Projects as required to provide revenues at least sufficient in each calendar year, together with other available funds, for the payment during such calendar year of operating expenses, scheduled debt service on all General Resolution Projects Senior Bonds and General Resolution Projects Subordinated Bonds, amounts required for reserves under the General Resolution Projects Resolution, and all other charges or liens payable from such revenues.

**Nature of Obligation.** The General Resolution Projects Senior Bonds do not constitute a debt or a loan or pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, other than MEAG Power. The issuance of General Resolution Projects Senior Bonds does not obligate the State of Georgia or any political subdivision thereof to levy or pledge any form of taxation for the payment thereof. No person has the right to enforce payment of any General Resolution Projects Senior Bond against any property of the State of Georgia or of any political subdivision thereof, other than MEAG Power, nor does any General Resolution Projects Senior Bond constitute a charge, lien or encumbrance upon any such property. However, in the General Resolution Projects Resolution, MEAG Power has covenanted to enforce the obligation of any Participant to pay the amounts required under any Power Sales Contract the revenues of which are pledged under the General Resolution Projects Resolution, which is an obligation of the Participant to the payment of which its full faith and credit are pledged.

**Additional General Resolution Projects Senior Bonds.** The issuance of any series of General Resolution Projects Senior Bonds is conditioned upon the deposit of an amount in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the General Resolution Projects Resolution such that, giving effect to the issuance of such series of General Resolution Projects Senior Bonds, the balance in such Account equals the Debt Service Reserve Requirement therefor. The General Resolution Projects Resolution also provides that an irrevocable and unconditional policy of insurance or surety bond meeting certain requirements set forth in the General Resolution Projects Resolution may be deposited in the Debt Service Reserve Account to satisfy the Debt Service Reserve Requirement. See “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Debt Service Reserve Accounts – Deposit of Financial Guaranty” in APPENDIX G hereto.

**Proposed Amendments to the General Resolution Projects Resolution.** On December 16, 2011, MEAG Power adopted the General Resolution Projects Amendatory Supplemental Resolution for the purpose of making certain amendments to the General Resolution Projects Resolution. For a description of such amendments and the conditions to the effectiveness thereof, see “Proposed Amendments to the Project One Resolution and the General Resolution Projects Resolution” below. At such time as such
amendments become effective, they will apply to all General Resolution Projects Senior Bonds then Outstanding.

**Proposed Amendments to the Project One Resolution and the General Resolution Projects Resolution**

**General.** On December 16, 2011, MEAG Power adopted the Amendatory Supplemental Resolutions for the purpose of making certain amendments to the Project One Resolution and the General Resolution Projects Resolution, respectively. The Project One Resolution and the General Resolution Projects Resolution are referred to herein collectively as the “Resolutions,” and the Project One Senior Bonds and the General Resolution Project Senior Bonds are referred to herein collectively as the “Senior Bonds.” See “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Amendatory Supplemental Resolutions” in APPENDIX G hereto.

**Description of Proposed Amendments.** The Amendatory Supplemental Resolutions contain amendments to certain provisions of the applicable Resolution that will become effective on the date on which all Senior Bonds Outstanding under the applicable Resolution at December 16, 2011 (the date of adoption of the Amendatory Supplemental Resolutions) cease to be Outstanding thereunder. The latest maturity date of any such Project One Senior Bonds is January 1, 2026, and the latest maturity date of any such General Resolution Projects Senior Bonds is January 1, 2025. Set forth below is a description of the proposed amendments to the Resolutions contained in the Amendatory Supplemental Resolutions. Upon their effectiveness, such amendments will apply to all Senior Bonds then Outstanding under the applicable Resolution and will be binding upon the Holders thereof. Although the description below refers to the proposed amendments to only one Resolution, it is equally applicable to the proposed amendments to both Resolutions, which are substantially the same.

**Amendments Relating to Redemptions**

- Allow MEAG Power to reserve the right to revoke any notice of redemption given at its election or direction and provide that the obligation of MEAG Power to redeem Senior Bonds called for redemption will be conditioned on sufficient moneys being available to pay the redemption price

**Amendments Relating to Certain Future Amendments**

- Allow the Trustee to consent to any amendment it determines will not have a material adverse effect on the interests of bondholders

- In the case of any amendment that currently would require the consent of the Holders of two-thirds in principal amount of all Senior Bonds Outstanding, reduce such requirement to a majority in principal amount of the Senior Bonds affected by such amendment

- Permit MEAG Power to provide, in connection with the initial issuance of a Series of Senior Bonds, that the Holders of such Senior Bonds are deemed to have consented to a particular amendment, so that such Holders will not have the right to revoke such consent

**Effectiveness of Amendments Contained in the Amendatory Supplemental Resolutions.** The various amendments to the Project One Resolution and the General Resolution Projects Resolution contained in the Amendatory Supplemental Resolutions, respectively, will become effective upon the satisfaction of the conditions to the effectiveness thereof contained in the Project One Resolution and the General Resolution Projects Resolution, respectively. Such conditions include: (1) all Project One Senior Bonds or General Resolution Projects Senior Bonds, as applicable, Outstanding under the applicable Resolution at December 16, 2011 (the date of adoption of the Amendatory Supplemental Resolutions) shall cease to be Outstanding thereunder and (2) there shall have been filed with the Trustee an opinion of counsel to the effect that the applicable Amendatory Supplemental Resolution has been duly and lawfully adopted.
by MEAG Power in accordance with the provisions of the Project One Resolution or the General Resolution Projects Resolution, as applicable, is authorized or permitted by such resolution, and is valid and binding upon MEAG Power and enforceable in accordance with its terms (which opinion was filed with the Trustee on December 21, 2011). At such time as such amendments become effective, they will apply to all Outstanding Project One Senior Bonds and all Outstanding General Resolution Projects Senior Bonds, as applicable. The latest maturity date of any Project One Senior Bonds Outstanding at the date of adoption of the Project One Amendatory Supplemental Resolution was January 1, 2026, and the latest maturity date of any General Resolution Projects Senior Bonds Outstanding at the date of adoption of the General Resolution Projects Amendatory Supplemental Resolution was January 1, 2025.

Security for MEAG Power’s Subordinated Bonds

Project One Subordinated Bonds

The Project One Subordinated Bonds are direct and general obligations of MEAG Power subject, however, to the prior pledge of any revenues or funds of MEAG Power to holders of the Project One Senior Bonds or other evidences of indebtedness. The Project One Subordinated Bonds are payable from available funds of MEAG Power, including the proceeds of Project One Subordinated Bonds and other indebtedness and revenues from Project One after payment of operating expenses and debt service on Project One Senior Bonds, but prior to the payment of amounts required to be deposited in the Reserve and Contingency Fund established pursuant to the Project One Resolution. Pursuant to the Project One Resolution, the Subordinated Bond Fund established thereunder, including the investments, if any, thereof, is pledged and assigned for the payment of the principal of and premium, if any, and interest on the Project One Subordinated Bonds provided that any debt service reserve established therein in respect of any series of Project One Subordinated Bonds will secure only such Project One Subordinated Bonds. Such pledge and assignment is subordinate in all respects to the pledge under the Project One Resolution of all funds thereunder as security for the Project One Senior Bonds. Except as described in the next paragraph, MEAG Power has agreed that it will not create or permit to exist any lien on any proceeds of Project One Senior Bonds to secure any bonds, notes or other evidences of indebtedness, other than Project One Senior Bonds, unless the Project One Subordinated Bonds are secured by such proceeds on a parity with or superior to such lien.

Under the Project One Subordinated Resolution, MEAG Power may create or permit to exist a lien on proceeds of Project One Senior Bonds to secure indebtedness owing to one or more banks which is not evidenced by Project One Subordinated Bonds and the aggregate principal amount of which does not at any time exceed $150,000,000. As of December 31, 2016, $7,000,000 was outstanding under the Project One Revolving Credit Agreement. As of the date of this Annual Information Statement, no amount was outstanding under the Project One Revolving Credit Agreement. Any indebtedness outstanding from time to time under the Project One Revolving Credit Agreement is secured by a pledge of proceeds of any Project One Senior Bonds issued from and after the earlier of any default under the Project One Revolving Credit Agreement or the date 90 days prior to the termination date until such notes are repaid in full. Total borrowings under the Project One Revolving Credit Agreement, the General Resolution Projects Revolving Credit Agreement and the CC Project Revolving Credit Agreement may not exceed $125,000,000 at any one time. See “General Resolution Projects Subordinated Bonds” and “Security for MEAG Power’s CC Bonds – CC Project Revolving Credit Agreement” below. Following an event of default under the Project One Revolving Credit Agreement, the banks have the right, subject to certain conditions, to exchange notes held thereunder for Project One Senior Bonds. See “SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA – Rating Triggers and Other Factors That Could Affect MEAG Power’s Liquidity, Results of Operations or Financial Condition – Revolving Credit Agreements” herein.

The Project One Subordinated Bonds do not constitute a debt or a loan or pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, other than MEAG Power. The issuance of Project One Subordinated Bonds does not obligate the State of Georgia or any political subdivision
thereof to levy or pledge any form of taxation for the payment thereof. No person has the right to enforce payment of any Project One Subordinated Bond against any property of the State of Georgia or of any political subdivision thereof, other than MEAG Power, nor does any Project One Subordinated Bond constitute a charge, lien or encumbrance upon any such property. However, in the Project One Resolution, MEAG Power has covenanted to enforce the obligation of any Participant to pay the amounts required by its Project One power sales contract, which is an obligation of the Participant to the payment of which its full faith and credit are pledged.

**General Resolution Projects Subordinated Bonds**

The General Resolution Projects Subordinated Bonds are direct and general obligations of MEAG Power subject, however, to the prior pledge of any revenues or funds of MEAG Power to holders of the General Resolution Projects Senior Bonds or other evidences of indebtedness. The General Resolution Projects Subordinated Bonds are payable from available funds of MEAG Power, including the proceeds of General Resolution Projects Subordinated Bonds and other indebtedness and revenues from Existing General Resolution Projects after payment of operating expenses and debt service on General Resolution Projects Senior Bonds, but prior to the payment of amounts required to be deposited in the Reserve and Contingency Fund established pursuant to the General Resolution Projects Resolution. Pursuant to the General Resolution Projects Resolution, the Subordinated Bond Fund established thereunder, including the investments, if any, thereof, is pledged and assigned for the payment of the principal of and premium, if any, and interest on the General Resolution Projects Subordinated Bonds provided that any debt service reserve established therein in respect of any series of General Resolution Projects Subordinated Bonds will secure only such General Resolution Projects Subordinated Bonds. Such pledge and assignment is subordinate in all respects to the pledge under the General Resolution Projects Resolution of all funds thereunder as security for the General Resolution Projects Senior Bonds.

Under the General Resolution Projects Subordinated Resolution, MEAG Power may create or permit to exist a lien on proceeds of General Resolution Projects Senior Bonds to secure indebtedness owing to one or more banks which is not evidenced by General Resolution Projects Subordinated Bonds. As of December 31, 2016 and as of the date of this Annual Information Statement, the amount outstanding under the General Resolution Projects Revolving Credit Agreement is $751,000. Any indebtedness outstanding from time to time under the General Resolution Projects Revolving Credit Agreement is secured by a pledge of proceeds of any General Resolution Projects Senior Bonds issued from and after the earlier of any default under the General Resolution Projects Revolving Credit Agreement or the date 90 days prior to the termination date until such notes are repaid in full. Total borrowings under the General Resolution Projects Revolving Credit Agreement, the Project One Revolving Credit Agreement and the CC Project Revolving Credit Agreement may not exceed $125,000,000 at any one time. See “Project One Subordinated Bonds” above and “Security for MEAG Power’s CC Bonds – CC Project Revolving Credit Agreement” below. Following an event of default under the General Resolution Projects Revolving Credit Agreement, the banks have the right, subject to certain conditions, to exchange notes held thereunder for General Resolution Projects Senior Bonds. See “SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA – Rating Triggers and Other Factors That Could Affect MEAG Power’s Liquidity, Results of Operations or Financial Condition – Revolving Credit Agreements” herein.

The General Resolution Projects Subordinated Bonds do not constitute a debt or a loan or pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, other than MEAG Power. The issuance of General Resolution Projects Subordinated Bonds does not obligate the State of Georgia or any political subdivision thereof to levy or pledge any form of taxation for the payment thereof. No person has the right to enforce payment of any General Resolution Projects Subordinated Bond against any property of the State of Georgia or of any political subdivision thereof, other than MEAG Power, nor does any General Resolution Projects Subordinated Bond constitute a charge, lien or encumbrance upon any such property. However, in the General Resolution Projects Resolution, MEAG Power has covenanted to enforce the obligation of any Participant to pay the amounts required by its Existing General Resolution
Projects power sales contract, which is an obligation of the Participant to the payment of which its full faith and credit are pledged.

Security for MEAG Power’s CC Bonds

The CC Contracts. Under the separate CC Contracts with each CC Participant, MEAG Power has agreed to provide to such CC Participant, and such CC Participant has agreed to take from MEAG Power, output and services from the CC Project. Each CC Contract provides that a specified percentage of the power and energy produced by the CC Project is to be delivered to the CC Participant and that such CC Participant is to pay a corresponding percentage of MEAG Power’s costs (including scheduled debt service, except as provided in the third following paragraph and unless paid or provided for from the proceeds of CC Bonds) resulting from the ownership, operation and maintenance of, and renewals and replacements to, the CC Project. Each CC Participant also is obligated to pay its Embedded Simple Cycle Obligation Share of Embedded Simple Cycle Debt Related Costs. All such payments are required to be made by the CC Participant whether or not the CC Project has been completed or 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 conditioned upon the performance or nonperformance by any party of any agreement for any cause whatever. Payments made for power and energy from the CC Project sold to others are to be credited to the accounts of the CC Participants. Each of the CC Contracts with the Initial Participants became effective on July 15, 2003 and will continue in full force and effect until such time as all CC Bonds have been paid or provision has been made for their payment or until such time as the CC Project is retired from service or disposed of by MEAG Power, whichever is later, but in no event longer than 50 years from July 15, 2003 (unless extended either through amendment or replacement with another contract; see the fourth paragraph under “INTRODUCTORY STATEMENT – The Participants” herein). Each of the Additional CC Contracts will continue in full force and effect until the termination of the CC Contracts with the Initial Participants.

Each CC Participant is obligated to pay only its own share of Debt Service on the CC Bonds of each series (determined as provided in the CC Contracts), with no “step-up” provisions obligating it to pay additional amounts in the event of a default by another CC Participant. As a result, any failure by a CC Participant to pay in full any billing statement rendered to it by MEAG Power may result in insufficient funds being available to pay the full amount of Debt Service due on the CC Bonds, and would require MEAG Power to pursue its remedies under such CC Participant’s CC Contract to obtain sufficient funds. Pursuant to Section 702 of the CC Project power sales contracts, each Participant in the CC Project may assign a portion of its CC Project output to other Participants in the CC Project. As discussed herein, these transactions are facilitated by MEAG Power through the execution of additional power sales contracts, if applicable, and assignment agreements. In the event that the assignee defaults in connection with its obligations under its respective CC Project power sales contract pertaining to the assigned amounts, the assigning Participant shall be required to pay to MEAG Power whatever sums are necessary in order to cure such default. During the period of such default, the assigning Participant shall be entitled to the output associated with the assigned rights of the defaulting party.

As is discussed more fully below, each CC Participant’s payment obligations under its CC Contract are general obligations to the payment of which its full faith and credit are pledged, and MEAG Power’s remedies under each CC Contract include specific performance to compel the CC Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder. In addition, MEAG Power currently maintains certain reserves under the CC Bond Resolution (including, without limitation, amounts on deposit in the sub-subaccount in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund established with respect to each CC Participant (see “Pledge” below) and at least 45 days of working capital) which are available to be used to pay Debt Service on the CC Bonds during any period during which MEAG Power is pursuing remedies against any non-paying CC Participant. Under the CC Bond Resolution, MEAG Power has covenanted to enforce the payment of any and all amounts owing to it under the CC Contracts with the CC Participants by discontinuing the supply of the output, capacity, use or
service of the CC Project to any non-paying CC Participant, or by filing suit therefor within 60 days after any such accounts are due, or by both such discontinuance and by filing suit.

In the event of any such discontinuance, each non-defaulting CC Participant will have a right of first refusal to purchase a pro rata amount of the defaulting CC Participant’s Obligation Share of the output, capacity, use and service of the CC Project for the period of the discontinuance. Upon a non-defaulting CC Participant’s exercise of the right of first refusal, it will be obligated to pay for the transferred output as if it had been part of its obligation share. To the extent the defaulting CC Participant’s Obligation Share of the output, capacity, use and service of the CC Project is not acquired by non-defaulting CC Participants pursuant to such rights of first refusal, MEAG Power is authorized to sell such output, capacity, use or service of the CC Project so discontinued to any other person. Although MEAG Power believes it would be able to market such excess output, capacity, use or service under those circumstances, MEAG Power cannot give any assurance it will be able to make any such sales on terms that will produce revenues sufficient to enable MEAG Power to meet all of its obligations with respect to the CC Project, including debt service on the CC Bonds.

Pursuant to the CC Contracts, each CC Participant, prior to the issuance of any series of CC Bonds, may prepay all or any portion of the amounts owed by it in respect of its interest in the output of the CC Project or Embedded Simple Cycle Costs by paying a capital contribution (a “CC Capital Contribution”) to MEAG Power in an amount equal to all or any portion of the non-financing costs associated with the acquisition and construction of the CC Project, which include, but are not limited to, all construction, acquisition and installation costs, reserves for the CC Project, costs related to the transportation and storage of fuel, and other related costs or in connection with its Embedded Simple Cycle Costs. CC Capital Contribution payments made by any CC Participant will reduce the principal amount of CC Bonds that MEAG Power is required to issue in connection with the CC Project or Embedded Simple Cycle Costs and therefore will decrease the percentage share of debt service on the CC Bonds that would otherwise have to be paid by each CC Participant providing a CC Capital Contribution. In addition, pursuant to the CC Contracts, while the CC Bonds are outstanding the CC Participants may pay to MEAG Power an amount (a “CC Defeasance Payment”), which may be in the form of monies or certain securities (or rights to payment of such securities) of, or which are guaranteed by, the United States of America, sufficient to provide for the defeasance of CC Bonds allocable to such CC Participant. The CC Participant is prohibited from making a CC Capital Contribution from the proceeds of tax-exempt bonds or other tax-exempt borrowings of such CC Participant. For a discussion of the manner in which CC Capital Contributions and CC Defeasance Payments are treated under the CC Bond Resolution, see the final paragraph under “Pledge” below.

In the court proceedings relating to the validation of the CC Bonds, the Superior Court of Fulton County, Georgia held that each of the Initial CC Participant’s payment obligations under its CC Contract are general obligations to the payment of which its full faith and credit are pledged, that all terms and provisions of the CC Contracts with the Initial CC Participants are valid and binding upon the Initial CC Participants and that such CC Contracts are enforceable. In the CC Contracts, each CC Participant has agreed that amounts payable by it thereunder will be paid as a cost of purchased power and energy of such CC Participant’s electric system and otherwise as an expense of operation and maintenance thereof. In the validation proceedings relating to the CC Bonds, the Superior Court of Fulton County, Georgia held that so long as electric power and energy is actually received by any Initial CC Participant from any facility or facilities of the CC Project, the Obligation Share of such Initial CC Participant of MEAG Power’s costs relating to the CC Project will be paid by such Initial CC Participant as a cost of purchased electric power and energy for such Initial CC Participant’s electric system and as an expense of operation and maintenance thereof. The Additional CC Contracts were entered into after the entry of the validation order and have not been so validated. In connection with the issuance of the 2010A CC Bonds and the 2012A CC Bonds, respectively, general counsel to MEAG Power rendered an opinion to the effect that the Additional CC Contracts that were in effect as of the date of such opinion are valid and binding obligations of MEAG Power and each of the applicable Additional CC Participants, enforceable in accordance with their terms,
except as enforcement may be limited by any applicable bankruptcy, moratorium or other laws relating to enforcement of creditors’ rights and subject to customary qualifications and exceptions. Each CC Participant has covenanted to maintain and collect rates to provide revenues sufficient, together with available electric system reserves, to make such payments. If payment is not made from the revenues of the electric system of the CC Participant or from other funds thereof, the CC Participant is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make the payments required under its CC Contract, whether or not electric power and energy is actually received by such CC Participant. If any such provision or appropriation is not made for a fiscal year, then the chief fiscal officer of the CC Participant is required, in accordance with the provisions of the Act, to set up as an appropriation on the accounts of the CC Participant the amounts required to pay its obligations under its CC Contract, and such appropriation will have the same legal status as if the CC Participant had included the amount of the appropriation in its general revenue or appropriation measure. MEAG Power’s remedies under each CC Contract include specific performance to compel the CC Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder.

**Pledge.** The CC Bonds are direct and special obligations of MEAG Power. The CC Bonds are payable from and secured by a pledge of the Trust Estate, which is defined in the CC Bond Resolution to include (i) the proceeds of the sale of the CC Bonds, (ii) the Revenues, (iii) all rights, title and interest of MEAG Power under any CC Participant Credit Enhancement (as such term is defined in the CC Bond Resolution) and (iv) all Funds established by the CC Bond Resolution, including the investments, if any, thereof; *provided, however*, that the Trust Estate does not include the Debt Service Reserve Account in the Debt Service Fund; and *provided, further*, that the Trust Estate does not include the “Segregated Funds” referred to below or any investments thereof nor does it include any Revenues deposited or required to be deposited in the Segregated Funds pursuant to the CC Bond Resolution.

“Revenues” is defined in the CC Bond Resolution to mean (a) all revenues, income, rents and receipts derived by MEAG Power from or attributable to the ownership and operation of the CC Project or from or attributable to the Embedded Simple Cycle Costs, including all revenues attributable to the CC Project or to the payment of the costs thereof and all revenues attributable to the Embedded Simple Cycle Costs received by MEAG Power under the CC Contracts or under any other contract for the sale of power, energy or other service from the CC Project or any part thereof or any contractual arrangement with respect to the use of the CC Project or any portion thereof or the services, output or capacity thereof, but does not include any such revenues, income, rents or receipts derived by MEAG Power from or attributable to the sale of any Pre-Commercial Generation (as such term is defined in the CC Bond Resolution), (b) the proceeds of any insurance covering business interruption loss relating to the CC Project and (c) interest accrued on any moneys or securities held pursuant to the CC Bond Resolution and paid or required to be paid into the Revenue and Operating Fund established pursuant to the CC Bond Resolution.

The CC Bond Resolution provides for the establishment of a Segregated Construction Fund, a Segregated Revenue and Operating Fund and a Segregated Reserve and Contingency Fund thereunder (collectively, the “Segregated Funds”). Amounts on deposit in any Segregated Fund are not available to make payments on the CC Bonds or included in the Trust Estate or otherwise pledged to secure the CC Bonds. In the event any CC Participant makes a CC Capital Contribution or CC Defeasance Payment as described in the penultimate paragraph under “The CC Contracts” above, MEAG Power is required to divide each payment made by such CC Participant under its CC Contract into two portions, with one portion (the “Non-Pledged Portion”) to be deposited in the Segregated Revenue and Operating Fund established pursuant to the CC Bond Resolution and the balance to be deposited in the Revenue and Operating Fund established pursuant to the CC Bond Resolution. With respect to each CC Participant, the Non-Pledged Portion of each payment made by such CC Participant under its CC Contract is calculated in the manner described in the second paragraph under “SUMMARY OF COMBINED CYCLE PROJECT BOND RESOLUTION – Segregated Funds” in APPENDIX J hereto.
**Additional CC Bonds.** The CC Bond Resolution permits the issuance of additional CC Bonds for certain purposes relating to the CC Project. In addition, under the CC Bond Resolution, upon satisfaction of the conditions contained therein, MEAG Power is permitted to issue or incur certain Parity Obligations (as such term is defined in the CC Bond Resolution) which may be secured by a pledge of, and a lien on, the Trust Estate on a parity with the pledge and lien created by the CC Bond Resolution to secure the CC Bonds. See “SUMMARY OF COMBINED CYCLE PROJECT BOND RESOLUTION – Definitions” in APPENDIX J hereto for a definition of the term “Parity Obligation.” See also “SUMMARY OF COMBINED CYCLE PROJECT BOND RESOLUTION – Credit Facilities, Liquidity Facilities and Qualified Hedging Contracts” and “– Commercial Paper Notes” in APPENDIX J hereto.

**Debt Service Reserve Account.** In the Second Supplemental Combustion Turbine Project Bond Resolution adopted by MEAG Power on August 22, 2002 (the “Second Supplemental CT Bond Resolution”), MEAG Power has established a separate subaccount in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the CC Bond Resolution entitled the “Initial Subaccount.” Within the Initial Subaccount, MEAG Power has established a separate sub-subaccount with respect to each CC Participant. The 2010A CC Bonds and the 2012A CC Bonds are, and any additional CC Bonds as may be determined by MEAG Power will be, additionally secured by amounts on deposit in (and any reserve fund credit instrument(s) (hereinafter defined) credited to) the Initial Subaccount.

As provided in the CC Bond Resolution, the Debt Service Reserve Requirement for each sub-subaccount in the Initial Subaccount at any time will be equal to the sum of the maximum amounts of the Debt Service on the CC Bonds of each series that are additionally secured by the Initial Subaccount that are allocable to the CC Participant for whom such sub-subaccount has been established (determined as provided in the CC Contracts) in the then current or any future twelve-month period ending on October 31, determined as of the respective dates of issuance of the CC Bonds of such series and, with respect to any variable rate CC Bonds, calculating the Debt Service on such variable rate CC Bonds at such rate of interest as MEAG Power shall determine; provided, however, that in the event that any CC Participant shall make a CC Defeasance Payment as described above, the Debt Service Reserve Requirement for the sub-subaccount in the Initial Subaccount established with respect to such CC Participant shall be redetermined as of the date of the making of such CC Defeasance Payment, and will be equal to the sum of the maximum amounts of Debt Service that are allocable to such CC Participant in the then current or any future twelve-month period ending on October 31 with respect to the CC Bonds of each series secured by the Initial Subaccount that remain outstanding following the making of such CC Defeasance Payment; and provided, further, that in the event that MEAG Power shall refund any of the CC Bonds of any such series, the Debt Service Reserve Requirement for each sub-subaccount in the Initial Subaccount will be redetermined as of the date of such refunding, and will be equal to the sum of the maximum amounts of Debt Service that are allocable to the CC Participant for whom such sub-subaccount has been established in the then current or any future twelve-month period ending on October 31 with respect to the CC Bonds of each series secured by the Initial Subaccount that remain outstanding following such refunding.

The Second Supplemental CT Bond Resolution authorizes MEAG Power to substitute one or more irrevocable surety bonds, insurance policies or letters of credit (as more particularly defined in the Second Supplemental CT Bond Resolution, “reserve fund credit instruments”) for all or any portion of the moneys on deposit in any sub-subaccount in the Initial Subaccount. See “SUMMARY OF COMBINED CYCLE PROJECT BOND RESOLUTION – Initial Subaccount in the Debt Service Reserve Account” in APPENDIX J hereto.

If there is a deficiency in the Debt Service Account in the Debt Service Fund on any day on which principal or interest on the 2010A CC Bonds or the 2012A CC Bonds is due, amounts from each CC Participant’s sub-subaccount in the Initial Subaccount will be transferred to the Debt Service Account on a pro rata basis to cure such deficiency; provided, however, that if the deficiency is caused by a default of a CC Participant to make a payment required under such CC Participant’s CC Contract, the amount to be
transferred to the Debt Service Account will be derived only from the sub-subaccount applicable to such defaulting CC Participant.

Rate Covenant. MEAG Power has covenanted in the CC Bond Resolution that it will at all times charge and collect rates, fees and other charges for the sale of the output, capacity, use or service of the CC Project as required to provide revenues at least sufficient in each calendar year, together with other available funds, for the payment during such calendar year of operating expenses, scheduled debt service on CC Bonds, amounts required for reserves under the CC Bond Resolution, and all other charges or liens payable from such revenues.

Nature of Obligation. The CC Bonds do not constitute a debt of, a loan by or a pledge of the faith and credit of the State of Georgia or of any political subdivision thereof. The issuance of CC Bonds does not obligate the State of Georgia or any political subdivision thereof to levy or pledge any form of taxation for the payment thereof. No person has the right to enforce payment of any CC Bond against any property of the State of Georgia or of any political subdivision thereof nor does any CC Bond constitute a charge, lien or encumbrance upon any such property. However, in the CC Bond Resolution, MEAG Power has covenanted to enforce the obligation of any CC Participant to pay the amounts required by its CC Contract, which is an obligation of the CC Participant to the payment of which its full faith and credit are pledged.

Allocation of Costs Among CC Participants. Pursuant to the CC Contracts, MEAG Power is obligated to collect from each CC Participant and each CC Participant is obligated to pay on a monthly basis its Combined Cycle Obligation Share of all annual fixed and variable costs relating to the CC Project and its Embedded Simple Cycle Obligation Share of Embedded Simple Cycle Debt Related Costs; provided, however, that with respect to fixed costs relating to debt service on the CC Bonds, each CC Participant’s obligation is determined based upon the elections made by the CC Participants as provided for in the CC Contracts. MEAG Power will operate the CC Project to achieve the best operating economics in accordance with prudent utility practice, and may sell such of the output to others as it determines economically appropriate. Further, MEAG Power may use the CC Project to enter into, among other agreements, (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 to each CC Participant’s obligation to pay its share of annual CC Project costs on an allocable basis according to each CC Participant’s Combined Cycle Obligation Share. 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. See “SUMMARY OF COMBINED CYCLE POWER SALES CONTRACTS – CC Participants’ Obligations to Pay” in APPENDIX I hereto.

CC Project Revolving Credit Agreement. In December 2009, MEAG Power entered into the CC Project Revolving Credit Agreement for the purpose of funding, on an interim basis, certain CC Project costs, including fuel costs, capital costs and working capital requirements. Any indebtedness outstanding from time to time under the CC Project Revolving Credit Agreement is secured by a pledge of proceeds of any CC Bonds issued from and after the earlier of any default under the CC Project Revolving Credit Agreement or the date 90 days prior to the termination date until such notes are repaid in full. Total borrowings under the CC Project Revolving Credit Agreement, the Project One Revolving Credit Agreement and the General Resolution Projects Revolving Credit Agreement may not exceed $125,000,000 at any one time. See “Security for MEAG Power’s Subordinated Bonds – Project One Subordinated Bonds” and “– General Resolution Projects Subordinated Bonds” above. Following an event of default under the CC Project Revolving Credit Agreement, the banks have the right, subject to certain conditions, to exchange notes held thereunder for CC Bonds. See “SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA – Rating Triggers and Other Factors That Could Affect MEAG Power’s Liquidity,
Results of Operations or Financial Condition – *Revolving Credit Agreements*” herein. On November 28, 2016, the balance outstanding under the CC Project Revolving Credit Agreement, $36,590,000, was repaid with revenues collected from the CC Participants of $4,095,000 and an advance under the CC Project 2012A BAN in the amount of $32,495,000. As of December 31, 2016 and as of the date of this Annual Information Statement, no amount was outstanding under the CC Project Revolving Credit Agreement.

**Security for MEAG Power’s Project M Bonds**

*The Project M Power Sales Contracts.*

**General.** Under the separate Project M Power Sales Contracts with each Project M Participant, MEAG Power has agreed to provide to each Project M Participant, and each Project M Participant has agreed to take from MEAG Power, output and services from the Project M Entity’s Ownership Interest and related reserve, emergency and interchange service as may be available for the term of the Project M Power Sales Contracts. Each Project M Power Sales Contract provides that a specified percentage of the net power and energy produced by Project M is to be delivered to each Project M Participant and that each Project M Participant is to pay a corresponding percentage of MEAG Power’s costs (including scheduled debt service, unless paid or provided for from the proceeds of Project M Bonds) resulting from the ownership, operation and maintenance of, and renewals and replacements to, Project M. Each Project M Power Sales Contract will continue to be in full force and effect at least until such time as all Project M Bonds have been paid or provision has been made for their payment and all obligations of the Project M Entity under the Project M Federal Loan Documents have been satisfied and all lending commitments thereunder have been terminated or until such time as Project M is retired from service or disposed of by MEAG Power or the Project M Entity, as applicable, whichever is later, but in no event longer than fifty (50) years from December 31, 2014, the execution date of the Amended and Restated Project M Power Sales Contracts (unless extended either through amendment or replacement with another contract; see the fourth paragraph under “INTRODUCTORY STATEMENT – The Participants” herein).

*Project M Participants’ Payment Obligations Under the Project M Power Sales Contracts.* Each Project M Participant is obligated to pay its Obligation Share of Project M’s annual costs and any other costs that become due and owing during the term of the Project M Power Sales Contracts. Such payments are required to be made by the Project M Participant whether or not the Project M Entity’s Ownership Interest is 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.

*Event of Default by a Project M Participant Under a Project M Power Sales Contract.* Failure by a Project M Participant to make any payment due under its Project M Power Sales 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 defaulting Project M Participant, cease and discontinue providing services to such Project M Participant under such Project M Power Sales Contract. If the default continues for more than 180 days or if a non-defaulting Project M Participant exercises a right of first refusal to purchase a pro rata share of such defaulting Project M Participant’s Obligation Share of the output and services of the Project M Entity’s Ownership Interest, whichever occurs first, MEAG Power may permanently discontinue providing service from the Project M Entity’s Ownership Interest to the defaulting Project M Participant. Each Project M Participant expressly waives any claim to interest payments recovered by MEAG Power as a result of a default under its Project M Power Sales Contract. The Project M Power Sales Contracts also provide that in the event of default in any payment by a Project M Participant, such Project M Participant must provide for the assessment and collection of an annual tax sufficient to make all payments due under the Project M Power Sales Contract in each year over the remainder of the term of the Project M Power Sales Contract. In addition to any suit in law or equity, MEAG Power has the right to request specific performance as a remedy to enforce such provision.
In the event of a default by a Project M Participant under a Project M Power Sales Contract and discontinuation of such Project M Participant’s service from Project M, MEAG Power shall first offer to transfer a pro rata portion of the defaulting Project M Participant’s Obligation Share to all other non-defaulting Project M Participants. Any such portion of the defaulting Project M Participant’s Obligation Share which is declined by any non-defaulting Project M Participant will be reoffered pro rata to the non-defaulting Project M Participants which have accepted in full the first offer. Such reoffering will be repeated until such defaulting Project M Participant’s Obligation Share has been reallocated in full or until all non-defaulting Project M Participants have declined to take any additional portion of such defaulting Project M Participant’s Obligation Share. If less than all of the defaulting Project M Participant’s Obligation Share is accepted by the non-defaulting Project M Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Project M Participant’s Obligation Share for the remaining term of the associated Project M Power Sales Contract to any person, firm, association or corporation, public or private; provided, that such sales may not adversely affect the tax-exempt status of the Project M Bonds intended to be tax-exempt or the security for such Project M Bonds and all amounts owing by the Project M Entity or MEAG Power to FFB or the DOE Secured Parties under the Project M Federal Loan Documents (the “Project M DOE Secured Obligations”). If less than all of the defaulting Project M Participant’s Obligation Share is transferred to non-defaulting Project M Participants or otherwise sold, MEAG Power shall transfer the remaining portion of such defaulting Project M Participant’s Obligation Share, on a pro rata basis (based on the respective original Obligation Shares of the Project M Participants), to all other non-defaulting Project M Participants. Notwithstanding the foregoing, no Project M Participant may, as a result of such transfer, have an Obligation Share in excess of 130 percent of its Obligation Share in effect on the execution date of its Amended and Restated Project M Power Sales Contract. After such transfer, each non-defaulting Project M Participant shall be obligated to pay for its increased Obligation Share. In the event that less than all of the defaulting Project M Participant’s Obligation Share has been sold or transferred to non-defaulting Project M Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Project M Participant’s Obligation Share or the energy associated therewith to any person, firm, association or corporation, public or private, on terms and conditions acceptable to MEAG Power; provided, that such sales may not adversely affect the tax-exempt status of the Project M Bonds intended to be tax-exempt or the security for such Project M Bonds and the Project M DOE Secured Obligations. The defaulting Project M Participant shall remain liable under its Project M Power Sales Contract, except that its obligations will be reduced to the extent that payment has been received by MEAG Power for the portion of the defaulting Project M Participant’s Obligation Share that has been sold or transferred.

**Pledge.** The Project M Bonds are direct and special obligations of MEAG Power. The Project M Bonds are payable from and secured by pledges of the Shared Trust Estate and the Bondholders’ Trust Estate, the former of which is defined in the Project M Bond Resolution to include (i) the Revenues, other than any cash subsidy payments received by MEAG Power from the United States Treasury in respect of the interest payable on any Project M Build America Bonds, (ii) the Revenue Fund established by the Project M Bond Resolution, including the investments, if any, thereof and (iii) all of MEAG Power’s rights under the Project M Power Sales Contracts, including, without limitation, (a) the right to receive and collect all of the payments from the Project M Participants under the Project M Power Sales Contracts, (b) the right to receive and collect any proceeds of any insurance maintained thereunder, (c) the right to take all actions and give all consents under the Project M Power Sales Contracts and (d) the right to exercise such rights and remedies conferred on MEAG Power under the Project M Power Sales Contracts; provided, however, that, as to each Project M Power Sales Contract, the Trustee shall be entitled to exercise the rights described in the foregoing subclauses (c) and (d) only following the occurrence and continuance of a Bondholders’ Event of Default or a Federal Loan Event of Default under the Project M Bond Resolution; and the latter of which is defined in the Project M Bond Resolution to include (i) the proceeds of the sale of the Project M Bonds, (ii) all Funds established by the Project M Bond Resolution, including the investments, if any, thereof, other than the Revenue Fund and (iii) all cash subsidy payments received by MEAG Power from the United States Treasury in respect of the interest payable on any Project M Build America Bonds. (For
a discussion of the Debt Service Reserve Account in the Debt Service Fund, see “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Debt Service Fund—Debt Service Reserve Account” in APPENDIX N hereto.)

“Revenues” is defined in the Project M Bond Resolution to mean (a) all revenues, income, rents and receipts received by MEAG Power from or attributable to Project M, including, without limitation, all revenues attributable to Project M or to the payment of the costs thereof and received by MEAG Power under the Project M Power Sales Contracts (including any amounts received as a result of the enforcement of such contracts) or under any other contract for the sale of power, energy or other service from the Project M Entity’s Ownership Interest or any part thereof or any contractual arrangement with respect to the use of the Project M Entity’s Ownership Interest or any portion thereof or the services, output or capacity thereof, but will not include any such revenues, income, rents or receipts derived by MEAG Power from or attributable to the sale of any Pre-Commercial Generation (as such term is defined in the Project M Bond Resolution), (b) the proceeds of any insurance covering business interruption loss relating to the Project M Entity’s Ownership Interest or Project M and received by MEAG Power, (c) the proceeds of any liquidated damages payable by a contractor for delay relating to the Project M Entity’s Ownership Interest and received by MEAG Power and (d) interest accrued on any moneys or securities held pursuant to the Project M Bond Resolution and paid or required to be paid into the Revenue Fund established pursuant to the Project M Bond Resolution. Without limiting the generality of the foregoing, all cash subsidy payments received by MEAG Power from the United States Treasury in respect of the interest payable on any Project M Build America Bonds will constitute Revenues for all purposes of the Project M Bond Resolution.

Additional Project M Bonds. The Project M Bond Resolution permits the issuance of additional Project M Bonds, including Bond Anticipation Notes (as defined in the Project M Bond Resolution and referred to herein as “Project M Bond Anticipation Notes”), for certain purposes relating to Project M. In addition, under the Project M Bond Resolution, upon satisfaction of the conditions contained therein, MEAG Power is permitted to issue or incur certain Parity Obligations which may be secured by pledges of, and liens on, the Shared Trust Estate and the Bondholders’ Trust Estate on a parity with the pledges and liens created by the Project M Bond Resolution to secure the Project M Bonds. See “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions” in APPENDIX N hereto for a definition of the term “Parity Obligation.” The Project M Bond Resolution also permits, upon satisfaction of the conditions contained therein, MEAG Power to issue or incur certain Subordinated Obligations which may be secured by a pledge of the Subordinated Bond Fund created pursuant to the Project M Bond Resolution, which pledge will be subordinate in all respects to the pledges of (a) the Shared Trust Estate discussed above created by the Project M Bond Resolution in favor of the Project M Bonds and Parity Obligations and the Project M Federal Loan Debt Service Payments and (b) the Bondholders’ Trust Estate discussed above and created by the Project M Bond Resolution in favor of the Project M Bonds and Parity Obligations. See “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions” in APPENDIX N hereto for a definition of the term “Subordinated Obligation.” See also “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Subordinated Bonds,” “– Credit Facilities, Liquidity Facilities and Qualified Hedging Contracts” and “– Commercial Paper Notes” in APPENDIX N hereto.

Debt Service Reserve Account. The Project M Bond Resolution establishes a Debt Service Reserve Account in the Debt Service Fund and requires that such Account be funded in an amount equal to the Debt Service Reserve Requirement, which is defined to mean, as of any date of calculation, an amount equal to the greatest amount of the Adjusted Aggregate Debt Service (as defined in “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions” in APPENDIX N hereto) on the Project M Bonds for the current or any future calendar year; provided, however, that in the event that, in the opinion of tax counsel to MEAG Power, the amount of the proceeds of the Project M Bonds of any series that may be used to fund an increase in the Debt Service Reserve Requirement is limited under applicable federal income tax laws and regulations, then in no event may the increase in the Debt Service Reserve Requirement resulting from the issuance of such Project M Bonds exceed the maximum amount of the proceeds of such Project M Bonds that may, in the opinion of tax counsel to MEAG Power, be deposited to the Debt Service
Reserve Account under such applicable federal income tax laws and regulations. For purposes of calculating the Debt Service Reserve Requirement: (a) the Debt Service Reserve Requirement will take into account any series of Project M Bonds only for so long as any Project M Bonds of such series remain outstanding, but Project M Bond Anticipation Notes will not be deemed to be Project M Bonds for purposes of this provision; (b) in the event that the Project M Bonds of any series (or any portion thereof) constitute Build America Bonds, then until such time, if any, as MEAG Power, for whatever reason, no longer receives cash subsidy payments from the United States Treasury in respect of the interest payable on such Project M Bonds, for purposes of calculating the Debt Service Reserve Requirement, the interest on the Project M Bonds of such series will be calculated net of the amount of such subsidy; provided, however, that if at any time the specified percentage of the interest payable on such Project M Bonds represented by such subsidy will be permanently reduced, then the amount of the Debt Service Reserve Requirement will be increased to reflect the amount of interest payable on such Project M Bonds that no longer is payable to MEAG Power by the United States Treasury, and such increase will be deemed to accrue in equal monthly amounts over the five-year period that commences on the first day of the first month following the date on which such specified percentage is so reduced; and provided, further, that in the event that MEAG Power, for whatever reason, ceases to receive cash subsidy payments from the United States Treasury in respect of the interest payable on any such Project M Bonds, then the amount of the Debt Service Reserve Requirement will be increased to reflect the full amount of interest payable on such Project M Bonds, and such increase will be deemed to accrue in equal monthly amounts over the five-year period that commences on the first day of the first month following the date on which MEAG Power does not receive the first such cash subsidy payment that it theretofore was qualified to receive; (c) except as provided in the following clause (d), the Debt Service for the Project M Bonds of any series will be calculated as of the date of original issuance of the Project M Bonds of such series; and (d) in the event that the Project M Bonds of any series will be refunded in whole or in part, the Debt Service Reserve Requirement will be recalculated, assuming that the refunding Project M Bonds and the Project M Bonds (if any) of the refunded series to remain outstanding upon the issuance of the refunding Project M Bonds are part of the same series.

The Project M Bond Resolution provides that, in lieu of depositing monies in the Debt Service Reserve Account, or in substitution for monies previously deposited in the Debt Service Reserve Account, MEAG Power may provide the Trustee with a Financial Guaranty for deposit into the Debt Service Reserve Account. See “SUMMARY OF VOGLTE UNITS 3&4 BOND RESOLUTIONS – Debt Service Fund–Debt Service Reserve Account” in APPENDIX N hereto.

If at any time the amount in the Debt Service Account in the Debt Service Fund will be less than the requirement of such Account under the Project M Bond Resolution, or the amount in the Debt Service Reserve Account in the Debt Service Fund will be less than the Debt Service Reserve Requirement, then MEAG Power, upon requisition by the Trustee, will transfer from the Reserve and Contingency Fund to the Trustee for deposit in the Debt Service Account or the Debt Service Reserve Account, as the case may be, the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency (or, if the amount in the Reserve and Contingency Fund will be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and the Debt Service Reserve Account, then the amount in the Reserve and Contingency Fund will be applied first to make up the deficiency in the Debt Service Account, and any balance remaining will be applied to make up the deficiency with respect to the Debt Service Reserve Account). No transfers will be made pursuant to the above in any calendar month until all amounts required to be transferred pursuant to the Project M Bond Resolution in such calendar month have been so transferred, except to the extent that any such transfer is necessary in order to avoid a default in the payment of the principal or the redemption price of, or interest on, the Project M Bonds or the principal of, or interest or prepayment premiums, if any, on, or other amounts due with respect to, the Project M DOE Guaranteed Loan when due.

If on the last day of any calendar year the balance of moneys and securities in the Reserve and Contingency Fund exceeds MEAG Power’s Reserve and Contingency Requirement (as defined in the Project M Bond Resolution), all or a portion of the amount of such excess will be transferred to the Trustee
for deposit in the Debt Service Account or the Debt Service Reserve Account, as the case may be, in the Debt Service Fund if and to the extent such amount is required to make up any deficiency in either such Account; and the balance, if any, of such excess will be transferred to the Revenue Fund.

Rate Covenant. MEAG Power has covenanted in the Project M Bond Resolution that it will at all times charge and collect rates, fees and other charges for the sale of the output, capacity, use or service of Project M as required to provide revenues at least sufficient in each calendar year, together with other available funds, for the payment during such calendar year of operating expenses, scheduled debt service on the Project M Bonds, amounts required for reserves under the Project M Bond Resolution, and all other charges or liens payable from such revenues during such calendar year, including, without limitation, to the extent not otherwise provided for, all amounts payable by MEAG Power to the Project M Entity pursuant to the Project M Power Purchase Agreement (which include, without limitation, amounts necessary to enable the Project M Entity to pay all amounts owed by it, and fund all accounts or reserves required to be funded by it, pursuant to the Project M DOE Loan Guarantee Agreement and all other Project M Federal Loan Documents) during such calendar year and all amounts payable on Project M Subordinated Bonds and Project M Subordinated Obligations during such calendar year.

Nature of Obligation. The Project M Bonds do not constitute a debt of, a loan by, or a pledge of the faith and credit of the State of Georgia or of any political subdivision thereof. Rather, the Project M Bonds are payable from the Shared Trust Estate and the Bondholders’ Trust Estate as provided in the Project M Bond Resolution. The issuance of any Project M Bonds does not obligate the State of Georgia or any political subdivision thereof to levy or pledge any form of taxation whatever for the payment thereof. No bondholder, and no receiver or trustee in connection therewith, has the right to enforce the payment of any Project M Bond against any property of the State of Georgia or any political subdivision thereof, nor does any Project M Bond constitute a charge, lien or encumbrance, whether legal or equitable, upon any such property. However, in the Project M Bond Resolution, MEAG Power has covenanted to enforce the obligation of any Project M Participant to pay the amounts required by its Project M Power Sales Contract, which is an obligation of the Project M Participant to the payment of which its full faith and credit are pledged. In the Project M Power Sales Contracts, each Project M Participant has agreed that amounts payable by it thereunder will be paid as a cost of purchased power and energy of such Project M Participant’s electric system and otherwise as an expense of operation and maintenance thereof.

Security for MEAG Power’s Project J Bonds

The Project J PPA

General. For a period of twenty years, commencing on the commercial operation date of the first unit of Vogtle Units 3&4 to achieve commercial operation, MEAG Power is obligated to provide, and JEA is obligated to take from MEAG Power, all of the output and services from the Project J Entity’s Ownership Interest and related reserve, emergency and interchange service from such unit which are purchased by MEAG Power from the Project J Entity. Separately, for a period of twenty years, commencing on the commercial operation date of the second unit of Vogtle Units 3&4 to achieve commercial operation, MEAG Power is obligated to provide, and JEA is obligated to take from MEAG Power, all of the output and services from the Project J Entity’s Ownership Interest and related reserve, emergency and interchange service from such unit which are purchased by MEAG Power from the Project J Entity. JEA shall have no right to dispatch or schedule the operation of Project J or any facility thereof.

JEA’s Payments in Respect of Debt Service. Except in the case of (x) Project J Bonds issued after the commercial operation date of Plant Vogtle Unit No. 3 and/or Plant Vogtle Unit No. 4 to finance Costs of Acquisition and Construction of capital improvements to Plant Vogtle Unit No. 3 and/or Plant Vogtle Unit No. 4, as applicable, (y) refunding Project J Bonds and (z) Project J BANs and Project J Take-Out Bonds, JEA’s obligation to pay (i) the interest component of Debt Service of each Series of Project J Bonds and of each Project J Advance attributable to each of Plant Vogtle Unit No. 3 and/or Plant Vogtle Unit No.
4 shall continue for a period of 240 months from and including the month in which such obligation commences and (ii) the principal component of Debt Service of each Series of Project J Bonds and of each Project J Advance attributable to each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 shall continue for a period of 240 months from and including the month in which such obligation commences. As used under this heading “The Project J PPA,” the term “Debt Service” has the meaning set forth in the Project J PPA. See “SUMMARY OF VOGTLE UNITS 3&4 PPAs – PROJECT J PPA – Project J Annual Budgets” in APPENDIX K hereto. Debt Service does not include any acceleration of the maturity of Project J Bonds or the Project J DOE Guaranteed Loan.

In the event that MEAG Power issues Project J Bonds for Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 after its commercial operation date, issues refunding Project J Bonds or issues Project J BANs or Project J Take-Out Bonds, the time periods during which JEA is obligated under the Project J PPA in respect of Debt Service on such Project J Bonds may differ from the time periods described in the preceding paragraph. See “SUMMARY OF VOGTLE UNITS 3&4 PPAs – PROJECT J PPA – JEA’s Payment Obligations” in APPENDIX K hereto. In any such case, as more fully described under “The Project J Power Sales Contracts – Project J Participants’ Payments in Respect of Debt Service” below, the obligations of the Project J Participants in respect of such Debt Service will begin immediately upon expiration of the respective time periods during which JEA is obligated therefor.

JEA’s Payments in Respect of Annual Costs Other than Debt Service. With regard to Project J Annual Costs (as defined under “SUMMARY OF VOGTLE UNITS 3&4 PPAs – PROJECT J PPA – Project J Annual Budget” in APPENDIX K hereto) other than Debt Service, JEA is obligated to pay all such Project J Annual Costs (a) with respect to Plant Vogtle Unit No. 3, for a period of twenty years beginning with its commercial operation date and (b) with respect to Plant Vogtle Unit No. 4, for a period of twenty years beginning with its commercial operation date.

JEA’s Payment Obligations in the Event of Project J Delay or Termination. In the event of a delay in the scheduled commercial operation date of either or both of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, the payment obligations of JEA in respect of Debt Service related to Project J and other Project J Annual Costs, as described above, will not be affected. However, with respect to costs of acquisition and construction in the event of cancellation or termination of either or both of such units before the commercial operation date or dates, JEA will be obligated under the Project J PPA to pay 50 percent of any remaining costs of acquisition and construction, including decommissioning or disposal costs, that have not been financed with Project J Bonds or with Project J Advances. In the event of cancellation or termination of either or both such units after the commercial operation date or dates, JEA will be obligated under the Project J PPA to pay Project J Annual Costs allocated to the cancelled unit or units for a period of twenty years following the commercial operation date of such cancelled unit, including a portion of the decommissioning or disposal costs but no more than 50 percent of such costs. See “SUMMARY OF VOGTLE UNITS 3&4 PPAs – PROJECT J PPA – JEA’s Payment Obligations – JEA’s Payment Obligations in the Event of Project J Delay or Termination” in APPENDIX K hereto.

JEA’s Rate Covenant. JEA has covenanted in the Project J PPA to maintain and collect rates and charges for the electric service of its electric system so as to provide revenues sufficient, together with available electric system reserves, to enable JEA to pay MEAG Power all amounts payable under the Project J PPA and to pay all other amounts payable from and all lawful charges against or liens on the revenues of its electric system.

Payments Made by JEA will Constitute a Contract Debt. The Project J PPA also provides that amounts owed by JEA under the Project J PPA will constitute a Contract Debt (as defined below), which is payable from revenues of JEA’s Electric System (as defined below) as a Cost of Operation and Maintenance (as defined in the resolution adopted by JEA on March 30, 1982 (as supplemented and amended, the “Electric System Resolution’’)). Such payments are payable from the revenues of JEA’s Electric System prior to any payments from such revenues for indebtedness of the Electric System not
constituting Contract Debts. For purposes of this provision only, the following terms will have the definitions set forth below.

The term “Contract Debt” is defined in Electric System Resolution to mean any obligations of JEA under a contract, lease, installment sale agreement, bulk electric power purchase agreement or otherwise to make payments out of Revenues for property, services or commodities whether or not the same are made available, furnished or received, but does not include (a) payments required to be made in respect of (i) debt service on any obligations incurred by JEA in connection with the financing of any separate bulk power supply utility or system undertaken by JEA and any additional amounts relating to “debt service coverage” with respect thereto and (ii) deposits into any renewal and replacement or other similar fund or account established with respect to any such separate bulk power supply utility or system (in each such case, other than (x) the Power Park (as defined in the Electric System Resolution) and (y) the Bulk Power Supply System Projects (as defined in the Electric System Resolution)) and (b) payments required to be made in respect of any other arrangement(s) for the supply of power and/or energy to the Electric System for resale as may be determined by JEA to be payable on a parity with subordinated bonds that may be issued in accordance with the provisions of the Electric System Resolution.

The term “Electric System” is defined in the Electric System Resolution to mean the existing electric generating, transmission and distribution system consisting of the existing generating plants and transmission and distribution lines and facilities together with any and all improvements, extensions and additions thereto hereafter constructed or acquired, and all lands or interests therein, including buildings, machinery, equipment and all property, real or personal, tangible or intangible, now or hereafter owned and constructed or acquired by JEA as part of said existing electric system; such Electric System will not be deemed to include (a) any facilities or property now or hereafter constructed, owned or operated by JEA as a part of the St. Johns River Power Park System (as defined in the Electric System Resolution) or the Bulk Power Supply System Projects or any other separate non-competing electric utility or system which JEA elects to acquire, construct and operate as a separate bulk power supply utility or system, (b) the existing water and sewer system owned by JEA or any additional utility functions hereafter added to such water and sewer system or (c) any properties or interests in properties of JEA (i) which JEA determines do not constitute a part of the Electric System for the purpose of the Electric System Resolution at the time of the acquisition thereof by JEA or (ii) as to which JEA shall determine by resolution that the exclusion of such properties or interests in properties from the Electric System will not materially impair the ability of JEA to comply during the current or any future fiscal year with the provisions of the Electric System Resolution.

The term “Revenues” or “Gross Revenues” is defined in the Electric System Resolution to mean all income or earnings, including any income from the investment of funds which is deposited in a revenue fund (referred to herein as the “Electric System’s Revenue Fund”) as provided in the Electric System Resolution, derived by JEA from the ownership or operation of the Electric System. “Gross Revenues” or “Revenues” does not include customers’ deposits and any other deposits subject to refund unless such deposits have become property of JEA. For any purpose of the Electric System Resolution that requires the computation of Gross Revenues or Revenues with respect to any period of time, “Gross Revenues” or “Revenues” includes such amounts derived by JEA from the ownership or operation of the Electric System during such period plus (x) the amounts, if any, paid from the “Rate Stabilization Fund” established pursuant to the Electric System Resolution into the Electric System’s Revenue Fund during such period (excluding from (x) amounts, if any, included in the Revenues for such period representing interest earnings transferred from the Rate Stabilization Fund to the Electric System’s Revenue Fund pursuant to the Electric System Resolution) and minus (y) the amounts, if any, paid from the Electric System’s Revenue Fund into the Rate Stabilization Fund during such period.
**Project J BANs and Project J Take-Out Bonds.** In the event that MEAG Power does not have sufficient funds to pay in full the principal of or interest on any Project J BANs or Project J Take-Out Bonds when due (including as a result of the inability of MEAG Power or the Project J Entity, for any reason, to borrow funds in an amount sufficient to refund any Project J BANs or Project J Take-Out Bonds at or prior to their respective maturity dates (whether through the issuance of other Project J Bonds (including other Project J BANs or Project J Take-Out Bonds) or otherwise), JEA will be obligated, pursuant to the terms of the Project J PPA, to pay to MEAG Power 50 percent of the amount of such shortfall, which amount will be payable on or before the due date of such principal and/or interest, whether before or after the applicable commercial operation date. Project J BANs are defined in the Project J PPA as Project J Bonds that are issued to finance or refinance the costs of acquisition and construction of the Project J Entity’s Ownership Interest and financing costs of Project J on an interim basis prior to the issuance of other Project J Bonds or the making of Project J Advances under the Project J DOE Guaranteed Loan, in either such case, satisfying the structuring requirements of the Project J PPA. Project J Take-Out Bonds are defined as Bonds issued to refund Project J BANs that (a) are designated by MEAG Power as such in the applicable supplemental resolution authorizing such Project J Take-Out Bonds, (b) are intended to be amortized over a period not to exceed ten (10) years following the date of issuance thereof and (c) are not intended to be payable from, or secured by, amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund.

In the event that JEA pays to MEAG Power any amount in respect of the principal of maturing Project J BANs or Project J Take-Out Bonds as provided in the preceding paragraph, MEAG Power has agreed in the Project J PPA that, on the first date thereafter on which it or the Project J Entity is able to borrow funds to pay costs of acquisition and construction and financing costs of Project P, it will include in such borrowing an amount sufficient to reimburse JEA and the Project J Participants for all amounts paid by them in respect of the principal of such maturing Project J BANs or Project J Take-Out Bonds that have not theretofore been reimbursed by MEAG Power, but without interest thereon.

**The Project J Power Sales Contracts.**

**General.** As more fully described below, under the Project J Power Sales Contracts, beginning with the expiration of the respective twenty-year periods during which JEA is obligated to take all of the output and services of the Project J Entity’s Ownership Interest, MEAG Power has agreed to provide to each Project J Participant, and each Project J Participant has agreed to take from MEAG Power, its respective Obligation Share of all of the output and services of Vogtle Units 3&4 related to the Project J Entity’s Ownership Interest and related reserve, emergency and interchange service, and each Project J Participant is obligated to pay its respective Obligation Share of all of MEAG Power’s costs related to Project J. Each Project J Power Sales Contract will continue to be in full force and effect at least until such time as all Project J Bonds have been paid or provision has been made for their payment and all obligations of the Project J Entity under the Project J Federal Loan Documents have been satisfied and all lending commitments thereunder have been terminated or until such time as Project J is retired from service or disposed of by MEAG Power or the Project M Entity, as applicable, whichever is later, but in no event longer than fifty (50) years from December 31, 2014, the execution date of the Amended and Restated Project J Power Sales Contracts (unless extended either through amendment or replacement with another contract; see the fourth paragraph under “INTRODUCTORY STATEMENT – The Participants” herein).

**Project J Participants’ Payments in Respect of Debt Service.** With respect to the Project J Bonds of any series or any Project J Advance attributable to Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, (a) the Project J Participants are obligated to pay their respective Obligation Shares of the interest and principal components of Debt Service beginning, in each case, at the time JEA ceases to be obligated for such interest component or principal component, that is, upon the expiration of the applicable 240-month period during which JEA is obligated for such interest component or principal component. As used under this heading “The Project J Power Sales Contracts,” the term “Debt Service” has the meaning set forth in
the Project J Power Sales Contracts. See “SUMMARY OF VOGTLE UNITS 3&4 POWER SALES CONTRACTS – Annual Budgets” in APPENDIX L hereto.

As described under “Project J PPA – JEA’s Payments in Respect of Debt Service” above, in the event that MEAG Power issues Project J Bonds for one of the units after its commercial operation date, issues refunding Project J Bonds, or issues Project J BANs or Project J Take-Out Bonds, the time periods during which JEA is obligated under the Project J PPA in respect of Debt Service on such Project J Bonds may differ from the time periods described therein. In any such case, the obligations of the Project J Participants in respect of the principal and interest components of such Debt Service will begin immediately upon expiration of the applicable time period during which JEA is obligated therefor.

Project J Participants’ Payments in Respect of Annual Costs Other than Debt Service. With regard to Project J Annual Costs other than Debt Service, the Project J Participants are obligated to pay their respective Obligation Shares of all such Project J Annual Costs (a) for the entire period during which JEA is obligated therefor, provided that their respective obligations shall be discharged to the extent MEAG Power receives payment therefor from JEA and (b) from and after the expiration of such period.

Project J Participants’ Payment Obligations in the Event of Project J Delay or Termination. In the event of a delay in the scheduled commercial operation date of either or both of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, the payment obligations of the Project J Participants in respect of Debt Service related to Project J and other Project J Annual Costs, as described above, will not be affected. However, with respect to costs of acquisition and construction in the event of cancellation or termination of either or both of such units, whether before or after the commercial operation date or dates, the Project J Participants will be obligated under their respective Project J Power Sales Contracts to pay their respective Obligation Shares of 50 percent of any remaining costs of acquisition and construction, including decommissioning or disposal costs, that have not been financed with Project J Bonds or with Project J Advances.

Event of Default by a Project J Participant Under a Project J Power Sales Contract. Failure by a Project J Participant to make any payment due under its Project J Power Sales 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 defaulting Project J Participant, cease and discontinue providing services to such Project J Participant under such Project J Power Sales Contract. If the default continues for more than 180 days or if a non-defaulting Project J Participant exercises a right of first refusal to purchase a pro rata share of such defaulting Project J Participant’s Obligation Share of the output and services of the Project J Entity’s Ownership Interest, whichever occurs first, MEAG Power may permanently discontinue providing service from the Project J Entity’s Ownership Interest to the defaulting Project J Participant. Each Project J Participant expressly waives any claim to interest payments recovered by MEAG Power as a result of a default under its Project J Power Sales Contract. The Project J Power Sales Contracts also provide that in the event of default in any payment by a Project J Participant, such Project J Participant must provide for the assessment and collection of an annual tax sufficient to make all payments due under the Project J Power Sales Contract in each year over the remainder of the term of the Project J Power Sales Contract. In addition to any suit in law or equity, MEAG Power has the right to request specific performance as a remedy to enforce such provision.

In the event of a default by a Project J Participant under a Project J Power Sales Contract and discontinuation of such Project J Participant’s service from Project J, MEAG Power shall first offer to transfer a pro rata portion of the defaulting Project J Participant’s Obligation Share to all other non-defaulting Project J Participants. Any such portion of the defaulting Project J Participant’s Obligation Share which is declined by any non-defaulting Project J Participant will be reoffered pro rata to the non-defaulting Project J Participants which have accepted in full the first offer. Such reoffering will be repeated until such defaulting Project J Participant’s Obligation Share has been reallocated in full or until all non-defaulting Project J Participants have declined to take any additional portion of such defaulting Project J Participant’s Obligation Share. If less than all of the defaulting Project J Participant’s Obligation Share is accepted by
the non-defaulting Project J Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Project J Participant’s Obligation Share for the remaining term of the associated Project J Power Sales Contract to any person, firm, association or corporation, public or private; provided, that such sales may not adversely affect the tax-exempt status of the Project J Bonds intended to be tax-exempt or the security for such Project J Bonds and all amounts owing by the Project J Entity or MEAG Power to FFB or the DOE Secured Parties under the Project J Federal Loan Documents (the “Project J DOE Secured Obligations”). If less than all of the defaulting Project J Participant’s Obligation Share is transferred to non-defaulting Project J Participants or otherwise sold, MEAG Power shall transfer the remaining portion of such defaulting Project J Participant’s Obligation Share, on a pro rata basis (based on the respective original Obligation Shares of the Project J Participants), to all other non-defaulting Project J Participants. Notwithstanding the foregoing, no Project J Participant may, as a result of such transfer, have an Obligation Share in excess of 130 percent of its Obligation Share in effect on the execution date of its Amended and Restated Project J Power Sales Contract. After such transfer, each non-defaulting Project J Participant shall be obligated to pay for its increased Obligation Share. In the event that less than all of the defaulting Project J Participant’s Obligation Share has been sold or transferred to non-defaulting Project J Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Project J Participant’s Obligation Share or the energy associated therewith to any person, firm, association or corporation, public or private, on terms and conditions acceptable to MEAG Power; provided, that such sales may not adversely affect the tax-exempt status of the Project J Bonds intended to be tax-exempt or the security for such Project J Bonds and the Project J DOE Secured Obligations. The defaulting Project J Participant shall remain liable under its Project J Power Sales Contract, except that its obligations will be reduced to the extent that payment has been received by MEAG Power for the portion of the defaulting Project J Participant’s Obligation Share that has been sold or transferred.

**Pledge.** The Project J Bonds are direct and special obligations of MEAG Power. The Project J Bonds are payable from and secured by pledges of the Shared Trust Estate and the Bondholders’ Trust Estate, the former of which is defined in the Project J Bond Resolution to include (i) the Revenues, other than any cash subsidy payments received by MEAG Power from the United States Treasury in respect of the interest payable on any Project J Build America Bonds, (ii) the Initial Power Purchaser Arrearages Payments and the Initial Power Purchaser Resale Revenues, (iii) the Project J Participant Arrearages Payments and the Project J Participant Resale Revenues, (iv) the Revenue Fund, the Initial Power Purchaser Arrearages Fund and the Project J Participant Arrearages Fund established by the Project J Bond Resolution, including the investments, if any, thereof and (v) except for the right to receive payment of the Additional Compensation Obligation, all of MEAG Power’s rights under the Project J Power Contracts, including, without limitation, (a) the right to receive and collect all of the payments from the Project J Power Purchasers under the Project J Power Contracts (other than the Additional Compensation Obligation), (b) the right to receive and collect any proceeds of any insurance maintained thereunder, (c) the right to take all actions and give all consents under the Project J Power Contracts and (d) the right to exercise such rights and remedies conferred on MEAG Power under the Project J Power Contracts; provided, however, that, as to each Project J Power Contract, the Trustee shall be entitled to exercise the rights described in the foregoing subclauses (c) and (d) only following the occurrence and continuance of a Bondholders’ Event of Default or a Federal Loan Event of Default under the Project J Bond Resolution; and the latter of which is defined in the Project J Bond Resolution to include (i) the proceeds of the sale of the Project J Bonds, (ii) all Funds established by the Project J Bond Resolution, including the investments, if any, thereof, other than the Revenue Fund, the Initial Power Purchaser Arrearages Fund and the Project J Participant Arrearages Fund and (iii) all cash subsidy payments received by MEAG Power from the United States Treasury in respect of the interest payable on any Project J Build America Bonds. See “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions – The Project J Bond Resolution” in APPENDIX N hereto for definitions of the terms “Initial Power Purchaser Arrearages Payment,” “Initial Power Purchaser Resale Revenues,” “Parity Obligation,” “Project J Participant Arrearages Payment” and “Project J Participant Resale Revenues.” (For a discussion of the Debt Service Reserve Account in the
“Revenues” is defined in the Project J Bond Resolution to mean (i) all revenues, income, rents and receipts received by MEAG Power from or attributable to Project J, including, without limitation, all revenues attributable to Project J or to the payment of the costs thereof and received by MEAG Power under the Project J Power Contracts (including any amounts received as a result of the enforcement of such contracts) or under any other contract for the sale of power, energy or other service from the Project J Entity’s Ownership Interest or any part thereof or any contractual arrangement with respect to the use of the Project J Entity’s Ownership Interest or any portion thereof or the services, output or capacity thereof, but will not include (X) any such revenues, income, rents or receipts derived by MEAG Power from or attributable to the sale of any Pre-Commercial Generation (as such term is defined in the Project J Bond Resolution) and (Y) any amount payable by JEA under the Project J PPA in respect of the Additional Compensation Obligation; (ii) the proceeds of any insurance covering business interruption loss relating to the Project J Entity’s Ownership Interest or Project J and received by MEAG Power; (iii) the proceeds of any liquidated damages payable by a contractor for delay relating to the Project J Entity’s Ownership Interest and received by MEAG Power; and (iv) interest accrued on any moneys or securities held pursuant to the Project J Bond Resolution and paid or required to be paid into the Revenue Fund established pursuant to the Project J Bond Resolution; *provided, however,* that (a) during the period from and including the Initial Power Purchaser Arrearages Fund Establishment Date to and including the Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, all Initial Power Purchaser Arrearages Payments and all Initial Power Purchaser Resale Revenues shall not constitute Revenues, and all such Payments and Resale Revenues shall be used and applied as provided in the Project J Bond Resolution and (b) during the period from and including the Project J Participants’ Debt Service Commencement Date to and including the Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, all Project J Participant Arrearages Payments and all Project J Participant Resale Revenues shall not constitute Revenues, and all such Payments and Resale Revenues shall be used and applied as provided in the Project J Bond Resolution. Without limiting the generality of the foregoing, all cash subsidy payments received by MEAG Power from the United States Treasury in respect of the interest payable on any Project J Build America Bonds will constitute Revenues for all purposes of the Project J Bond Resolution. See “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions – *The Project J Bond Resolution*” in APPENDIX N hereto for definitions of the terms “Initial Power Purchaser Arrearages Fund Establishment Date,” “Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date,” “Project J Participants’ Debt Service Commencement Date” and “Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date.”

The Project J Bond Resolution provides that the Project J Participants are not responsible for debt service that remains unpaid by JEA and JEA is not responsible for any new or additional debt service that goes unpaid by the Project J Participants after the Project J Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date. JEA will remain responsible for any debt service that remains unpaid by JEA, and each Project J Participant will remain responsible for any amount that goes unpaid under its Project J Power Sales Contract. Amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund under the Project J Bond Resolution will be used to make up a deficiency in the Debt Service Account in the Debt Service Fund as a result of any such non-payment. However, neither JEA nor the Project J Participants are responsible for replenishment of the Debt Service Reserve Account or the Project J DOE Debt Service Reserve Account as a result of the default of the other party. As a result, should either JEA, on the one hand, or the Project J Participants, on the other hand, default on their respective debt service-related responsibilities, bondholders will not be able to look to the non-defaulting party to make up such deficiency.

**Additional Project J Bonds.** The Project J Bond Resolution permits the issuance of additional Project J Bonds, including Project J BANs and Project J Take-Out Bonds, for certain purposes relating to Project J. In addition, under the Project J Bond Resolution, upon satisfaction of the conditions contained
therein, MEAG Power is permitted to issue or incur certain Parity Obligations which may be secured by pledges of, and liens on, the Shared Trust Estate and the Bondholders’ Trust Estate on a parity with the pledges and liens created by the Project J Bond Resolution to secure the Project J Bonds. See “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions” in APPENDIX N hereto for a definition of the term “Parity Obligation.” The Project J Bond Resolution also permits, upon satisfaction of the conditions contained therein, MEAG Power to issue or incur certain Subordinated Obligations which may be secured by a pledge of the Subordinated Bond Fund created pursuant to the Project J Bond Resolution, which pledge will be subordinate in all respects to the pledges of (a) the Shared Trust Estate discussed above created by the Project J Bond Resolution in favor of the Project J Bonds and Parity Obligations and the Project J Federal Loan Debt Service Payments and (b) the Bondholders’ Trust Estate discussed above and created by the Project J Bond Resolution in favor of the Project J Bonds and Parity Obligations. See “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions” in APPENDIX N hereto for a definition of the term “Subordinated Obligation.” See also “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Subordinated Bonds,” “– Credit Facilities, Liquidity Facilities and Qualified Hedging Contracts” and “– Commercial Paper Notes” in APPENDIX N hereto.

**Debt Service Reserve Account.** The Project J Bond Resolution establishes a Debt Service Reserve Account in the Debt Service Fund and requires that such Account be funded in an amount equal to the Debt Service Reserve Requirement, which is defined to mean, as of any date of calculation, an amount equal to the greatest amount of the Adjusted Aggregate Debt Service (as defined in “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions” in APPENDIX N hereto) on the Project J Bonds for the current or any future calendar year; provided, however, that in the event that, in the opinion of tax counsel to MEAG Power, the amount of the proceeds of the Project J Bonds of any series that may be used to fund an increase in the Debt Service Reserve Requirement is limited under applicable federal income tax laws and regulations, then in no event may the increase in the Debt Service Reserve Requirement resulting from the issuance of such Project J Bonds exceed the maximum amount of the proceeds of such Project J Bonds that may, in the opinion of tax counsel to MEAG Power, be deposited to the Debt Service Reserve Account under such applicable federal income tax laws and regulations. For purposes of calculating the Debt Service Reserve Requirement: (a) the Debt Service Reserve Requirement will take into account any series of Project J Bonds only for so long as any Project J Bonds of such series remain outstanding, but Project J BANs and Project J Take-Out Bonds will not be deemed to be Project J Bonds for purposes of this provision; (b) in the event that the Project J Bonds of any series (or any portion thereof) constitute Build America Bonds, then until such time, if any, as MEAG Power, for whatever reason, no longer receives cash subsidy payments from the United States Treasury in respect of the interest payable on such Project J Bonds, for purposes of calculating the Debt Service Reserve Requirement, the interest on the Project J Bonds of such series will be calculated net of the amount of such subsidy; provided, however, that if at any time the specified percentage of the interest payable on such Project J Bonds represented by such subsidy will be permanently reduced, then the amount of the Debt Service Reserve Requirement will be increased to reflect the amount of interest payable on such Project J Bonds that no longer is payable to MEAG Power by the United States Treasury, and such increase will be deemed to accrue in equal monthly amounts over the five-year period that commences on the first day of the first month following the date on which such specified percentage is so reduced; and provided, further, that in the event that MEAG Power, for whatever reason, ceases to receive cash subsidy payments from the United States Treasury in respect of the interest payable on any such Project J Bonds, then the amount of the Debt Service Reserve Requirement will be increased to reflect the full amount of interest payable on such Project J Bonds, and such increase will be deemed to accrue in equal monthly amounts over the five-year period that commences on the first day of the first month following the date on which MEAG Power does not receive the first such cash subsidy payment that it theretofore was qualified to receive; (c) except as provided in the following clause (d), the Debt Service for the Project J Bonds of any series will be calculated as of the date of original issuance of the Project J Bonds of such series; and (d) in the event that the Project J Bonds of any series will be refunded in whole or in part, the Debt Service Reserve Requirement will be recalculated, assuming that the refunding
Project J Bonds and the Project J Bonds (if any) of the refunded series to remain outstanding upon the issuance of the refunding Project J Bonds are part of the same series.

The Project J Bond Resolution provides that, in lieu of depositing monies in the Debt Service Reserve Account, or in substitution for monies previously deposited in the Debt Service Reserve Account, MEAG Power may provide the Trustee with a Financial Guaranty for deposit into the Debt Service Reserve Account. See “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Debt Service Fund–Debt Service Reserve Account” in APPENDIX N hereto.

If at any time the amount in the Debt Service Account in the Debt Service Fund will be less than the requirement of such Account under the Project J Bond Resolution, or the amount in the Debt Service Reserve Account in the Debt Service Fund will be less than the Debt Service Reserve Requirement, then MEAG Power, upon requisition by the Trustee, will transfer from the Reserve and Contingency Fund to the Trustee for deposit in the Debt Service Account or the Debt Service Reserve Account, as the case may be, the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency (or, if the amount in the Reserve and Contingency Fund will be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and the Debt Service Reserve Account, then the amount in the Reserve and Contingency Fund will be applied first to make up the deficiency in the Debt Service Account, and any balance remaining will be applied to make up the deficiency with respect to the Debt Service Reserve Account); provided, however, that (x) during the period from and including the Project J Participants’ Debt Service Commencement Date to and including the Project J Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, amounts deposited to the Reserve and Contingency Fund from payments made to MEAG Power by the Project J Participants pursuant to certain provisions of the Project J Bond Resolution must not be so withdrawn if the purpose for such withdrawal is to make up any such deficiency that resulted from a default by JEA in the making of any payment due under the Project J PPA and (y) during the period from and including the Project J Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, amounts deposited to the Reserve and Contingency Fund from payments made to MEAG Power by the Project J Participants pursuant to certain provisions of the Project J Bond Resolution must not be so withdrawn if the purpose for such withdrawal is to make up any such deficiency that resulted from a default by any Project J Participant in the making of any payment due under its Project J Power Sales Contract. No transfers will be made pursuant to the above in any calendar month until all amounts required to be transferred pursuant to the Project J Bond Resolution in such calendar month have been so transferred, except to the extent that any such transfer is necessary in order to avoid a default in the payment of the principal or the redemption price of, or interest on, the Project J DOE Guaranteed Loan when due.

If on the last day of any calendar year the balance of moneys and securities in the Reserve and Contingency Fund exceeds MEAG Power’s Reserve and Contingency Requirement (as defined in the Project J Bond Resolution), all or a portion of the amount of such excess will be transferred to the Trustee for deposit in the Debt Service Account or the Debt Service Reserve Account, as the case may be, in the Debt Service Fund if and to the extent such amount is required to make up any deficiency in either such Account; provided, however, that (x) during the period from and including the Project J Initial Power Purchaser Arrearages Fund Establishment Date to and including the Project J Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, amounts deposited to the Reserve and Contingency Fund from payments made to MEAG Power by the Project J Participants pursuant to certain provisions of the Project J Bond Resolution must not be so withdrawn if the purpose for such withdrawal is to make up any such deficiency that resulted from a default by JEA in the making of any payment due under the Project J PPA and (y) during the period from and including the Project J Participants’ Debt Service Commencement Date to and including the Project J Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, amounts deposited to the Reserve and Contingency Fund from payments made to MEAG Power by JEA pursuant to certain provisions of the Project J DOE Guaranteed Loan when due.
such withdrawal is to make up any such deficiency that resulted from a default by any Project J Participant in the making of any payment due under its Project J Power Sales Contract; and the balance, if any, of such excess will be transferred to the Revenue Fund (or, as applicable, transferred to MEAG Power for deposit to the Revenue Fund).

**Arrearage Funds.** By not later than the Project J Initial Power Purchaser Arrearages Fund Establishment Date, there shall be established a Project J Initial Power Purchaser Arrearages Fund, to be held by the Trustee, which shall consist of (a) an Initial Power Purchaser Resale Revenue Account, into which all Initial Power Purchaser Resale Revenues shall be deposited and (b) a Project J Initial Power Purchaser Arrearages Payment Account, into which all Initial Power Purchaser Arrearages Payments shall be deposited. Amounts on deposit in the Project J Initial Power Purchaser Resale Revenue Account in the Project J Initial Power Purchaser Arrearages Fund shall be applied as provided in the Project J Bond Resolution. See “SUMMARY OF VOGLTE UNITS 3&4 BOND RESOLUTIONS – Project J Initial Power Purchaser Arrearages Fund” in APPENDIX N hereto.

On the first date (if any) on or after the Project J Participants’ Debt Service Commencement Date on which any of (a) amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund, the Subordinated Bond Fund or the Reserve and Contingency Fund are applied to cure a deficiency in the Debt Service Account in said Debt Service Fund pursuant the Project J Bond Resolution, (b) the principal or redemption price of, or interest on, any Project J Bond is due and unpaid, (c) amounts on deposit in the DOE Debt Service Reserve Account or the DOE Reserve & Contingency Account are applied to cure a deficiency in the DOE Debt Service Payment Account, (d) the principal of, or interest or prepayment premiums, if any, on, or any other amounts due with respect to the Project J DOE Guaranteed Loan are due and unpaid or (e) there shall not be on deposit in the Revenue Fund amounts sufficient to make the transfers provided for in the Project J Bond Resolution at the time required thereby as a result of a default by any Project J Participant in the making of any payment due under its Project J Power Sales Contract (or on such earlier date as an Authorized Officer of MEAG Power shall determine), there will be established a Project J Participant Arrearages Fund, to be held by the Trustee, into which all Project J Participant Arrearages Payments and all Project J Participant Resale Revenues will be deposited and from which, among other things, (1) amounts owed by MEAG Power to the Project J Entity under the Project J Power Purchase Agreement in respect of Debt Service (as defined in the Project J Power Purchase Agreement) and (2) unpaid principal or redemption price of, or interest on, the Project J Bonds will be paid, as more fully provided in the Project J Bond Resolution. See “SUMMARY OF VOGLTE UNITS 3&4 BOND RESOLUTIONS – Participant Arrearages Funds” in APPENDIX N hereto.

**Rate Covenant.** MEAG Power has covenanted in the Project J Bond Resolution that it will at all times charge and collect rates, fees and other charges for the sale of the output, capacity, use or service of Project J as required to provide revenues at least sufficient in each calendar year, together with other available funds, for the payment during such calendar year of operating expenses, scheduled debt service on the Project J Bonds, amounts required for reserves under the Project J Bond Resolution, and all other charges or liens payable from such revenues during such calendar year, including, without limitation, to the extent not otherwise provided for, all amounts payable by MEAG Power to the Project J Entity pursuant to the Project J Power Purchase Agreement (which include, without limitation, amounts necessary to enable the Project J Entity to pay all amounts owed by it, and fund all accounts or reserves required to be funded by it, pursuant to the Project J DOE Loan Guarantee Agreement and all other Project J Federal Loan Documents) during such calendar year and all amounts payable on Project J Subordinated Bonds and Project J Subordinated Obligations during such calendar year.

**Nature of Obligation.** The Project J Bonds, including Project J BANs and Project J Take-Out Bonds, do not constitute a debt of, a loan by, or a pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, or of JEA or any Project J Participant. Rather, the Project J Bonds are payable from the Shared Trust Estate and the Bondholders’ Trust Estate as provided in the Project J Bond Resolution. The issuance of any Project J Bonds does not obligate the State of Georgia or any political
subdivision thereof, or JEA or any Project J Participant, to levy or pledge any form of taxation whatever for the payment thereof. No bondholder, and no receiver or trustee in connection therewith, has the right to enforce the payment of any Project J Bond against any property of the State of Georgia or any political subdivision thereof, or of JEA or any Project J Participant, nor does any Project J Bond constitute a charge, lien or encumbrance, whether legal or equitable, upon any such property. However, in the Project J Bond Resolution, MEAG Power has covenanted to enforce the obligation of any Project J Participant to pay the amounts required by its Project J Power Sales Contract, which is an obligation of the Project J Participant to the payment of which its full faith and credit are pledged. In the Project J Power Sales Contracts, each Project J Participant has agreed that amounts payable by it thereunder will be paid as a cost of purchased power and energy of such Project J Participant’s electric system and otherwise as an expense of operation and maintenance thereof.

Security for MEAG Power’s Project P Bonds

The Project P PPA

General. For a period of twenty years, commencing on the commercial operation date of the first unit of Vogtle Units 3&4 to achieve commercial operation, MEAG Power is obligated to provide, and PowerSouth is obligated to take from MEAG Power, all of the output and services from the Project P Entity’s Ownership Interest and related reserve, emergency and interchange service from such unit which are purchased by MEAG Power from the Project P Entity. Separately, for a period of twenty years, commencing on the commercial operation date of the second unit of Vogtle Units 3&4 to achieve commercial operation, MEAG Power is obligated to provide, and PowerSouth is obligated to take from MEAG Power, all of the output and services from the Project P Entity’s Ownership Interest and related reserve, emergency and interchange service from such unit which are purchased by MEAG Power from the Project P Entity. PowerSouth shall have no right to dispatch or schedule the operation of Project P or any facility thereof.

PowerSouth’s Payment Obligations Under the Project P PPA. The payment obligations of PowerSouth under the Project P PPA are comparable to those of JEA under the Project J PPA. See “Security for MEAG Power’s Project J Bonds – The Project J PPA – JEA’s Payments in Respect of Debt Service,” “- JEA’s Payments in Respect of Annual Costs Other than Debt Service” and “- JEA’s Payment Obligations in the Event of Project J Delay or Termination” herein. For a description of PowerSouth’s payment obligations under the Project P PPA, including its obligation to pay Project P annual costs and debt service in the case of a Project P delay or Project P termination, see “SUMMARY OF VOGTLE UNITS 3&4 PPAs – PROJECT P PPA – PowerSouth’s Payment Obligation,” in APPENDIX K hereto.

PowerSouth’s Rate Covenant. PowerSouth has covenanted in the Project P PPA to maintain and collect rates and charges for the electric service of its wholesale load so as to provide revenues sufficient, together with available reserves, to enable PowerSouth to pay MEAG Power all amounts payable under the Project P PPA and to pay all other amounts payable from and all lawful charges against or liens on the revenues of its electric system.

Project P Bond Anticipation Notes. In the event that MEAG Power does not have sufficient funds to pay in full the principal of or interest on any Project P Bond Anticipation Notes when due (including as a result of the inability of MEAG Power or the Project P Entity, for any reason, to borrow funds in an amount sufficient to refund any Project P Bond Anticipation Notes at or prior to their respective maturity dates (whether through the issuance of other Project P Bonds (including other Project P Bond Anticipation Notes) or otherwise), PowerSouth will be obligated, pursuant to the terms of the Project P PPA, to pay to MEAG Power 50 percent of the amount of such shortfall, which amount will be payable on or before the due date of such principal and/or interest, whether before or after the applicable commercial operation date. Project P Bond Anticipation Notes are defined in the Project P PPA as Project P Bonds that are issued to finance or refinance the costs of acquisition and construction of the Project P Entity’s Ownership Interest.
and financing costs of Project P on an interim basis prior to the issuance of other Project P Bonds or the making of Project P Advances under the Project P DOE Guaranteed Loan, in either such case, satisfying the structuring requirements of the Project P PPA.

In the event that PowerSouth pays to MEAG Power any amount in respect of the principal of maturing Project P Bond Anticipation Notes as provided in the preceding paragraph, MEAG Power has agreed in the Project P PPA that, on the first date thereafter on which it or the Project P Entity is able to borrow funds to pay costs of acquisition and construction and financing costs of Project P, it will include in such borrowing an amount sufficient to reimburse PowerSouth and the Project P Participants for all amounts paid by them in respect of the principal of such maturing Project P Bond Anticipation Notes that have not theretofore been reimbursed by MEAG Power, but without interest thereon.

**The Project P Power Sales Contracts.**

**General.** As more fully described below, under the Project P Power Sales Contracts, beginning with the expiration of the respective twenty-year periods during which PowerSouth is obligated to take all of the output and services of the Project P Entity’s Ownership Interest, MEAG Power has agreed to provide to each Project P Participant, and each Project P Participant has agreed to take from MEAG Power, its respective Obligation Share of all of the output and services of Vogtle Units 3&4 related to the Project P Entity’s Ownership Interest and related reserve, emergency and interchange service, and each Project P Participant is obligated to pay its respective Obligation Share of all of MEAG Power’s costs related to Project P. Each Project P Power Sales Contract will continue to be in full force and effect at least until such time as all Project P Bonds have been paid or provision has been made for their payment and all obligations of the Project P Entity under the Project P Federal Loan Documents have been satisfied and all lending commitments thereunder have been terminated or until such time as Project P is retired from service or disposed of by MEAG Power or the Project P Entity, as applicable, whichever is later, but in no event longer than fifty (50) years from December 31, 2014, the execution date of the Amended and Restated Project P Power Sales Contracts (unless extended either through amendment or replacement with another contract; see the fourth paragraph under “INTRODUCTORY STATEMENT – The Participants” herein).

**Project P Participants’ Payment Obligations Under the Project P Power Sales Contracts.** The payment obligations of the Project P Participants under the Project P Power Sales Contracts are comparable to those of the Project J Participants under the Project J Power Sales Contracts. See “Security for MEAG Power’s Project J Bonds – The Project J Power Sales Contracts – Project J Participants’ Payments in Respect of Debt Service,” “Project J Participants’ Payments in Respect of Annual Costs Other than Debt Service” and “Project J Participants’ Payment Obligations in the Event of Project J Delay or Termination” herein. For a discussion of the Project P Participants’ payment obligations, see “SUMMARY OF VOGTLE UNITS 3&4 POWER SALES CONTRACTS – Vogtle Units 3&4 Participants’ Obligations to Pay” in APPENDIX L hereto.

**Event of Default by a Project P Participant Under a Project P Power Sales Contract.** Failure by a Project P Participant to make any payment due under its Project P Power Sales 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 defaulting Project P Participant, cease and discontinue providing services to such Project P Participant under such Project P Power Sales Contract. If the default continues for more than 180 days or if a non-defaulting Project P Participant exercises a right of first refusal to purchase a pro rata share of such defaulting Project P Participant’s Obligation Share of the output and services of the Project P Entity’s Ownership Interest, whichever occurs first, MEAG Power may permanently discontinue providing service from the Project P Entity’s Ownership Interest to the defaulting Project P Participant. Each Project P Participant expressly waives any claim to interest payments recovered by MEAG Power as a result of a default under its Project P Power Sales Contract. The Project P Power Sales Contracts also provide that in the event of default in any payment by a Project P Participant, such Project P Participant must provide for the assessment and collection of an annual tax sufficient to make all
payments due under the Project P Power Sales Contract in each year over the remainder of the term of the Project P Power Sales Contract. In addition to any suit in law or equity, MEAG Power has the right to request specific performance as a remedy to enforce such provision.

In the event of a default by a Project P Participant under a Project P Power Sales Contract and discontinuation of such Project P Participant’s service from Project P, MEAG Power shall first offer to transfer a pro rata portion of the defaulting Project P Participant’s Obligation Share to all other non-defaulting Project P Participants. Any such portion of the defaulting Project P Participant’s Obligation Share which is declined by any non-defaulting Project P Participant will be reoffered pro rata to the non-defaulting Project P Participants which have accepted in full the first offer. Such reoffering will be repeated until such defaulting Project P Participant’s Obligation Share has been reallocated in full or until all non-defaulting Project P Participants have declined to take any additional portion of such defaulting Project P Participant’s Obligation Share. If less than all of the defaulting Project P Participant’s Obligation Share is accepted by the non-defaulting Project P Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Project P Participant’s Obligation Share for the remaining term of the associated Project P Power Sales Contract to any person, firm, association or corporation, public or private; provided, that such sales may not adversely affect the tax-exempt status of the Project P Bonds intended to be tax-exempt or the security for such Project P Bonds and all amounts owing by the Project P Entity or MEAG Power to FFB or the DOE Secured Parties under the Project P Federal Loan Documents (the “Project P DOE Secured Obligations”). If less than all of the defaulting Project P Participant’s Obligation Share is transferred to non-defaulting Project P Participants or otherwise sold, MEAG Power shall transfer the remaining portion of such defaulting Project P Participant’s Obligation Share, on a pro rata basis (based on the respective original Obligation Shares of the Project P Participants), to all other non-defaulting Project P Participants. Notwithstanding the foregoing, no Project P Participant may, as a result of such transfer, have an Obligation Share in excess of 130 percent of its Obligation Share in effect on the execution date of its Amended and Restated Project P Power Sales Contract. After such transfer, each non-defaulting Project P Participant shall be obligated to pay for its increased Obligation Share. In the event that less than all of the defaulting Project P Participant’s Obligation Share has been sold or transferred to non-defaulting Project P Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Project P Participant’s Obligation Share or the energy associated therewith to any person, firm, association or corporation, public or private, on terms and conditions acceptable to MEAG Power; provided, that such sales may not adversely affect the tax-exempt status of the Project P Bonds intended to be tax-exempt or the security for such Project P Bonds and the Project P DOE Secured Obligations. The defaulting Project P Participant shall remain liable under its Project P Power Sales Contract, except that its obligations will be reduced to the extent that payment has been received by MEAG Power for the portion of the defaulting Project P Participant’s Obligation Share that has been sold or transferred.

**Pledge.** The Project P Bonds are direct and special obligations of MEAG Power. The Project P Bonds are payable from and secured by pledges of the Shared Trust Estate and the Bondholders’ Trust Estate, the former of which is defined in the Project P Bond Resolution to include (i) the Revenues, other than any cash subsidy payments received by MEAG Power from the United States Treasury in respect of the interest payable on any Project P Build America Bonds, (ii) the Initial Power Purchaser Arrearages Payments and the Initial Power Purchaser Resale Revenues, (iii) the Project P Participant Arrearages Payments and the Project P Participant Resale Revenues, (iv) the Revenue Fund, the Initial Power Purchaser Arrearages Fund and the Project P Participant Arrearages Fund established by the Project P Bond Resolution, including the investments, if any, thereof and (v) except for the right to receive payment of the Additional Compensation Obligation, all of MEAG Power’s rights under the Project P Power Contracts, including, without limitation, (a) the right to receive and collect all of the payments from the Project P Power Purchasers under the Project P Power Contracts (other than the Additional Compensation Obligation), (b) the right to receive and collect any proceeds of any insurance maintained thereunder, (c) the right to take all actions and give all consents under the Project P Power Contracts and (d) the right to exercise such rights and remedies conferred on MEAG Power under the Project P Power Contracts;
provided, however, that, as to each Project P Power Contract, the Trustee shall be entitled to exercise the rights described in the foregoing subclauses (c) and (d) only following the occurrence and continuance of a Bondholders’ Event of Default or a Federal Loan Event of Default under the Project P Bond Resolution; and the latter of which is defined in the Project P Bond Resolution to include (i) the proceeds of the sale of the Project P Bonds, (ii) all Funds established by the Project P Bond Resolution, including the investments, if any, thereof, other than the Revenue Fund, the Initial Power Purchaser Arrearages Fund and the Project P Participant Arrearages Fund and (iii) all cash subsidy payments received by MEAG Power from the United States Treasury in respect of the interest payable on any Project P Build America Bonds. See “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions – The Project P Bond Resolution” in APPENDIX N hereto for definitions of the terms “Initial Power Purchaser Arrearages Payment,” “Initial Power Purchaser Resale Revenues,” “Parity Obligation,” “Project P Participant Arrearages Payment,” and “Project P Participant Resale Revenues.” (For a discussion of the Debt Service Reserve Account in the Debt Service Fund, see “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Debt Service Fund—Debt Service Reserve Account” in APPENDIX N hereto.)

“Revenues” is defined in the Project P Bond Resolution to mean (i) all revenues, income, rents and receipts received by MEAG Power from or attributable to Project P, including, without limitation, all revenues attributable to Project P or to the payment of the costs thereof and received by MEAG Power under the Project P Power Contracts (including any amounts received as a result of the enforcement of such contracts) or under any other contract for the sale of power, energy or other service from the Project P Entity’s Ownership Interest or any part thereof or any contractual arrangement with respect to the use of the Project P Entity’s Ownership Interest or any portion thereof or the services, output or capacity thereof, but will not include (X) any such revenues, income, rents or receipts derived by MEAG Power from or attributable to the sale of any Pre-Commercial Generation (as such term is defined in the Project P Bond Resolution) and (Y) any amount payable by PowerSouth under the Project P PPA in respect of the Additional Compensation Obligation; (ii) the proceeds of any insurance covering business interruption loss relating to the Project P Entity’s Ownership Interest or Project P and received by MEAG Power; (iii) the proceeds of any liquidated damages payable by a contractor for delay relating to the Project P Entity’s Ownership Interest and received by MEAG Power; and (iv) interest accrued on any moneys or securities held pursuant to the Project P Bond Resolution and paid or required to be paid into the Revenue Fund established pursuant to the Project P Bond Resolution; provided, however, that (a) during the period from and including the Initial Power Purchaser Arrearages Fund Establishment Date to and including the Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, all Initial Power Purchaser Arrearages Payments and all Initial Power Purchaser Resale Revenues shall not constitute Revenues, and all such Payments and Resale Revenues shall be used and applied as provided in the Project P Bond Resolution and (b) during the period from and including the Project P Participants’ Debt Service Commencement Date to and including the Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, all Project P Participant Arrearages Payments and all Project P Participant Resale Revenues shall not constitute Revenues, and all such Payments and Resale Revenues shall be used and applied as provided in the Project P Bond Resolution. Without limiting the generality of the foregoing, all cash subsidy payments received by MEAG Power from the United States Treasury in respect of the interest payable on any Project P Build America Bonds will constitute Revenues for all purposes of the Project P Bond Resolution. See “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions – The Project P Bond Resolution” in APPENDIX N hereto for definitions of the terms “Initial Power Purchaser Arrearages Fund Establishment Date,” “Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date,” “Project P Participants’ Debt Service Commencement Date” and “Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date.”

The Project P Bond Resolution provides that the Project P Participants are not responsible for debt service that remains unpaid by PowerSouth and PowerSouth is not responsible for any new or additional debt service that goes unpaid by the Project P Participants after the Project P Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date. PowerSouth will remain responsible for any debt service that remains unpaid by PowerSouth, and each Project P Participant will remain responsible for any amount
that goes unpaid under its Project P Power Sales Contract. Amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund under the Project P Bond Resolution will be used to make up a deficiency in the Debt Service Account in the Debt Service Fund as a result of any such non-payment. However, neither PowerSouth nor the Project P Participants are responsible for replenishment of the Debt Service Reserve Account or the Project P DOE Debt Service Reserve Account as a result of the default of the other party. As a result, should either PowerSouth, on the one hand, or the Project P Participants, on the other hand, default on their respective debt service-related responsibilities, bondholders will not be able to look to the non-defaulting party to make up such deficiency.

Additional Project P Bonds. The Project P Bond Resolution permits the issuance of additional Project P Bonds, including Project P Bond Anticipation Notes, for certain purposes relating to Project P. In addition, under the Project P Bond Resolution, upon satisfaction of the conditions contained therein, MEAG Power is permitted to issue or incur certain Parity Obligations which may be secured by pledges of, and liens on, the Shared Trust Estate and the Bondholders’ Trust Estate on a parity with the pledges and liens created by the Project P Bond Resolution to secure the Project P Bonds. See “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions” in APPENDIX N hereto for a definition of the term “Parity Obligation.” The Project P Bond Resolution also permits, upon satisfaction of the conditions contained therein, MEAG Power to issue or incur certain Subordinated Obligations which may be secured by a pledge of the Subordinated Bond Fund created pursuant to the Project P Bond Resolution, which pledge will be subordinate in all respects to the pledges of (a) the Shared Trust Estate discussed above created by the Project P Bond Resolution in favor of the Project P Bonds and Parity Obligations and the Project P Federal Loan Debt Service Payments and (b) the Bondholders’ Trust Estate discussed above and created by the Project P Bond Resolution in favor of the Project P Bonds and Parity Obligations. See “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions” in APPENDIX N hereto for a definition of the term “Subordinated Obligation.” See also “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Subordinated Bonds,” “– Credit Facilities, Liquidity Facilities and Qualified Hedging Contracts” and “– Commercial Paper Notes” in APPENDIX N hereto.

Debt Service Reserve Account. The Project P Bond Resolution establishes a Debt Service Reserve Account in the Debt Service Fund and requires that such Account be funded in an amount equal to the Debt Service Reserve Requirement, which is defined to mean, as of any date of calculation, an amount equal to the greatest amount of the Adjusted Aggregate Debt Service (as defined in “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Definitions” in APPENDIX N hereto) on the Project P Bonds for the current or any future calendar year; provided, however, that in the event that, in the opinion of tax counsel to MEAG Power, the amount of the proceeds of the Project P Bonds of any series that may be used to fund an increase in the Debt Service Reserve Requirement is limited under applicable federal income tax laws and regulations, then in no event may the increase in the Debt Service Reserve Requirement resulting from the issuance of such Project P Bonds exceed the maximum amount of the proceeds of such Project P Bonds that may, in the opinion of tax counsel to MEAG Power, be deposited to the Debt Service Reserve Account under such applicable federal income tax laws and regulations. For purposes of calculating the Debt Service Reserve Requirement: (a) the Debt Service Reserve Requirement will take into account any series of Project P Bonds only for so long as any Project P Bonds of such series remain outstanding, but Project P Bond Anticipation Notes will not be deemed to be Project P Bonds for purposes of this provision; (b) in the event that the Project P Bonds of any series (or any portion thereof) constitute Build America Bonds, then until such time, if any, as MEAG Power, for whatever reason, no longer receives cash subsidy payments from the United States Treasury in respect of the interest payable on such Project P Bonds, for purposes of calculating the Debt Service Reserve Requirement, the interest on the Project P Bonds of such series will be calculated net of the amount of such subsidy; provided, however, that if at any time the specified percentage of the interest payable on such Project P Bonds represented by such subsidy will be permanently reduced, then the amount of the Debt Service Reserve Requirement will be increased to reflect the amount of interest payable on such Project P Bonds that no longer is payable to MEAG Power by the United States Treasury, and such increase will be deemed to accrue in equal monthly amounts over the five-year period that commences on the first day of the first month following the date on which such specified
percentage is so reduced; and provided, further, that in the event that MEAG Power, for whatever reason, ceases to receive cash subsidy payments from the United States Treasury in respect of the interest payable on any such Project P Bonds, then the amount of the Debt Service Reserve Requirement will be increased to reflect the full amount of interest payable on such Project P Bonds, and such increase will be deemed to accrue in equal monthly amounts over the five-year period that commences on the first day of the first month following the date on which MEAG Power does not receive the first such cash subsidy payment that it theretofore was qualified to receive; (c) except as provided in the following clause (d), the Debt Service for the Project P Bonds of any series will be calculated as of the date of original issuance of the Project P Bonds of such series; and (d) in the event that the Project P Bonds of any series will be refunded in whole or in part, the Debt Service Reserve Requirement will be recalculated, assuming that the refunding Project P Bonds and the Project P Bonds (if any) of the refunded series to remain outstanding upon the issuance of the refunding Project P Bonds are part of the same series.

The Project P Bond Resolution provides that, in lieu of depositing monies in the Debt Service Reserve Account, or in substitution for monies previously deposited in the Debt Service Reserve Account, MEAG Power may provide the Trustee with a Financial Guaranty for deposit into the Debt Service Reserve Account. See “SUMMARY OF VOGLTE UNITS 3&4 BOND RESOLUTIONS – Debt Service Fund–Debt Service Reserve Account” in APPENDIX N hereto.

If at any time the amount in the Debt Service Account in the Debt Service Fund will be less than the requirement of such Account under the Project P Bond Resolution, or the amount in the Debt Service Reserve Account in the Debt Service Fund will be less than the Debt Service Reserve Requirement, then MEAG Power, upon requisition by the Trustee, will transfer from the Reserve and Contingency Fund to the Trustee for deposit in the Debt Service Account or the Debt Service Reserve Account, as the case may be, the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency (or, if the amount in the Reserve and Contingency Fund will be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and the Debt Service Reserve Account, then the amount in the Reserve and Contingency Fund will be applied first to make up the deficiency in the Debt Service Account, and any balance remaining will be applied to make up the deficiency with respect to the Debt Service Reserve Account); provided, however, that (x) during the period from and including the Project P Participants’ Debt Service Commencement Date to and including the Project P Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, amounts deposited to the Reserve and Contingency Fund from payments made to MEAG Power by the Project P Participants pursuant to certain provisions of the Project P Bond Resolution must not be so withdrawn if the purpose for such withdrawal is to make up any such deficiency that resulted from a default by PowerSouth in the making of any payment due under the Project P PPA and (y) during the period from and including the Project P Initial Power Purchaser Arrearages Fund Establishment Date to and including the Project P Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, amounts deposited to the Reserve and Contingency Fund from payments made to MEAG Power by PowerSouth pursuant to certain provisions of the Project P Bond Resolution must not be so withdrawn if the purpose for such withdrawal is to make up any such deficiency that resulted from a default by any Project P Participant in the making of any payment due under its Project P Power Sales Contract. No transfers will be made pursuant to the above in any calendar month until all amounts required to be transferred pursuant to the Project P Bond Resolution in such calendar month have been so transferred, except to the extent that any such transfer is necessary in order to avoid a default in the payment of the principal or the redemption price of, or interest on, the Project P Bonds or the principal of, or interest or prepayment premiums, if any, on, or other amounts due with respect to, the Project P DOE Guaranteed Loan when due.

If on the last day of any calendar year the balance of moneys and securities in the Reserve and Contingency Fund exceeds MEAG Power’s Reserve and Contingency Requirement (as defined in the Project P Bond Resolution), all or a portion of the amount of such excess will be transferred to the Trustee for deposit in the Debt Service Account or the Debt Service Reserve Account, as the case may be, in the Debt Service Fund if and to the extent such amount is required to make up any deficiency in either such
Account; provided, however, that (x) during the period from and including the Project P Initial Power Purchaser Arrearages Fund Establishment Date to and including the Project P Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, amounts deposited to the Reserve and Contingency Fund from payments made to MEAG Power by the Project P Participants pursuant to certain provisions of the Project P Bond Resolution must not be so withdrawn if the purpose for such withdrawal is to make up any such deficiency that resulted from a default by PowerSouth in the making of any payment due under the Project P PPA and (y) during the period from and including the Project P Participants’ Debt Service Commencement Date to and including the Project P Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, amounts deposited to the Reserve and Contingency Fund from payments made to MEAG Power by PowerSouth pursuant to certain provisions of the Project P PPA must not be so withdrawn if the purpose for such withdrawal is to make up any such deficiency that resulted from a default by any Project P Participant in the making of any payment due under its Project P Power Sales Contract; and the balance, if any, of such excess will be transferred to the Revenue Fund.

**Arrearage Funds.** By not later than the Project P Initial Power Purchaser Arrearages Fund Establishment Date, there shall be established a Project P Initial Power Purchaser Arrearages Fund, to be held by the Trustee, which shall consist of (a) an Initial Power Purchaser Resale Revenue Account, into which all Initial Power Purchaser Resale Revenues shall be deposited and (b) a Project P Initial Power Purchaser Arrearages Payment Account, into which all Initial Power Purchaser Arrearages Payments shall be deposited. Amounts on deposit in the Project P Initial Power Purchaser Resale Revenue Account in the Project P Initial Power Purchaser Arrearages Fund shall be applied as provided in the Project P Bond Resolution. See “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Project P Initial Power Purchaser Arrearages Fund” in APPENDIX N hereto.

On the first date (if any) on or after the Project P Participants’ Debt Service Commencement Date on which any of (a) amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund, the Subordinated Bond Fund or the Reserve and Contingency Fund are applied to cure a deficiency in the Debt Service Account in said Debt Service Fund pursuant the Project P Bond Resolution, (b) the principal or redemption price of, or interest on, any Project P Bond is due and unpaid, (c) amounts on deposit in the DOE Debt Service Reserve Account or the DOE Reserve & Contingency Account are applied to cure a deficiency in the DOE Debt Service Payment Account, (d) the principal of, or interest or prepayment premiums, if any, on, or any other amounts due with respect to the Project P DOE Guaranteed Loan are due and unpaid or (e) there shall not be on deposit in the Revenue Fund amounts sufficient to make the transfers provided for in the Project P Bond Resolution at the time required thereby as a result of a default by any Project P Participant in the making of any payment due under its Project P Power Sales Contract (or on such earlier date as an Authorized Officer of MEAG Power shall determine), there will be established a Project P Participant Arrearages Fund, to be held by the Trustee, into which all Project P Participant Arrearages Payments and all Project P Participant Resale Revenues will be deposited and from which, among other things, (1) amounts owed by MEAG Power to the Project P Entity under the Project P Power Purchase Agreement in respect of Debt Service (as defined in the Project P Power Purchase Agreement) and (2) unpaid principal or redemption price of, or interest on, the Project P Bonds will be paid, as more fully provided in the Project P Bond Resolution. See “SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS – Participant Arrearages Funds” in APPENDIX N hereto.

**Rate Covenant.** MEAG Power has covenanted in the Project P Bond Resolution that it will at all times charge and collect rates, fees and other charges for the sale of the output, capacity, use or service of Project P as required to provide revenues at least sufficient in each calendar year, together with other available funds, for the payment during such calendar year of operating expenses, scheduled debt service on the Project P Bonds, amounts required for reserves under the Project P Bond Resolution, and all other charges or liens payable from such revenues during such calendar year, including, without limitation, to the extent not otherwise provided for, all amounts payable by MEAG Power to the Project P Entity pursuant to the Project P Power Purchase Agreement (which include, without limitation, amounts necessary to enable the Project P Entity to pay all amounts owed by it, and fund all accounts or reserves required to be funded
by it, pursuant to the Project P DOE Loan Guarantee Agreement and all other Project P Federal Loan Documents) during such calendar year and all amounts payable on Project P Subordinated Bonds and Project P Subordinated Obligations during such calendar year.

**Nature of Obligation.** The Project P Bonds, including Project P Bond Anticipation Notes, do not constitute a debt of, a loan by, or a pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, or of PowerSouth or any Project P Participant. Rather, the Project P Bonds are payable from the Shared Trust Estate and the Bondholders’ Trust Estate as provided in the Project P Bond Resolution. The issuance of any Project P Bonds does not oblige the State of Georgia or any political subdivision thereof, or PowerSouth or any Project P Participant, to levy or pledge any form of taxation whatever for the payment thereof. No bondholder, and no receiver or trustee in connection therewith, has the right to enforce the payment of any Project P Bond against any property of the State of Georgia or any political subdivision thereof, or of PowerSouth or any Project P Participant, nor does any Project P Bond constitute a charge, lien or encumbrance, whether legal or equitable, upon any such property. However, in the Project P Bond Resolution, MEAG Power has covenanted to enforce the obligation of any Project P Participant to pay the amounts required by its Project P Power Sales Contract, which is an obligation of the Project P Participant to the payment of which its full faith and credit are pledged. In the Project P Power Sales Contracts, each Project P Participant has agreed that amounts payable by it thereunder will be paid as a cost of purchased power and energy of such Project P Participant’s electric system and otherwise as an expense of operation and maintenance thereof.

**THE PARTICIPANTS**

**General**

The Participants consist of 48 cities and one county, all political subdivisions of the State of Georgia. See “INTRODUCTORY STATEMENT – The Participants” herein. Geographically, the Participants are located throughout the State in 39 of its 159 counties. Collectively, the Participants serve approximately 311,000 customer accounts, representing a total population of approximately 635,000 based on the U.S. Census Bureau’s 2015 population estimates. The electric distribution systems of most of the Participants have been in operation for 100 years or more. Many of the Participants owned generating facilities in the past, but as technology improved in the electric utility industry and as economies of scale became more important, the local generating facilities were phased out of service, and Calhoun and Crisp County are the only Participants that now own generating facilities that are connected to the ITS. Until February 1977, the Initial Participants were dependent upon GPC for their wholesale electric requirements in excess of allotments of power from federally owned facilities through SEPA and, in the case of Crisp County, self-owned generation. Since that time, MEAG Power has furnished, from the output of Project One, the Existing General Resolution Projects and the CC Project and through purchases from other suppliers, all of the Participants’ requirements formerly supplied by GPC, except for certain transactions between Crisp County and GPC. MEAG Power has served all of the requirements of Oxford and Acworth since they became Participants in 1986 and 2002, respectively, and has provided firm bulk power supply to Acworth through wholesale power contracts since 1995. See “MEAG POWER – Bulk Power Supply Operations – Supplemental Bulk Power Supply” herein.

On January 31, 2011, MEAG Power purchased all but a defined portion of the electric distribution system of the City of Hogansville (“Hogansville”) (excluding customer meters and electrical service contracts with customers and certain described lines and equipment previously transferred to MEAG Power and leased to Hogansville by MEAG Power) pursuant to the terms of an installment sales agreement dated January 31, 2011 (the “Installment Sales Agreement”). Pursuant thereto, MEAG Power, as purchaser, agreed to pay the purchase price of $5,980,000 in 26 semi-annual installments from February 2011 through April 2023. MEAG Power took title to Hogansville’s distribution system, under the terms of the Installment Sales Agreement, upon the execution of such agreement, in order to facilitate the lease of the distribution
system back to Hogansville (the “Lease”). MEAG Power is obligated to pay the purchase price as provided for in the Installment Sales Agreement unless and until there has been an Event of Default (as defined in the Installment Sales Agreement) by Hogansville under the Lease, which event would trigger a termination of the Lease.

The Lease has a term of thirty years, and Hogansville’s payment obligations thereunder are its general obligation, to which its full faith and credit are pledged. Payments under the Lease, which began in October 2012 and will continue through October 2040, are structured to fully reimburse MEAG Power for the purchase price paid to Hogansville under the Installment Sales Agreement. The Lease payments are operation and maintenance expenses of Hogansville’s combined water and sewerage, gas distribution and electric distribution system, payable prior to debt service on Hogansville’s obligations payable from the net revenues of such system. The Lease contains a rate covenant obligating Hogansville to charge rates and fees for the services and facilities of the electric distribution system sufficient to pay all costs of such system, including the operation and maintenance of such system and all other obligations of such system. For more information, see Note 8 to MEAG Power’s 2016 Financial Statements attached hereto as APPENDIX A.

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Generation and Transmission Entitlement Shares – Project One

The following table sets forth the Entitlement Shares of each of the Participants for the output and services of the generating units and transmission system facilities included in Project One. During the term of the Project One Power Sales Contracts, each Participant’s Entitlement Share of the retained output and services of the generating units included in Project One will be as shown.

The Transmission Entitlement Shares are estimated each year for purposes of MEAG Power’s Annual System Budget and are adjusted retroactively to reflect the relative demands which each Participant actually placed upon the system at the time of MEAG Power’s peak demand.

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<th>Participant</th>
<th>Project One Generation Entitlement Shares</th>
<th>Project One Budgeted 2017 Transmission Entitlement Shares</th>
<th>Participant</th>
<th>Project One Generation Entitlement Shares</th>
<th>Project One Budgeted 2017 Transmission Entitlement Shares</th>
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<tr>
<td>Buford</td>
<td>0.570</td>
<td>2.382</td>
<td>Mansfield</td>
<td>0.027</td>
<td>0.078</td>
</tr>
<tr>
<td>Cairo</td>
<td>1.783</td>
<td>1.475</td>
<td>Marietta</td>
<td>12.761</td>
<td>10.821</td>
</tr>
<tr>
<td>Calhoun</td>
<td>2.810</td>
<td>4.505</td>
<td>Monroe</td>
<td>1.462</td>
<td>1.737</td>
</tr>
<tr>
<td>Camilla</td>
<td>1.093 (2)</td>
<td>1.431</td>
<td>Monticello</td>
<td>0.405</td>
<td>0.219</td>
</tr>
<tr>
<td>Cartersville</td>
<td>5.205</td>
<td>5.578</td>
<td>Moultrie</td>
<td>3.070</td>
<td>1.593</td>
</tr>
<tr>
<td>College Park</td>
<td>7.707</td>
<td>2.441</td>
<td>Newnan</td>
<td>1.605</td>
<td>4.530</td>
</tr>
<tr>
<td>Commerce</td>
<td>0.641</td>
<td>0.493</td>
<td>Norcross</td>
<td>0.846</td>
<td>1.435</td>
</tr>
<tr>
<td>Covington</td>
<td>2.694</td>
<td>5.377</td>
<td>Oxford</td>
<td>0.000 (3)</td>
<td>0.219</td>
</tr>
<tr>
<td>Crisp County</td>
<td>3.431</td>
<td>3.873</td>
<td>Palmetto</td>
<td>0.331</td>
<td>0.354</td>
</tr>
<tr>
<td>Doerun</td>
<td>0.119</td>
<td>0.053</td>
<td>Quitman</td>
<td>0.634</td>
<td>0.412</td>
</tr>
<tr>
<td>Douglas</td>
<td>2.625</td>
<td>2.870</td>
<td>Sandersville</td>
<td>0.780 (2)</td>
<td>1.117</td>
</tr>
<tr>
<td>East Point</td>
<td>7.019</td>
<td>2.507</td>
<td>Sylvania</td>
<td>3.118</td>
<td>0.757</td>
</tr>
<tr>
<td>Elberton</td>
<td>1.358</td>
<td>1.139</td>
<td>Sylvestre</td>
<td>0.979</td>
<td>0.985</td>
</tr>
<tr>
<td>Ellaville</td>
<td>0.307</td>
<td>0.356</td>
<td>Thomaston</td>
<td>1.227</td>
<td>1.051</td>
</tr>
<tr>
<td>Fairburn</td>
<td>0.568</td>
<td>1.067</td>
<td>Thomasville</td>
<td>4.359</td>
<td>5.196</td>
</tr>
<tr>
<td>Fitzgerald</td>
<td>2.950</td>
<td>2.147</td>
<td>Washington</td>
<td>1.059</td>
<td>0.800</td>
</tr>
<tr>
<td>Forsyth</td>
<td>0.994</td>
<td>0.899</td>
<td>West Point</td>
<td>0.426</td>
<td>0.375</td>
</tr>
<tr>
<td>Fort Valley</td>
<td>1.564</td>
<td>0.976</td>
<td>Whigham</td>
<td>0.125 (2)</td>
<td>0.077</td>
</tr>
<tr>
<td>Grantville</td>
<td>0.083</td>
<td>0.159</td>
<td></td>
<td>Total 100.000%</td>
<td>100.000%</td>
</tr>
</tbody>
</table>

(1) Acworth has entered into a Project One power sales contract with MEAG Power that provides for a portion of Sylvania’s Project One Entitlement Share to be transferred to Acworth and for MEAG Power to supply Acworth’s Supplemental Bulk Power Supply. The agreement between Sylvania and Acworth provides for a transfer of 9 MW of Project One capacity. The take-or-pay obligation of Sylvania is not affected. See “INTRODUCTORY STATEMENT – The Participants” herein.

(2) The Cities of Camilla, Lawrenceville and Sandersville also have entered into IPT contracts with certain other Initial Participants pursuant to which they have purchased portions of the Obligation Shares of such other Initial Participants for a term that is coterminous with the term of such other Initial Participants’ Project One Power Sales Contracts. The take-or-pay obligations of such other Initial Participants are not affected. See “MEAG POWER – Bulk Power Supply Operations – General” herein.

(3) Oxford has entered into power sales contracts relating to MEAG Power’s Projects, and the Initial Participants agreed that Oxford would take a 0.191 percent Entitlement Share pro rata from the Entitlement Shares of the Initial Participants. The take-or-pay obligations of the Initial Participants are not affected. See “INTRODUCTORY STATEMENT – The Participants” herein.
See “MEAG POWER – Bulk Power Supply Operations – General” herein for a discussion of certain inter-Participant transfers of Project One capacity among the Participants in Project One.

**Obligation Shares of the Participants – Existing General Resolution Projects**

Each Participant will remain liable, in the event that any of the Existing General Resolution Projects is totally and permanently retired from service, or is out of service totally, but not permanently, and MEAG Power is unable to provide power from alternate sources, to pay a fixed percentage, called an Obligation Share, of MEAG Power’s costs attributable to such Project (to the extent not paid from proceeds of bonds).

MEAG Power will fix the Project Two or Project Three Obligation Share for each Participant (other than Acworth, which has not entered into a power sales contract for Project Two or Project Three) at such time, if any, as the applicable Project becomes inoperable under a formula contained in the applicable power sales contracts based generally upon such Participant’s historical demand for Bulk Power Supply in excess of capacity delivered by MEAG Power from Project One relative to such historical demand of all Participants. The sum of all Obligation Shares of the applicable Project must equal 100 percent. As of any date of calculation, each Participant’s Obligation Share for Project Two may differ from its Obligation Share for Project Three because the historical period used for calculation of the former is longer than the historical period used for calculation of the latter.

Each Participant (other than Acworth, which has not entered into a power sales contract for Project Four) has a fixed Obligation Share for Project Four that will not change through the end of the original term of the power sales contracts for Project Four (November 16, 2033), as shown in the table below. After November 16, 2033, as a result of the Term Extension Amendments, each such Participant’s Project Four Obligation Share will equal its Project Four Billing Share through the remainder of the term of the Project Four power sales contracts. See “INTRODUCTORY STATEMENT – The Participants” herein. The sum of all Participants’ Obligation Shares for Project Four equals 100 percent.

[remainder of page intentionally left blank]
The Participants’ Obligation Shares for Project Four until November 16, 2033, and their Obligation Shares for Project Two and Project Three as of December 31, 2016 are as follows:

<table>
<thead>
<tr>
<th>Participant</th>
<th>Project Two Obligation Share</th>
<th>Project Three Obligation Share</th>
<th>Project Four Obligation Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adel</td>
<td>0.765%</td>
<td>0.708%</td>
<td>1.164%</td>
</tr>
<tr>
<td>Barnesville</td>
<td>1.039</td>
<td>1.139</td>
<td>0.415</td>
</tr>
<tr>
<td>Blakely</td>
<td>0.837</td>
<td>0.799</td>
<td>0.814</td>
</tr>
<tr>
<td>Brinson</td>
<td>0.016</td>
<td>0.014</td>
<td>0.033</td>
</tr>
<tr>
<td>Buford</td>
<td>1.203</td>
<td>1.340</td>
<td>0.570</td>
</tr>
<tr>
<td>Cairo</td>
<td>1.637</td>
<td>1.592</td>
<td>1.783</td>
</tr>
<tr>
<td>Calhoun</td>
<td>3.785</td>
<td>4.190</td>
<td>2.810</td>
</tr>
<tr>
<td>Camilla</td>
<td>0.693</td>
<td>0.650</td>
<td>1.093</td>
</tr>
<tr>
<td>Cartersville</td>
<td>2.419</td>
<td>2.167</td>
<td>5.205</td>
</tr>
<tr>
<td>College Park</td>
<td>2.120</td>
<td>1.668</td>
<td>7.707</td>
</tr>
<tr>
<td>Commerce</td>
<td>0.524</td>
<td>0.479</td>
<td>0.641</td>
</tr>
<tr>
<td>Covington</td>
<td>3.341</td>
<td>3.464</td>
<td>2.694</td>
</tr>
<tr>
<td>Crisp County</td>
<td>0.205</td>
<td>0.090</td>
<td>3.431</td>
</tr>
<tr>
<td>Doerun</td>
<td>0.118</td>
<td>0.111</td>
<td>0.119</td>
</tr>
<tr>
<td>Douglas</td>
<td>2.862</td>
<td>3.063</td>
<td>2.625</td>
</tr>
<tr>
<td>East Point</td>
<td>2.171</td>
<td>1.185</td>
<td>7.019</td>
</tr>
<tr>
<td>Elberton</td>
<td>1.571</td>
<td>1.557</td>
<td>1.358</td>
</tr>
<tr>
<td>Ellaville</td>
<td>0.288</td>
<td>0.296</td>
<td>0.307</td>
</tr>
<tr>
<td>Fairburn</td>
<td>0.649</td>
<td>0.633</td>
<td>0.568</td>
</tr>
<tr>
<td>Fitzgerald</td>
<td>1.950</td>
<td>1.864</td>
<td>2.950</td>
</tr>
<tr>
<td>Forsyth</td>
<td>0.839</td>
<td>0.841</td>
<td>0.994</td>
</tr>
<tr>
<td>Fort Valley</td>
<td>1.445</td>
<td>1.334</td>
<td>1.564</td>
</tr>
<tr>
<td>Grantville</td>
<td>0.048</td>
<td>0.043</td>
<td>0.083</td>
</tr>
<tr>
<td>Griffin</td>
<td>6.083</td>
<td>6.355</td>
<td>2.950</td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>Project Two Obligation Share</th>
<th>Project Three Obligation Share</th>
<th>Project Four Obligation Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>100.000%</td>
<td>100.000%</td>
<td>100.000%</td>
</tr>
</tbody>
</table>

Oxford and the Initial Participants agreed that Oxford will take a 0.191 percent Project Four Obligation Share pro rata from the Project Four Obligation Shares of the Initial Participants. The take-or-pay obligations of the Initial Participants are not affected.

The Existing General Resolution Projects Power Sales Contracts also provide that, in the event of a default by a Participant, MEAG Power is to determine the Participant’s Obligation Share for each Project and, while the default continues, the Participant is to continue to remain liable for the greater of its Obligation Share of MEAG Power’s costs attributable to the applicable Project or amounts due under the rates and charges established by MEAG Power.

**Obligation Shares of the Participants – CC Project**

The following table shows the Participants in the CC Project and their respective Combined Cycle Obligation Shares. The Combined Cycle Obligation Share is a percentage set forth in each CC Participant’s CC Contract that reflects both (a) such CC Participant’s percentage share of output and services of the CC Project and (b) the percentage of the CC Project Annual Costs (as such term is defined in the CC Contracts) that such CC Participant is obligated to pay under its CC Contract, except that, with respect to the portion of the CC Project Annual Costs comprised of MEAG Power’s Debt Related Costs (as such term is defined in the CC Contracts) pertaining to each series of CC Bonds, “Combined Cycle Obligation Share” means the dollar amount, calculated in accordance with the applicable elections in the CC Contracts, for which the CC Participant is obligated based upon the elections made with respect to the applicable series of CC Bonds. See “CC PROJECT PARTICIPANTS ANNUAL GROSS DEBT SERVICE RESPONSIBILITIES” in APPENDIX R hereto for the current debt service responsibilities of the CC Participants. With respect to that portion of the CC Project Annual Costs comprised of MEAG Power’s Debt Related Costs pertaining to new CC Bonds, “Combined Cycle Obligation Share” means the dollar amount of each series of CC
Bonds for which the CC Participant is obligated pursuant to the CC Contracts related to such series of CC Bonds.

<table>
<thead>
<tr>
<th>CC Participant</th>
<th>Combined Cycle Obligation Share</th>
<th>CC Participant</th>
<th>Combined Cycle Obligation Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acworth</td>
<td>2.34858%</td>
<td>Fort Valley</td>
<td>0.79287%</td>
</tr>
<tr>
<td>Adel</td>
<td>1.89067%</td>
<td>Grantville</td>
<td>0.19881%</td>
</tr>
<tr>
<td>Albany</td>
<td>1.98807%</td>
<td>Griffin</td>
<td>8.02783(^{(2)(3)})</td>
</tr>
<tr>
<td>Barnesville</td>
<td>0.68904%</td>
<td>Hogansville</td>
<td>0.39342%</td>
</tr>
<tr>
<td>Blakely</td>
<td>0.93787%</td>
<td>LaGrange</td>
<td>10.16460%</td>
</tr>
<tr>
<td>Brinson</td>
<td>0.01988%</td>
<td>Lawrenceville</td>
<td>0.79523%</td>
</tr>
<tr>
<td>Buford</td>
<td>5.08235%</td>
<td>Marietta</td>
<td>14.04938%</td>
</tr>
<tr>
<td>Cairo</td>
<td>1.15649%</td>
<td>Monroe</td>
<td>1.22406%</td>
</tr>
<tr>
<td>Calhoun</td>
<td>3.21209%</td>
<td>Newnan</td>
<td>4.89689(^{(4)})</td>
</tr>
<tr>
<td>Camilla</td>
<td>1.62642%</td>
<td>Norcross</td>
<td>2.43958%</td>
</tr>
<tr>
<td>Cartersville</td>
<td>8.42916%</td>
<td>Palmetto</td>
<td>0.39761%</td>
</tr>
<tr>
<td>Commerce</td>
<td>0.30103%</td>
<td>Quitman</td>
<td>0.20336%</td>
</tr>
<tr>
<td>Covington</td>
<td>5.08232%</td>
<td>Sandersville</td>
<td>1.23767%</td>
</tr>
<tr>
<td>Crisp County</td>
<td>4.29921%</td>
<td>Sylvester</td>
<td>0.83492%</td>
</tr>
<tr>
<td>Douglas</td>
<td>3.07170(^{(1)})</td>
<td>Thomaston</td>
<td>0.78551%</td>
</tr>
<tr>
<td>Elberton</td>
<td>1.50391%</td>
<td>Thomasville</td>
<td>7.11521%</td>
</tr>
<tr>
<td>Ellaville</td>
<td>0.28299%</td>
<td>Washington</td>
<td>0.93550%</td>
</tr>
<tr>
<td>Fairburn</td>
<td>0.84163%</td>
<td>West Point</td>
<td>0.71127%</td>
</tr>
<tr>
<td>Fitzgerald</td>
<td>2.03287%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total 100.00000%

---

(1) Pursuant to Section 702 of its CC Contract, the City of Douglas ("Douglas") assigned to Grantville 0.19881 percentage points of the CC Project output and further assigned to Lawrenceville 0.79523 percentage points of the CC Project output. The Combined Cycle Obligation Share for Douglas set forth in this table is net of these two transactions. However, in the event that either Grantville or Lawrenceville defaults in connection with its obligations under its respective CC Contract pertaining to the assigned amounts, Douglas shall be required to pay to MEAG Power whatever sums are necessary in order to cure such default. Moreover, during the period of such default, Douglas shall be entitled to the output associated with the assigned rights of the defaulting party.

(2) Pursuant to Section 702 of its CC Contract, Griffin assigned to Albany 1.98807 percentage points of the CC Project output. The Combined Cycle Obligation Share for Griffin set forth in this table is net of this transaction. However, in the event that Albany defaults in connection with its obligations under its CC Contract pertaining to the assigned amount, Griffin shall be required to pay to MEAG Power whatever sums are necessary in order to cure such default. Moreover, during the period of such default, Griffin shall be entitled to the output associated with the assigned rights of Albany.

(3) Pursuant to Section 702 of its CC Contract, Griffin assigned to Brinson 0.01988 percentage points of the CC Project output. The Combined Cycle Obligation Share for Griffin set forth in this table is net of this transaction. However, in the event that Brinson defaults in connection with its obligations under its CC Contract pertaining to the assigned amount, Griffin shall be required to pay to MEAG Power whatever sums are necessary in order to cure such default. Moreover, during the period of such default, Griffin shall be entitled to the output associated with the assigned rights of Brinson.

(4) Pursuant to Section 702 of its CC Contract, the City of Newnan ("Newnan") assigned to the City of Fairburn ("Fairburn") 0.39761 percentage points of the CC Project output and further assigned to Palmetto 0.39761 percentage points of the CC Project output. The Combined Cycle Obligation Share for Newnan set forth in this table is net of these two transactions. However, in the event that either Fairburn or Palmetto defaults in connection with its obligations under its respective CC Contract pertaining to the assigned amounts, Newnan shall be required to pay to MEAG Power whatever sums are necessary in order to cure such default. Moreover, during the period of such default, Newnan shall be entitled to the output associated with the assigned rights of the defaulting party.

[remainder of page intentionally left blank]
The CC Contracts also require the CC Participants to pay their respective Embedded Simple Cycle Obligation Share of all costs incurred by MEAG Power relating or pertaining to the W. R. Clayton CT Facility (hereinafter the “Embedded Simple Cycle Costs”). The following table shows the Participants in the CC Project and their respective Embedded Simple Cycle Obligation Shares.

<table>
<thead>
<tr>
<th>CC Participant</th>
<th>Embedded Simple Cycle Obligation Share</th>
<th>CC Participant</th>
<th>Embedded Simple Cycle Obligation Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acworth</td>
<td>2.72830%</td>
<td>Fort Valley</td>
<td>0.92110%</td>
</tr>
<tr>
<td>Adel</td>
<td>2.19640</td>
<td>Grantville</td>
<td>0.23095</td>
</tr>
<tr>
<td>Albany</td>
<td>2.30954</td>
<td>Griffin</td>
<td>9.32586(2)(3)</td>
</tr>
<tr>
<td>Barnesville</td>
<td>0.80050</td>
<td>Hogsansville</td>
<td>0.45700</td>
</tr>
<tr>
<td>Blakely</td>
<td>1.08950</td>
<td>LaGrange</td>
<td>11.80820</td>
</tr>
<tr>
<td>Brinson</td>
<td>0.02310</td>
<td>Lawrenceville</td>
<td>0.92380</td>
</tr>
<tr>
<td>Buford</td>
<td>5.90420</td>
<td>Marietta</td>
<td>2.46390</td>
</tr>
<tr>
<td>Cairo</td>
<td>1.34350</td>
<td>Monroe</td>
<td>1.18720</td>
</tr>
<tr>
<td>Calhoun</td>
<td>3.73150</td>
<td>Newnan</td>
<td>5.68868(4)</td>
</tr>
<tr>
<td>Camilla</td>
<td>1.88940</td>
<td>Norcross</td>
<td>2.83410</td>
</tr>
<tr>
<td>Cartersville</td>
<td>9.44650</td>
<td>Palmetto</td>
<td>0.46191</td>
</tr>
<tr>
<td>Commerce</td>
<td>0.34970</td>
<td>Quitman</td>
<td>0.23620</td>
</tr>
<tr>
<td>Covington</td>
<td>5.90410</td>
<td>Sandersville</td>
<td>1.43780</td>
</tr>
<tr>
<td>Crisp County</td>
<td>3.26220</td>
<td>Sylvester</td>
<td>0.96990</td>
</tr>
<tr>
<td>Douglas</td>
<td>3.56845(1)</td>
<td>Thomaston</td>
<td>0.91250</td>
</tr>
<tr>
<td>Elberton</td>
<td>1.74710</td>
<td>Thomasville</td>
<td>8.26570</td>
</tr>
<tr>
<td>Ellaville</td>
<td>0.32880</td>
<td>Washington</td>
<td>1.08680</td>
</tr>
<tr>
<td>Fairburn</td>
<td>0.97771</td>
<td>West Point</td>
<td>0.82630</td>
</tr>
<tr>
<td>Fitzgerald</td>
<td>2.36160</td>
<td>Total</td>
<td>100.00000%</td>
</tr>
</tbody>
</table>

(1) Pursuant to Section 702 of its CC Contract, Douglas assigned to Grantville its obligation to pay 0.23095 percentage points of the CC Project’s Embedded Simple Cycle Costs and further assigned to Lawrenceville its obligation to pay 0.92380 percentage points of the CC Project’s Embedded Simple Cycle Costs. The Embedded Simple Cycle Obligation Share for Douglas set forth in this table is net of these two transactions. However, in the event that either Grantville or Lawrenceville defaults in connection with its obligation to pay the assigned Embedded Simple Cycle Obligation Share, Douglas shall be required to pay to MEAG Power whatever sums are necessary in order to cure such default. Moreover, during the period of such default, Douglas shall be entitled to the output associated with the assigned rights of the defaulting party.

(2) Pursuant to Section 702 of its CC Contract, Griffin assigned to Albany its obligation to pay 2.30954 percentage points of the CC Project Embedded Simple Cycle Costs. The Embedded Simple Cycle Obligation Share for Griffin set forth in this table is net of this transaction. However, in the event that Albany defaults in connection with its obligation to pay the assigned Embedded Simple Cycle Obligation Share, Griffin shall be required to pay to MEAG Power whatever sums are necessary in order to cure such default. Moreover, during the period of such default, Griffin shall be entitled to the output associated with the assigned rights of Albany.

(3) Pursuant to Section 702 of its CC Contract, Griffin assigned to Brinson its obligation to pay 0.02310 percentage points of the CC Project Embedded Simple Cycle Costs. The Embedded Simple Cycle Obligation Share for Griffin set forth in this table is net of this transaction. However, in the event that Brinson defaults in connection with its obligation to pay the assigned Embedded Simple Cycle Obligation Share, Griffin shall be required to pay to MEAG Power whatever sums are necessary in order to cure such default. Moreover, during the period of such default, Griffin shall be entitled to the output associated with the assigned rights of Brinson.

(4) Pursuant to Section 702 of its CC Contract, Newnan assigned to Fairburn its obligation to pay 0.46191 percentage points of the CC Project’s Embedded Simple Cycle Costs and further assigned to Palmetto 0.46191 percentage points of its obligation to pay the CC Project’s Embedded Simple Cycle Costs. The Embedded Simple Cycle Obligation Share for Newnan set forth in this table is net of these two transactions. However, in the event that either Fairburn or Palmetto defaults in connection with its obligation to pay the assigned Embedded Simple Cycle Obligation Share, Newnan shall be required to pay to MEAG Power whatever sums are necessary in order to cure such default. Moreover, during the period of such default, Newnan shall be entitled to the output associated with the assigned rights of the defaulting party.

In accordance with the provisions of the CC Contracts, each of the CC Participants may, with respect to each Series of CC Bonds, elect to make a CC Capital Contribution to finance all or any portion of its Combined Cycle Obligation Share of the Costs of Acquisition and Construction of the CC Project or all or any portion of its Embedded Simple Cycle Obligation Share of the Embedded Simple Cycle Costs. The Embedded Simple Cycle Costs were financed through the issuance of the 2002A CT Bonds and the 2002B CT Bonds. In connection with the issuance of the CT Bonds, two of the CT Participants, the City of Cartersville and Ellaville, elected to make CC Capital Contributions. In addition, Marietta elected to pay
interest during the construction period. The CC Contracts also provide that each of the CC Participants
may select the number of years over which CC Bonds of each Series allocable to its Obligation Share of
the CC Project may be amortized and whether such CC Bonds will be amortized on a level debt service or
level principal basis. See “SUMMARY OF COMBINED CYCLE POWER SALES CONTRACTS” in
APPENDIX I hereto. See also “CC PROJECT PARTICIPANTS ANNUAL GROSS DEBT SERVICE
RESPONSIBILITIES” in APPENDIX R hereto for the current debt service responsibilities of the CC
Participants. The CC Contracts also contain provisions that permit each CC Participant to pay to MEAG
Power money or Defeasance Securities (as defined in the CC Bond Resolution) in amounts sufficient to
enable MEAG Power to defease all or a portion of such CC Participant’s allocable share of the CC Bonds,
thereby reducing the debt service responsibility of such CC Participant. As a result of the exercise of these
elections, each CC Participant’s responsibility for the payment of debt service coming due on the CC Bonds,
including the 2010A CC Bonds and the 2012A CC Bonds, may change in any year from that shown in
APPENDIX R hereto.

See “MEAG POWER – Bulk Power Supply Operations – General” herein for a discussion of
certain inter-Participant transfers of CC Project capacity among the Participants in the CC Project.

Obligation Shares of the Participants – Vogtle Units 3&4 Projects

The following table shows the Vogtle Units 3&4 Participants and their respective Obligation Shares
in Project M, Project J and Project P, respectively. Each Vogtle Units 3&4 Participant’s Obligation Share
is a percentage set forth in its Vogtle Units 3&4 Power Sales Contract that determines both (a) the
percentage share of output and services of each project to which such Vogtle Units 3&4 Participant is
entitled and (b) the percentage of each project’s annual costs that such Vogtle Units 3&4 Participant is
obligated to pay.

[remainder of page intentionally left blank]
<table>
<thead>
<tr>
<th>Participant</th>
<th>Project M Obligation Share</th>
<th>Project J Obligation Share</th>
<th>Project P Obligation Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acworth</td>
<td>3.89477%</td>
<td>0.11214%</td>
<td>0.11214%</td>
</tr>
<tr>
<td>Adel</td>
<td>2.36047</td>
<td>1.93985</td>
<td>1.93985</td>
</tr>
<tr>
<td>Albany</td>
<td>-</td>
<td>7.55629</td>
<td>7.55629</td>
</tr>
<tr>
<td>Barnesville</td>
<td>0.88518</td>
<td>0.75563</td>
<td>0.75563</td>
</tr>
<tr>
<td>Blakely</td>
<td>0.40954</td>
<td>1.17576</td>
<td>1.17576</td>
</tr>
<tr>
<td>Buford</td>
<td>3.55014</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cairo</td>
<td>1.67888</td>
<td>1.81351</td>
<td>1.81351</td>
</tr>
<tr>
<td>Calhoun</td>
<td>5.90117</td>
<td>4.53378</td>
<td>4.53378</td>
</tr>
<tr>
<td>Camilla</td>
<td>3.08867</td>
<td>1.69896</td>
<td>1.69896</td>
</tr>
<tr>
<td>Cartersville</td>
<td>8.85175</td>
<td>7.55629</td>
<td>7.55629</td>
</tr>
<tr>
<td>College Park</td>
<td>-</td>
<td>3.14342</td>
<td>3.14342</td>
</tr>
<tr>
<td>Commerce</td>
<td>2.95058</td>
<td>0.26145</td>
<td>0.26145</td>
</tr>
<tr>
<td>Covington</td>
<td>11.80234</td>
<td>1.89331</td>
<td>1.89331</td>
</tr>
<tr>
<td>Crisp County</td>
<td>16.22822</td>
<td>0.54677</td>
<td>0.54677</td>
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<tr>
<td>Douglas</td>
<td>1.38382</td>
<td>3.32477</td>
<td>3.32477</td>
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<tr>
<td>Elberton</td>
<td>1.88837</td>
<td>1.60193</td>
<td>1.60193</td>
</tr>
<tr>
<td>Ellaville</td>
<td>-</td>
<td>0.30225</td>
<td>0.30225</td>
</tr>
<tr>
<td>Fairburn</td>
<td>1.88837</td>
<td>0.61297</td>
<td>0.61297</td>
</tr>
<tr>
<td>Fitzgerald</td>
<td>-</td>
<td>2.41801</td>
<td>2.41801</td>
</tr>
<tr>
<td>Forsyth</td>
<td>-</td>
<td>1.81351</td>
<td>1.81351</td>
</tr>
<tr>
<td>Fort Valley</td>
<td>-</td>
<td>1.57443</td>
<td>1.57443</td>
</tr>
<tr>
<td>Grantville</td>
<td>0.17704</td>
<td>0.06045</td>
<td>0.06045</td>
</tr>
<tr>
<td>Griffin</td>
<td>10.62210</td>
<td>3.64757</td>
<td>3.64757</td>
</tr>
<tr>
<td>Hogansville</td>
<td>0.29506</td>
<td>0.30225</td>
<td>0.30225</td>
</tr>
<tr>
<td>Jackson</td>
<td>-</td>
<td>0.60450</td>
<td>0.60450</td>
</tr>
<tr>
<td>LaFayette</td>
<td>0.59012</td>
<td>1.20901</td>
<td>1.20901</td>
</tr>
<tr>
<td>LaGrange</td>
<td>4.72093</td>
<td>6.64954</td>
<td>6.64954</td>
</tr>
<tr>
<td>Lawrenceville</td>
<td>-</td>
<td>4.53378</td>
<td>4.53378</td>
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<tr>
<td>Mansfield</td>
<td>0.18235</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Marietta</td>
<td>-</td>
<td>19.75971</td>
<td>19.75971</td>
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<tr>
<td>Monroe</td>
<td>1.41628</td>
<td>2.05531</td>
<td>2.05531</td>
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<td>Moultrie</td>
<td>2.95058</td>
<td>1.51126</td>
<td>1.51126</td>
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<tr>
<td>Newnan</td>
<td>4.72093</td>
<td>2.06498</td>
<td>2.06498</td>
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<td>Norcross</td>
<td>2.24244</td>
<td>1.26946</td>
<td>1.26946</td>
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<tr>
<td>Oxford</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>Palmetto</td>
<td>0.06786</td>
<td>0.39293</td>
<td>0.39293</td>
</tr>
<tr>
<td>Sylvania</td>
<td>-</td>
<td>1.20901</td>
<td>1.20901</td>
</tr>
<tr>
<td>Sylvester</td>
<td>-</td>
<td>1.51126</td>
<td>1.51126</td>
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<td>Thomaston</td>
<td>0.59012</td>
<td>2.29711</td>
<td>2.29711</td>
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<tr>
<td>Thomasville</td>
<td>3.54070</td>
<td>4.53378</td>
<td>4.53378</td>
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<tr>
<td>Washington</td>
<td>-</td>
<td>1.17878</td>
<td>1.17878</td>
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<tr>
<td>West Point</td>
<td>1.12122</td>
<td>0.57428</td>
<td>0.57428</td>
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Total

<table>
<thead>
<tr>
<th>Project M Obligation Share</th>
<th>Project J Obligation Share</th>
<th>Project P Obligation Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>100.00000%</td>
<td>100.00000%</td>
<td>100.00000%</td>
</tr>
</tbody>
</table>

Obligation Shares of the Participants – Telecommunications Project

The following table shows the Telecommunications Participants and their respective Obligation Shares in the Telecommunications Project. The Obligation Share is a percentage set forth in each Telecommunications Participant’s Telecommunications Contract that reflects the percentage of the Annual Telecommunications Project Costs (as such term is defined in the Telecommunications Contracts) 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 (as such term is defined in the Telecommunications Contracts) 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.

The Obligation Shares set forth in the Telecommunications Contracts are taken to only two decimal places and total 99.99 percent. For billing purposes, MEAG Power has extended the percentages to four decimal places, which total 100 percent. MEAG Power has been billing the Telecommunications Participants based on these extended percentages since commencing billing under the Telecommunications Contracts in 1997. The billing percentages are set forth below:

<table>
<thead>
<tr>
<th>Telecommunications Participant</th>
<th>Obligation Share</th>
<th>Telecommunications Participant</th>
<th>Obligation Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adel</td>
<td>3.18%</td>
<td>Forsyth</td>
<td>1.54%</td>
</tr>
<tr>
<td>Albany</td>
<td>11.58</td>
<td>Fort Valley</td>
<td>2.32</td>
</tr>
<tr>
<td>Barnesville</td>
<td>1.16</td>
<td>Griffin</td>
<td>5.02</td>
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<tr>
<td>Blakely</td>
<td>1.54</td>
<td>LaGrange</td>
<td>0.64</td>
</tr>
<tr>
<td>Cairo</td>
<td>2.32</td>
<td>Marietta</td>
<td>11.96</td>
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<tr>
<td>Calhoun</td>
<td>4.24</td>
<td>Monticello</td>
<td>2.55</td>
</tr>
<tr>
<td>Camilla</td>
<td>1.54</td>
<td>Moultrie</td>
<td>3.09</td>
</tr>
<tr>
<td>Cartersville</td>
<td>5.40</td>
<td>Newnan</td>
<td>5.09</td>
</tr>
<tr>
<td>Commerce</td>
<td>1.54</td>
<td>Norcross</td>
<td>1.54</td>
</tr>
<tr>
<td>Covington</td>
<td>3.47</td>
<td>Palmetto</td>
<td>1.16</td>
</tr>
<tr>
<td>Crisp County</td>
<td>2.70</td>
<td>Quitman</td>
<td>1.54</td>
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<td>Douglas</td>
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<td>Elberton</td>
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<td>Sylvania</td>
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<td>Ellaville</td>
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<tr>
<td>Fairburn</td>
<td>2.55</td>
<td>Thomasville</td>
<td>5.73</td>
</tr>
<tr>
<td>Fitzgerald</td>
<td>2.70</td>
<td>Washington</td>
<td>1.93</td>
</tr>
</tbody>
</table>

In accordance with the provisions of the Telecommunications Contracts, each of the Telecommunications Participants may, with respect to each Series of Telecommunications Bonds, elect to make a Telecom Capital Contribution to finance all or any portion of its Obligation Share of the Cost of Acquisition and Construction of the Telecommunications Project. The Telecommunications Contracts also contain provisions that permit each Telecommunications Participant to make a Telecom Defeasance Payment to MEAG Power in an amount sufficient to enable MEAG Power to defease all or a portion of such Telecommunications Participant’s allocable share of the Telecommunications Bonds, thereby reducing the debt service responsibility of such Telecommunications Participant. See “SUMMARY OF TELECOMMUNICATIONS CONTRACTS” in APPENDIX Q hereto.

Power and Energy Requirements

For information concerning historical and projected demand and energy requirements of the Participants, see “MEAG POWER – HISTORICAL AND PROJECTED DEMAND AND ENERGY REQUIREMENTS” in the Consulting Engineer’s Letter attached hereto as APPENDIX C.

Costs of Power to Participants

Historical costs to the Participants for Bulk Power Supply and SEPA power for the years 2014 through 2016 are shown under “SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA” herein.
Selected Historical Information

Information relating to certain of the Participants, determined as described in the next paragraph, is set forth in APPENDIX D hereto. Tables I, II and III of APPENDIX D hereto provide certain data about such Participants, including information regarding population, assessed valuations, tax millages, levies and collections and bonded debt. Tables IV and V of APPENDIX D hereto provide certain data about the electric systems of such Participants, including information on customers, power sales and financial results.

The Participants for which information is set forth include any Participant with (i) a Project One Generation Entitlement Share, a Project One Budgeted 2017 Transmission Entitlement Share, a Project Two Obligation Share (as of December 2016), a Project Three Obligation Share (as of December 2016) or a Project Four Obligation Share of 3.0 percent or greater, or (ii) a Project M Obligation Share, a Project J Obligation Share or a Project P Obligation Share of 3.5 percent or greater. Such Participants for which information is set forth together have Project One Generation Entitlement Shares totaling approximately 75 percent, Project One Budgeted 2017 Transmission Entitlement Shares totaling approximately 73 percent, Project Two Obligation Shares (as of December 2016) totaling approximately 74 percent, Project Three Obligation Shares (as of December 2016) totaling approximately 74 percent, Project Four Obligation Shares totaling approximately 75 percent, or together have Project M Obligation Shares totaling approximately 74 percent, Project J Obligation Shares totaling approximately 63 percent and Project P Obligation Shares totaling approximately 63 percent. In addition, information also is set forth for any CC Participant whose debt service responsibility with respect to the CC Bonds is five percent or greater for any twelve-month period ending on October 31, commencing with the twelve-month period ending October 31, 2017.

VOGTLE UNITS 3&4 INITIAL POWER PURCHASERS

JEA

General

As set forth under “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects” herein, in connection with the establishment of Project J, MEAG Power entered into the Project J PPA with JEA pursuant to which, for the initial twenty years of commercial operation of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, respectively, MEAG Power will provide, and JEA will take, the output and services of Project J, corresponding to 41.175 percent of MEAG Power’s interest in Vogtle Units 3&4.

JEA is a body politic and corporate organized and existing under the laws of the State of Florida and is an independent agency of the City of Jacksonville, Florida (the “City”). JEA was established in 1968 to own and manage an electric system (the “Electric System”) which had been owned by the City since 1895. In 2015, the latest year for which such information is available, JEA was the eighth largest municipally-owned electric utility in the United States in terms of number of customers. During its Fiscal Year ended September 30, 2016, the Electric System served an average of 451,788 customer accounts in a service area which covers virtually the entire City and parts of neighboring counties. Total revenues, including investment income, for its Electric System for its Fiscal Year ended September 30, 2016, net of revenues received by JEA pursuant to a long-term sale of power and associated energy to Florida Power & Light Company, were approximately $1,243,966,000.

Available Information

In accordance with the provisions of Rule 15c2-12, JEA has agreed, pursuant to continuing disclosure agreements entered into in connection with the issuance by MEAG Power of the Series 2010A&B Project J Bonds and the Series 2015A Project J Bonds, to file annually certain financial
information and operating data relating to JEA (“JEA’s Annual Information”) by no later than June 1st following the end of each of JEA’s fiscal years, and to file notices of certain specified events. JEA’s Annual Information and the notices of specified events will be filed by or on behalf of JEA with the MSRB through the MSRB’s EMMA website.

PowerSouth

General

As set forth under “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects” herein, in connection with the establishment of Project P, MEAG Power entered into the Project P PPA with PowerSouth pursuant to which, for the initial twenty years of commercial operation of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, respectively, MEAG Power will provide, and PowerSouth will take, the output and services of Project P, corresponding to 24.955 percent of MEAG Power’s interest in Vogtle Units 3&4.

Incorporated in 1941, PowerSouth is a tax-exempt, wholesale electric power generation and transmission cooperative corporation, operating on a cooperative basis providing electricity to its 20 member distribution systems (the “PowerSouth Members”) serving in 39 counties located in the central and southern portions of the State of Alabama and in ten counties in the northwest panhandle of Florida. The PowerSouth Members consist of 16 electric distribution system cooperatives and 4 municipal electric distribution systems, providing retail electric service to residences, businesses and industries. PowerSouth supplies energy to the PowerSouth Members from a combination of owned generating facilities and power purchased under power purchase contracts. PowerSouth currently owns generating facilities with an aggregate capacity (based on accredited winter capacity) of 2,207 MW. In 2016, the Members average consumers served measured at approximately 436,478 over a 33,156 square-mile service area.

Available Information

In accordance with the provisions of Rule 15c2-12, PowerSouth has agreed, pursuant to continuing disclosure agreements entered into in connection with the issuance by MEAG Power of the Series 2010A&B Project P Bonds and the Series 2015A Project P Bonds, to file annually certain financial information and operating data relating to PowerSouth (“PowerSouth’s Annual Information”) by no later than September 30th following the end of each of PowerSouth’s fiscal years, and to file notices of certain specified events. PowerSouth’s Annual Information and the notices of specified events will be filed by or on behalf of PowerSouth with the MSRB through the MSRB’s EMMA website.

CO-OWNERS OF THE PLANTS

General

The following table shows the aggregate ownership interests of MEAG Power (or, in the case of Vogtle Units 3&4, the Vogtle Units 3&4 Project Entities) and each of the co-owners in Plant Hatch, Plant Wansley, Plant Vogtle and Plant Scherer Unit Nos. 1 and 2. See “SUMMARY OF PROJECT AGREEMENTS – Summary of Ownership Agreements” in APPENDIX F hereto and “SUMMARY OF VOGTLE UNITS 3&4 PROJECT AGREEMENTS –Vogtle Units 3&4 Ownership Agreement” in APPENDIX M hereto, particularly with respect to the rights of GPC to transfer interests in the Plants and units.
### Nuclear

<table>
<thead>
<tr>
<th>Plant Hatch</th>
<th>Plant Vogtle</th>
<th>Scherer Unit Nos. 1 and 2</th>
<th>Plant Wansley</th>
<th>Total MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>MW&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>%</td>
<td>MW&lt;sup&gt;(1)(7)&lt;/sup&gt;</td>
<td>%</td>
</tr>
<tr>
<td>MEAG Power</td>
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<td>286</td>
<td>22.7&lt;sup&gt;(3)&lt;/sup&gt;</td>
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<td>50.1</td>
<td>809</td>
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<td>Dalton ..........</td>
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<td>Total ..........</td>
<td>100.0</td>
<td>1,614</td>
<td>100.0</td>
<td>4,504.0</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Amounts shown represent the nominal ratings. Excluded is the nominally rated 50 MW combustion turbine unit at Plant Wansley.

<sup>(2)</sup> All of MEAG Power’s 17.7 percent ownership interest in Plant Hatch is included in Project One.

<sup>(3)</sup> Amounts shown include MEAG Power’s 17.7 percent ownership interest included in Project One and MEAG Power’s 5.0 percent ownership interest included in Project Four.

<sup>(4)</sup> Amounts shown include MEAG Power’s 10.0 percent ownership interest included in Project One, MEAG Power’s 5.1 percent ownership interest included in Project Two and MEAG Power’s 15.1 percent ownership interest included in Project Three.

<sup>(5)</sup> Amounts shown include MEAG Power’s 10.0 percent ownership interest included in Project One and MEAG Power’s 5.1 percent ownership interest included in Project Two. MEAG Power also owns a 15.1 percent interest in an oil-fired, nominally rated 50 MW combustion turbine unit at Plant Wansley.

<sup>(6)</sup> For information regarding OPC’s sale and leaseback of its interest in Plant Scherer Unit No. 2, see “SUMMARY OF PROJECT AGREEMENTS – General” in APPENDIX F hereto.

<sup>(7)</sup> Amounts shown include 2,204 MW of nominally rated generating capacity from Vogtle Units 3&4. The in-service dates of Vogtle Units 3&4 currently are estimated to be June 30, 2019 and June 30, 2020, respectively.

In the case of Plants Hatch, Vogtle and Wansley, each co-owner owns percentage interests in the common facilities of such Plants equal to its percentage ownership interests in the units. In the case of the common facilities at Plant Scherer (those that are common to all four units), MEAG Power owns a 15.1 percent interest, GPC owns a 23.0 percent interest, OPC owns a 30.0 percent interest, Dalton owns a 0.7 percent interest, Gulf Power Company owns a 6.25 percent interest and Florida Power & Light Company and JEA own interests representing the balance of such properties.

See the ninth paragraph under “MEAG POWER – Bulk Power Supply Operations – General” herein for a discussion of the status of the term of the Operating Agreement for Plant Wansley.

### Georgia Power Company

As set forth under “MEAG POWER – Bulk Power Supply Operations” herein, GPC has an ownership interest in each generating unit included in MEAG Power’s Project One and its Existing General Resolution Projects, as well as in Vogtle Units 3&4, and is obligated to purchase from MEAG Power specified amounts of power and energy from certain of such Projects. In addition, GPC is serving as the agent of the co-owners in the management and operation of such generating units and as the agent of the co-owners in the development of Vogtle Units 3&4.

### Available Information

GPC is subject to the informational requirements of the Exchange Act and, in accordance therewith, files reports and other information with the SEC. Such reports and other information can be inspected at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain...
Available Information

OPC is subject to the informational requirements of the Exchange Act and, in accordance therewith, files reports and other information with the SEC. Such reports and other information can be inspected at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. Certain securities of OPC are listed on the New York Stock Exchange, and reports and other information concerning OPC can be inspected at the office of such Exchange.

OPC has made no representation as to the adequacy or accuracy of any information concerning OPC or its affiliated companies set forth in this Annual Information Statement for the purposes for which such information is used in this Annual Information Statement.

LITIGATION

Prior to July 2012, several federal lawsuits were pending that may have had an impact on water storage and related issues at Lake Lanier, Georgia. These lawsuits related to over 20 years of litigation and periodic settlement discussions pertaining to water allocations, including for drinking water and hydropower, of the Apalachicola-Chattahoochee-Flint River Basin (“ACF”) and the Alabama-Coosa-Tallapoosa River Basin (“ACT”). Parties involved in these proceedings included Southeastern Federal Power Customers, Inc., a coalition of municipal and cooperative utilities, the U.S. Army Corps of Engineers (the “Army Corps”), as well as the states of Georgia, Florida and Alabama. As of October 2012, all claims in the lawsuits regarding water allocations in the ACF and the ACT were dismissed to allow the Army Corps time to prepare revised water allocation plans for both basins. The Army Corps issued the revised water allocation plan for the ACT in May 2015 and, on December 7, 2016, released the revised water allocation plan for the ACF for a public comment period that ended on February 1, 2017. Because the revised ACF water allocation plan is still subject to modification and may be challenged by interested parties, it is currently unclear what effect, if any, the result of such finalized water allocation plan may have on the financial condition of MEAG Power.

In October 2013, the State of Florida (“Florida”) filed a Motion for Leave to File a Complaint, invoking the U.S. Supreme Court’s original jurisdiction, asking the U.S. Supreme Court to equitably apportion the waters of the ACF. On November 3, 2014, the U.S. Supreme Court granted Florida’s motion, and Florida filed its complaint against the State of Georgia (“Georgia”). A special master was appointed
by the U.S. Supreme Court. Following a discovery process and an evidentiary hearing, on February 14, 2017, the special master issued his Report of the Special Master (“Report”) to the U.S. Supreme Court. Although the special master denied Georgia’s June 2015 motion to dismiss the proceeding on the grounds that Florida had failed to join the United States as an indispensable party to the proceeding, the Report recommends denial of Florida’s request for relief because the Army Corps is not a party to the proceedings before the U.S. Supreme Court, and without the ability to bind the Corps, the special master was not persuaded that the U.S. Supreme Court could provide Florida with the relief it sought. On March 20, 2017, the U.S. Supreme Court received and filed the Report and issued a briefing schedule for exceptions to the Report. The briefing schedule has subsequently been extended, with the last briefs not due until August 30, 2017. It is currently unclear when this lawsuit may be finally concluded and what effect, if any, the result of such lawsuit may have on the financial condition of MEAG Power.

Other than the Contractor’s bankruptcy filing discussed under “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects – Description of Vogtle Units 3&4” herein, no other litigation or proceeding is pending that would have any material adverse effect on the financial condition of MEAG Power.

SOURCES OF CERTAIN INFORMATION

Information in this Annual Information Statement concerning the Participants and their electric systems has been prepared by MEAG Power based upon information furnished by the Participants. The Consulting Engineer’s Letter has been prepared by MEAG Power’s Consulting Engineer and is attached hereto as APPENDIX C. In preparing the Consulting Engineer’s Letter, the Consulting Engineer has utilized the sources of information and assumptions provided by others as described therein. While the Consulting Engineer believes that such sources of information are reliable, it has not verified the accuracy of such information and offers no assurances with respect thereto. Information herein concerning Project One, the Existing General Resolution Projects, the CC Project, the Vogtle Units 3&4 Projects and the Telecommunications Project has been prepared by MEAG Power. None of GPC, JEA or PowerSouth has made any representation that information it has furnished to MEAG Power is accurate and none of GPC, JEA, PowerSouth or any Participant has made any representation as to the adequacy of any information for the purposes for which it is used in this Annual Information Statement or in the Consulting Engineer’s Letter or the manner of its presentation. The inclusion in this Annual Information Statement of information with respect to GPC and its affiliated companies, JEA and PowerSouth does not imply that the obligations of MEAG Power to make payments in respect of its outstanding indebtedness or of the Participants to perform their obligations under their power sales contracts are contingent upon the accuracy of such information or upon the performance by GPC, JEA or PowerSouth, as applicable, of its contractual obligations to MEAG Power described herein. While MEAG Power makes no representation as to the accuracy of information in this Annual Information Statement concerning the Participants, GPC and its affiliated companies, JEA and PowerSouth, it believes such information to be reliable.
MISCELLANEOUS

Any statements made in this Annual Information Statement or in the Appendices attached hereto involving matters of opinion or of estimates or projections, whether or not expressly so stated, are set forth as such and not as representations of fact and no representation is made that any of the estimates or projections will be realized.

The delivery of this Annual Information Statement has been duly authorized by MEAG Power.

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

By: /s/ JAMES E. FULLER
    PRESIDENT AND CHIEF EXECUTIVE OFFICER