The weighted average interest rate of MEAG Power’s debt was 4.17% and 4.24% for YTD 2020 and YTD 2019, respectively, with the decrease primarily due to a significant decline in variable interest rates as a result of the Federal Reserve Bank rate cuts that started in late 2019 and accelerated in the First Quarter 2020.

Operations

During YTD 2020, energy delivered to MEAG Power Participants decreased 4.9% from YTD 2019 due to milder weather and COVID-19 reductions, which were partially offset by new customer Participant loads. Total power cost to the Participants, including hydro energy purchased from the Southeastern Power Administration, was 6.88 cents/kilowatt-hour (kWh) for YTD 2020, compared with 7.04 cents/kWh for YTD 2019. The decrease was mainly related to lower Participant billings for fuel (see “Operating expenses”).

Key Recent Developments Pertaining to Vogtle Units 3&4

The following updates information previously disclosed in MEAG Power’s 2020 First Quarter Report, 2019 Annual Report or 2019 Annual Information Statement (AIS). For additional information and definitions of certain terms, see MEAG Power’s 2019 AIS.

Litigation and other matters:

On August 12, 2020, MEAG Power, JEA and the City of Jacksonville, Florida dismissed the litigation regarding the Project J PPA to which they were parties, as described in “The Vogtle Units 3&4 Projects – Description of Vogtle Units 3&4” section of the AIS, specifically the cases titled JEA and City of Jacksonville v. Municipal Electric Authority of Georgia and Municipal Electric Authority of Georgia v. JEA. The parties effectuated the dismissal pursuant to a binding Term Sheet for “Settlement of Litigation and all Related Claims” among them (the Term Sheet), entered as of July 30, 2020. The Term Sheet requires that the parties agree to accept without challenge or appeal the Order entered by the United States District Court for the Northern District of Georgia on June 17, 2020 on MEAG Power’s motion for judgment as a matter of law, including without limitation the Court’s determination that the Amended & Restated Power Purchase Agreement dated as of December 31, 2014 is valid and enforceable. The Term Sheet otherwise requires the dismissal of all claims and counterclaims that the parties have asserted in the two actions with prejudice. On August 12, 2020, the parties filed a Stipulation and Proposed Order dismissing the two actions in accordance with the Term Sheet provisions. The district court approved the terms of the dismissal by “so ordering” the Stipulation and Proposed Order on August 12, 2020. In addition, on August 12, 2020, MEAG Power filed a motion with the United States Court of Appeals for the Eleventh Circuit to voluntarily dismiss its pending appeal of certain litigation. The Eleventh Circuit granted that dismissal on August 12, 2020.

In connection with the settlement of such litigation, MEAG Power and JEA also executed an amendment to the Project J PPA pursuant to which MEAG Power and JEA agreed to an increase in the “Additional Compensation Obligation” payable by JEA to MEAG Power thereunder of $0.75 per MWh of energy delivered to JEA thereunder (which Additional Compensation Obligation is not pledged to the payment of either the Project J Bonds (see below) or the Project J DOE Guaranteed Loan).

In addition, in connection with the settlement of such litigation, MEAG Power and JEA also entered into an agreement that, subject to the rights granted to other Project J Participants in their Project J Power Sales Contracts, grants to JEA a right of first refusal to purchase all or any portion of the entitlement share of a Project J Participant to the output and services of Project J in the event that any Project J Participant requests MEAG Power to effectuate a sale of such entitlement share. This right of first refusal is applicable during the period commencing ten years following the Commercial Operation Date of the first of Vogtle Unit 3 or Vogtle Unit 4 to achieve

### SIX MONTHS’ PERFORMANCE

**Revenue and Expense Analysis**

**Revenues:** For the six months ended June 30, 2020 (YTD 2020), total revenues were $312.9 million compared with $309.6 million for the same period in 2019 (YTD 2019). Participant revenues increased $36.2 million, while other revenues decreased $33.0 million.

The increase in participant revenues was due mainly to deferred inflows of resources related to fair value (see “Non-operating expense, income, net”) and timing differences between amounts billed and expenses determined in accordance with accounting principles generally accepted in the United States. These factors were partially offset by a decrease in Participant billings for certain operating expenses, mainly fuel, as discussed below.

Other revenues decreased primarily due to decreases of $29.7 million in Pseudo Scheduling and Services Agreement energy sales and $8.0 million in off-system energy sales, which were partially offset by a $6.3 million increase in debt service billings under the Vogtle Units 3&4 Power Purchase Agreements.

**Operating expenses:** YTD 2020 operating expenses decreased 11.4% to $265.4 million, compared with $299.6 million in YTD 2019 primarily related to these components:

- A $45.9 million decrease in total fuel expense was due primarily to a $42.1 million decrease in coal expense related to a significant decrease in generation. Natural gas expense decreased $2.7 million due to lower gas pricing, which was partially offset by an 11.0% increase in generation from the Wansley Combined Cycle Facility (Wansley CC Unit).
- Depreciation and amortization increased $10.1 million primarily due to increases in depreciation rates and property, plant and equipment in-service additions.
- A $4.9 million increase in other generating and operating expense was mainly due to accruals for payments in lieu of taxes, which began in 2020, pertaining to tangible property included in Project One, as well as Project Two in the General Resolution Projects.
- Purchased power decreased $4.0 million mainly due to increased utilization of the Wansley CC Unit driven by lower gas pricing and decreased power demand (see “Operations”).

**Non-operating expense (income), net:** YTD 2020 net non-operating expense, which includes interest expense and other related components such as amortization of debt discount and expense, investment income, net change in the fair value of financial instruments, interest capitalized and subsidy on Build America Bonds, totaled $37.4 million, compared with $(3.5) million of net non-operating income in YTD 2019. This $40.9 million variance was primarily due to changes in the following components:

- The fair value of financial instruments decreased $33.6 million due mainly to a significant pullback in the value of equity securities held in the decommissioning trust account, due to the impact of the COVID-19 pandemic on the financial markets during the First Quarter 2020, which was slightly offset by a market rebound in the Second Quarter 2020.
- An $18.3 million increase in interest expense was mainly related to 2019 bond refundings for the Vogtle Units 3&4 Projects, partially offset by a reduction in interest expense in Project One and the General Resolution Projects due to 2019 refundings.
- A $12.2 million increase in interest capitalized was primarily due to additional capital investment in Vogtle Units 3&4.

### SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>$312,864</td>
<td>$309,610</td>
<td>$326,175</td>
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<tr>
<td>Total assets and</td>
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<td>$9,606,296</td>
<td>$8,977,093</td>
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<td>deferred outflows of</td>
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<tr>
<td>resources</td>
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<tr>
<td>Weighted average</td>
<td>4.17%</td>
<td>4.24%</td>
<td>3.92%</td>
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<tr>
<td>interest cost</td>
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<tr>
<td>Total cost to MEAG</td>
<td>6.88</td>
<td>7.04</td>
<td>6.76</td>
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<td>Power Participants</td>
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<tr>
<td>(cents per kWh)</td>
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<td></td>
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<tr>
<td>Peak demand (MW)</td>
<td>1,808</td>
<td>1,854</td>
<td>1,885</td>
</tr>
</tbody>
</table>

(1) Excludes the impact of certain net non-operating expense components such as receipts and payments pertaining to interest rate swap agreements, amortization of debt discount and expense, investment income, the net change in the fair value of financial instruments and interest capitalized. The rate is net of subsidies on Build America Bonds.

(2) For the six months ended June 30, 2018, funds from the Municipal Competitive Trust were applied to lower the Participants’ generation billings.
commercial operation, and continuing until the expiration of twenty years following such Commercial Operation Date. In order to exercise its right of first refusal as described above, JEA will be required to pay the price offered by a third-party purchaser or the fully embedded costs as provided for in the Project J Power Sales Contract, whichever is greater.

On August 10, 2020, the U.S. Nuclear Regulatory Commission’s (NRC) Atomic Safety and Licensing Board issued an order (Order) denying a petition to the NRC by the Blue Ridge Environmental Defense League (BREDL), which challenged a Vogtle Units 3&4 license amendment request. On September 4, 2020, BREDL appealed the Order with the NRC. 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.

**Project J Bonds:** As of June 30, 2020, MEAG Power had $2.0 billion of its Project J bonds (Project J Bonds) outstanding. Moody’s Investors Service revised the Project J Bonds rating first from Baa3 to Baa2 on August 10, 2020, and again from Baa2 to Baa1 with a positive outlook on September 11, 2020.

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**CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF NET REVENUES (UNAUDITED)**

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**THE MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA**

The Municipal Electric Authority of Georgia (MEAG Power) is a nonprofit, statewide generation and transmission organization. Recognized as one of the leading joint action agencies in the country, MEAG Power is among the top public power companies nationwide in terms of annual net generation, megawatt-hour sales and electric revenue. Its diverse, clean energy portfolio – delivering 67% emissions-free energy in 2019 – compares favorably with both the state and national averages. Created by the Georgia General Assembly in 1975, MEAG Power provides reliable, competitive wholesale electricity to its 49 member communities (Participants), who own their local distribution systems, through take-or-pay contracts. MEAG Power also monitors and advocates on energy issues at the state and federal levels on behalf of its Participants.

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