



Municipal Electric Authority of Georgia

ANNUAL INFORMATION STATEMENT

For The Fiscal Year Ended December 31, 2015

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 2015 and 2014). 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.

**MEAG POWER BONDS SUBJECT TO
CONTINUING DISCLOSURE UNDERTAKINGS**

As of the Date of the Annual Information Statement

Power Revenue Bonds
Federally Taxable

Power Revenue Bonds, Taxable Series Three

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 3,130,000	3.202%	373541R94						

Power Revenue Bonds, Taxable Series Four

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 45,000	3.110%	373541W98		2023	\$ 2,895,000	4.330%	373541X71	
2018	16,830,000	3.270%	373541X22		2024	3,020,000	4.480%	373541X89	
2019	27,435,000	3.570%	373541X30		2025	3,155,000	4.630%	373541X97	
2020	30,125,000	3.780%	373541X48		2026	3,300,000	4.780%	373541Y21	
2021	3,235,000	3.980%	373541X55		2027	3,460,000	4.880%	373541Y39	
2022	3,360,000	4.180%	373541X63		2028	3,625,000	4.980%	373541Y47	

Power Revenue Bonds
Tax-Exempt

Power Revenue Bonds, Series GG

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 3,265,000	5.000%	3735413V1		2026	\$ 10,790,000	5.000%	3735414E8	
2018	3,405,000	5.000%	3735413W9		2027	2,810,000	5.000%	3735414F5	
2019	3,440,000	5.000%	3735413X7		2030	9,315,000	5.000%	3735414G3	
2020	3,525,000	5.000%	3735413Y5		2031	3,410,000	3.375%	3735414H1	
2021	3,670,000	5.000%	3735413Z2		2032	3,545,000	3.375%	3735414M0	
2022	27,910,000	5.000%	3735414A6		2033	3,665,000	3.375%	3735414J7	
2023	9,405,000	5.000%	3735414B4		2039	20,195,000	5.000%	3735414K4	
2024	12,925,000	5.000%	3735414C2		2043	7,015,000	5.000%	3735414L2	
2025	2,550,000	5.000%	3735414D0						

Project One Subordinated Bonds
Federally Taxable

Project One Subordinated Bonds, Taxable Series 2005A-1

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2019	\$ 13,605,000	5.070%	626207MV3		2030	\$ 55,440,000	5.430%	626207MW1	

Project One Subordinated Bonds, Taxable Series 2007B

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 395,000	5.650%	373541P70		2024	\$ 3,045,000	5.700%	373541P96	
2018	415,000	5.700%	373541P88		2035	9,180,000	6.000%	373541Q20	

Project One Subordinated Bonds, Taxable Series 2011D

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 8,575,000	3.552%	373541T76						

Project One Subordinated Bonds, Taxable Series 2012A

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2020	\$ 18,615,000	4.030%	373541W31		2022	\$ 40,960,000	4.430%	373541W49	

(1) The CUSIP numbers listed in this SCHEDULE I are provided for the convenience of bondholders. MEAG Power is not responsible for the accuracy or completeness of such numbers.

(2) The bonds of certain specific maturities of certain Series listed in the tables have been refunded in part and constitute only a portion of each such maturity of each such Series, and new bond certificates bearing a different CUSIP number have been issued. For those specific maturities, the CUSIP numbers prior to the refunding are shown under the column headed Original CUSIP Number, and the CUSIP numbers after the refunding are shown under the column headed Additional CUSIP Number.

MEAG POWER BONDS SUBJECT TO CONTINUING DISCLOSURE UNDERTAKINGS

As of the Date of the Annual Information Statement

Project One Subordinated Bonds

Tax-Exempt

Project One Subordinated Bonds, Series 2005A-2

Maturity Date (January 1)		Principal Amount	Yield	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)		Principal Amount	Yield	Original CUSIP Number	Additional CUSIP Number
2033	(3)	\$ 139,060	5.760%	626207MM3		2034	(3)	\$ 1,036,572	5.760%	626207MN1	

(3) These bonds are Capital Appreciation Subordinated Bonds.

Project One Subordinated Bonds, Series 2007A-1

Maturity Date (January 1)		Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)		Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017		\$ 1,935,000	4.000%	373541L90		2026		\$ 645,000	4.250%	373541N31	3735417K1
2021		385,000	4.000%	373541M65	3735417J4						

Project One Subordinated Bonds, Series 2007A-2

Maturity Date (January 1)		Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)		Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017		\$ 2,650,000	4.375%	373541M24		2022		\$ 10,600,000	Variable	373541M81	
2018		2,560,000	5.000%	373541M32	3735417Q8	2023		3,380,000	5.000%	373541M99	3735417R6
2019		9,135,000	Variable	373541M40		2025		2,860,000	5.000%	373541N23	3735417S4
2020		19,515,000	Variable	373541M57		2026		3,450,000	5.000%	373541N49	3735417T2
2021		7,475,000	Variable	373541M73							

Project One Subordinated Bonds, Series 2008A

Maturity Date (January 1)		Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)		Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017		\$ 43,940,000	5.250%	626207US1		2020		\$ 3,625,000	5.250%	626207UV4	
2018		39,620,000	5.250%	626207UT9		2021		7,395,000	5.250%	626207UW2	
2019		13,785,000	5.250%	626207UU6							

Project One Subordinated Bonds, Series 2008D

Maturity Date (January 1)		Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)		Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017		\$ 590,000	4.000%	626207WM2		2020		\$ 9,610,000	5.750%	626207WS9	626207T61
2017		1,785,000	5.000%	626207WN0		2023		14,515,000	6.000%	626207WT7	626207T79
2018		3,135,000	4.700%	626207WP5		2026		1,520,000	5.625%	626207WU4	626207T87
2018		1,205,000	5.000%	626207WQ3		2026		10,045,000	5.500%	626207WV2	626207T95
2019		46,030,000	5.750%	626207WR1	626207T53						

Project One Subordinated Bonds, Series 2009B

Maturity Date (January 1)		Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)		Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017		\$ 3,550,000	4.000%	626207XQ2		2019		\$ 2,920,000	4.000%	626207XS8	
2018		2,810,000	4.000%	626207XR0		2020		214,830,000	5.000%	626207XT6	

Project One Subordinated Bonds, Series 2011A

Maturity Date (January 1)		Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)		Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017		\$ 12,450,000	5.000%	626207A46		2020		\$ 25,575,000	5.000%	626207A79	
2018		11,785,000	5.000%	626207A53		2021		160,125,000	5.000%	626207A87	
2019		3,585,000	5.000%	626207A61							

Project One Subordinated Bonds, Series 2011B

Maturity Date (January 1)		Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)		Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017		\$ 1,710,000	3.000%	626207B60		2020		\$ 1,060,000	3.750%	626207B94	
2018		1,305,000	3.250%	626207B78		2021		21,775,000	5.000%	626207C28	
2019		1,600,000	3.500%	626207B86							

MEAG POWER BONDS SUBJECT TO CONTINUING DISCLOSURE UNDERTAKINGS

As of the Date of the Annual Information Statement

Project One Subordinated Bonds, Series 2012C

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2020	\$ 4,950,000	5.000%	3735415K3		2022	\$ 36,005,000	5.000%	3735415M9	
2021	4,300,000	5.000%	3735415L1						

Project One Subordinated Bonds, Series 2015A

Maturity Date (January 1)	Principal Amount	Interest Rate / Yield	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate / Yield	Original CUSIP Number	Additional CUSIP Number
2017	\$ 815,000	5.000%	626207K94		2028	\$ 5,725,000	5.000%	626207J96	
2018	3,760,000	5.000%	626207H72		2029	5,950,000	3.000%	626207K29	
2019	5,590,000	5.000%	626207H80		2030	6,100,000	5.000%	626207K37	
2020	6,185,000	5.000%	626207H98		2030 (4)	842,125	3.500%	626207L28	
2021	8,080,000	5.000%	626207J21		2031	6,345,000	5.000%	626207K45	
2022	1,865,000	2.000%	626207J39		2031 (4)	4,723,720	3.550%	626207L36	
2023	8,235,000	5.000%	626207J47		2032	6,655,000	5.000%	626207K52	
2024	5,620,000	5.000%	626207J54		2032 (4)	4,524,628	3.600%	626207L44	
2025	11,730,000	5.000%	626207J62		2033	4,815,000	5.000%	626207K60	
2026	8,970,000	5.000%	626207J70		2034	5,000,000	5.000%	626207K78	
2027	6,355,000	5.000%	626207J88		2035	42,390,000	5.000%	626207K86	

(4) These bonds are Capital Appreciation Subordinated Bonds.

Project One Subordinated Bonds, Series 2016A

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 2,025,000	5.000%	626207N67		2025	\$ 4,040,000	5.000%	626207P65	
2018	2,325,000	4.000%	626207N75		2026	24,775,000	5.000%	626207P73	
2019	19,515,000	5.000%	626207N83		2027	5,040,000	5.000%	626207P81	
2020	2,195,000	5.000%	626207N91		2028	1,000,000	2.250%	626207P99	
2021	22,505,000	4.000%	626207P24		2028	2,500,000	4.000%	626207Q56	
2022	21,280,000	5.000%	626207P32		2028	156,170,000	5.000%	626207Q49	
2023	15,140,000	5.000%	626207P40		2029	3,390,000	5.000%	626207Q23	
2024	3,625,000	5.000%	626207P57		2030	2,880,000	5.000%	626207Q31	

General Power Revenue Bonds *Federally Taxable*

General Power Revenue Bonds, Taxable Series 2011A

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 4,120,000	3.202%	373541S69						

General Power Revenue Bonds, Taxable Series 2012A

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 55,000	3.110%	373541Y96		2023	\$ 5,165,000	4.330%	373541Z79	
2018	4,295,000	3.270%	373541Z20		2024	5,390,000	4.480%	373541Z87	
2019	4,435,000	3.570%	373541Z38		2025	5,635,000	4.630%	373541Z95	
2020	4,595,000	3.780%	373541Z46		2026	5,895,000	4.780%	373541Z88	
2021	4,770,000	3.980%	373541Z53		2027	6,170,000	4.880%	373541ZB6	
2022	4,960,000	4.180%	373541Z61		2028	6,475,000	4.980%	373541ZC4	

General Power Revenue Bonds *Tax-Exempt*

General Power Revenue Bonds, Series 2012B

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 13,825,000	5.000%	3735414R9		2026	\$ 230,000	3.000%	3735415A5	
2018	28,855,000	5.000%	3735414S7		2027	230,000	3.000%	3735415B3	
2019	340,000	3.000%	3735414T5		2028	235,000	3.125%	3735415C1	
2020	340,000	3.000%	3735414U2		2029	250,000	3.250%	3735415D9	
2021	350,000	3.000%	3735414V0		2030	260,000	3.250%	3735415E7	
2022	350,000	3.000%	3735414W8		2031	265,000	3.375%	3735415F4	
2023	360,000	3.000%	3735414X6		2032	275,000	3.375%	3735415G2	
2024	280,000	3.000%	3735414Y4		2033	290,000	3.500%	3735415H0	
2025	230,000	3.000%	3735414Z1		2039	1,700,000	3.750%	3735415J6	

**MEAG POWER BONDS SUBJECT TO
CONTINUING DISCLOSURE UNDERTAKINGS**

As of the Date of the Annual Information Statement

General Resolution Projects Subordinated Bonds
Federally Taxable

General Resolution Projects Subordinated Bonds, Taxable Series 2007A

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2035	\$ 26,160,000	5.95%	373541Q38						

General Resolution Projects Subordinated Bonds, Taxable Series 2011D

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 330,000	3.552%	373541U82						

General Resolution Projects Subordinated Bonds, Taxable Series 2012A

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2018	\$ 4,410,000	3.520%	3735412D2		2021	\$ 775,000	4.230%	3735412G5	
2019	1,030,000	3.770%	3735412E0		2022	73,465,000	4.430%	3735412H3	
2020	1,480,000	4.030%	3735412F7						

General Resolution Projects Subordinated Bonds
Tax-Exempt

General Resolution Projects Subordinated Bonds, Series 2008A

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 3,390,000	4.000%	626207VJ0		2019	\$ 24,495,000	5.250%	626207VM3	
2018	715,000	4.250%	626207VK7		2020	700,000	4.375%	626207VN1	
2018	2,645,000	5.250%	626207VL5		2021	11,240,000	5.250%	626207VP6	

General Resolution Projects Subordinated Bonds, Series 2008C

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2019	\$ 2,570,000	5.500%	626207VZ4	626207T38	2020	\$ 300,000	5.250%	626207WA8	626207T46

General Resolution Projects Subordinated Bonds, Series 2009B

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 245,000	4.000%	626207YA6		2020	\$ 920,000	4.000%	626207YD0	
2018	250,000	4.000%	626207YB4		2020	6,735,000	5.000%	626207YE8	
2019	260,000	4.000%	626207YC2						

General Resolution Projects Subordinated Bonds, Series 2011A

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 360,000	3.500%	626207C77		2020	\$ 190,000	3.750%	626207D27	
2018	240,000	3.250%	626207C85		2021	4,215,000	4.000%	626207D35	
2019	290,000	3.500%	626207C93						

General Resolution Projects Subordinated Bonds, Series 2011B

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 2,975,000	4.000%	626207D76		2020	\$ 1,925,000	4.000%	626207E26	
2018	2,315,000	4.000%	626207D84		2021	39,495,000	5.000%	626207E34	
2019	2,835,000	4.000%	626207D92						

MEAG POWER BONDS SUBJECT TO CONTINUING DISCLOSURE UNDERTAKINGS

As of the Date of the Annual Information Statement

General Resolution Projects Subordinated Bonds, Series 2015A

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2019	\$ 225,000	4.000%	626207L51		2028	\$ 470,000	2.875%	626207M68	
2020	235,000	5.000%	626207L69		2029	475,000	3.000%	626207M76	
2021	245,000	3.000%	626207L77		2030	485,000	3.125%	626207M84	
2022	255,000	4.000%	626207L85		2031	500,000	3.250%	626207M92	
2023	455,000	5.000%	626207L93		2032	505,000	3.250%	626207N26	
2024	465,000	3.000%	626207M27		2033	520,000	3.375%	626207N34	
2025	485,000	3.000%	626207M35		2034	535,000	3.375%	626207N42	
2026	360,000	5.000%	626207M43		2035	2,890,000	3.500%	626207N59	
2027	500,000	2.750%	626207M50						

General Resolution Projects Subordinated Bonds, Series 2016A

Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (January 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 2,520,000	5.000%	626207Q64		2024	\$ 5,060,000	5.000%	626207R55	
2018	2,115,000	5.000%	626207Q72		2025	5,670,000	5.000%	626207R63	
2019	2,520,000	4.000%	626207Q80		2026	6,395,000	5.000%	626207R71	
2020	3,725,000	5.000%	626207Q98		2027	7,155,000	5.000%	626207R89	
2021	3,360,000	5.000%	626207R22		2028	18,485,000	5.000%	626207R97	
2022	3,885,000	5.000%	626207R30		2029	5,170,000	5.000%	626207S21	
2023	4,450,000	5.000%	626207R48		2030	4,390,000	5.000%	626207S39	

Combined Cycle Project Revenue Bonds *Tax-Exempt*

Combined Cycle Project Revenue Bonds, Series 2010A

Maturity Date (November 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (November 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2016	\$ 3,250,000	4.000%	626207ZE7		2023	\$ 24,105,000	5.000%	626207ZM9	
2017	3,395,000	5.000%	626207ZF4		2024	25,000,000	5.000%	626207ZN7	
2018	3,555,000	5.000%	626207ZG2		2025	4,670,000	4.100%	626207ZP2	
2019	16,780,000	5.000%	626207ZH0		2026	4,850,000	4.125%	626207ZQ0	
2020	3,770,000	5.000%	626207ZJ6		2027	5,040,000	5.000%	626207ZR8	
2021	2,105,000	3.700%	626207ZK3		2028	5,285,000	5.000%	626207ZS6	
2021	1,840,000	5.000%	626207ZU1		2029	5,545,000	4.375%	626207ZT4	
2022	4,125,000	3.750%	626207ZL1						

Combined Cycle Project Revenue Bonds, Series 2012A

Maturity Date (November 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (November 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2016	\$ 11,055,000	5.000%	626207F74		2020	\$ 750,000	3.750%	626207G57	
2017	825,000	2.000%	626207E91		2020	8,900,000	5.000%	626207G24	
2017	10,615,000	5.000%	626207F82		2021	12,080,000	5.000%	626207G32	
2018	2,395,000	2.250%	626207F25		2022	1,865,000	3.000%	626207F41	
2018	9,350,000	5.000%	626207F90		2022	10,580,000	5.000%	626207G40	
2020	2,095,000	3.000%	626207F33						

Plant Vogtle Units 3&4 Project M Bonds *Federally Taxable*

Plant Vogtle Units 3&4 Project M Bonds, Series 2010A Build America Bonds

Maturity Date (April 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (April 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2057	\$ 1,012,235,000	6.655%	626207YM0						

Plant Vogtle Units 3&4 Project M Bonds *Tax-Exempt*

Plant Vogtle Units 3&4 Project M Bonds, Series 2010B

Maturity Date (April 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (April 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 5,005,000	5.000%	626207YN8		2019	\$ 3,160,000	5.000%	626207YQ1	
2018	7,565,000	5.000%	626207YP3		2040	980,000	5.000%	626207YR9	

**MEAG POWER BONDS SUBJECT TO
CONTINUING DISCLOSURE UNDERTAKINGS**

As of the Date of the Annual Information Statement

Plant Vogtle Units 3&4 Project J Bonds
Federally Taxable

Plant Vogtle Units 3&4 Project J Bonds, Series 2010A
Build America Bonds

Maturity Date (April 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (April 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2057	\$ 1,224,265,000	6.637%	626207YF5						

Plant Vogtle Units 3&4 Project J Bonds
Tax-Exempt

Plant Vogtle Units 3&4 Project J Bonds, Series 2010B

Maturity Date (April 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (April 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 6,175,000	5.000%	626207YG3		2020	\$ 460,000	5.000%	626207YL2	
2018	10,950,000	5.000%	626207YH1		2040	1,410,000	5.000%	626207YK4	
2019	5,175,000	5.000%	626207YJ7						

Plant Vogtle Units 3&4 Project J Bonds, Series 2015A

Maturity Date (July 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (July 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2060	\$ 117,180,000	5.000%	626207H23		2060	\$ 68,000,000	5.500%	626207H31	

Plant Vogtle Units 3&4 Project P Bonds
Federally Taxable

Plant Vogtle Units 3&4 Project P Bonds, Series 2010A
Build America Bonds

Maturity Date (April 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (April 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2057	\$ 383,405,000	7.055%	626207YS7						

Plant Vogtle Units 3&4 Project P Bonds
Tax-Exempt

Plant Vogtle Units 3&4 Project P Bonds, Series 2010B

Maturity Date (April 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (April 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2017	\$ 1,820,000	5.000%	626207YT5		2020	\$ 70,000	4.000%	626207YW8	
2018	3,240,000	5.000%	626207YU2		2040	440,000	5.000%	626207YX6	
2019	1,520,000	5.000%	626207YV0						

Plant Vogtle Units 3&4 Project P Bonds, Series 2015A

Maturity Date (July 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number	Maturity Date (July 1)	Principal Amount	Interest Rate	Original CUSIP Number	Additional CUSIP Number
2060	\$ 59,245,000	5.000%	626207H49		2060	\$ 10,000,000	5.500%	626207H56	

APPENDIX A

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Municipal Electric Authority of Georgia:

We have audited the accompanying financial statements of Municipal Electric Authority of Georgia's business-type activities, Project One major fund (Power Revenue Bond Resolution Project), the General Resolution Projects major fund (General Power Revenue Bond Resolution Projects Two, Three and Four), the Combined Cycle Project major fund, the Vogtle Units 3&4 Projects and Project Entities major fund (Project M, Project J, Project P, SPVM, SPVJ and SPVP), the Trust Funds major fund (Municipal Competitive Trust and Deferred Lease Financing Trust) and the aggregate nonmajor fund (Telecommunications Project) (collectively, MEAG Power), which collectively comprise the balance sheets as of December 31, 2015 and December 31, 2014, and the related statements of net revenues and of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to MEAG Power's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MEAG Power's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Municipal Electric Authority of Georgia's business-type activities, Project One major fund (Power Revenue Bond Resolution Project), the General Resolution Projects major fund (General Power Revenue Bond Resolution Projects Two, Three and Four), the Combined Cycle Project major fund, the Vogtle Units 3&4 Projects and Project Entities major fund (Project M, Project J, Project P, SPVM, SPVJ and SPVP), the Trust Funds major fund (Municipal Competitive Trust and Deferred Lease Financing Trust) and the aggregate nonmajor fund (Telecommunications Project) as of December 31, 2015 and December 31, 2014, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying management's discussion and analysis on pages A-2 through A-11, schedule of changes in net pension liability and related ratios, and schedule of employer contributions to the pension plan on page A-57 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PricewaterhouseCoopers LLP

Atlanta, Georgia
April 22, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

of Financial Condition and Results of Operations

INTRODUCTION

The Municipal Electric Authority of Georgia (MEAG Power) is a public corporation and an instrumentality of the State of Georgia (the State), created by the State for the purpose of owning and operating electric generation and transmission facilities to supply bulk electric power to political subdivisions of the State which owned and operated electric distribution systems as of March 18, 1975 and which contracted with MEAG Power for the purchase of wholesale power. The statute under which it was created provides that MEAG Power will establish rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit, unless any such profit inures to the benefit of the public. Forty-eight cities and one county in the State (the Participants) have contracted with MEAG Power for bulk electric power supply needs.

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-fueled capacity, 750 MW of coal-fired capacity, 503 MW of combined cycle capacity and 8 MW of combustion turbine capacity. MEAG Power also has an ownership interest, through the Project Entities, as discussed herein, in two additional nuclear generating units under construction at Plant Vogtle, Unit Nos. 3 (Vogtle Unit 3) and 4 (Vogtle Unit 4) (collectively, Vogtle Units 3&4), which represent 500 MW of nominally rated generating capacity. MEAG Power also owns transmission facilities that, together with those of other utilities, form a statewide, integrated transmission system.

MEAG Power is comprised of the following reporting components, as discussed in the Notes to Consolidated Financial Statements (Notes) Note 1 (A), "The Organization – Reporting Entity":

- Project One;
- General Resolution Projects;

- Combined Cycle Project (CC Project);
- Vogtle Units 3&4 Projects and Project Entities;
- The Municipal Competitive Trust (Competitive Trust) and the Deferred Lease Financing Trust, herein collectively referred to as the Trust Funds; and
- Telecommunications Project (Telecom).

OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

This discussion serves as an introduction to the basic consolidated financial statements of MEAG Power to provide the reader with an overview of MEAG Power's financial position and operations.

The Consolidated Balance Sheet summarizes information on all of MEAG Power's assets and deferred outflows of resources, as well as liabilities and deferred inflows of resources.

Revenue and expense information is presented in the Consolidated Statement of Net Revenues. Revenues represent billings for wholesale electricity sales to the Participants and sales of electricity to unrelated parties (see Note 2 (C), "Summary of Significant Accounting Policies and Practices – Revenues"), as well as billings of Telecom. Expenses primarily include operating costs and debt service-related charges.

The Consolidated Statement of Cash Flows is presented using the direct method. This method provides broad categories of cash receipts and cash disbursements pertaining to cash provided by or used in operations, investing and financing activities.

The Notes are an integral part of MEAG Power's basic consolidated financial statements and provide additional information on certain components of these statements.

FINANCIAL CONDITION OVERVIEW

MEAG Power's Consolidated Balance Sheet as of December 31, 2015, 2014 and 2013 is summarized below (in thousands). Certain 2014 amounts have been revised in conjunction with MEAG Power's adoption of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" (Statement 68) in 2015 (see Note 2 (A), "Summary of Significant Accounting Policies and Practices – Basis of Accounting").

	2015	2014	2013
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Property, plant and equipment, net	\$4,913,961	\$4,575,586	\$4,224,320
Other non-current assets	3,524,718	2,508,067	2,982,076
Current assets	904,048	795,608	760,273
Deferred outflows of resources	99,171	96,071	65,881
Total Assets and Deferred Outflows of Resources	\$9,441,898	7,975,332	\$8,032,550
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Long-term debt	\$6,833,409	\$5,534,638	\$5,781,584
Non-current liabilities	1,258,358	1,229,159	1,195,092
Current liabilities	985,544	1,009,299	936,233
Deferred inflows of resources	364,587	202,236	119,641
Total Liabilities and Deferred Inflows of Resources	\$9,441,898	\$7,975,332	\$8,032,550

MANAGEMENT'S DISCUSSION AND ANALYSIS

of Financial Condition and Results of Operations

The primary changes in MEAG Power's consolidated financial condition as of December 31, 2015 and 2014 were as follows:

2015 Compared to 2014

Assets and Deferred Outflows of Resources

Total assets and deferred outflows of resources increased \$1.5 billion during 2015 due to increases of \$338.4 million in property, plant and equipment, net (PP&E), \$1.0 billion in other non-current assets, \$108.4 million in current assets and \$3.1 million in deferred outflows of resources.

PP&E increased due primarily to in-service additions of \$79.5 million, including equipment upgrades and replacements at Plant Hatch and Plant Vogtle Unit Nos. 1 and 2 (Vogtle Units 1&2) of \$45.7 million, as well as transmission additions of \$26.4 million. An increase of \$323.7 million in construction work in progress (CWIP) was mainly related to work at Vogtle Units 3&4 pertaining to manufacturing of major components such as the reactor vessels' internal parts and other related components, reactor coolant pumps and steam generators, fabrication and assembly of structural and mechanical modules, and site construction in the nuclear islands and balance of plant areas totaling \$294.6 million, as well as transmission additions of \$15.4 million. Nuclear fuel net of amortization increased by \$6.6 million due to an increase in nuclear fuel reload costs at Plant Hatch and Vogtle Units 1&2 totaling \$6.7 million, which was partially offset by an increase in amortization of \$2.7 million. Another factor was the cost of the initial core nuclear fuel for Vogtle Units 3&4, which increased \$2.6 million. These increases in PP&E were partially offset by an increase in accumulated depreciation of \$71.4 million.

The increase in other non-current assets was due primarily to special funds, which increased \$935.8 million mainly related to \$1.3 billion in proceeds from the DOE Guaranteed Loans (see "Vogtle Units 3&4 Projects and Project Entities") and certain other borrowings for Vogtle Units 3&4. Proceeds received from bond issuances in other projects totaled \$178.6 million. An additional \$23.1 million was received from the Participants for the Environmental Facilities Reserve Accounts (EFRA) (see Note 4, "Special Funds and Supplemental Power Account – Environmental Facilities Reserve Accounts"). These factors were partially offset by CWIP payments pertaining to the work at Vogtle Units 3&4 discussed above, net interest payments on Vogtle Units 3&4 Bonds of \$264.0 million (see Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Financing of Vogtle Units 3&4 Projects and Project Entities"), certain other PP&E-related improvements also discussed above, as well as transfers applied to lower Participant billings in Project One and the General Resolution Projects (Competitive Trust Funding) (see Note 1 (E), "The Organization – Trust Funds – Municipal Competitive Trust") of \$77.2 million. Net costs to be recovered from Participants increased \$55.6 million due mainly to net interest expense in the Vogtle Units 3&4 Projects and Project Entities of \$57.1 million (see "Results of Operations – 2015 Compared to 2014 – Net Interest Expense"). An increase of \$26.1 million in unamortized bond issuance costs was primarily due to the DOE Guaranteed Loans.

Current assets increased also mainly due to special funds, which increased \$116.9 million due primarily to \$140.0 million in proceeds from the DOE Guaranteed Loans, as well as voluntary Participant deposits and interest earnings into the flexible trust funds held for the Participants (Flexible Trust) (see "Liabilities and Deferred Inflows of Resources"). These factors were partially offset by CWIP payments for construction at Vogtle Units 3&4. Materials, supplies and other assets increased \$11.8 million due primarily to inventory materials for plant

maintenance and certain prepayments. Fuel stocks decreased \$6.1 million due mainly to coal burn requirements exceeding deliveries. A \$5.8 million decrease in securities lending collateral was due primarily to a decrease in lending activity.

The increase in deferred outflows of resources was due to a decrease of \$5.6 million in the fair market value of interest rate swap obligations and natural gas hedges, as well as a \$4.5 million increase pertaining to the adoption of Statement 68. These factors were partially offset by a \$7.0 million decrease in unamortized loss on refunded debt, due to normal amortization.

Liabilities and Deferred Inflows of Resources

Total debt outstanding increased \$1.2 billion resulting from increases of \$1.3 billion in long-term debt, \$33.4 million in the current portion of long-term debt and \$17.6 million in the lease finance obligation. These factors were partially offset by a decrease in lines of credit and other short-term debt of \$146.6 million.

The increase in long-term debt was due mainly to advances totaling \$1.1 billion from the DOE Guaranteed Loans, \$267.7 million in other borrowings for Vogtle Units 3&4 and \$169.9 million in other bond issuances. These factors were partially offset by principal payments.

During 2015, non-current liabilities increased by \$29.2 million due mainly to an increase in asset retirement obligations (ARO) of \$39.7 million, primarily related to decommissioning estimates (see Note 2 (H), "Summary of Significant Accounting Policies and Practices – Asset Retirement Obligations and Decommissioning"). The increase in the lease finance obligation was due to normal accretion. Other non-current liabilities increased \$10.8 million due mainly to increases of \$8.7 million in accruals related to Vogtle Units 3&4 and \$4.4 million in interest rate swap obligations, which were partially offset by a decrease of \$2.2 million in the net pension liability. These factors were partially offset by a decrease in Competitive Trust obligations of \$39.0 million primarily related to Competitive Trust Funding of \$60.2 million, which was partially offset by Participant funding of new generation projects of \$21.2 million.

A decrease of \$23.8 million in current liabilities was primarily due to the decrease in lines of credit and other short-term debt, which was primarily attributable to pay downs, as well as a \$5.8 million decrease in securities lending collateral, due to a decrease in lending activity. These factors were partially offset by an increase of \$49.6 million in construction liabilities, related primarily to accruals for Vogtle Units 3&4, as well as the increase in the current portion of long-term debt. An increase of \$26.7 million in Competitive Trust obligations was mainly due to an increase of \$42.1 million in voluntary Participant deposits and interest earnings into the Flexible Trust, which was partially offset by a decrease of \$15.4 million in the current portion of Competitive Trust Funding. Accounts payable increased \$13.7 million due to a \$10.8 million increase in 2015 year-end settlement refunds due to the Participants (see Note 2 (C), "Summary of Significant Accounting Policies and Practices – Revenues – Year-End Settlement"), as well as normal, timing-related factors. An increase of \$5.3 million in accrued interest was primarily related to the DOE Guaranteed Loans and other borrowings for Vogtle Units 3&4, which were partially offset by lower accruals in other projects due to less principal outstanding in 2015 compared with 2014.

Deferred inflows of resources increased \$162.4 million due primarily to timing differences between amounts billed and expenses determined in accordance with accounting principles generally accepted in the United States (Timing Differences) (see Note 2 (A), "Summary of Significant Accounting Policies and Practices – Basis of Accounting") of \$172.0 million, which were partially offset by ARO of \$16.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

of Financial Condition and Results of Operations

2014 Compared to 2013

Assets and Deferred Outflows of Resources

During 2014, total assets and deferred outflows of resources decreased \$57.2 million due to a decrease in other non-current assets of \$474.0 million, which was partially offset by increases of \$351.3 million in PP&E, \$35.3 million in current assets and \$30.2 million in deferred outflows of resources.

Other non-current assets decreased due primarily to special funds, which decreased \$407.1 million due mainly to CWIP payments of \$200.2 million for construction at Vogtle Units 3&4, as discussed below, \$121.0 million in net interest payments on Vogtle Units 3&4 Bonds, \$29.5 million in other CWIP payments, as well as \$20.7 million for scheduled major maintenance performed on the Wansley Combined Cycle Facility (CC Facility) (see "Results of Operations – 2014 Compared to 2013 – Operating Expenses"). These outflows were partially offset by advances of \$32.1 million made under the Series 2012A Project P Note (see Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Financing of Vogtle Units 3&4 Projects and Project Entities"), \$25.7 million in voluntary Participant deposits for new generation projects (see "Liabilities and Deferred Inflows of Resources"), as well as \$25.2 million received from the Participants for the EFRA. A decrease of \$65.3 million in net costs to be recovered was due mainly to a \$100.4 million decrease in Project One, which was partially offset by a \$36.1 million increase in the Vogtle Units 3&4 Projects. The decrease in Project One was primarily due to Timing Differences of \$111.4 million, as well as a decrease in certain other factors of \$6.3 million. As a result, \$17.4 million was reclassified to deferred inflows of resources (see "Liabilities and Deferred Inflows of Resources"). Net costs to be recovered in the Vogtle Units 3&4 Projects increased due to net interest expense of \$47.5 million, which was partially offset by \$11.4 million in net reclassifications to CWIP, as discussed below. A decrease of \$3.4 million in unamortized bond issuance costs was due to normal amortization.

The increase in PP&E was primarily due to in-service additions, which increased \$192.9 million due mainly to \$141.7 million in environmental improvements to Plant Scherer and Plant Wansley (the Coal Units), as well as equipment upgrades and replacements at the generating plants. An increase of \$199.5 million in CWIP was primarily related to the Vogtle Units 3&4 Projects, including construction activity pertaining to manufacturing of major components such as the reactor vessels and steam generators, fabrication and assembly of structural and mechanical modules, and site construction in the nuclear islands and balance of plant areas, totaling \$274.7 million, as well as \$45.7 million in reclassifications from net costs to be recovered. These factors were partially offset by a net decrease of \$120.9 million primarily related to environmental improvements to the Coal Units transferred from CWIP to in-service additions. An increase of \$23.0 million in nuclear fuel net of amortization was due mainly to the cost of the initial core nuclear fuel for Vogtle Units 3&4. These increases in PP&E were partially offset by accumulated depreciation increases totaling \$64.1 million.

The increase in current assets was also mainly due to an increase of \$28.3 million in special funds, due primarily to an increase of \$50.7 million in voluntary Participant deposits and interest earnings into the Flexible Trust (see "Liabilities and Deferred Inflows of Resources"), which was partially offset by \$22.9 million in CWIP payments. Materials, supplies and other assets increased \$7.2 million due primarily to increases in certain prepayments and inventory materials for plant maintenance.

A decrease of \$38.7 million in the fair value of effective interest rate swap obligations and natural gas hedges was the primary factor pertaining to the increase in deferred outflows of resources. This was partially offset by a decrease of \$8.5 million in unamortized loss on refunded debt also due to normal amortization.

Liabilities and Deferred Inflows of Resources

A decrease of \$210.8 million in total debt outstanding resulted from decreases in long-term debt of \$246.9 million and \$3.2 million in lines of credit and other short-term debt, which were partially offset by increases in the current portion of long-term debt of \$22.4 million and \$16.9 million in the lease finance obligation.

Long-term debt decreased due primarily to principal payments of \$212.6 million and reclassifications to the current portion of long-term debt of \$34.1 million. The decrease in lines of credit and other short-term debt was due primarily to payments made on the CC Project line of credit. Also included in this category is an increase of \$32.1 million in advances under the Series 2012A Project P Note, all of which were made by the Competitive Trust and, as such, are eliminated from MEAG Power's consolidated financial statements (see Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Financing of Vogtle Units 3&4 Projects and Project Entities" and "– Project Borrowings from the Trust Funds" within that Note). The \$22.4 million increase in the current portion of long-term debt was due to scheduled bond amortization of \$34.1 million reclassified from long-term debt, partially offset by an increase of \$11.7 million in debt eliminated. The increase in the lease finance obligation was due to normal accretion, as discussed in Note 1 (E), "The Organization – Trust Funds – Deferred Lease Financing Trust."

During 2014, non-current liabilities increased by \$29.4 million. An increase of \$42.2 million in other non-current liabilities was primarily due to interest rate swap obligations, which increased \$37.0 million, as well as an increase of \$5.3 million in accruals related to Vogtle Units 3&4. ARO increased \$19.8 million due to normal accretion (see Note 2 (H), "Summary of Significant Accounting Policies and Practices – Asset Retirement Obligations and Decommissioning"). The increase in the lease finance obligation discussed above was another factor. These increases were partially offset by a decrease of \$49.5 million in Competitive Trust obligations. This decrease was primarily due to \$75.6 million in Competitive Trust Funding, which was partially offset by voluntary Participant deposits to defray the future costs of new generation projects totaling \$26.1 million.

Current liabilities increased \$73.1 million during 2014. Competitive Trust obligations increased \$35.6 million due to an increase of \$50.7 million in the Flexible Trust (see "Assets and Deferred Outflows of Resources"), which was partially offset by a decrease of \$15.1 million in the current portion of Competitive Trust Funding. A \$15.1 million increase in accounts payable was mainly related to an increase of \$20.6 million in normal, timing-related factors, partially offset by a \$5.5 million decrease in 2014 year-end settlement refunds due to the Participants. Construction liabilities increased \$14.2 million due mainly to CWIP additions at Vogtle Units 3&4 discussed previously. These factors were partially offset by a \$5.9 million decrease in securities lending collateral primarily related to a decrease in fair market value and lending activity. Accrued interest also decreased \$5.2 million due to less principal outstanding in 2014 compared to 2013. Other factors discussed previously include the increase in the current portion of long-term debt, as well as the net decrease in lines of credit and other short-term debt.

An increase of \$87.3 million in deferred inflows of resources was due primarily to increases in Timing Differences of \$75.9 million and \$12.0 million in the General Resolution Projects and the CC Project, respectively, as well as \$17.4 million reclassified in Project One from net costs to be recovered from Participants (see "Assets and Deferred Outflows of Resources"). These factors were partially offset by a decrease of \$21.9 million in the CC Project, primarily related to scheduled major maintenance performed on the CC Facility (see "Results of Operations – 2014 Compared to 2013 – Operating Expenses").

MANAGEMENT'S DISCUSSION AND ANALYSIS

of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

MEAG Power's Consolidated Statement of Net Revenues for each of the years ended December 31, 2015, 2014 and 2013 is summarized below (in thousands):

	2015	2014	2013
Revenues:			
Participant	\$ 523,710	\$621,208	\$605,835
Other	119,243	127,363	108,528
Total revenues	642,953	748,571	714,363
Operating expenses	594,125	636,613	560,181
Net operating revenues	48,828	111,958	154,182
Interest expense, net	180,102	148,469	194,396
Change in net costs to be recovered from Participants or Competitive Trust obligations	(131,274)	(36,511)	(40,214)
Net Revenues	\$ —	\$ —	\$ —

The primary changes in MEAG Power's results of operations for the years ended December 31, 2015 and 2014 were as follows:

2015 Compared to 2014

Revenues

2015 total revenues were \$643.0 million compared with \$748.6 million for 2014. Participant revenues decreased \$97.5 million and other revenues decreased \$8.1 million. The decrease in Participant revenues was due primarily to a \$68.3 million increase in deferred inflows of resources pertaining to Timing Differences, mainly related to billings to the Participants for debt service that exceeded depreciation expense, as well as a reduction in major maintenance performed on the CC Facility (see "Operating Expenses"). Participant revenues were also impacted by a reduction in Participant billings for operating expenses and debt service. These factors were partially offset by increased revenue requirements due to a planned reduction of \$16.4 million in Competitive Trust Funding in Project One, as well as a scheduled reduction in a sales agreement with Georgia Power Company (GPC), as discussed below.

Other revenues decreased due mainly to a scheduled reduction in a long-term sales agreement with GPC related to the output of Vogtle Units 1&2, which decreased capacity and energy sales by \$18.9 million, as well as a decrease of \$10.3 million in off-system energy sales due to pricing of the energy sold. These factors were partially offset by an increase of \$14.2 million in contract energy sales under the Pseudo Scheduling and Services Agreement (PSSA) (see Note 2 (G) "Summary of Significant Accounting Policies and Practices – Generation and Transmission Facilities – Pseudo Scheduling and Services Agreement"). Also during 2015, MEAG Power received \$6.6 million representing its share of a U.S. Court of Federal Claims award pertaining to a claim against the U.S. Government for damages related to the permanent disposal of spent nuclear fuel for the years 2005 through 2010 (see Note 2 (G), "Summary of Significant Accounting Policies and Practices – Generation and Transmission Facilities – Nuclear Generating Facilities").

Operating Expenses

Operating expenses for 2015 decreased 6.7% to \$594.1 million, compared with \$636.6 million for 2014. A decrease of \$30.8 million in other generating and operating expense was primarily due to a reduction in major maintenance performed on the CC Facility, as well as a decrease in planned nuclear refueling outages. Purchases under the PSSA decreased \$11.9 million due to reduced coal unit utilization as a result of natural gas dispatch options being more favorable in 2015, as discussed below. Total fuel expense decreased \$6.2 million due to a decrease of \$19.1 million in coal expense, which was partially offset by increases of \$11.7 million in natural gas expense and \$1.3 million in nuclear fuel expense. The decrease in coal expense was due to a 13% decrease in consumption, related to lower coal unit utilization, and a 5% reduction in unit price. Natural gas expense increased due to a substantial increase in generation from the CC Facility and a reduction in margins on gas sales to third parties, which were partially offset by a significant decrease in gas prices. The increase in CC Facility generation was due to the lower gas prices, which resulted in economic dispatch of natural gas resources before MEAG Power's coal resources. Nuclear fuel expense increased due mainly to a 4% increase in generation. A decrease of \$3.6 million in transmission expense was primarily due to net receipts pertaining to joint-ownership of the integrated transmission system. Purchased power expense decreased \$3.3 million due to both price and volume.

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2015 Compared to 2014 (Continued)

Net Interest Expense

Net interest 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 (collectively, Net Interest Expense), totaled \$180.1 million for 2015. This 21.3% increase from the total of \$148.5 million for 2014 was due primarily to changes in these components of Net Interest Expense:

- The fair value of financial instruments decreased \$28.5 million due primarily to both interest rate and equity market conditions.
- A decrease of \$7.6 million in investment income was due mainly to a reduction in gains on sales of investment securities, as well as maturity of certain longer-term investments.
- Interest expense increased \$6.1 million due primarily to an increase of \$18.8 million pertaining to the DOE Guaranteed Loans and other 2015 borrowings for Vogtle Units 3&4, which was partially offset by a decrease of \$12.4 million primarily due to lower principal outstanding from scheduled principal payments.
- An increase of \$11.5 million in interest capitalized was due mainly to additional capital investment in the Vogtle Units 3&4 Project Entities.

Net Costs to be Recovered or Competitive Trust Obligations

The change in net costs to be recovered from Participants or Competitive Trust obligations was \$131.3 million and \$36.5 million for the years ended December 31, 2015 and 2014, respectively. A decrease of \$100.4 million in Project One was primarily due to the reclassification to deferred inflows of resources during 2014 (see "Financial Condition Overview – 2014 Compared to 2013 – Assets and Deferred Outflows of Resources"). The change in Competitive Trust obligations decreased \$15.2 million due primarily to the planned reduction in Competitive Trust Funding discussed above. These factors were partially offset by an increase of \$9.6 million in net costs to be recovered from Participants in the Vogtle Units 3&4 Projects and Project Entities, which pertained to an increase in Net Interest Expense in those projects.

2014 Compared to 2013

Revenues

Total revenues for 2014 were \$748.6 million compared to 2013 total revenues of \$714.4 million. Participant revenues and other revenues increased \$15.4 million and \$18.8 million, respectively. The increase in Participant revenues was due primarily to higher billings for operating expenses, due in part to a 2.3% increase in delivered energy, as well as deferred inflows of resources pertaining to major maintenance expenses at the CC Facility (see "Operating Expenses"). These items were partially offset by deferred inflows of resources pertaining to certain other items.

Other revenues increased due mainly to contract energy sales under the PSSA, which increased \$17.1 million. Off-system energy sales also increased \$4.3 million due to pricing of the energy sold. These factors were partially offset by a scheduled reduction in a long-term sales agreement with GPC related to the output of Vogtle Units 1&2, which decreased capacity and energy sales by \$3.2 million.

Operating Expenses

2014 operating expenses increased 13.6% to \$636.6 million, compared to \$560.2 million for 2013. An increase of \$48.7 million in other generating and operating expense was due primarily to scheduled major maintenance performed on the CC Facility, as well as maintenance cost for three planned nuclear refueling outages. Other generating and operating expense was also impacted by purchases under the PSSA, which increased \$8.0 million due to increased scheduling of coal generation. Increases in purchased power and fuel expenses pertained to the extreme cold weather conditions in early 2014. Purchased power expense increased \$8.3 million due mainly to an increase in energy delivered, higher market prices and increased volume. Total fuel expense increased \$8.3 million due primarily to increases of \$14.4 million and \$1.8 million in coal and nuclear fuel expense, respectively, which were partially offset by a decrease of \$8.0 million in natural gas expense. The increase in coal expense was due to a 13% increase in consumption and a 5% increase in price. Nuclear fuel expense increased due to higher amortization rates and on-site storage costs, which were partially offset by a 2% decrease in generation due mainly to the refueling outages. The decrease in natural gas expense was due to \$13.0 million in margins on gas sales to third parties bundled with MEAG Power's gas transportation capacity, which was partially offset by an increase of \$4.7 million in gas cost due equally to an increase in price and higher consumption. The increase in coal consumption was related to increased natural gas prices and the CC Facility major maintenance outage. Depreciation and amortization expense increased \$9.0 million due primarily to a 4.3% increase in property in service, as well as an increase in depreciation rates.

Net Interest Expense

Net Interest Expense totaled \$148.5 million in 2014, compared to \$194.4 million in 2013. This 23.6% decrease was due primarily to changes in these components of Net Interest Expense:

- The fair value of financial instruments increased \$28.8 million due primarily to declining long-term interest rates.
- A decrease of \$14.4 million in interest expense was mainly due to previous refundings of higher coupon fixed-rate bonds by lower coupon variable-rate borrowings, as well as the maturity of higher coupon fixed-rate bonds.
- Interest capitalized increased \$11.7 million due mainly to the additional capital investment in the Vogtle Units 3&4 Projects (see "Financial Condition Overview – 2014 Compared to 2013 – Assets and Deferred Outflows of Resources").
- Investment income decreased \$9.3 million due mainly to declining long-term interest rates and lower investment balances, which were partially offset by gains on sales of investment securities.

Net Costs to be Recovered or Competitive Trust Obligations

The change in net costs to be recovered from Participants or Competitive Trust obligations increased \$36.5 million and \$40.2 million for the years ended December 31, 2014 and 2013, respectively. A change of \$15.5 million in Project One was primarily due to the reclassification to deferred inflows of resources (see "Financial Condition Overview – 2014 Compared to 2013 – Assets and Deferred Outflows of Resources"). A decrease of \$18.9 million in the Vogtle Units 3&4 Projects pertained to Net Interest Expense in those projects.

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VOGTLE UNITS 3&4 PROJECTS AND PROJECT ENTITIES

History

MEAG Power, GPC, Oglethorpe Power Corporation (OPC) and the City of Dalton, Georgia (Dalton) (collectively, the Original Vogtle Co-Owners) agreed to expand the facilities at Plant Vogtle located in Burke County, Georgia, by developing two additional nuclear generating units, Vogtle Units 3&4. Vogtle Units 3&4 will consist of two Westinghouse Electric Company LLC (Westinghouse) AP1000 reactors, each with a nominally rated generating capacity of 1,102 MW. MEAG Power's 22.7% interest in Vogtle Units 3&4, representing 500.3 MW of nominally rated generating capacity, is held by the Vogtle Units 3&4 Project Entities, which are special-purpose, limited-liability subsidiaries and wholly-owned by MEAG Power, as discussed below. Vogtle Units 3&4 are scheduled to begin commercial operation in the second quarters of 2019 and 2020, respectively.

Since a portion of the output and services of MEAG Power's interest in Vogtle Units 3&4 initially was expected to be surplus to the Participants' needs, for the initial 20 years of commercial operation of each of Vogtle Units 3&4, MEAG Power sold 66.1% of the output and services associated with its Vogtle Units 3&4 interest for a term of 20 years through take-or-pay power purchase agreements (PPA) to JEA and PowerSouth, as discussed in Note 1 (D), "The Organization – Vogtle Units 3&4 Projects and Project Entities – Structure, Financing and DOE Guaranteed Loans." MEAG Power initially structured its ownership interest in Vogtle Units 3&4 as three separate projects, Project M, Project J and Project P, collectively referred to herein as the Vogtle Units 3&4 Projects.

In order to provide a potential 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. DOE selected Vogtle Units 3&4 as such a nuclear project and issued a conditional commitment (Conditional Commitment) to MEAG Power for DOE-guaranteed loans.

The Conditional Commitment provided that DOE would guarantee three separate loans to be made by the Federal Financing Bank (FFB) to three wholly-owned, special-purpose, limited-liability subsidiaries to be formed by MEAG Power (referred to therein as the "Project Entities" and described below). The DOE-guaranteed loans could be in the aggregate principal amount including capitalized interest of up to \$1.8 billion for the Vogtle Units 3&4 Projects (DOE Guaranteed Loans), with the maximum available DOE Guaranteed Loans subject to certain individual caps. Among other conditions, the Conditional Commitment required that each Project Entity's DOE-guaranteed loan be secured by a first-priority perfected security interest in, among other things, such Project Entity's undivided ownership interest in Vogtle Units 3&4.

Vogtle Units 3&4 Project Entities

On June 24, 2015, in order to permit the Vogtle Units 3&4 Project Entities (hereinafter defined) to obtain \$1.1 billion in initial advances of DOE Guaranteed Loans from the FFB, MEAG Power divided its undivided ownership interest in Vogtle Units 3&4 into three separate undivided interests and transferred such interests and nominally rated generating capacity to the following limited liability companies (LLCs), organized and existing under the laws of the State, of which MEAG Power is the sole member:

- transferred approximately 33.9% of its ownership interest, representing 169.5 MW attributable to Project M, to MEAG Power SPVM, LLC (the Project M Entity);
- transferred approximately 41.2% of its ownership interest, representing 206.0 MW attributable to Project J, to MEAG Power SPVJ, LLC (the Project J Entity); and
- transferred approximately 24.9% of its ownership interest, representing 124.8 MW attributable to Project P, to MEAG Power SPVP, LLC (the Project P Entity) and, together with the Project M Entity and the Project J Entity, referred to as the Vogtle Units 3&4 Project Entities (Project Entities).

In contemplation of the transfers described above, MEAG Power and each of the Project Entities entered into a Wholesale Power Sales Agreement, pursuant to which (a) MEAG Power is entitled to all of the capacity and output of such Project Entity's ownership interest in Vogtle Units 3&4 and (b) MEAG Power is obligated to pay such Project Entity all of its costs and expenses (including debt service on such Project Entity's DOE Guaranteed Loan, except for certain situations pertaining to Project J and Project P) in connection with the ownership and operation of such Project Entity's ownership interest in Vogtle Units 3&4. 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 Project Entity's ownership interest in Vogtle Units 3&4, but does not include such ownership interest.

Also in contemplation of those transfers, (a) MEAG Power and the Vogtle Units 3&4 Participants entered into amended and restated power sales contracts, (b) MEAG Power and JEA entered into an amended and restated PPA and (c) MEAG Power and PowerSouth entered into an amended and restated PPA, in each such case, effective as of the date of such transfer, in order to, among other things, (i) 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, (ii) reflect such transfers of MEAG Power's ownership interest in Vogtle Units 3&4 and (iii) provide that the payment obligations of the Vogtle Units 3&4 Participants, JEA and PowerSouth, respectively, shall include all costs and expenses of the applicable Project Entity (including scheduled debt service on such Project Entity's DOE Guaranteed Loan) resulting from the ownership, operation and maintenance of, and renewals and replacements to, the applicable Project Entity's ownership interest.

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In contemplation of MEAG Power's transfer of its ownership interest in Vogtle Units 3&4 to the Project Entities, in February 2014, the Original Vogtle Co-Owners amended the Vogtle Units 3&4 Development Agreement, the Vogtle Units 3&4 Ownership Agreement, the Vogtle Operating Agreement and the Nuclear Managing Board Agreement in order to, among other things, permit MEAG Power to assign to the Project Entities, and permit the Project Entities to assume, MEAG Power's rights and obligations thereunder with respect to Vogtle Units 3&4. As a result of such assignment and assumption, the term Vogtle Co-Owners includes GPC, OPC, Dalton and the Project Entities, and does not include MEAG Power.

Additional information regarding the DOE Guaranteed Loans is included in Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Financing of Vogtle Units 3&4 Projects and Project Entities."

Technology, Construction and Licensing

In 2008, GPC, on behalf of itself and the other Original Vogtle Co-Owners, entered into an Engineering, Procurement and Construction Contract (EPC Contract) with a consortium consisting of Westinghouse and Stone & Webster, Inc., a subsidiary of The Shaw Group Inc. (Shaw), which was acquired by Chicago Bridge & Iron Company N.V. (CB&I) (Westinghouse and Stone & Webster, Inc. are referred to herein collectively as the Contractor). As a result of MEAG Power's transfer of its ownership interest in Vogtle Units 3&4 to the Project Entities, the 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 a cap. In addition, the EPC Contract provides for limited cost sharing by the Vogtle Co-Owners for Contractor costs under certain conditions (which have not occurred), with maximum additional capital costs under this provision attributable to the 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 Project Entities' aggregate proportionate share is 22.7%.

On December 31, 2015, Westinghouse acquired Stone & Webster, Inc. from CB&I (the Acquisition). In connection with the Acquisition, Stone & Webster, Inc. changed its name to WEC TEC Global Project Services Inc. Certain obligations of Westinghouse and Stone & Webster, Inc. had been guaranteed by Toshiba Corporation (Toshiba), Westinghouse's parent company, and Shaw, respectively. On March 9, 2016, in connection with the Acquisition and pursuant to the settlement agreement described below, the guarantee of Shaw was terminated. The guarantee of Toshiba remains in place. Additionally, as a result of recent credit rating downgrades of Toshiba, Westinghouse has provided the Vogtle Co-Owners with letters of credit in an aggregate amount of \$920 million in accordance with, and subject to adjustment under, the terms of the EPC Contract.

In the event of certain credit rating downgrades of any Vogtle Co-Owner, such Vogtle Co-Owner will be required to provide a letter of credit or other credit enhancement.

The Nuclear Regulatory Commission (NRC) certified the Westinghouse Design Control Document, as amended (DCD), for the AP1000 nuclear reactor design in late 2011, and issued Combined Construction and Operating Licenses (COLs) for Vogtle Units 3&4 in early 2012. Receipt of the COLs allowed full construction to begin. 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.

In 2012, the Original Vogtle Co-Owners and the Contractor commenced litigation regarding the costs associated with design changes to the DCD and the delays in the timing of approval of the DCD and issuance of the COLs, including the assertion by the Contractor that the Original Vogtle Co-Owners are responsible for these costs under the terms of the EPC Contract. The Contractor also asserted that it was entitled to extensions of the guaranteed substantial completion dates of April 2016 and April 2017 for Vogtle Unit 3 and Vogtle Unit 4, respectively. In May 2014, the Contractor filed an amended claim alleging that (i) the design changes to the DCD imposed by the NRC delayed module production and the impacts to the Contractor are recoverable by the Contractor under the EPC Contract and (ii) the changes to the basemat rebar design required by the NRC caused additional costs and delays recoverable by the Contractor under the EPC Contract. In June 2015, the Contractor updated its estimated damages to an aggregate (based on the Project Entities' aggregate 22.7% ownership interest) of approximately \$289.0 million (in 2015 dollars). The case was pending in the U.S. District Court for the Southern District of Georgia (the Vogtle Construction Litigation).

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 the Vogtle Construction Litigation. Effective December 31, 2015, GPC, acting for itself and as agent for the other Vogtle Co-Owners, and the Contractor entered into an amendment to the EPC Contract to implement the Contractor Settlement Agreement. The Contractor Settlement Agreement and the related amendment to the EPC Contract (i) restrict the Contractor's ability to seek further increases in the contract price by clarifying and limiting the circumstances that constitute nuclear regulatory changes in law; (ii) provide for enhanced dispute resolution procedures; (iii) revise the guaranteed substantial completion dates to match the current estimated in-service dates of June 30, 2019 for Vogtle Unit 3 and June 30, 2020 for Vogtle Unit 4; (iv) provide that delay liquidated damages will now commence from the current estimated nuclear fuel loading date for each unit, which is December 31, 2018 for Vogtle Unit 3 and December 31, 2019 for Vogtle Unit 4, rather than the original guaranteed substantial completion dates under the EPC Contract; and (v) provide that the Project Entities, based on their aggregate 22.7% ownership interest, will pay to the Contractor approximately \$174.0 million, of which approximately \$60.0 million has been paid previously under the dispute resolution procedures of the EPC Contract. Further, subsequent to December 31, 2015, the Project Entities paid approximately \$60.0 million under the terms of the Contractor Settlement Agreement. In addition, the Contractor Settlement Agreement provides for the resolution of other open existing items relating to the scope of the project under the EPC Contract, including cyber security, for which costs were reflected in the Project Entities' previously

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disclosed in-service cost estimate. Further, as part of the settlement and in connection with the Acquisition: (i) Westinghouse has engaged Fluor Enterprises, Inc., a subsidiary of Fluor Corporation, as a new construction subcontractor; and (ii) the Vogtle Co-Owners, CB&I, and Shaw have entered into mutual releases of any and all claims arising out of events or circumstances in connection with the construction of Vogtle Units 3&4 that occurred on or before the date of the Contractor Settlement Agreement. On January 5, 2016, the Vogtle Construction Litigation was dismissed with prejudice.

MEAG Power believes that giving effect to the payment of the Project Entities' shares of the settlement payment and the agreed-upon payment for the other open existing items relating to the scope of the project under the EPC Contract, including cyber security, described above, sufficient funds are available (consisting of amounts on deposit in various construction funds and accounts and projected earnings thereon and amounts remaining to be advanced under the DOE Guaranteed Loans, subject to the satisfaction of the conditions precedent to the making of such additional borrowings under the DOE Guaranteed Loans (Advances)) to pay 100% of the projected costs of acquisition and construction of the Vogtle Units 3&4 Projects (including the funding of reserves) and to provide a contingency in the amount of approximately \$160.0 million, which contingency will be available to cover the Project Entities' shares of up to approximately \$700.0 million of additional Vogtle Units 3&4 construction costs over current estimates (exclusive of financing costs).

MEAG Power expects that based on the current estimated in-service dates of June 30, 2019 for Vogtle Unit 3 and June 30, 2020 for Vogtle Unit 4, the Project Entities' estimated in-service cost will be approximately \$4.4 billion, including construction costs, financing costs through the estimated in-service dates, contingencies, initial fuel load costs, and switchyard and transmission costs. Additional financing needs related to reserve funds and other fund deposits required under MEAG Power's and the Project Entities' financing documents result in total financing needs of \$4.7 billion for the Vogtle Units 3&4 Projects, of which the following financing has been obtained: (i) \$2.7 billion in the initial long-term financing in 2010; (ii) \$1.1 billion from advances under DOE Guaranteed Loans; (iii) \$185.2 million in Project J Bonds and \$69.2 million in Project P Bonds issued in September 2015; (iv) \$143.0 million in proceeds drawn under the Series 2010A Project P Notes, all of which was repaid in 2015; and (v) \$90.8 million in proceeds drawn under the Series 2012A Project P Note (see Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Financing of Vogtle Units 3&4 Projects and Project Entities" and "– Project Borrowings from the Trust Funds" within that Note).

On January 21, 2016, GPC submitted the Contractor Settlement Agreement and the related amendment to the EPC Contract to the Georgia Public Service Commission (GPSC) for its review. In accordance with a GPSC order issued to GPC on February 2, 2016, on April 5, 2016 GPC filed supplemental information in support of the Contractor Settlement Agreement and GPC's position that all construction costs to date have been prudently incurred and that the current estimated in-service capital cost and schedule are reasonable. The order also permits the other Vogtle Co-Owners and parties other than the GPSC Staff (Staff) to file comments on GPC's supplemental information by May 5, 2016. MEAG Power expects that it will file comments on GPC's supplemental information by the date required. Following such filings under the order, the Staff will conduct a review of all costs incurred related to Vogtle Units 3&4, the schedule for completion of Vogtle Units 3&4, and the Contractor Settlement Agreement and the Staff is authorized to engage in related settlement discussions with GPC and any intervenors.

The order provides that the Staff is required to report to the GPSC by October 5, 2016 with respect to the status of its review and any settlement-related negotiations. If a settlement with the Staff is reached with respect to costs of Vogtle Units 3&4, the GPSC will then conduct a hearing to consider whether to approve that settlement. If a settlement with the Staff is not reached, the GPSC will determine how to proceed, including (i) modifying a 2013 stipulation between GPC and the Staff to waive the requirement to amend the Vogtle Units 3&4 certificate until the completion of Vogtle Unit 3, or earlier if deemed appropriate by the GPSC and GPC, (ii) directing GPC to file a request for an amendment to the certificate for Vogtle Units 3&4, (iii) issuing a scheduling order to address remaining disputed issues, or (iv) taking any other option within its authority.

Processes are in place that are designed to assure compliance with the requirements specified in the DCD and the COLs, including inspections by Southern Nuclear Operating Company, Inc., an affiliate of GPC and the operating agent for Vogtle Units 3&4, 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 either to the Vogtle Co-Owners or the Contractor or to both.

As construction continues, the risk remains that challenges with Contractor performance including fabrication, assembly, delivery, and installation of the shield building and structural modules, delays in the receipt of the remaining permits necessary for the operation of Vogtle Units 3&4, or other issues could arise and may further impact the Vogtle Units 3&4 project schedule and cost.

Future claims by the Contractor or the Vogtle Co-Owners could arise throughout construction. These claims may be resolved through formal and informal dispute resolution procedures under the EPC Contract and, under the enhanced dispute resolution procedures, may be resolved through litigation after the completion of nuclear fuel load for both units.

The ultimate outcome of these matters cannot be determined at this time.

For additional information related to Vogtle Units 3&4, see Note 1 (D), "The Organization – Vogtle Units 3&4 Projects and Project Entities."

FINANCING ACTIVITIES

During 2015, MEAG Power continued to implement strategies to further improve its competitive position and financial flexibility. These actions included: (1) obtaining \$1.1 billion in advances of DOE Guaranteed Loans from the FFB to fund a portion of the acquisition and construction costs, as well as capitalized interest, of Vogtle Units 3&4 (see "Vogtle Units 3&4 Projects and Project Entities," as well as the table below), (2) promoting the benefits of deposits from the Participants into the New Generation and Capacity Funding account (see Note 1 (E), "The Organization – Trust Funds – Municipal Competitive Trust") to offset future costs of new generating projects, including Vogtle Units 3&4 and (3) undergoing a process to modernize the Power Revenue Bond Resolution and the General Power Revenue Bond Resolution via a "springing lien" amendment, as discussed in Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Power Revenue Bonds and General Power Revenue Bonds."

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MEAG Power issued the following long-term debt during 2015, as discussed in Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Subordinated Debt" and "– Financing of Vogtle Units 3&4 Projects and Project Entities" within that Note (in thousands):

2015 Month	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Telecom Project	Total Issued	Description
June	\$ —	\$ —	\$ —	\$1,136,841	\$ —	\$1,136,841	Initial advances of DOE Guaranteed Loans from the FFB to fund a portion of construction costs of Vogtle Units 3&4.
Various	—	—	—	7,146	—	7,146	Advances of DOE Guaranteed Loans from the FFB to pay capitalized interest on certain advances.
September	—	—	—	254,425	—	254,425	\$185.2 million and \$69.2 million in Project J and Project P bonds, respectively, to (i) finance a portion of the cost of acquisition and construction of Project J and Project P; (ii) fund certain capitalized interest on these bonds and (iii) fund debt service reserve accounts.
Various	—	—	—	13,247	—	13,247	Advances by the Competitive Trust to Project P, as an investment of funds on deposit in the Competitive Trust, to finance a portion of the costs of acquisition and construction and financing costs of Project P.
December	160,275	9,605	—	—	—	169,880	Subordinated bonds to finance certain capital improvements and refund certain other subordinated bonds and commercial paper.
Total	\$160,275	\$9,605	\$ —	\$1,411,659	\$ —	\$1,581,539	

Funds generated from operations are estimated to provide approximately 35%, 49%, and 44% of construction expenditures in the years 2016, 2017 and 2018, respectively, for Project One, the General Resolution Projects and the CC Project. The remaining expenditures will be met by issuing long-term bonds and utilizing MEAG Power's existing commercial paper (CP) program. Funds generated from operations from the Vogtle Units 3&4 Projects and Project Entities are not anticipated to begin until Vogtle Units 3&4 are placed into service. To meet short-term cash needs and contingencies, \$237.0 million of unused credit was available through the Project P Credit Agreement and arrangements with banks (collectively, the Credit Arrangements) as of December 31, 2015, as described in Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Financing of Vogtle Units 3&4 Projects and Project Entities" and "– Credit Agreements" within that Note.

The unenhanced ratings assigned to MEAG Power's senior lien and subordinated debt obligations as of December 31, 2015 were:

Project	Lien	Fitch Ratings	Moody's Investors Service	Standard & Poor's
Project One	Senior	A+	A1	A+
	Subordinated	A+	A2	A
General Resolution Projects	Senior	A+	A1	A+
	Subordinated	A+	A2	A
Combined Cycle Project	Senior	A+	A1	A
Vogtle Units 3&4 Projects:				
Project M	Senior	A+	A2	A+
Project J	Senior	A+	A2	A+
Project P	Senior	A-	Baa2	A-
Outlook/Trend (All Projects)		*	Stable	Stable

* Fitch Ratings' outlook on all project bonds is negative except for Project P bonds, which is stable.

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LIQUIDITY AND CAPITAL RESOURCES

MEAG Power has substantial cash flow from operating activities, access to the capital markets, bank facilities and special funds deposit balances.

At December 31, 2015, MEAG Power had \$3.7 billion of special funds deposits, of which \$2.7 billion was available to fund various operating, construction, debt service and contingency requirements. Within the Competitive Trust, \$627.2 million was invested and may be used by Participants to mitigate future billings. Investments in the Decommissioning Trust funds (see Note 2 (H), "Summary of Significant Accounting Policies and Practices – Asset Retirement Obligations and Decommissioning") totaled \$413.5 million, and \$226.9 million was invested in the EFRA. Within the Deferred Lease Financing Trust, \$312.7 million was invested and may be used to fund a future lease purchase option. Committed Credit Arrangements with banks at December 31, 2015 totaled \$759.8 million, of which \$249.0 million provided liquidity support to \$241.0 million of outstanding variable-rate demand obligations, \$235.6 million supported \$224.8 million of outstanding CP balances and \$38.2 million was drawn on the Credit Arrangements, with the remaining \$237.0 million available. The Credit Arrangements mature at various dates in 2016 through 2020, and management expects to renew or replace the facilities as needed prior to expiration. For additional information regarding available credit, see Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Financing of Vogtle Units 3&4 Projects and Project Entities" and "– Credit Agreements" within that Note.

Net cash provided by MEAG Power during 2015 was \$498.3 million. This increase in cash was due to net cash provided by operating activities of \$379.3 million, as well as capital and related financing activities of \$620.9 million. These inflows of cash were partially offset by net cash used in investing activities of \$501.8 million.

Within investing activities, purchases of investment securities totaled \$877.4 million. This outflow of cash was partially offset by sales and maturities of \$293.4 million, contributions from the Participants to the Trust Funds of \$53.0 million, distribution from alliance of \$14.7 million and investment income receipts of \$14.6 million.

The primary factor pertaining to capital and related financing activities was proceeds of \$1.6 billion from DOE Guaranteed Loan advances, as well as long-term debt issuances. Voluntary Participant deposits to defray the future costs of new generation projects totaled \$21.2 million. These inflows of cash were partially offset by retirement of long- and short-term debt, as well as lines of credit and net interest payments totaling \$640.8 million. Property additions pertaining to Vogtle Units 3&4, equipment upgrades and replacements at the generating plants, as well as purchases of nuclear fuel totaled \$327.3 million.

During 2016 through 2018, maturities of long-term debt and sinking fund redemptions are expected to total \$598.2 million. These requirements will be included in the appropriate year's budgeted revenue requirements, as applicable, and collected from the Participants.

When considering the risks associated with liquidity and capital, MEAG Power is susceptible to changes in the interest rate environment. In rising interest rate markets, MEAG Power may be impacted by increases in costs associated with variable-rate subordinated debt and new debt issuances. These increases would be somewhat offset by increases in interest income earned on MEAG Power's investment portfolio. Conversely, when rates decline, MEAG Power may experience decreases in both the cost of some debt and the interest earnings on some investments. To partially mitigate this risk, MEAG Power occasionally implements hedges that help to stabilize the impact of these interest rate fluctuations. In addition, MEAG Power maintains a relatively high credit rating and strong liquidity position, which provide access to competitive funding options.

Estimated construction and financing expenditures for Project One, the General Resolution Projects and the CC Project in total are estimated to be \$130.4 million, \$119.6 million and \$163.1 million for the years 2016, 2017 and 2018, respectively. These expenditures are related to capital improvements at existing generating plants and investment in transmission facilities. Also included in the estimates are the costs necessary to comply with certain environmental regulations, as described in Note 8, "Commitments and Contingencies – Environmental Regulation." Estimated construction expenditures for Vogtle Units 3&4, including various contingencies and financing amounts for the years 2016 through 2018 are \$1.4 billion. Actual construction costs may vary from the estimates because of factors such as changes in economic conditions; revised environmental regulations; changes to existing plants to meet regulatory requirements; updated load forecasts; and the cost of construction labor, equipment and materials. CWIP as of December 31, 2015 totaled \$2.3 billion.

2015 CONSOLIDATED BALANCE SHEET

December 31, 2015	Project One	General Resolution Projects	Combined Cycle Project	Vogle Units 3&4 Projects and Project Entities	Trust Funds	Telecom Project	Eliminations	Total
ASSETS (in thousands)								
Property, plant and equipment, at cost:								
In service	\$ 3,197,046	\$ 1,184,616	\$ 330,918	\$ —	\$ —	\$ 28,841	\$ —	\$ 4,741,421
Less accumulated depreciation	(1,692,008)	(562,825)	(111,317)	—	—	(22,288)	—	(2,388,438)
Property in service, net	1,505,038	621,791	219,601	—	—	6,553	—	2,352,983
Construction work in progress	121,385	27,410	139	2,128,424	—	—	—	2,277,358
Nuclear fuel, net of accumulated amortization	191,381	27,575	—	64,664	—	—	—	283,620
Total property, plant and equipment, net	1,817,804	676,776	219,740	2,193,088	—	6,553	—	4,913,961
Other non-current assets:								
Investment in Alliance	7,049	—	104	—	—	—	—	7,153
Special funds, including cash and cash equivalents	791,624	296,805	41,430	1,700,339	777,367	—	(546,839)	3,060,726
Other receivables	—	—	—	1,179,499	2,356	—	(1,179,499)	2,356
Net costs to be recovered from Participants	—	—	—	296,918	95,177	—	—	392,095
Unamortized bond issuance costs	9,602	3,230	1,047	48,509	—	—	—	62,388
Total other non-current assets	808,275	300,035	42,581	3,225,265	874,900	—	(1,726,338)	3,524,718
Current assets:								
Special funds, including cash and cash equivalents	260,619	125,465	25,885	104,363	162,512	898	—	679,742
Supplemental power account, including cash and cash equivalents	4,411	—	—	—	—	—	—	4,411
Securities lending collateral	2,087	244	—	—	—	—	—	2,331
Receivables from Participants	37,605	14,450	1,061	—	5,070	15	—	58,201
Other receivables	16,345	2,860	3,651	15,303	659	96	(14,687)	24,227
Fuel stocks, at average cost	13,650	15,946	—	—	—	—	—	29,596
Materials, supplies and other assets	83,779	15,717	5,888	156	—	—	—	105,540
Total current assets	418,496	174,682	36,485	119,822	168,241	1,009	(14,687)	904,048
Total assets	3,044,575	1,151,493	298,806	5,538,175	1,043,141	7,562	(1,741,025)	9,342,727
Deferred outflows of resources:								
Accumulated decrease in fair value of hedging derivatives	63,147	—	5,216	—	—	—	—	68,363
Unamortized loss on refunded debt	13,886	5,652	6,772	—	—	—	—	26,310
Pensions	4,498	—	—	—	—	—	—	4,498
Total deferred outflows of resources	81,531	5,652	11,988	—	—	—	—	99,171
Total Assets and Deferred Outflows of Resources	\$ 3,126,106	\$ 1,157,145	\$ 310,794	\$ 5,538,175	\$ 1,043,141	\$ 7,562	\$(1,741,025)	\$ 9,441,898

The accompanying Notes are an integral part of these consolidated financial statements.

2015 CONSOLIDATED BALANCE SHEET

December 31, 2015	Project One	General Resolution Projects	Combined Cycle Project	Vogle Units 3&4 Projects and Project Entities	Trust Funds	Telecom Project	Eliminations	Total
LIABILITIES (in thousands)								
Long-term debt:								
Power Revenue bonds	\$ 339,505	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 339,505
General Power Revenue bonds	—	161,085	—	—	—	—	—	161,085
Combined Cycle Project								
Revenue bonds	—	—	169,520	—	—	—	—	169,520
Vogle Units 3&4 Projects'								
Revenue bonds	—	—	—	3,013,071	—	—	(90,771)	2,922,300
DOE Guaranteed Loans	—	—	—	1,143,987	—	—	—	1,143,987
Unamortized (discount) premium, net	17,112	2,617	9,903	12,676	—	—	—	42,308
Total Revenue bonds and DOE Guaranteed Loans	356,617	163,702	179,423	4,169,734	—	—	(90,771)	4,778,705
Subordinated debt	1,802,053	654,267	—	—	—	—	(456,068)	2,000,252
Unamortized (discount) premium, net	51,470	2,982	—	—	—	—	—	54,452
Total subordinated debt	1,853,523	657,249	—	—	—	—	(456,068)	2,054,704
Total long-term debt	2,210,140	820,951	179,423	4,169,734	—	—	(546,839)	6,833,409
Non-current liabilities:								
Lease finance obligation	—	—	—	—	407,866	—	—	407,866
Asset retirement obligations	426,098	60,781	—	—	—	—	—	486,879
Competitive Trust obligations	—	—	—	—	245,550	—	—	245,550
Other	65,595	2,042	—	1,229,828	97	—	(1,179,499)	118,063
Total non-current liabilities	491,693	62,823	—	1,229,828	653,513	—	(1,179,499)	1,258,358
Current liabilities:								
Accounts payable	66,769	18,391	14,226	8,849	6,430	110	(14,687)	100,088
Construction liabilities	9,282	2,312	—	74,085	—	—	—	85,679
Securities lending collateral	2,112	247	—	—	—	—	—	2,359
Current portion of long-term debt	192,547	56,953	14,305	—	—	—	—	263,805
Lines of credit and other short-term debt	—	1,651	36,590	—	—	—	—	38,241
Competitive Trust obligations	—	—	—	—	383,198	—	—	383,198
Accrued interest	42,957	12,059	1,479	55,679	—	—	—	112,174
Total current liabilities	313,667	91,613	66,600	138,613	389,628	110	(14,687)	985,544
Commitments and contingencies (Note 8)	—	—	—	—	—	—	—	—
Total liabilities	3,015,500	975,387	246,023	5,538,175	1,043,141	110	(1,741,025)	9,077,311
Deferred inflows of resources	110,606	181,758	64,771	—	—	7,452	—	364,587
Total Liabilities and Deferred Inflows of Resources	\$3,126,106	\$1,157,145	\$310,794	\$5,538,175	\$1,043,141	\$7,562	\$(1,741,025)	\$9,441,898

The accompanying Notes are an integral part of these consolidated financial statements.

2015 CONSOLIDATED STATEMENT OF NET REVENUES

For the Year Ended December 31, 2015 (in thousands)	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Trust Funds	Telecom Project	Eliminations	Total
Revenues:								
Participant	\$314,778	\$133,965	\$74,046	\$ —	\$ —	\$ 921	\$ —	\$ 523,710
Other	63,227	40,244	15,667	—	—	105	—	119,243
Total revenues	378,005	174,209	89,713	—	—	1,026	—	642,953
Operating expenses:								
Fuel	97,028	60,620	48,640	—	—	—	—	206,288
Purchased power	32,353	—	—	—	—	—	—	32,353
Other generating and operating expense	153,069	56,842	22,771	—	68	213	—	232,963
Transmission	14,733	—	—	—	—	—	—	14,733
Depreciation and amortization	73,345	23,923	9,794	—	—	726	—	107,788
Competitive Trust funding	(77,159)	—	—	—	77,159	—	—	—
Total operating expenses	293,369	141,385	81,205	—	77,227	939	—	594,125
Net operating revenues (loss)	84,636	32,824	8,508	—	(77,227)	87	—	48,828
Interest expense (income), net:								
Interest expense	106,657	37,706	11,263	198,042	—	78	(20,057)	333,689
Amortization of debt discount and expense	(7,836)	(950)	(2,482)	(61)	17,633	10	—	6,314
Investment income	(12,553)	(4,961)	(378)	(7,563)	(21,025)	(1)	20,057	(26,424)
Net change in the fair value of financial instruments	5,455	1,369	105	3,819	335	—	—	11,083
Interest capitalized	(7,087)	(340)	—	(80,076)	—	—	—	(87,503)
U.S. Treasury cash subsidy on Build America Bonds	—	—	—	(57,057)	—	—	—	(57,057)
Total interest expense (income), net	84,636	32,824	8,508	57,104	(3,057)	87	—	180,102
Change in:								
Net costs to be recovered from Participants	—	—	—	(57,104)	—	—	—	(57,104)
Competitive Trust obligations	—	—	—	—	(74,170)	—	—	(74,170)
Total change in net costs to be recovered from Participants or Competitive Trust obligations	—	—	—	(57,104)	(74,170)	—	—	(131,274)
Net Revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

The accompanying Notes are an integral part of these consolidated financial statements.

2015 CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2015 (in thousands)	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Trust Funds	Telecom Project	Eliminations	Total
Cash flows from operating activities:								
Cash received from Participants	\$ 413,527	\$ 191,379	\$ 88,258	\$ —	\$ (573)	\$ 1,705	\$ —	\$ 694,296
Cash received from others	53,594	41,575	14,321	—	—	121	—	109,611
Cash paid for operating expenses	(244,629)	(109,127)	(70,412)	—	(233)	(221)	—	(424,622)
Competitive Trust funding	77,159	—	—	—	(77,159)	—	—	—
Net cash provided by (used in) operating activities	299,651	123,827	32,167	—	(77,965)	1,605	—	379,285
Cash flows from investing activities:								
Sales and maturities of investment securities	121,050	36,434	5,248	27,362	103,327	—	—	293,421
Purchase of investment securities	(454,691)	(142,754)	(9,202)	(258,890)	(11,869)	—	—	(877,406)
Investment income receipts	12,436	4,943	410	9,187	7,614	—	(20,057)	14,533
Distribution from Alliance	14,661	—	—	—	—	—	—	14,661
Contributions from Participants	—	—	—	—	52,978	—	—	52,978
Net cash (used in) provided by investing activities	(306,544)	(101,377)	(3,544)	(222,341)	152,050	—	(20,057)	(501,813)
Cash flows from capital and related financing activities:								
Property additions	(133,939)	(25,207)	(242)	(167,912)	—	—	—	(327,300)
Proceeds from issuance of long-term debt	182,222	4,243	—	1,381,253	—	—	—	1,567,718
Retirement of long-term debt	(160,916)	(84,628)	(13,950)	—	—	(2,675)	—	(262,169)
Interest payments	(98,726)	(26,786)	(9,811)	(186,914)	—	(78)	20,057	(302,258)
Net payments on lines of credit and other short-term debt	—	300	(3,920)	(129,724)	—	—	—	(133,344)
U.S. Treasury cash subsidy on Build America Bonds	—	—	—	56,995	—	—	—	56,995
Advance payments from Participants for New Generation and Capacity Funding	—	—	—	—	21,209	—	—	21,209
Net cash provided by (used in) capital and related financing activities	(211,359)	(132,078)	(27,923)	953,698	21,209	(2,753)	20,057	620,851
Increase (decrease) in cash and cash equivalents	(218,252)	(109,628)	700	731,357	95,294	(1,148)	—	498,323
Cash and cash equivalents at beginning of year	775,958	364,904	52,324	743,188	92,545	2,046	—	2,030,965
Cash and cash equivalents at end of year	557,706	255,276	53,024	1,474,545	187,839	898	—	2,529,288
Other investment securities and accrued interest receivable at end of year	501,035	167,238	14,291	330,157	752,040	—	(546,839)	1,217,922
Special funds, Supplemental power account and Securities lending collateral at end of year	\$1,058,741	\$ 422,514	\$ 67,315	\$1,804,702	\$939,879	\$ 898	\$(546,839)	\$3,747,210
Reconciliation of net operating revenues (loss) to net cash provided by (used in) operating activities:								
Net operating revenues (loss)	\$ 84,636	\$ 32,824	\$ 8,508	\$ —	\$ (77,227)	\$ 87	\$ —	\$ 48,828
Adjustments to reconcile net operating revenues (loss) to net cash from operating activities:								
Depreciation and amortization	127,501	31,999	9,794	—	—	726	—	170,020
Deferred inflows of resources	90,542	54,108	9,452	—	—	634	—	154,736
Share of net revenues from Alliance	(13,417)	—	—	—	—	—	—	(13,417)
Change in current assets and liabilities:								
Accounts receivable	2,115	3,078	1,845	—	(573)	141	—	6,606
Fuel stocks	4,181	1,963	—	—	—	—	—	6,144
Materials, supplies and other assets	(10,224)	(2,107)	2,323	—	—	—	—	(10,008)
Accounts payable and other liabilities	14,317	1,962	245	—	(165)	17	—	16,376
Net cash provided by (used in) operating activities	\$ 299,651	\$ 123,827	\$ 32,167	\$ —	\$ (77,965)	\$ 1,605	\$ —	\$ 379,285

The accompanying Notes are an integral part of these consolidated financial statements.

2014 CONSOLIDATED BALANCE SHEET

December 31, 2014	Project One	General Resolution Projects	Combined Cycle Project	Vogle Units 3&4 Projects	Trust Funds	Telecom Project	Eliminations	Total
ASSETS (in thousands)								
Property, plant and equipment, at cost:								
In service	\$ 3,125,391	\$ 1,177,515	\$ 330,209	\$ —	\$ —	\$ 28,841	\$ —	\$ 4,661,956
Less accumulated depreciation	(1,646,867)	(547,124)	(101,522)	—	—	(21,562)	—	(2,317,075)
Property in service, net	1,478,524	630,391	228,687	—	—	7,279	—	2,344,881
Construction work in progress	95,123	24,101	606	1,833,819	—	—	—	1,953,649
Nuclear fuel, net of accumulated amortization	188,658	26,356	—	62,042	—	—	—	277,056
Total property, plant and equipment, net	1,762,305	680,848	229,293	1,895,861	—	7,279	—	4,575,586
Other non-current assets:								
Investment in Alliance	8,293	—	104	—	—	—	—	8,397
Special funds, including cash and cash equivalents	685,221	281,775	39,797	844,378	677,942	—	(404,233)	2,124,880
Other receivables	—	—	—	—	2,023	—	—	2,023
Net costs to be recovered from Participants	—	—	—	239,813	96,635	—	—	336,448
Unamortized bond issuance costs	10,481	3,698	1,255	20,885	—	—	—	36,319
Total other non-current assets	703,995	285,473	41,156	1,105,076	776,600	—	(404,233)	2,508,067
Current assets:								
Special funds, including cash and cash equivalents	256,017	145,572	23,000	2,881	256,253	2,046	(122,968)	562,801
Supplemental power account, including cash and cash equivalents	5,380	—	—	—	—	—	—	5,380
Securities lending collateral	7,254	846	—	—	—	—	—	8,100
Receivables from Participants	35,936	16,197	4,039	—	5,900	137	—	62,209
Other receivables	20,129	4,191	2,731	14,323	418	116	(14,256)	27,652
Fuel stocks, at average cost	17,831	17,909	—	—	—	—	—	35,740
Materials, supplies and other assets	70,857	13,627	9,022	220	—	—	—	93,726
Total current assets	413,404	198,342	38,792	17,424	262,571	2,299	(137,224)	795,608
Total assets	2,879,704	1,164,663	309,241	3,018,361	1,039,171	9,578	(541,457)	7,879,261
Deferred outflows of resources:								
Accumulated decrease in fair value of hedging derivatives	58,294	—	4,406	—	—	50	—	62,750
Unamortized loss on refunded debt	17,031	7,954	8,326	—	—	10	—	33,321
Total deferred outflows of resources	75,325	7,954	12,732	—	—	60	—	96,071
Total Assets and Deferred Outflows of Resources	\$ 2,955,029	\$ 1,172,617	\$ 321,973	\$ 3,018,361	\$ 1,039,171	\$ 9,638	\$(541,457)	\$ 7,975,332

The accompanying Notes are an integral part of these consolidated financial statements.

2014 CONSOLIDATED BALANCE SHEET

December 31, 2014	Project One	General Resolution Projects	Combined Cycle Project	Vogle Units 3&4 Projects	Trust Funds	Telecom Project	Eliminations	Total
LIABILITIES (in thousands)								
Long-term debt:								
Power Revenue bonds	\$ 416,365	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 416,365
General Power Revenue bonds	—	205,860	—	—	—	—	—	205,860
Combined Cycle Project Revenue bonds	—	—	183,825	—	—	—	—	183,825
Vogle Units 3&4 Projects' Revenue bonds	—	—	—	2,667,875	—	—	—	2,667,875
Telecommunications Project Revenue bonds	—	—	—	—	—	—	—	—
Unamortized (discount) premium, net	19,457	4,196	12,592	2,272	—	—	—	38,517
Total Revenue bonds	435,822	210,056	196,417	2,670,147	—	—	—	3,512,442
Subordinated debt	1,734,082	652,100	—	—	—	—	(404,233)	1,981,949
Unamortized (discount) premium, net	36,757	3,490	—	—	—	—	—	40,247
Total subordinated debt	1,770,839	655,590	—	—	—	—	(404,233)	2,022,196
Total long-term debt	2,206,661	865,646	196,417	2,670,147	—	—	(404,233)	5,534,638
Non-current liabilities:								
Lease finance obligation	—	—	—	—	390,232	—	—	390,232
Asset retirement obligations	389,432	57,758	—	—	—	—	—	447,190
Competitive Trust obligations	—	—	—	—	284,518	—	—	284,518
Other	62,989	2,455	—	41,628	97	50	—	107,219
Total non-current liabilities	452,421	60,213	—	41,628	674,847	50	—	1,229,159
Current liabilities:								
Accounts payable	55,480	16,449	14,194	6,626	7,798	94	(14,256)	86,385
Construction liabilities	(1,748)	2,954	—	34,915	—	—	—	36,121
Securities lending collateral	7,290	851	—	—	—	—	—	8,141
Current portion of long-term debt	175,276	83,961	13,950	—	—	2,675	(45,444)	230,418
Lines of credit and other short-term debt	—	1,351	40,510	220,495	—	—	(77,524)	184,832
Competitive Trust obligations	—	—	—	—	356,526	—	—	356,526
Accrued interest	46,990	13,752	1,583	44,550	—	1	—	106,876
Total current liabilities	283,288	119,318	70,237	306,586	364,324	2,770	(137,224)	1,009,299
Commitments and contingencies (Note 8)								
	—	—	—	—	—	—	—	—
Total liabilities	2,942,370	1,045,177	266,654	3,018,361	1,039,171	2,820	(541,457)	7,773,096
Deferred inflows of resources	12,659	127,440	55,319	—	—	6,818	—	202,236
Total Liabilities and Deferred Inflows of Resources	\$2,955,029	\$1,172,617	\$321,973	\$3,018,361	\$1,039,171	\$9,638	\$(541,457)	\$7,975,332

The accompanying Notes are an integral part of these consolidated financial statements.

2014 CONSOLIDATED STATEMENT OF NET REVENUES

For the Year Ended December 31, 2014 (in thousands)	Project One	General Resolution Projects	Combined Cycle Project	Vogle Units 3&4 Projects	Trust Funds	Telecom Project	Eliminations	Total
Revenues:								
Participant	\$392,552	\$144,550	\$ 83,069	\$ —	\$ —	\$1,037	\$ —	\$621,208
Other	70,039	39,305	17,925	—	—	94	—	127,363
Total revenues	462,591	183,855	100,994	—	—	1,131	—	748,571
Operating expenses:								
Fuel	104,059	71,475	36,969	—	—	—	—	212,503
Purchased power	35,697	—	—	—	—	—	—	35,697
Other generating and operating expense	156,728	62,143	44,619	—	87	231	—	263,808
Transmission	18,330	—	—	—	—	—	—	18,330
Depreciation and amortization	71,630	23,126	10,792	—	—	727	—	106,275
Competitive Trust funding	(93,576)	—	—	—	93,576	—	—	—
Total operating expenses	292,868	156,744	92,380	—	93,663	958	—	636,613
Net operating revenues (loss)	169,723	27,111	8,614	—	(93,663)	173	—	111,958
Interest expense (income), net:								
Interest expense	113,983	40,827	11,924	179,804	—	154	(19,071)	327,621
Amortization of debt discount and expense	(7,868)	(865)	(2,803)	17	16,871	19	—	5,371
Investment income	(15,023)	(4,928)	(414)	(12,296)	(20,426)	—	19,071	(34,016)
Net change in the fair value of financial instruments	(14,930)	(7,575)	(93)	5,925	(748)	—	—	(17,421)
Interest capitalized	(6,799)	(348)	—	(68,882)	—	—	—	(76,029)
U.S. Treasury cash subsidy on Build America Bonds	—	—	—	(57,057)	—	—	—	(57,057)
Total interest expense (income), net	69,363	27,111	8,614	47,511	(4,303)	173	—	148,469
Change in:								
Net costs to be recovered from Participants	100,360	—	—	(47,511)	—	—	—	52,849
Competitive Trust obligations	—	—	—	—	(89,360)	—	—	(89,360)
Total change in net costs to be recovered from Participants or Competitive Trust obligations	100,360	—	—	(47,511)	(89,360)	—	—	(36,511)
Net Revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

The accompanying Notes are an integral part of these consolidated financial statements.

2014 CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2014 (in thousands)	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects	Trust Funds	Telecom Project	Eliminations	Total
Cash flows from operating activities:								
Cash received from Participants	\$ 404,644	\$ 225,183	\$ 69,586	\$ —	\$ (664)	\$ 1,543	\$ —	\$ 700,292
Cash received from others	39,310	37,802	16,658	—	—	77	—	93,847
Cash paid for operating expenses	(252,415)	(124,804)	(76,646)	—	(255)	(221)	—	(454,341)
Competitive Trust funding	93,576	—	—	—	(93,576)	—	—	—
Net cash provided by (used in) operating activities	285,115	138,181	9,598	—	(94,495)	1,399	—	339,798
Cash flows from investing activities:								
Sales and maturities of investment securities	751,733	331,614	54,269	1,243,809	45,821	700	—	2,427,946
Purchase of investment securities	(482,297)	(204,260)	(25,997)	(551,955)	(55,213)	(700)	—	(1,320,422)
Investment income receipts	12,518	4,857	433	19,361	8,663	—	(19,071)	26,761
Distribution from Alliance	25,255	—	—	—	—	—	—	25,255
Contributions from Participants	—	—	—	—	54,117	—	—	54,117
Net cash provided by (used in) investing activities	307,209	132,211	28,705	711,215	53,388	—	(19,071)	1,213,657
Cash flows from capital and related financing activities:								
Property additions	(129,762)	(28,108)	(1,930)	(228,191)	—	—	—	(387,991)
Net proceeds from lines of credit and other short-term debt	—	600	(3,770)	32,112	—	—	—	28,942
Proceeds from issuance of long-term debt	4,856	29	21	—	—	—	—	4,906
Retirement of long-term debt	(148,195)	(49,450)	(13,655)	—	—	(1,255)	—	(212,555)
Interest payments	(106,011)	(29,782)	(10,304)	(179,792)	—	(154)	19,071	(306,972)
U.S. Treasury cash subsidy on Build America Bonds	—	—	—	57,057	—	—	—	57,057
Advance payments from Participants for New Generation and Capacity Funding	—	—	—	—	26,067	—	—	26,067
Net cash (used in) provided by capital and related financing activities	(379,112)	(106,711)	(29,638)	(318,814)	26,067	(1,409)	19,071	(790,546)
Increase (decrease) in cash and cash equivalents	213,212	163,681	8,665	392,401	(15,040)	(10)	—	762,909
Cash and cash equivalents at beginning of year	562,746	201,223	43,659	350,787	107,585	2,056	—	1,268,056
Cash and cash equivalents at end of year	775,958	364,904	52,324	743,188	92,545	2,046	—	2,030,965
Other investment securities and accrued interest receivable at end of year	177,914	63,289	10,473	104,071	841,650	—	(527,201)	670,196
Special funds, Supplemental power account and Securities lending collateral at end of year	\$ 953,872	\$ 428,193	\$ 62,797	\$ 847,259	\$ 934,195	\$ 2,046	\$(527,201)	\$ 2,701,161
Reconciliation of net operating revenues (loss) to net cash provided by (used in) operating activities:								
Net operating revenues (loss)	\$ 169,723	\$ 27,111	\$ 8,614	\$ —	\$ (93,663)	\$ 173	\$ —	\$ 111,958
Adjustments to reconcile net operating revenues (loss) to net cash from operating activities:								
Depreciation and amortization	123,694	30,507	10,792	—	—	727	—	165,720
Share of net revenues from Alliance	(26,807)	—	—	—	—	—	—	(26,807)
Change in current assets and liabilities:								
Accounts receivable	(1,590)	14	(5,432)	—	(664)	(16)	—	(7,688)
Fuel stocks	3,003	(314)	—	—	—	—	—	2,689
Materials, supplies and other assets	(4,829)	(414)	277	—	—	—	—	(4,966)
Accounts payable and other liabilities	5,229	2,743	4,714	—	(168)	(44)	—	12,474
Deferred inflows of resources	16,692	78,534	(9,367)	—	—	559	—	86,418
Net cash provided by (used in) operating activities	\$ 285,115	\$ 138,181	\$ 9,598	\$ —	\$ (94,495)	\$ 1,399	\$ —	\$ 339,798

The accompanying Notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

1. THE ORGANIZATION

(A) Reporting Entity

The Municipal Electric Authority of Georgia (MEAG Power) is a public corporation and an instrumentality of the State of Georgia (the State), created by the State for the purpose of owning and operating electric generation and transmission facilities to supply bulk electric power to political subdivisions of the State which owned and operated electric distribution systems as of March 18, 1975 and which contracted with MEAG Power for the purchase of wholesale power. The statute under which it was created provides that MEAG Power will establish rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit, unless any such profit inures to the benefit of the public. Forty-eight cities and one county in the State (the Participants) have contracted with MEAG Power for bulk electric power supply needs.

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-fueled capacity, 750 MW of coal-fired capacity, 503 MW of combined cycle capacity and 8 MW of combustion turbine capacity. MEAG Power also has an ownership interest, through the Project Entities, as discussed herein, in two additional nuclear generating units under construction at Plant Vogtle, Unit Nos. 3 (Vogtle Unit 3) and 4 (Vogtle Unit 4) (collectively, Vogtle Units 3&4), which represent 500 MW of nominally rated generating capacity. MEAG Power also owns transmission facilities that, together with those of other utilities, form a statewide, integrated transmission system (ITS).

MEAG Power is comprised of the following reporting components, all defined herein:

- Project One;
- General Resolution Projects;
- Combined Cycle Project;
- Vogtle Units 3&4 Projects and Project Entities;
- Trust Funds; and
- Telecom Project.

(B) Project One and the General Resolution Projects

Project One, established and financed under the Power Revenue Bond Resolution, consists of undivided ownership interests in nine generating units, separately owned transmission facilities and working capital. Projects Two, Three and Four (the General Resolution Projects), established and financed under the General Power Revenue Bond Resolution, consist of additional undivided ownership interests in seven generating units.

The resolutions require that payments by the Participants for electric power be deposited in special funds and be used only for operating costs, debt service and other stipulated purposes. The resolutions also establish specific funds to hold assets for payment of acquisition costs. Other funds are used to hold assets not subject to the restrictions of the resolutions but designated for specific purposes. Power Sales Contracts between MEAG Power and each of the Participants (Power Sales Contracts) require MEAG Power to provide, and the Participants to purchase from MEAG Power, bulk power supply as defined in the contracts. Each Participant is obligated to pay its share of the operating and debt service costs.

During 2004, MEAG Power and each Participant executed an amendment to their Power Sales Contracts (the Amendments) for Project One and the General Resolution Projects which, in part, extended the terms of such contracts until June 2054. The Amendments also revised the method used to allocate the output, services and costs of the General Resolution Projects after the initial term of the related Power Sales Contracts. In addition, the Amendments provided that MEAG Power not extend the term of any existing generation debt outstanding as of November 3, 2004, exclusive of certain working capital debt components, beyond March 1, 2026 for Project One and dates ranging from February 1, 2028 through November 16, 2033 for the General Resolution Projects.

Supplemental bulk power supply is that portion of the Participants' bulk power supply in excess of their entitlement to the output and related services of Project One and the General Resolution Projects. Payments received from the Participants for supplemental bulk power supply are not pledged under either resolution. Supplemental bulk power supply revenue and costs are included in the financial statements of Project One.

Inter-Participant agreements (IP agreements) are utilized by the Participants to improve their respective power supply resource mix. Four Participants have entered into long-term, life-of-the-facility IP agreements to sell the rights to a portion of their Project One output (Selling Participants) to three other Participants. The obligation of the Selling Participants to pay their share of the operating and debt service costs under their Project One Power Sales Contract is not affected.

(C) Combined Cycle Project

The Combined Cycle Project (CC Project) is wholly owned by MEAG Power and consists of a gas-fired and steam-driven combined cycle power plant that has a nominal summer capacity of 503 MW. It is also known as the Wansley Combined Cycle Facility (CC Facility). The 37 Participants in the CC Project (CC Participants) include the initial 32 Participants (the Initial CC Participants) that entered into a CC Project Power Sales Contract (CC Project Power Sales Contract) in 2003, as well as five additional Participants that became CC Participants between 2007 and 2012 through the execution of additional CC Project Power Sales 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. MEAG Power and each of the CC Participants have amended their applicable CC Project Power Sales Contract, which allows MEAG Power to utilize a credit facility for the purpose of funding, on an interim basis, certain CC Project costs, including fuel costs, capital costs and working capital requirements.

(D) Vogtle Units 3&4 Projects and Project Entities General

As described below, MEAG Power acquired a 22.7% undivided ownership interest in Vogtle Units 3&4, representing 500.3 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. Since all of the capacity of MEAG Power's ownership interest in Vogtle Units 3&4 was not expected to be needed by the Participants initially, MEAG Power structured its ownership interest in Vogtle Units 3&4 into three separate projects, as described in the "Structure, Financing and DOE Guaranteed Loans" section in these Notes to Consolidated Financial Statements (Notes). On June 24, 2015, in order to permit the Vogtle Units 3&4 Project Entities to obtain DOE Guaranteed Loans (also described and defined in the "Structure, Financing and DOE Guaranteed Loans" section of this Note), MEAG Power divided its undivided ownership interest in Vogtle Units 3&4 into three separate undivided interests and transferred such interests to the Vogtle Units 3&4 Project Entities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

History

As discussed below, MEAG Power, Georgia Power Company (GPC), Oglethorpe Power Corporation (OPC) and the City of Dalton, Georgia (Dalton) (collectively, the Original Vogtle Co-Owners) agreed to expand the facilities at Plant Vogtle located in Burke County, Georgia, by developing two additional nuclear generating units, Vogtle Units 3&4. Vogtle Units 3&4 will consist of two Westinghouse Electric Company LLC (Westinghouse) AP1000 reactors, each with a nominally rated generating capacity of 1,102 MW. MEAG Power's interest in Vogtle Units 3&4 is held by the Vogtle Units 3&4 Project Entities, which are special-purpose, limited-liability subsidiaries and wholly-owned by MEAG Power. Vogtle Units 3&4 are scheduled to begin commercial operation in the second quarters of 2019 and 2020, respectively.

In order to meet an expected increase in the aggregate baseload capacity and energy demands of certain of the Participants in the coming years, MEAG Power entered into agreements with the other Original Vogtle Co-Owners that provide for the development, construction, licensing and operation of Vogtle Units 3&4. In 2005, the Original Vogtle Co-Owners entered into a joint agreement authorizing the potential expansion of up to two additional nuclear units at Plant Vogtle (the Vogtle Units 3&4 Development Agreement), and in 2006, the Original Vogtle Co-Owners entered into ownership, operating and administrative agreements (the Vogtle Units 3&4 Ownership Agreement, the Vogtle Operating Agreement and the Nuclear Managing Board Agreement, respectively) pertaining to Vogtle Units 3&4. GPC was designated as the agent of the Original Vogtle Co-Owners and authorized to develop, license, engineer, contract, operate and maintain Vogtle Units 3&4 on behalf of the Original Vogtle Co-Owners.

Structure, Financing and DOE Guaranteed Loans

Vogtle Units 3&4 Projects

Since a portion of the output and services of MEAG Power's interest in Vogtle Units 3&4 initially was expected to be surplus to the Participants' needs, for the initial 20 years of commercial operation of each of Vogtle Units 3&4, MEAG Power sold 66.1% of the output and services associated with its Vogtle Units 3&4 interest for a term of 20 years through take-or-pay power purchase agreements (PPA) to two buyers, as discussed below. MEAG Power initially structured its ownership interest in Vogtle Units 3&4 as three separate projects, Project M, Project J and Project P, collectively referred to herein as the Vogtle Units 3&4 Projects and summarized as follows:

Vogtle Units 3&4 Projects	PPA Buyer	Percentage of MEAG Power's Total Ownership	MW	Output and Services
Project M	Not Applicable	33.9%	169.5	(1)
Project J	JEA	41.2%	206.0	(2)
Project P	PowerSouth	24.9%	124.8	(2)

(1) The output and services of Project M will be provided to the 29 Participants who have executed take-or-pay Project M Power Sales Contracts (Project M Participants) commencing as of the commercial operation date of each of Vogtle Units 3&4. The Project M Participants shall be responsible for payment of their respective shares of all of MEAG Power's costs relating to Project M. The payment obligations of each of the Project M Participants are general obligations to which its full faith and credit are pledged. Each Project M Power Sales Contract, as amended and discussed below, will continue in full force and effect for a term not to exceed 50 years from December 31, 2014.

(2) The output and services of Project J will be provided to JEA, a publicly owned electric, water and wastewater (sewer) utility and an independent agency of the City of Jacksonville, Florida, and the Project J Participants, and the output and services of Project P will be provided to PowerSouth Energy Cooperative (PowerSouth), a rural electric generation and transmission cooperative located in Andalusia, Alabama, and the Project P Participants. The Project J and Project P Participants are defined below. The Project J PPA and the Project P PPA require: (a) MEAG Power to sell to JEA and PowerSouth all of the capacity, energy and related services of Project J and Project P, respectively, for the first 20 years of commercial operation of each of Vogtle Units 3&4 and (b) JEA and PowerSouth to pay to MEAG Power the following related to its purchased share of output: (i) 100% of the interest and principal (Project J and Project P Debt Service) on Project J Bonds and Project P Bonds (see Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Financing of Vogtle Units 3&4 Projects and Project Entities"), respectively, for the first 20 years from the date that MEAG Power commences the billing of Project J and Project P Debt Service of each series of bonds and (ii) 100% of Project J and Project P total costs in a given year, other than Project J and Project P Debt Service, for the first 20 years following the commercial operation date of each unit. In the event that MEAG Power issues Project J or Project P bonds for either or both of Vogtle Units 3&4 after their respective commercial operation dates, or issues refunding bonds for Project J or Project P, the time periods during which JEA or PowerSouth, respectively, is obligated under the applicable PPA regarding Project J and Project P Debt Service on such bonds may differ from the 20-year time periods described above.

Following the twentieth anniversary of the commercial operation date of each of Vogtle Units 3&4, the output and services of Project J and Project P derived from such units shall be provided to the 39 Participants who have executed take-or-pay Power Sales Contracts for Project J and Project P (the Project J and Project P Participants, respectively, and, together with the Project M Participants, hereinafter referred to as the Vogtle Units 3&4 Participants). At such time, the Project J and Project P Participants become responsible for payment of their respective shares of all of MEAG Power's costs relating to Project J and Project P. The payment obligations of each of the Project J and Project P Participants are general obligations to which its full faith and credit are pledged. Each Project J Power Sales Contract and Project P Power Sales Contract, as amended and discussed below, will continue in full force and effect for a term not to exceed 50 years from December 31, 2014.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

Financing and DOE Loan Guarantee Program

In 2010, MEAG Power issued long-term financing for the Vogtle Units 3&4 Projects totaling \$2.7 billion to finance a portion of the acquisition and construction costs of Vogtle Units 3&4 and to redeem certain Vogtle Units 3&4 Projects' bond anticipation notes (BANs). Also in 2010, MEAG Power entered into a credit agreement to finance a portion of the costs of acquisition and construction and financing costs of Project P (see Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Financing of Vogtle Units 3&4 Projects and Project Entities").

In order to provide a potential 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. DOE selected Vogtle Units 3&4 as such a nuclear project and issued a conditional commitment (Conditional Commitment) to MEAG Power for DOE-guaranteed loans.

The Conditional Commitment provided that DOE would guarantee three separate loans to be made by the Federal Financing Bank (FFB) to three wholly-owned, special-purpose, limited-liability subsidiaries to be formed by MEAG Power (referred to therein as the "Project Entities" and described below). The DOE-guaranteed loans could be in the aggregate principal amount including capitalized interest of up to \$1.8 billion for the Vogtle Units 3&4 Projects (DOE Guaranteed Loans), with the maximum available DOE Guaranteed Loans subject to certain individual caps. Among other conditions, the Conditional Commitment required that each Project Entity's DOE-guaranteed loan be secured by a first-priority perfected security interest in, among other things, such Project Entity's undivided ownership interest in Vogtle Units 3&4.

Vogtle Units 3&4 Project Entities

On June 24, 2015, in order to permit the Vogtle Units 3&4 Project Entities to obtain \$1.1 billion in initial advances of DOE Guaranteed Loans from the FFB, MEAG Power divided its undivided ownership interest in Vogtle Units 3&4, as specified above in the "Vogtle Units 3&4 Projects" section of this Note, into three separate undivided interests and transferred such interests and nominally rated generating capacity to the following limited liability companies (LLCs), organized and existing under the laws of the State, of which MEAG Power is the sole member:

- transferred approximately 33.9% of its ownership interest, representing 169.5 MW attributable to Project M, to MEAG Power SPVM, LLC (the Project M Entity or SPVM);
- transferred approximately 41.2% of its ownership interest, representing 206.0 MW attributable to Project J, to MEAG Power SPVJ, LLC (the Project J Entity or SPVJ); and
- transferred approximately 24.9% of its ownership interest, representing 124.8 MW attributable to Project P, to MEAG Power SPVP, LLC (the Project P Entity or SPVP) and, together with the Project M Entity and the Project J Entity, referred to as the Vogtle Units 3&4 Project Entities (Project Entities).

In contemplation of the transfers described above, MEAG Power and each of the Project Entities entered into a Wholesale Power Sales Agreement, pursuant to which (a) MEAG Power is entitled to all of the capacity and output of such Project Entity's ownership interest in Vogtle Units 3&4 and (b) MEAG Power is obligated to pay such Project Entity all of its costs and expenses (including debt service on such Project Entity's DOE Guaranteed Loan, except for certain situations pertaining to Project J and Project P) in connection with the ownership and operation of such Project Entity's ownership interest in Vogtle Units 3&4. 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 Project Entity's ownership interest in Vogtle Units 3&4, but does not include such ownership interest.

Also in contemplation of those transfers, (a) MEAG Power and the Vogtle Units 3&4 Participants entered into amended and restated power sales contracts, (b) MEAG Power and JEA entered into an amended and restated PPA and (c) MEAG Power and PowerSouth entered into an amended and restated PPA, in each such case, effective as of the date of such transfer, in order to, among other things, (i) 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, (ii) reflect such transfers of MEAG Power's ownership interest in Vogtle Units 3&4 and (iii) provide that the payment obligations of the Vogtle Units 3&4 Participants, JEA and PowerSouth, respectively, shall include all costs and expenses of the applicable Project Entity (including scheduled debt service on such Project Entity's DOE Guaranteed Loan) resulting from the ownership, operation and maintenance of, and renewals and replacements to, the applicable Project Entity's ownership interest.

In contemplation of MEAG Power's transfer of its ownership interest in Vogtle Units 3&4 to the Project Entities, in February 2014, the Original Vogtle Co-Owners amended the Vogtle Units 3&4 Development Agreement, the Vogtle Units 3&4 Ownership Agreement, the Vogtle Operating Agreement and the Nuclear Managing Board Agreement in order to, among other things, permit MEAG Power to assign to the Project Entities, and permit the Project Entities to assume, MEAG Power's rights and obligations thereunder with respect to Vogtle Units 3&4. As a result of such assignment and assumption, the term Vogtle Co-Owners includes GPC, OPC, Dalton and the Project Entities, and does not include MEAG Power.

Additional information regarding the DOE Guaranteed Loans is included in Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Financing of Vogtle Units 3&4 Projects and Project Entities."

Technology, Construction and Licensing

In 2008, GPC, on behalf of itself and the other Original Vogtle Co-Owners, entered into an Engineering, Procurement and Construction Contract (EPC Contract) with a consortium consisting of Westinghouse and Stone & Webster, Inc., a subsidiary of The Shaw Group Inc. (Shaw), which was acquired by Chicago Bridge & Iron Company N.V. (CB&I) (Westinghouse and Stone & Webster, Inc. are referred to herein collectively as the Contractor). As a result of MEAG Power's transfer of its ownership interest in Vogtle Units 3&4 to the Project Entities as described in the "Structure, Financing and DOE Guaranteed Loans" section of this Note, the 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.

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For the Years Ended December 31, 2015 and 2014

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 a cap. In addition, the EPC Contract provides for limited cost sharing by the Vogtle Co-Owners for Contractor costs under certain conditions (which have not occurred), with maximum additional capital costs under this provision attributable to the 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 Project Entities' aggregate proportionate share is 22.7%.

On December 31, 2015, Westinghouse acquired Stone & Webster, Inc. from CB&I (the Acquisition). In connection with the Acquisition, Stone & Webster, Inc. changed its name to WECTEC Global Project Services Inc. Certain obligations of Westinghouse and Stone & Webster, Inc. had been guaranteed by Toshiba Corporation (Toshiba), Westinghouse's parent company, and Shaw, respectively. On March 9, 2016, in connection with the Acquisition and pursuant to the settlement agreement described below, the guarantee of Shaw was terminated. The guarantee of Toshiba remains in place. Additionally, as a result of recent credit rating downgrades of Toshiba, Westinghouse has provided the Vogtle Co-Owners with letters of credit in an aggregate amount of \$920 million in accordance with, and subject to adjustment under, the terms of the EPC Contract.

In the event of certain credit rating downgrades of any Vogtle Co-Owner, such Vogtle Co-Owner will be required to provide a letter of credit or other credit enhancement.

The Vogtle Co-Owners may terminate the EPC Contract at any time for their convenience, provided that the Vogtle Co-Owners will be required to pay certain termination costs. The Contractor may terminate the EPC Contract under certain circumstances, including certain Vogtle Co-Owner suspension or delays of work, action by a governmental authority to permanently stop work, certain breaches of the EPC Contract by the Vogtle Co-Owners, Vogtle Co-Owner insolvency, and certain other events.

In 2009, the Nuclear Regulatory Commission (NRC) issued an Early Site Permit and Limited Work Authorization, which allowed limited work to begin on Vogtle Units 3&4. The NRC certified the Westinghouse Design Control Document, as amended (DCD), for the AP1000 nuclear reactor design in late 2011, and issued Combined Construction and Operating Licenses (COLs) for Vogtle Units 3&4 in early 2012. Receipt of the COLs allowed full construction to begin. 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.

In 2012, the Original Vogtle Co-Owners and the Contractor commenced litigation regarding the costs associated with design changes to the DCD and the delays in the timing of approval of the DCD and issuance of the COLs, including the assertion by the Contractor that the Original Vogtle Co-Owners are responsible for these costs under the terms of the EPC Contract. The Contractor also asserted that it was entitled to extensions of the guaranteed substantial completion dates of April 2016 and April 2017 for Vogtle Unit 3 and Vogtle Unit 4, respectively. In May 2014, the Contractor filed an amended claim alleging that (i) the design changes to the DCD imposed by the NRC delayed module production and the impacts to the Contractor are recoverable by the Contractor under the EPC Contract

and (ii) the changes to the basemat rebar design required by the NRC caused additional costs and delays recoverable by the Contractor under the EPC Contract. In June 2015, the Contractor updated its estimated damages to an aggregate (based on the Project Entities' aggregate 22.7% ownership interest) of approximately \$289.0 million (in 2015 dollars). The case was pending in the U.S. District Court for the Southern District of Georgia (the Vogtle Construction Litigation).

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 the Vogtle Construction Litigation. Effective December 31, 2015, GPC, acting for itself and as agent for the other Vogtle Co-Owners, and the Contractor entered into an amendment to the EPC Contract to implement the Contractor Settlement Agreement. The Contractor Settlement Agreement and the related amendment to the EPC Contract (i) restrict the Contractor's ability to seek further increases in the contract price by clarifying and limiting the circumstances that constitute nuclear regulatory changes in law; (ii) provide for enhanced dispute resolution procedures; (iii) revise the guaranteed substantial completion dates to match the current estimated in-service dates of June 30, 2019 for Vogtle Unit 3 and June 30, 2020 for Vogtle Unit 4; (iv) provide that delay liquidated damages will now commence from the current estimated nuclear fuel loading date for each unit, which is December 31, 2018 for Vogtle Unit 3 and December 31, 2019 for Vogtle Unit 4, rather than the original guaranteed substantial completion dates under the EPC Contract; and (v) provide that the Project Entities, based on their aggregate 22.7% ownership interest, will pay to the Contractor approximately \$174.0 million, of which approximately \$60.0 million has been paid previously under the dispute resolution procedures of the EPC Contract. Further, subsequent to December 31, 2015, the Project Entities paid approximately \$60.0 million under the terms of the Contractor Settlement Agreement. In addition, the Contractor Settlement Agreement provides for the resolution of other open existing items relating to the scope of the project under the EPC Contract, including cyber security, for which costs were reflected in the Project Entities' previously disclosed in-service cost estimate. Further, as part of the settlement and in connection with the Acquisition: (i) Westinghouse has engaged Fluor Enterprises, Inc., a subsidiary of Fluor Corporation, as a new construction subcontractor; and (ii) the Vogtle Co-Owners, CB&I, and Shaw have entered into mutual releases of any and all claims arising out of events or circumstances in connection with the construction of Vogtle Units 3&4 that occurred on or before the date of the Contractor Settlement Agreement. On January 5, 2016, the Vogtle Construction Litigation was dismissed with prejudice.

MEAG Power believes that giving effect to the payment of the Project Entities' shares of the settlement payment and the agreed-upon payment for the other open existing items relating to the scope of the project under the EPC Contract, including cyber security, described above, sufficient funds are available (consisting of amounts on deposit in various construction funds and accounts and projected earnings thereon and amounts remaining to be advanced under the DOE Guaranteed Loans, subject to the satisfaction of the conditions precedent to the making of such additional borrowings under the DOE Guaranteed Loans (Advances)) to pay 100% of the projected costs of acquisition and construction of the Vogtle Units 3&4 Projects (including the funding of reserves) and to provide a contingency in the amount of approximately \$160.0 million, which contingency will be available to cover the Project Entities' shares of up to approximately \$700.0 million of additional Vogtle Units 3&4 construction costs over current estimates (exclusive of financing costs).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

MEAG Power expects that based on the current estimated in-service dates of June 30, 2019 for Vogtle Unit 3 and June 30, 2020 for Vogtle Unit 4, the Project Entities' estimated in-service cost will be approximately \$4.4 billion, including construction costs, financing costs through the estimated in-service dates, contingencies, initial fuel load costs, and switchyard and transmission costs. Additional financing needs related to reserve funds and other fund deposits required under MEAG Power's and the Project Entities' financing documents result in total financing needs of \$4.7 billion for the Vogtle Units 3&4 Projects, of which the following financing has been obtained: (i) \$2.7 billion in the initial long-term financing in 2010; (ii) \$1.1 billion from advances under DOE Guaranteed Loans; (iii) \$185.2 million in Project J Bonds and \$69.2 million in Project P Bonds issued in September 2015; (iv) \$143.0 million in proceeds drawn under the Series 2010A Project P Notes, all of which was repaid in 2015; and (v) \$90.8 million in proceeds drawn under the Series 2012A Project P Note (see the "Financing and DOE Loan Guarantee Program" section of this Note, as well as Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Financing of Vogtle Units 3&4 Projects and Project Entities" and "– Project Borrowings from the Trust Funds" within that Note).

On January 21, 2016, GPC submitted the Contractor Settlement Agreement and the related amendment to the EPC Contract to the Georgia Public Service Commission (GPSC) for its review. In accordance with a GPSC order issued to GPC on February 2, 2016, on April 5, 2016 GPC filed supplemental information in support of the Contractor Settlement Agreement and GPC's position that all construction costs to date have been prudently incurred and that the current estimated in-service capital cost and schedule are reasonable. The order also permits the other Vogtle Co-Owners and parties other than the GPSC Staff (Staff) to file comments on GPC's supplemental information by May 5, 2016. MEAG Power expects that it will file comments on GPC's supplemental information by the date required. Following such filings under the order, the Staff will conduct a review of all costs incurred related to Vogtle Units 3&4, the schedule for completion of Vogtle Units 3&4, and the Contractor Settlement Agreement and the Staff is authorized to engage in related settlement discussions with GPC and any intervenors.

The order provides that the Staff is required to report to the GPSC by October 5, 2016 with respect to the status of its review and any settlement-related negotiations. If a settlement with the Staff is reached with respect to costs of Vogtle Units 3&4, the GPSC will then conduct a hearing to consider whether to approve that settlement. If a settlement with the Staff is not reached, the GPSC will determine how to proceed, including (i) modifying a 2013 stipulation between GPC and the Staff to waive the requirement to amend the Vogtle Units 3&4 certificate until the completion of Vogtle Unit 3, or earlier if deemed appropriate by the GPSC and GPC, (ii) directing GPC to file a request for an amendment to the certificate for Vogtle Units 3&4, (iii) issuing a scheduling order to address remaining disputed issues, or (iv) taking any other option within its authority.

Processes are in place that are designed to assure compliance with the requirements specified in the DCD and the COLs, including inspections by Southern Nuclear Operating Company, Inc. (an affiliate of GPC and the operating agent for Vogtle Units 3&4) 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 either to the Vogtle Co-Owners or the Contractor or to both.

As construction continues, the risk remains that challenges with Contractor performance including fabrication, assembly, delivery, and installation of the shield building and structural modules, delays in the receipt of the remaining permits necessary for the operation of Vogtle Units 3&4, or other issues could arise and may further impact the Vogtle Units 3&4 project schedule and cost.

Future claims by the Contractor or the Vogtle Co-Owners could arise throughout construction. These claims may be resolved through formal and informal dispute resolution procedures under the EPC Contract and, under the enhanced dispute resolution procedures, may be resolved through litigation after the completion of nuclear fuel load for both units.

The ultimate outcome of these matters cannot be determined at this time.

The Project Entities' investment in property, plant and equipment (PP&E), including nuclear fuel, for Vogtle Units 3&4 as of December 31, 2015 totaled \$2.2 billion.

See Note 2 (G), "Summary of Significant Accounting Policies and Practices – Generation and Transmission Facilities – Nuclear Generating Facilities" for a discussion of other nuclear generating and NRC matters.

(E) Trust Funds

The financial statements include account balances of the Municipal Competitive Trust (Competitive Trust) and the Deferred Lease Financing Trust (Lease Financing Trust). Collectively, the Competitive Trust and the Lease Financing Trust are referred to as the Trust Funds. The Trust Funds are not fiduciary in nature and are not considered trust funds in the context of Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" (Statement 34). The Reserve Funded Debt and Credit Support Operating accounts (discussed below) of the Competitive Trust are held for the benefit of Project One and the General Resolution Projects. The New Generation and Capacity Funding account of the Competitive Trust, among its other uses as discussed below, provides various funding options for certain Participants joining any future MEAG Power generation project (including the Vogtle Units 3&4 Projects and Project Entities).

Municipal Competitive Trust

The Competitive Trust was established in 1999 to accumulate and grow, through common investment, a substantial fund to be utilized by the Participants to mitigate the high fixed cost related to Plant Vogtle Unit No. 1 (Vogtle Unit 1) and Plant Vogtle Unit No. 2 (Vogtle Unit 2) (collectively, Vogtle Units 1&2) and the impacts that may result from the deregulation of the electric industry in Georgia. It was initially funded with certain rate stabilization and debt service reserve funds totaling approximately \$441 million and was comprised of the Reserve Funded Debt, Credit Support Operating and Flexible Operating accounts. Participants currently contribute funds into the Flexible Operating, as well as the New Generation and Capacity Funding accounts on an elective basis. With the exception of the Flexible Operating account and the New Generation and Capacity Funding account, the funds in the Competitive Trust have been retained and invested in securities typically held to maturity. Investments of the Competitive Trust totaled \$627.2 million at December 31, 2015. Changes impacting the balance in the Competitive Trust result from investment earnings and additional Participants' contributions, which are offset by scheduled distributions to Participants.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

During 2008 and 2009, several amendments to the terms of the Competitive Trust authorized MEAG Power, on behalf of the Participants executing such amendments, to, among other things:

- apply funds from certain Competitive Trust accounts for the purpose of lowering the Participants' annual generation billings from MEAG Power during the period 2009 through 2018 (Competitive Trust Funding); and
- establish the New Generation and Capacity Funding account to permit the Participants to fund their share of the acquisition and construction costs of any future MEAG Power generation project joined by such Participants (including the Vogtle Units 3&4 Projects and Project Entities), as well as funding of capacity purchases proposed by MEAG Power, purchase of additional entitlement shares or obligation shares of existing MEAG Power projects, and for mitigation of certain bulk power supply cost increases.

If not otherwise expended, monies in the Credit Support Operating account and Reserve Funded Debt account may be withdrawn on or after December 31, 2018 and 2025, respectively, and monies in the New Generation and Capacity Funding account may be withdrawn after January 1, 2037. An external trustee holds the funds in the Competitive Trust and maintains balances on an individual Participant basis. All of the Participants participate in the Competitive Trust. Competitive Trust Funding totaled \$77.2 million and \$93.6 million for the years ended December 31, 2015 and 2014, respectively.

Deferred Lease Financing Trust

In 2000, MEAG Power completed a long-term lease transaction (Lease) with a third party (Lessor) with respect to MEAG Power's total 30.2% undivided interest in Unit Nos. 1 and 2 of Plant Scherer (Scherer Units 1&2) and its total 15.1% undivided interest in Unit Nos. 1 and 2 of Plant Wansley (Wansley Units 1&2) and related common facilities at each plant (together, the Undivided Interest or the Coal Units). Under the Lease, MEAG Power leased the Undivided Interest for a term of 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 will continue to operate and maintain the Undivided Interest and will continue to receive all the output from the Undivided Interest. At the end of the sublease, MEAG Power will have an option to buy out the remaining term of the Lease for a fixed price determined at the commencement of the Lease. This purchase option is being accreted throughout the term of the sublease and was \$407.9 million as of December 31, 2015. As a result of the transaction, investments totaling \$312.7 million as of December 31, 2015 were available to settle this future obligation. MEAG Power expects that it will have sufficient funds available at the end of the term of the sublease to enable it to exercise its purchase option should it elect to do so. The Lease also addresses the rights and obligations of the parties in the event it is terminated early.

In 2008 and 2009, as a result of rating downgrades pertaining to the counterparty of a credit default swap entered into by the Lessor in connection with the Lease, MEAG Power became obligated to provide substitute credit support for the credit default swap. In 2009, the Lessor waived MEAG Power's obligation to provide such support and agreed that MEAG Power is not required to provide it unless the ratings on MEAG Power's Project One senior long-term unenhanced debt are downgraded and the Lessor provides a written demand for substitute credit support, neither of which has occurred.

See Note 9, "Subsequent Events" for a discussion of 2016 developments pertaining to the Lease.

(F) Telecommunications Project

MEAG Power offers specialized services to the Participants through the Telecommunications Project (Telecom or Telecom Project) by separate contracts between MEAG Power and the participating communities. As of December 31, 2015 and 2014, 32 of the Participants (the Telecom participants) had such contracts. Telecom commenced operations in 1997 to: (1) provide advanced internal telecommunications services to MEAG Power, (2) enhance the education proficiencies of the Telecom participants through the deployment of state-of-the-art telecommunications and (3) foster economic growth and development of the Telecom participants throughout Georgia by providing competitive access services in conjunction with local municipal fiber-optic networks.

MEAG Power has a Master Agreement with Georgia Public Web (GPW) under which all operational control of Telecom's fixed assets was transferred to GPW, a Georgia nonprofit corporation formed by the Telecom participants. The Master Agreement also entitles GPW to derive revenue from the Telecom assets. In exchange for control of these assets, GPW assumed certain ongoing obligations of Telecom for the operation and maintenance of the Telecom assets. In addition, GPW pays Project One a monthly payment for use of rights-of-way.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

(A) Basis of Accounting

The electric utility accounts of MEAG Power are maintained substantially in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC), as provided by the Power Sales Contracts with the Participants. Telecom accounts are maintained substantially in accordance with the Uniform System of Accounts of the Federal Communications Commission. All such accounts are in conformity with accounting principles generally accepted in the United States (GAAP). MEAG Power's financial statements are prepared in accordance with GAAP as prescribed by the GASB and the Accounting Standards Codification (ASC) of the Financial Accounting Standards Board (FASB), where such FASB pronouncements do not conflict with or contradict GASB pronouncements.

MEAG Power's Board of Directors (the Board) has authority for establishing rates billed to the Participants each year as part of the Annual System Budget approval process. Accounting guidance under GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," permits an entity with cost-based rates to defer certain costs or income that would otherwise be recognized when incurred to the extent that the rate-regulated entity is recovering or expects to recover such amounts in its billings. As discussed in the "Net Costs to be Recovered and Deferred Inflows of Resources" section of this Note, differences between amounts billed and expenses determined in accordance with GAAP (Timing Differences) are charged or credited to net costs to be recovered from Participants or deferred inflows of resources.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

The following balances have been eliminated from MEAG Power's consolidated financial statements:

- certain investment, long-term debt, interest income and interest expense balances, as discussed in Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Project Borrowings from the Trust Funds";
- revenue and expense related to emission allowance transfers between generating plants; and
- interproject receivables and payables, including certain transfers related to the Project Entities and DOE Guaranteed Loans, as discussed in Note 1 (D), "The Organization – Vogtle Units 3&4 Projects and Project Entities – Structure, Financing and DOE Guaranteed Loans."

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the consolidated financial statements and the related disclosures in these Notes. Actual results could differ from those estimates.

In conjunction with MEAG Power's adoption of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" (Statement 68) (see the "Recent Accounting Pronouncements" section of this Note) during 2015, other non-current liabilities and deferred inflows of resources have been revised on the Consolidated Balance Sheet (Balance Sheet) as of December 31, 2014 by \$4.7 million.

(B) Statement of Cash Flows

In accordance with Statement 34, the Consolidated Statement of Cash Flows (Statement of Cash Flows) is presented using the direct method. For reporting cash flows, highly liquid investments purchased with a maturity of three months or less are considered to be cash equivalents except for securities lending investments, as discussed in Note 4, "Special Funds and Supplemental Power Account – Securities Lending." For the years ended December 31, 2015 and 2014, cash and cash equivalents totaled \$2.5 billion and \$2.0 billion, respectively. Amounts presented in the Statement of Cash Flows for property additions are net of changes in the related liability accounts payable. For the years ended December 31, 2015 and 2014, such changes were \$49.6 million and \$14.2 million, respectively.

(C) Revenues

Participant

Wholesale electric sales to the Participants are recorded as Participant revenue on an accrual basis. Billings to the Participants for delivered energy are designed to recover certain costs, as defined by the bond resolutions and Power Sales Contracts, and principally include current operating costs, scheduled debt principal and interest payments, and deposits in certain funds. These billings to Participants of Project One, the General Resolution Projects and the CC Project accounted for 81.3% and 82.8% of total revenues for the years ended December 31, 2015 and 2014, respectively. Three Participants collectively accounted for approximately 26% of such revenues in both 2015 and 2014, with one Participant accounting for approximately 11.6% of these revenues in 2015 and 11.0% in 2014.

Telecom

Telecom's revenues are derived from contractual cost-recovery billings to Telecom participants, primarily related to costs of debt service and certain operating costs not assumed by GPW, as defined by the Telecom contracts. Revenues are recorded on an accrual basis and are recognized as corresponding costs are incurred.

Year-End Settlement

In accordance with the Power Sales Contracts and Telecom contracts, MEAG Power performs a year-end settlement process to determine if the aggregate amount of revenues received from the Participants and Telecom participants to provide recovery of costs incurred were in the proper amount. Any excess or deficit amounts resulting in adjustment of billings are refunded to or collected from the Participants and Telecom participants in the following year. For the years ended December 31, 2015 and 2014, the excess revenues received and included in accounts payable on MEAG Power's Balance Sheet were as follows (in thousands):

Project(s)	2015	2014
One	\$26,719	\$17,619
General Resolution	9,864	9,403
CC	1,875	686
Telecom	78	50
Total	\$38,536	\$27,758

Refunds for 2015 excess revenues will be processed beginning in the first quarter of 2016.

Other Revenues

Sales to other utilities and power marketers, which are also recorded on an accrual basis, comprise other revenues. Such sales are primarily to The Energy Authority, as discussed in Note 6, "Investment in Alliance," and GPC, as discussed in the "Generation and Transmission Facilities – Jointly Owned Generation Facilities" and "Pseudo Scheduling and Services Agreement" sections of this Note.

(D) Net Costs to be Recovered and Deferred Inflows of Resources

Timing Differences are charged or credited to net costs to be recovered from Participants in other non-current assets or deferred inflows of resources on the Balance Sheet. Depreciation and certain debt service billings are examples of such Timing Differences. All costs are billed to the Participants and Telecom participants over the period of the applicable contracts. Certain investment income represents earnings on funds not subject to year-end adjustment of billings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

At December 31, 2015 and 2014, net costs to be recovered from Participants and deferred inflows of resources consisted of the following (in thousands):

Net costs to be recovered from Participants

	Project One	General Resolution Projects	Combined Cycle Project	Vogle Units 3&4 Projects and Project Entities	Trust Funds	Telecom Project	Total
December 31, 2015							
Timing Differences	\$ —	\$ —	\$ —	\$ —	\$ 284,724	\$ —	\$ 284,724
Certain investment income	—	—	—	—	(193,116)	—	(193,116)
Asset retirement obligations	—	—	—	—	—	—	—
Vogle Units 3&4 Projects' and Project Entities' net interest expense	—	—	—	296,918	—	—	296,918
Other, net	—	—	—	—	3,569	—	3,569
Total net costs to be recovered from Participants	\$ —	\$ —	\$ —	\$296,918	\$ 95,177	\$ —	\$ 392,095
December 31, 2014							
Timing Differences	\$ —	\$ —	\$ —	\$ —	\$ 267,091	\$ —	\$ 267,091
Certain investment income	—	—	—	—	(174,025)	—	(174,025)
Asset retirement obligations	—	—	—	—	—	—	—
Vogle Units 3&4 Projects' net interest expense	—	—	—	239,813	—	—	239,813
Other, net	—	—	—	—	3,569	—	3,569
Total net costs to be recovered from Participants	\$ —	\$ —	\$ —	\$239,813	\$ 96,635	\$ —	\$ 336,448

Deferred inflows of resources

	Project One	General Resolution Projects	Combined Cycle Project	Vogle Units 3&4 Projects and Project Entities	Trust Funds	Telecom Project	Total
December 31, 2015							
Timing Differences	\$(246,471)	\$131,303	\$45,037	\$ —	\$ —	\$7,414	\$ (62,717)
Certain investment income	354,884	59,776	14,802	—	—	178	429,640
Asset retirement obligations	10,344	(8,190)	—	—	—	—	2,154
Other, net	(8,151)	(1,131)	4,932	—	—	(140)	(4,490)
Total deferred inflows of resources	\$ 110,606	\$181,758	\$64,771	\$ —	\$ —	\$7,452	\$364,587
December 31, 2014							
Timing Differences	\$(353,221)	\$ 77,332	\$34,439	\$ —	\$ —	\$6,780	\$(234,670)
Certain investment income	354,789	59,410	14,564	—	—	178	428,941
Asset retirement obligations	24,413	(5,968)	—	—	—	—	18,445
Other, net	(13,322)	(3,334)	6,316	—	—	(140)	(10,480)
Total deferred inflows of resources	\$ 12,659	\$127,440	\$55,319	\$ —	\$ —	\$6,818	\$ 202,236

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

(E) Property, Plant and Equipment

The cost of PP&E includes both direct and overhead costs, capitalized interest and the cost of major property replacements. Costs are recorded in construction work in progress (CWIP) and capitalized as the plant asset is placed in service; hence, most of the plant additions are transfers from CWIP. Repairs and replacement of minor items of property are charged to maintenance expense. When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its cost, together with the cost of removal less salvage, is charged to accumulated depreciation, with no gain or loss recorded. Note 3, "Property, Plant and Equipment," includes additional PP&E information.

Interest on amounts borrowed to finance construction of MEAG Power's projects is capitalized and included in CWIP and also recorded as a reduction to net interest expense. Included in MEAG Power's Consolidated Statement of Net Revenues (Statement of Net Revenues) for the years ended December 31, 2015 and 2014, respectively, was total interest expense of \$333.7 million and \$327.6 million, of which \$87.5 million and \$76.0 million was capitalized.

(F) Depreciation

Depreciation of plant in service is computed using the straight-line composite method over the expected life of the plant. Annual depreciation provisions, expressed as a percentage of average depreciable property, are shown below as of both December 31, 2015 and 2014 as applicable for Project One, the General Resolution Projects and the CC Project. The composite electric utility depreciation rates for generation, transmission and distribution plant are based on engineering studies updated periodically, the most recent study being available for use by MEAG Power beginning in 2014. Depreciation expense for the PP&E components shown below totaled \$82.7 million and \$80.8 million for the years ended December 31, 2015 and 2014, respectively, and is included in depreciation and amortization in the Statement of Net Revenues. Accumulated depreciation information is included in Note 3, "Property, Plant and Equipment."

Generation Plant	Fuel	Rate	Other Property, Plant and Equipment	Rate
Hatch	Nuclear	2.1 %	Transmission Plant	2.0%
Scherer	Coal	2.0%	Distribution Plant	2.5%
Vogtle Unit 1	Nuclear	1.1%	General/Other Plant	2.5%-33.0%
Vogtle Unit 2	Nuclear	1.6%		
Wansley	Coal	2.9%		
CC Facility	Natural gas	2.9%		

Depreciation of telecommunications plant in service, which consists mainly of fiber-optic cable and network systems, totaled \$0.7 million for each of the years ended December 31, 2015 and 2014. Depreciation expense is computed using the straight-line method over the expected life of the plant. The composite depreciation rates for both 2015 and 2014 were as follows:

Fiber-optic cable	4.0%
Electronic systems	20.0%
Other	4.0%-33.3%

(G) Generation and Transmission Facilities

Jointly Owned Generation Facilities

At December 31, 2015, MEAG Power's ownership percentages in jointly owned generation facilities in service were as follows:

Facility	Ownership Percent		
	Project One	General Resolution Projects	Total Ownership
Hatch Units 1&2	17.7%	—	17.7%
Scherer Units 1&2	10.0%	20.2%	30.2%
Vogtle Units 1&2	17.7%	5.0%	22.7%
Wansley Units 1&2	10.0%	5.1%	15.1%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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MEAG Power, GPC, OPC and Dalton (collectively, the joint-owners) jointly own the facilities. GPC has contracted to operate and maintain the jointly owned facilities as agent for the respective joint-owners. MEAG Power's proportionate share of plant operating expenses is included in the corresponding operating expense items in the accompanying Statement of Net Revenues. MEAG Power also has a 22.7% ownership interest in Vogtle Units 3&4 through the Project Entities, currently under construction (see Note 1 (D), "The Organization – Vogtle Units 3&4 Projects and Project Entities").

MEAG Power and GPC are parties to agreements governing the ownership and operation of electric generating and transmission facilities. GPC is agent for the operation of the generating and transmission facilities. In addition, there is a long-term agreement that provides for the sale by MEAG Power to GPC of a portion of the output of Vogtle Units 1&2. Sales to GPC pursuant to this agreement, included in other revenues, were \$12.6 million in 2015 and \$27.3 million in 2014 for Project One, and \$3.6 million in 2015 and \$7.8 million in 2014 for the General Resolution Projects.

Nuclear Generating Facilities

MEAG Power's current nuclear generating facilities consist of its 17.7% ownership in Plant Hatch Unit Nos. 1 and 2 (Hatch Units 1&2) and its 22.7% ownership in Vogtle Units 1&2 (collectively, the existing Nuclear Units). As discussed in Note 1 (D), "The Organization – Vogtle Units 3&4 Projects and Project Entities," MEAG Power, through the Project Entities, is a co-owner in two additional nuclear generating units under construction at Plant Vogtle.

Per contracts GPC has with the DOE, permanent disposal of spent nuclear fuel was to begin in 1998. This has not occurred, and GPC has pursued, and continues to pursue, legal remedies against the U.S. Government for its partial breach of contract. In 2007, the U.S. Court of Federal Claims (the Federal Claims Court) awarded GPC damages, representing the vast majority of the direct costs of the spent nuclear fuel storage facilities from 1998 through 2004. In 2012, MEAG Power received \$9.6 million, representing its total share of the 2007 award. On December 12, 2014, the Federal Claims Court awarded GPC damages pertaining to a second claim against the U.S. Government for damages incurred from January 1, 2005 through December 31, 2010. MEAG Power's share of those damages was \$6.6 million and was recorded in December 2015 in other revenues on the Statement of Net Revenues.

On March 4, 2014, GPC filed additional lawsuits against the U.S. Government for the costs of continuing to store spent nuclear fuel at the existing Nuclear Units 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, 2015. Recent developments pertaining to spent fuel depository fees are discussed in the "Fuel Costs" section of this Note.

Vogtle Units 1&2 have sufficient pool storage capacity for spent fuel to maintain full-core discharge capability for both units through 2017. Construction of an interim on-site dry storage facility at Vogtle Units 1&2 was completed in 2013. Such a facility became operational at Plant Hatch in 2000. These facilities can be expanded to accommodate spent fuel throughout the life of the plants. An additional interim facility at Vogtle Units 1&2 is expected to be completed in 2016 and will provide sufficient storage to maintain full-core discharge capability for both units until the permanent facility is completed in 2019.

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 the existing Nuclear Units. In addition, although GPC has no reason to anticipate a serious nuclear incident at the 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.

For information regarding nuclear insurance and MEAG Power's long-term nuclear fuel commitments, see Note 8, "Commitments and Contingencies – Nuclear Insurance," as well as "Fuel" within that Note.

Coal Generating Facilities

As discussed in Note 1 (E), "The Organization – Trust Funds – Deferred Lease Financing Trust," MEAG Power's coal generating facilities consist of its 30.2% ownership in Scherer Units 1&2 and its 15.1% ownership in Wansley Units 1&2 and related common facilities at each plant. For information regarding MEAG Power's long-term coal commitments, see Note 8, "Commitments and Contingencies – Fuel."

Natural Gas Generating Facilities

As discussed in Note 1 (C), "The Organization – Combined Cycle Project," MEAG Power wholly owns the gas-fired and steam-driven CC Facility within the CC Project. In October 2013, MEAG Power contracted with North American Energy Services Corporation to perform the operation and maintenance of the CC Project. The agreement is for a term of five years and provides a three-year renewal option thereafter. In March 2015, MEAG Power contracted with PW Power Systems for long-term parts and outage services for the CC Facility. The term of the contract is based on the operations of the unit and estimated to be in place through 2030. The prior agreement for these services with General Electric International Incorporated was terminated in December 2014.

Transmission Facilities

MEAG Power; GPC; Georgia Transmission Corporation, an Electric Membership Corporation; and Dalton each own transmission system facilities, which together comprise a statewide ITS. MEAG Power and each other entity may use all transmission system facilities included in the ITS, regardless of ownership, in serving its customers. Bulk power supply is furnished by MEAG Power to the Participants through the ITS. MEAG Power's ITS facilities are included in Project One.

MEAG Power and GPC 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: initial term extended 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; and certain other aspects pertaining to mandatory federal reliability standards. Neither party has given the required 24 months' prior notice of cancellation. Certain of the Operation Agreement revisions enabled MEAG Power, with GPC's agreement and consent, to request that SERC Reliability Corporation relieve

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

MEAG Power of a number of obligations in certain mandatory federal reliability standards pertaining to transmission systems, which relief is now effective in accordance with the North American Electric Reliability Corporation's (NERC) compliance registry (www.nerc.com).

The term of the maintenance agreement, pursuant to which GPC maintains certain of MEAG Power's transmission system facilities, has renewed annually since 2002, with the current renewal term extending through December 31, 2016. Neither party has given the required 12 months' prior notice of cancellation.

In 2006, the owners of the ITS exchanged written commitments whereby each owner agreed to waive and not to exercise its right under its respective ITS Agreement (Agreement) to terminate the Agreement on any date prior to December 31, 2027. In accordance with the five-year notice requirement in the Agreement, an owner may provide written notice on or before December 31, 2022, terminating its respective Agreement no earlier than December 31, 2027. These written commitments do not have the effect of modifying, superseding or terminating any Agreement.

In 2010, the DOE and MEAG Power signed an award agreement in connection with MEAG Power's application for a Smart Grid Investment Grant (SGIG) submitted under the American Recovery and Reinvestment Act of 2009 (the Recovery Act). The \$12.3 million SGIG supplemented funding by MEAG Power to provide improvements to 133 substations in all 49 Participant communities. MEAG Power's "Smart Grid" project was completed in 2013 with a total investment of \$25.0 million, and this investment was partially offset by receipt of all of the \$12.3 million SGIG commitment as of December 31, 2014.

Pseudo Scheduling and Services Agreement

MEAG Power and GPC are parties to a Pseudo Scheduling and Services Agreement (PSSA) that addresses unit scheduling and dispatch and system services required for MEAG Power to manage its resources and effectuate off-system sales and purchases within the Southern Company (parent company of GPC) system. Under this agreement, MEAG Power's schedule for the output from the Coal Units may differ from the actual output of its ownership share and will result in sales to or purchases from GPC to reconcile the difference. During the years ended December 31, 2015 and 2014, sales and purchases with GPC under this agreement were (in thousands):

PSSA	2015	2014
Sales	\$51,450	\$38,599
Purchases	\$ 9,822	\$21,746

(H) Asset Retirement Obligations and Decommissioning

Asset retirement obligations (ARO) are calculated at the present value of a long-lived asset's applicable disposal costs and are recorded in the period in which the liability is incurred. This liability is accreted during the remaining life of the associated assets and adjusted periodically based upon updated estimates to reflect current assumptions regarding the retirement of the applicable PP&E. The costs associated with the corresponding assets have been increased and are being depreciated throughout the remaining lives of the assets.

The recognition of ARO is driven primarily by decommissioning costs associated with the existing Nuclear Units, as well as costs associated with potential closure of coal combustion residuals (CCR) impoundments related to the Coal Units (see Note 8, "Commitments and Contingencies – Environmental Regulation"). The most recent estimates pertaining to decommissioning costs and CCR were completed in 2015.

Future costs of decommissioning are recognized through the accretion of ARO as part of depreciation expense. As discussed in the "Generation and Transmission Facilities – Jointly Owned Generation Facilities" section of this Note, GPC is the operator of the existing Nuclear Units. During 2015, decommissioning cost studies updated by GPC pertaining to the existing Nuclear Units resulted in an adjustment to increase the estimated cost to decommission these units.

Details of the ARO included in non-current liabilities on the Balance Sheet as of December 31, 2015 and 2014 are (in thousands):

Asset Retirement Obligations	2015	2014
Balance January 1	\$447,190	\$427,397
Liabilities settled	(195)	(204)
Accretion	20,878	19,997
ARO adjustments	19,006	—
Balance December 31	\$486,879	\$447,190

Pursuant to NRC guidelines, funds are maintained to hold assets that will be used to pay the future costs to decommission the existing Nuclear Units. The Decommissioning Trust funds (Decommissioning Trust), which are held by a trustee, were established to comply with NRC regulations, which require licensees of nuclear power plants to provide certain financial assurances that funds will be available when needed for required decommissioning activities.

Under current plans, the existing Nuclear Units will be decommissioned over extended periods at estimated costs (Project One and the General Resolution Projects' portion) as of the year of site-specific studies as follows (dollars in thousands):

	Hatch Units 1&2	Vogtle Units 1&2
Decommissioning period	2034–2075	2047–2079
Estimated future costs (2015 dollars)	\$318,653	\$399,525
Amount expensed in 2015	\$9,891	\$9,788
Accumulated provision in external funds	\$207,387	\$206,134

In 2009, the NRC extended the operating licenses for Vogtle Units 1&2 for an additional 20 years until 2047 and 2049, respectively. The NRC had previously extended the operating licenses for Hatch Units 1&2 until 2034 and 2038, respectively. These extensions are factored into the above estimates.

Actual decommissioning costs may vary due to changes in the assumed dates of decommissioning, NRC funding requirements, regulatory requirements, costs of labor and equipment, or other assumptions used in determining the estimates. Earnings and inflation assumptions of 5.6% and 3.6%, respectively, were used to determine decommissioning-related billings to the Participants for 2016 budget purposes, based on NRC minimum funding levels. The above information is used only for purposes of calculating the funding needs pursuant to NRC guidelines.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

(I) Fuel Costs

Fuel stocks, which are stated at average cost, are recorded as inventory when purchased and expensed as burned. Emission allowances are expensed as used on an expected-average-cost basis. Emission allowances granted by the U.S. Environmental Protection Agency (EPA) are included in inventory at zero cost. MEAG Power did not purchase any emission allowances during 2015 or 2014, and expensed immaterial amounts in both years. Amortization of nuclear fuel is calculated on a units-of-production basis.

On March 18, 2014, the U.S. Court of Appeals for the District of Columbia Circuit (the D.C. Circuit) denied a DOE petition for rehearing of a 2013 court decision ordering the DOE to cease collecting spent fuel depository fees from nuclear power plant operators until such time as the 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, effectively eliminating future required payments.

Natural gas expense for the CC Project totaled \$48.6 million and \$37.0 million for 2015 and 2014, respectively. 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 Management Policy (the Fuel Risk Management Policy) and primarily include hedging transactions used to manage MEAG Power's natural gas cost.

MEAG Power follows GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" (Statement 53), which requires changes in the fair value of effective hedging derivative instruments to be recorded as a deferred inflow or outflow. All of MEAG Power's natural gas hedges are considered effective and, as such, the fair value of \$(5.2) million and \$(4.4) million as of December 31, 2015 and 2014, respectively, is recorded on the Balance Sheet in materials, supplies and other assets. The decrease in fair value of \$ 0.8 million for 2015 and \$1.5 million for 2014 is recorded in deferred outflows of resources on the Balance Sheet.

Summary information pertaining to natural gas hedges as of December 31, 2015 and 2014 is as follows (dollars in thousands):

Contract Year	Notional Amount* December 31, 2015	Fair Value December 31, 2015	Latest Maturity Date
2016	8,275,000	\$(3,214)	Dec. 2016
2017	3,440,000	(1,405)	Dec. 2017
2018	1,190,000	(439)	Dec. 2018
2019	430,000	(137)	Dec. 2019
2020	160,000	(22)	Sept. 2020
Total	13,495,000	\$(5,217)	

Contract Year	Notional Amount* December 31, 2014	Fair Value December 31, 2014	Latest Maturity Date
2015	2,970,000	\$(2,507)	Dec. 2015
2016	2,750,000	(1,467)	Dec. 2016
2017	1,370,000	(366)	Dec. 2017
2018	440,000	(64)	Oct. 2018
Total	7,530,000	\$(4,404)	

*In mmBtus (one million British Thermal Units).

The above natural gas hedges were entered into between August 2010 and December 2015, with total cash paid at inception of \$0.2 million and \$0.6 million for natural gas hedges outstanding at December 31, 2015 and 2014, respectively. The price index for all of MEAG Power's natural gas hedges is the New York Mercantile Exchange Natural Gas Futures Contract at Henry Hub (Henry Hub Contract). All of MEAG Power's natural gas hedges are with one of two counterparties and had credit ratings with Fitch Ratings (Fitch), Moody's Investors Service (Moody's), and Standard & Poor's (S&P) at both December 31, 2015 and 2014 as follows:

	Counterparty Credit Rating		
	Fitch	Moody's	S&P
December 31, 2015	AA-/A	Aa2/A3	A+/BBB+
December 31, 2014	A+/A	Aa3/Baa1	A+/A-

For a discussion of risks pertaining to derivative financial instruments, see the "Derivative Financial Instruments" section of this Note.

(J) Materials, Supplies and Other Assets

Materials and supplies include the cost of transmission materials and the average cost of generating plant materials, which are charged to inventory when purchased and then expensed or capitalized to plant, as appropriate. Emission allowances granted by the EPA have a zero cost basis, when calculating the allowance inventory at average cost, and are expensed as used. Other assets consist primarily of prepaid assets and the fair value of effective natural gas hedging instruments.

(K) Derivative Financial Instruments

Derivative financial instruments used in the management of interest rate exposure through swap transactions are governed by MEAG Power's Asset/Liability Management Policy (ALCO Policy), as authorized by the Asset/Liability Committee of the Board. As discussed in the "Fuel Costs" section of this Note, MEAG Power also uses natural gas hedges to manage specific risks associated with procurement of natural gas for the CC Project, in accordance with the Fuel Risk Management Policy. Such swap transactions and natural gas hedges are accounted for, as applicable, in accordance with Statement 53 or GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." These derivatives are not held or issued for trading purposes and MEAG Power management has designated the swaps as hedge instruments. Under Statement 53, the swap agreements and natural gas hedges are marked-to-market monthly with the effective portion included in deferred outflows of resources. If the instrument is terminated before the end of the agreement's term, any gain or loss is amortized over a period consistent with the underlying liability.

Information about natural gas hedges and interest rate swap agreements outstanding as of December 31, 2015 and 2014 is included in the "Fuel Costs" section of this Note and Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Other Financing Transactions," respectively.

Regulations implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) of 2010 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

As a result of using derivative financial instruments, MEAG Power is subject to the following risks:

Credit Risk

MEAG Power is exposed to credit risk on all interest rate swaps and all natural gas hedges, with the largest potential for risk on swaps and hedges that are in a significant asset position and to a lesser extent through the possibility of non-performance under the swap by the counterparty. In order to minimize this risk, the ALCO Policy, which governs interest rate swaps, and the Fuel Risk Management Policy, which governs natural gas hedges, restrict potential counterparties to major financial institutions with either high investment-grade credit ratings or agreements to collateralize their net positions. In addition, the ALCO Policy and the individual agreements with the natural gas hedging counterparties limit the amount of exposure to the counterparty to certain amounts that decrease as the counterparty's credit rating decreases.

Finally, MEAG Power requires each counterparty to post collateral based on the exposure of the swap or hedge. The eight outstanding interest rate swaps and \$5.4 million of the outstanding natural gas hedges were in the counterparty's favor in a liability position as of December 31, 2015, thereby minimizing the credit risk to MEAG Power.

Interest Rate Risk

MEAG Power is exposed to various interest rate risks on the variable-rate portion of its debt portfolio and utilizes interest rate swaps to help mitigate them. In accordance with the ALCO Policy, MEAG Power may either hedge specific bonds by synthetically converting them to a fixed rate of interest or hedge a portion of the overall debt portfolio for a specific period of time. Under the terms of each interest rate swap, MEAG Power pays a fixed rate of interest and receives a floating-rate payment that is based on an index. If interest rates rise, the amount of interest MEAG Power would pay on its variable-rate debt would rise. However, the higher payments made on its variable-rate debt should be offset by higher payments received on its interest rate swaps, thereby reducing MEAG Power's interest rate risk.

Basis Risk

Basis risk occurs when the floating rates on the interest rate swaps and the variable-rate bonds do not match exactly. When investors demand an interest rate on MEAG Power's variable-rate debt that is higher or lower than the variable-rate index used to calculate the payments on the swap, the payments may not offset completely. This mismatch in payments may be a benefit or detriment to MEAG Power.

MEAG Power is also exposed to basis risk between the natural gas hedges, which settle against the Henry Hub Contract, and the hedged gas deliveries, which are typically daily spot purchases in Transcontinental Gas Pipeline Company, LLC's zone 3 or zone 4. However, the prices at each of these pricing points are highly correlated and generally very close; therefore, MEAG Power's basis risk for its natural gas hedges is not substantial.

Termination Risk

Either party to an interest rate swap or a natural gas hedge may terminate the transaction for a variety of reasons, based upon the terms of the contract. MEAG Power would be exposed to additional interest rate risk or natural gas price volatility if the counterparty to a swap or hedge transaction defaults or if the swap or hedge is terminated. If the swap or natural gas hedge is a liability to MEAG Power at the time of termination, the counterparty would be due a payment from MEAG Power equal to the liability as specified in the International Swaps and Derivatives Association Agreement. An asset position in the swap or hedge at the time of termination would generate a payment to MEAG Power from the counterparty.

Rollover Risk

The interest rate swaps that are used to hedge a portion of the overall variable-rate debt portfolio may terminate prior to the maturity of the bonds they hedge. Therefore, MEAG Power may be exposed to rollover risk as these swaps terminate.

Market-Access Risk

MEAG Power is exposed to market-access risk on future bond or swap transactions and natural gas hedges if market conditions deteriorate in the future.

(L) Fair Value Measurements

MEAG Power follows ASC 820, "Fair Value Measurement" (ASC 820), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 also applies under other accounting pronouncements that permit or require fair value measurements.

Fair value is defined in ASC 820 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. U.S. Government Treasury securities are an example of Level 1 inputs.
- Level 2 inputs are data other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and would include government agency and mortgage-backed securities.
- Level 3 inputs are unobservable inputs that reflect MEAG Power's own assumptions about factors that market participants would use in pricing the asset or liability (including assumptions about risk).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

MEAG Power's fair value measurements performed on a recurring basis, and their levels within the fair value hierarchy as of December 31, 2015 and 2014 were as follows (in thousands):

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Special funds and supplemental power account, including cash and cash equivalents	\$861,381	\$2,883,498	\$ —	\$3,744,879
Securities lending collateral	2,236	95	—	2,331
Total	\$863,617	\$2,883,593	\$ —	\$3,747,210
Liabilities:				
Interest rate swaps, tax-exempt	\$ —	\$ 56,664	\$ —	\$ 56,664
Natural gas hedges	—	5,217	—	5,217
Securities lending collateral	2,236	123	—	2,359
Total	\$ 2,236	\$ 62,004	\$ —	\$ 64,240
 December 31, 2014				
	Level 1	Level 2	Level 3	Total
Assets:				
Special funds and supplemental power account, including cash and cash equivalents	\$504,891	\$2,188,170	\$ —	\$2,693,061
Securities lending collateral	7,876	224	—	8,100
Total	\$512,767	\$2,188,394	\$ —	\$2,701,161
Liabilities:				
Interest rate swaps:				
Tax-exempt	\$ —	\$ 55,557	\$ —	\$ 55,557
Taxable	—	50	—	50
Natural gas hedges	—	4,404	—	4,404
Securities lending collateral	7,876	265	—	8,141
Total	\$ 7,876	\$ 60,276	\$ —	\$ 68,152

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

(M) Enterprise Risk Management

MEAG Power's Board has established an Enterprise Risk Management (ERM) program through the approval of an ERM Policy. The ERM Policy governs the ERM program, which consists of a Board-level Risk Management and Audit Committee (RMAC), an Executive-level Risk Oversight Committee (ROC) and personnel dedicated to the day-to-day execution of ERM activities. The ERM function is responsible for assessing risk throughout the organization and working with the RMAC and ROC to monitor and mitigate material risks identified through the risk-assessment process.

(N) Recent Accounting Pronouncements

In June 2012, GASB issued Statement 68, the primary objective of which is to improve accounting and financial reporting by state and local governments for pensions. MEAG Power adopted Statement 68 in 2015 and recognized a net pension liability on its Balance Sheet. The net pension liability is the portion of the present value of projected benefit payments to be provided through its defined benefit pension plan (see Note 7, "Retirement Plan and Other Postemployment Benefits") to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the fair value amount of the pension plan's assets (fiduciary net position). Statement 68 also has new requirements for calculating projected benefit payments and requires recognition of pension expense rather than the annual required contribution (see Note 7, "Retirement Plan and Other Postemployment Benefits").

In November 2013, GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68" (Statement 71) to address an issue regarding application of the transition provisions of Statement 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 71 did not impact MEAG Power's financial reporting.

In February 2015, GASB issued Statement No. 72, "Fair Value Measurement and Application" (Statement 72), which addresses how fair value should be defined and measured. It also prescribes which assets and liabilities should be measured at fair value and expands disclosures related to fair value measurements. Statement 72 is effective for MEAG Power beginning in 2016 and is not expected to have a significant impact on MEAG Power's financial reporting.

In June 2015, GASB issued:

- Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans" (Statement 74). The objective of Statement 74 is to improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. Statement 74 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Statement 74 is effective for MEAG Power beginning in 2017 and is not expected to have a significant impact on its financial reporting.

- Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (Statement 75). Statement 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Statement 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Statement 75 is effective for MEAG Power beginning in 2018. The impact to MEAG Power's financial reporting has not been determined.
- Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" (Statement 76). The objective of Statement 76 is to identify – in the context of the current governmental financial reporting environment – the hierarchy of GAAP. The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. Statement 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Statement 76 is effective for MEAG Power beginning in 2016 and is not expected to have a significant impact on its financial reporting.

In December 2015, GASB issued Statement No. 79, "Certain External Investment Pools and Pool Participants" (Statement 79). Statement 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Statement 79 is effective for MEAG Power beginning in 2016 and is not expected to have an impact on its financial reporting.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

3. PROPERTY, PLANT AND EQUIPMENT

PP&E activity for the years ended December 31, 2015 and 2014 is shown (in thousands) in the following table. Land is included in the electric component at a non-depreciable cost basis of \$35.8 million as of December 31, 2015 and 2014. In 2015, capital additions totaled \$327.3 million, primarily pertaining to manufacturing of major components such as the reactor vessels' internal parts and other related components, reactor coolant pumps and steam generators, fabrication and assembly of structural and mechanical modules, and site construction in the nuclear islands and balance of plant areas at Vogtle Units 3&4. Capital improvements at existing generating plants and transmission facilities, as well as purchases of nuclear fuel, were also a factor.

Property, Plant and Equipment	As of December 31, 2013	Increases	Decreases	As of December 31, 2014	Increases	Decreases	As of December 31, 2015
Project One							
Electric utility plant in service	\$ 3,035,015	\$104,758	\$ (14,382)	\$ 3,125,391	\$ 82,061	\$(10,406)	\$ 3,197,046
Less accumulated depreciation	(1,608,072)	(53,177)	14,382	(1,646,867)	(55,547)	10,406	(1,692,008)
Electric utility depreciable plant, net	1,426,943	51,581	—	1,478,524	26,514	—	1,505,038
CWIP	128,073	72,899	(105,849)	95,123	108,005	(81,743)	121,385
Nuclear fuel, net	183,326	5,332	—	188,658	2,723	—	191,381
Total Project One	1,738,342	129,812	(105,849)	1,762,305	137,242	(81,743)	1,817,804
General Resolution Projects							
Electric utility plant in service	1,078,599	103,187	(4,271)	1,177,515	11,813	(4,712)	1,184,616
Less accumulated depreciation	(531,613)	(19,782)	4,271	(547,124)	(20,413)	4,712	(562,825)
Electric utility depreciable plant, net	546,986	83,405	—	630,391	(8,600)	—	621,791
CWIP	108,680	19,317	(103,896)	24,101	15,871	(12,562)	27,410
Nuclear fuel, net	24,611	1,745	—	26,356	1,219	—	27,575
Total General Resolution Projects	680,277	104,467	(103,896)	680,848	8,490	(12,562)	676,776
Combined Cycle Project							
Electric utility plant in service	326,622	5,322	(1,735)	330,209	709	—	330,918
Less accumulated depreciation	(92,465)	(10,792)	1,735	(101,522)	(9,795)	—	(111,317)
Electric utility depreciable plant, net	234,157	(5,470)	—	228,687	(9,086)	—	219,601
CWIP	4,000	1,928	(5,322)	606	242	(709)	139
Total Combined Cycle Project	238,157	(3,542)	(5,322)	229,293	(8,844)	(709)	219,740
Vogtle Units 3&4 Projects and Project Entities							
CWIP	1,513,434	320,383	2	1,833,819	294,403	202	2,128,424
Nuclear fuel, net	46,104	15,938	—	62,042	2,622	—	64,664
Total Vogtle Units 3&4 Projects and Project Entities	1,559,538	336,321	2	1,895,861	297,025	202	2,193,088
Telecom Project							
Telecommunications plant in service	28,841	—	—	28,841	—	—	28,841
Less accumulated depreciation	(20,835)	(727)	—	(21,562)	(726)	—	(22,288)
Total Telecom Project	8,006	(727)	—	7,279	(726)	—	6,553
Total property, plant and equipment, net	\$ 4,224,320	\$566,331	\$(215,065)	\$ 4,575,586	\$433,187	\$(94,812)	\$ 4,913,961

As of December 31, 2015 and 2014, the Telecom fiber-optic network encompassed over 1,500 miles of fiber. Telecom has entered into agreements that convey the rights to the use of certain fiber-optic cable owned by others. Telecom's costs under these agreements have been recorded as capital lease assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

4. SPECIAL FUNDS AND SUPPLEMENTAL POWER ACCOUNT

Investments

The ALCO Policy governs permitted investments, which include direct obligations of the U.S. Government, certain government agency and mortgage-backed securities, general and special obligations of states, certain Georgia political subdivision and public authority obligations, certain federal agency discount notes and money market mutual funds that are permissible securities, as well as repurchase and reverse repurchase agreements collateralized by permissible securities. In the Project Entities, the ALCO Policy also permits direct obligations of the U.S. Government, as well as certain government agency bonds, discount notes and money market mutual funds. In the Decommissioning Trust, in addition to these same categories of investments, the ALCO Policy permits common-equity investment trusts, asset-backed securities, commercial paper (CP), and corporate and municipal bonds, as well as other debt obligations and certificates of deposit. Based on these guidelines, special funds, the supplemental power account and securities lending investments (discussed below) are considered restricted assets as defined by Statement 34.

All of MEAG Power's investments are recorded and carried at fair value except for investments of the Lease Financing Trust, which are carried and eliminated at book value (see the "Classification" section of this Note). Quoted market prices are used in the determination of fair value. Unrealized gains/losses on investment securities are reported in net change in the fair value of financial instruments in the Statement of Net Revenues.

Credit Risk

Credit risk is the risk that MEAG Power will be unable to recover its investments either by an inability to withdraw the funds through insolvency or nonperformance of a counterparty or an inability to recover collateral. In accordance with the ALCO Policy, MEAG Power manages exposure to credit risk by restricting investments to issuers that meet certain qualifications and therefore limits any potential credit exposure. In addition, all repurchase agreements must be collateralized using cash or securities permissible under the ALCO Policy at 102% of the market value of principal and accrued interest. As of December 31, 2015, substantially all of MEAG Power's investments in mortgage-backed securities and U.S. Government agency bonds and notes were rated AAA by Moody's and AA+ by S&P, and/or guaranteed by the issuer, which carries the AAA/AA+ ratings. Investments in money market mutual funds were rated AAAm by S&P and Aaa-mf by Moody's. Common equity investment trusts are not rated. Credit risk considerations for the securities lending program are discussed in "Securities Lending" below.

Custodial Credit Risk

In the event of failure of the counterparty, custodial credit risk is the risk that MEAG Power would not be able to recover the value of its investments or collateral securities that are in possession of an outside party. MEAG Power limits the potential of such risk by ensuring that all investments are held by MEAG Power or by an agent in its name.

Concentration of Credit Risk

Concentration of credit risk is the chance of a loss due to the magnitude of MEAG Power's investment in a single issuer. Under the ALCO Policy, MEAG Power restricts possible concentration of credit risk by placing maximum exposure restrictions by security type. The ALCO Policy also requires diversification to control the risk of loss resulting from over-concentration of assets in a specific maturity, issuer, instrument, dealer or bank. External investments with one issuer that comprised 5% or more of MEAG Power's portfolio (excluding those issued or explicitly guaranteed by the U.S. Government, as well as mutual funds) as of December 31, 2015 were (dollars in thousands):

Issuer	Fair Value	Percentage of Portfolio
Federal Home Loan Bank	\$1,734,175	40.4%
Federal Farm Credit Bank	\$ 266,965	6.2%
Federal Agricultural Mortgage Corporation	\$ 257,927	6.0%

Securities Lending

The Board has approved a securities lending program (the program) which allows MEAG Power to lend securities held in the Decommissioning Trust and the Competitive Trust in return for collateral in the form of cash or authorized security types, with a simultaneous agreement to return collateral for the same securities in the future. All investments in the program are considered other investment securities for reporting cash flows.

MEAG Power's Trustee for the Decommissioning Trust is the lending agent for the program, and collateral is pledged at 102% of the fair value of the investments loaned and is valued daily. There are no restrictions on the amount of securities that can be loaned.

At December 31, 2015, MEAG Power and the lending agent had no credit risk exposure to borrowers for direct lending activity because the fair value of the collateral held was greater than the fair value of the securities loaned. Contracts with the lending agent require it to indemnify MEAG Power if the borrowers fail to return the securities and the collateral is inadequate to replace the securities loaned or fail to pay MEAG Power for income distributions while the securities are on loan. There were no violations of legal or contractual provisions, no realized borrower or lending agent default losses, and no recoveries of prior period counterparty losses during the year. There were no income distributions owing on the securities loaned.

All securities loans can be terminated on demand by either MEAG Power or the borrower. MEAG Power is not exposed to custodial credit risk, as the collateral securities and cash collateral are held in MEAG Power's name. MEAG Power cannot pledge or sell collateral securities without an act of insolvency on the part of the borrower. Cash collateral is invested in short-term securities that generally match the obligations of the investments on loan. A portion of the investments may be specifically matched to the loans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

Interest Rate Risk

All fixed-income investments are exposed to interest rate risk. MEAG Power's investments would be subject to changes in fair value due to potential changes in interest rates. The ALCO Policy describes the maximum maturity limitations and performance benchmarks for each account in the funds established under the various bond resolutions and agreements pertaining to the Trust Funds. These limits are based upon the underlying use of the monies deposited into each account. The maturity restrictions are designed to ensure that the assets are not invested longer than the intended use of the funds. The ALCO Policy prohibits the use of leverage or mortgage investments that are highly sensitive to interest rate changes, such as interest-only and principal-only securities. For reporting purposes, MEAG Power assumes that callable securities in its investment portfolio will be held until maturity. As of December 31, 2015, maturities of special funds, the supplemental power account and securities lending were as follows (in thousands):

Investment Type	Maturities (in years)						Total
	Under One	One – Three	Three – Seven	Seven – Ten	Over Ten	No Specific Maturity	
U.S. Government agency notes and bonds	\$2,098,828	\$ 179,028	\$113,089	\$ 65,860	\$ 112,892	\$ —	\$2,569,697
U.S. Government securities	3,372	25,965	58,124	29,726	—	—	117,187
Mortgage-backed securities	—	2,966	10,786	4,617	16,175	—	34,544
Money market mutual funds	745,083	594	—	—	—	—	745,677
Common equity investment trusts	—	—	—	—	—	133,627	133,627
Asset-backed securities	—	—	—	8	95	—	103
Municipal bonds	32,759	132,874	48,161	8,453	342,647	—	564,894
Elimination*	(32,759)	(132,874)	(48,161)	(8,453)	(324,592)	—	(546,839)
Corporate notes	8,892	39,744	60,182	18,074	675	—	127,567
Cash	753	—	—	—	—	—	753
Total special funds, supplemental power account and securities lending collateral	\$2,856,928	\$ 248,297	\$242,181	\$118,285	\$ 147,892	\$133,627	\$3,747,210

* Represents investments in MEAG Power bonds held by the Competitive Trust or the Lease Financing Trust as discussed in Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps — Project Borrowings from the Trust Funds," which are eliminated at par value, except for investments of the Lease Financing Trust, which are carried and eliminated at current-accreted book value.

Environmental Facilities Reserve Accounts

In 2006, MEAG Power established separate Environmental Facilities Reserve Accounts (EFRA), one for Project One and the others with respect to the General Resolution Projects. These accounts were established in order to mitigate future planned environmental costs at the Coal Units and were funded initially with \$77.9 million of the proceeds received from the Lease involving MEAG Power's ownership interest in the Coal Units, discussed in Note 1 (E), "The Organization — Trust Funds — Deferred Lease Financing Trust." Additional funding is provided from billings to the Participants, which totaled \$23.1 million and \$25.2 million during 2015 and 2014, respectively. Amounts on deposit in the EFRA 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 bonds issued with respect to the Coal Units. See Note 9, "Subsequent Events" for a discussion of 2016 EFRA developments.

Classification

Investments are classified as current or non-current assets based on whether the securities represent funds available for current disbursement under the terms of the related trust agreement or other contractual provisions. Brief descriptions of funds not discussed elsewhere in these Notes are as follows:

- Construction funds are established to maintain funds for the payment of all costs and expenses related to the cost of acquisition and construction of a project, which MEAG Power is permitted to finance through the issuance of debt.
- Revenue and Operating funds are used for the purpose of depositing all revenues and disbursement of operating expenses and required fund deposits of the projects.
- Reserve and Contingency funds are used to accumulate and maintain a reserve for payment of the costs of major renewals, replacements, repairs, additions, betterments and improvements for the projects (Reserve and Contingency).
- Debt Service accounts are established for the purpose of accumulating funds for the payment of interest and principal on each payment date of the bonds and notes issued for the projects.
- Debt Service Reserve accounts are established for certain funding requirements in accordance with applicable bond resolutions and DOE financing documents.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

At December 31, 2015 and 2014, the fair value of all investments in special funds, the supplemental power account and securities lending as classified on the Balance Sheet were as follows (in thousands):

	Project One	General Resolution Projects	Combined Cycle Project	Vogle Units 3&4 Projects and Project Entities	Trust Funds	Telecom Project	Eliminations*	Total
December 31, 2015								
Special funds, non-current:								
Decommissioning Trust	\$ 370,248	\$ 43,273	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 413,521
Construction fund	200,340	47,521	3	1,533,750	—	—	—	1,781,614
Debt Service fund –								
Reserve and Retirement accounts	98,822	69,018	32,929	166,589	—	—	—	367,358
Revenue and Operating fund	—	—	6,013	—	—	—	—	6,013
Reserve and Contingency fund	21,307	10,992	2,485	—	—	—	—	34,784
Environmental Facilities								
Reserve account	100,907	126,001	—	—	—	—	—	226,908
Competitive Trust:								
Credit Support Operating account	—	—	—	—	531	—	—	531
New Generation and Capacity								
Funding account	—	—	—	—	178,617	—	(44,946)	133,671
Reserve Funded Debt account	—	—	—	—	132,626	—	(36,300)	96,326
Flexible Operating account	—	—	—	—	152,905	—	(152,905)	—
Lease Financing Trust	—	—	—	—	312,688	—	(312,688)	—
Total special funds, non-current	791,624	296,805	41,430	1,700,339	777,367	—	(546,839)	3,060,726
Special funds, current:								
Revenue and Operating fund	59,438	36,800	21,341	104,361	—	598	—	222,538
Debt Service fund –								
Debt Service account	87,615	50,159	4,544	—	—	—	—	142,318
Subordinated Debt Service fund –								
Debt Service accounts	105,520	19,050	—	—	—	—	—	124,570
Construction fund	8,046	19,456	—	2	—	300	—	27,804
Competitive Trust –								
Flexible Operating account	—	—	—	—	162,512	—	—	162,512
Total special funds, current	260,619	125,465	25,885	104,363	162,512	898	—	679,742
Supplemental power account	4,411	—	—	—	—	—	—	4,411
Securities lending collateral	2,087	244	—	—	—	—	—	2,331
Total special funds, supplemental power account and securities lending collateral	\$1,058,741	\$422,514	\$67,315	\$1,804,702	\$939,879	\$898	\$(546,839)	\$3,747,210

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

December 31, 2014	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects	Trust Funds	Telecom Project	Eliminations*	Total
Special funds, non-current:								
Decommissioning Trust	\$366,200	\$ 42,733	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 408,933
Construction fund	87,183	45,376	108	699,751	—	—	—	832,418
Debt Service fund –								
Reserve and Retirement accounts	118,837	70,735	32,676	144,627	—	—	—	366,875
Revenue and Operating fund	—	—	5,058	—	—	—	—	5,058
Reserve and Contingency fund	23,758	12,000	1,955	—	—	—	—	37,713
Environmental Facilities								
Reserve account	89,243	110,931	—	—	—	—	—	200,174
Competitive Trust:								
Credit Support Operating account	—	—	—	—	3,907	—	—	3,907
New Generation and Capacity								
Funding account	—	—	—	—	157,702	—	(46,628)	111,074
Reserve Funded Debt account	—	—	—	—	195,028	—	(36,300)	158,728
Flexible Operating account	—	—	—	—	27,707	—	(27,707)	—
Lease Financing Trust	—	—	—	—	293,598	—	(293,598)	—
Total special funds, non-current	685,221	281,775	39,797	844,378	677,942	—	(404,233)	2,124,880
Special funds, current:								
Revenue and Operating fund	59,027	28,370	18,439	2,708	—	740	—	109,284
Debt Service fund –								
Debt Service account	104,617	50,396	4,561	2	—	1,306	—	160,882
Subordinated Debt Service fund –								
Debt Service accounts	80,197	41,937	—	—	—	—	—	122,134
Construction fund	12,176	24,869	—	171	—	—	—	37,216
Competitive Trust:								
Credit Support Operating account	—	—	—	—	—	—	—	—
Reserve Funded Debt account	—	—	—	—	11,210	—	(11,210)	—
Flexible Operating account	—	—	—	—	245,043	—	(111,758)	133,285
Total special funds, current	256,017	145,572	23,000	2,881	256,253	2,046	(122,968)	562,801
Supplemental power account	5,380	—	—	—	—	—	—	5,380
Securities lending collateral	7,254	846	—	—	—	—	—	8,100
Total special funds, supplemental power account and securities lending collateral	\$953,872	\$428,193	\$62,797	\$847,259	\$934,195	\$2,046	\$(527,201)	\$2,701,161

* Represents investments in MEAG Power bonds held by the Competitive Trust or the Lease Financing Trust as discussed in Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps — Project Borrowings from the Trust Funds," which are eliminated at par value, except for investments of the Lease Financing Trust, which are carried and eliminated at current-accreted book value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

5. LONG- AND SHORT-TERM DEBT, CREDIT AGREEMENTS AND INTEREST RATE SWAPS

All bonds issued under a resolution are secured by a pledge of revenues, typically electric power, attributable to the respective projects after payment of operating costs, as well as by pledges of the assets in the funds established by the bond resolutions. In addition, each Participant's payment obligations under the Power Sales Contracts are general obligations to which each Participant's full faith and credit are pledged. Also, each Power Sales Contract includes a provision for the assessment and collection of an ad valorem tax by the Participant, if necessary to meet its obligations under the applicable Power Sales Contract.

Project One has been financed through the issuance of senior lien bonds (Power Revenue Bonds) and subordinated lien bonds under the Power Revenue Bond Resolution. The General Resolution Projects have also been financed through the issuance of senior lien bonds (General Power Revenue Bonds) and subordinated lien bonds under the General Power Revenue Bond Resolution. The CC Project has been financed through the issuance of senior lien bonds (CC Project Bonds) under the Combined Cycle Project Bond Resolution (CC Project Bond Resolution). Bonds issued for the Vogtle Units 3&4 Projects and the Telecom Project under the applicable resolutions are senior debt.

Power Revenue Bonds and General Power Revenue Bonds

As of December 31, 2015, MEAG Power had validated by court judgments \$8.0 billion in Power Revenue Bonds and \$3.3 billion in General Power Revenue Bonds. Reference to "court judgments" for these bonds, as well as for the bonds described below, indicates that MEAG Power is authorized to issue such bonds up to the validated amount. The resolutions permit the issuance of bonds in the future for certain purposes. No scheduled debt maturity for Project One or the General Resolution Projects extends beyond June 2054, the expiration of the Power Sales Contracts for the respective project – see Note 1 (B), "The Organization – Project One and the General Resolution Projects."

On December 16, 2011, MEAG Power adopted the Amended and Restated Resolutions (the Amending Resolutions) for the purpose of making certain amendments (the Proposed Amendments) to the Power Revenue Bond Resolution and the General Power Revenue Bond Resolution (collectively, the Senior Resolutions). As a result of changes in market conditions and standard practices, MEAG Power is undergoing this process to modernize the Senior Resolutions via a "springing lien" amendment to the Senior Resolutions. The Amending Resolutions would allow MEAG Power to, among other things, more easily issue Power Revenue Bonds and General Power Revenue Bonds, as well as be more consistent with the bond resolutions of the CC Project and the Vogtle Units 3&4 Projects. Most of the Proposed Amendments take effect on the earlier of when two-thirds of the holders of the Power Revenue Bonds and General Power Revenue Bonds consent to the changes or all such bonds outstanding at December 16, 2011 are no longer outstanding. The remaining Proposed Amendments take effect only when all Power Revenue Bonds and General Power Revenue Bonds outstanding at December 16, 2011 are no longer outstanding. As of March 31, 2016, 66.7% and 61.3% of the holders of outstanding Power Revenue Bonds and General Power Revenue Bonds, respectively, have consented to the Proposed Amendments.

Various bond issues have been defeased by creating separate irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. Government securities that were placed in such trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Balance Sheet of Project One and the General Resolution Projects. As of December 31, 2015, the amount held in escrow to defease Power Revenue Bonds and General Power Revenue Bonds removed from the Balance Sheet amounted to \$40.1 million.

Subordinated Debt

As of December 31, 2015, MEAG Power had validated by court judgments subordinated bonds totaling \$5.4 billion for Project One and \$1.8 billion for the General Resolution Projects. The resolutions permit the issuance of bonds in the future for certain purposes. Debt issued under the subordinated bond resolutions is subordinate in all respects to the Power Revenue Bonds and the General Power Revenue Bonds.

In December 2015, MEAG Power issued the following tax-exempt bonds to finance certain capital improvements and refund certain bonds and CP (in thousands):

Project(s)	
One	\$160,275
General Resolution	9,605
Total	\$169,880

Combined Cycle Project Revenue Bonds

As of December 31, 2015, MEAG Power had validated by court judgments \$1.3 billion of CC Project bonds, which includes \$200.0 million for prepayment of fuel costs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

Financing of Vogtle Units 3&4 Projects and Project Entities

Project M, Project J and Project P are being financed, in part, through the issuance of bonds, including BANs and revenue bonds constituting Build America Bonds (Build America Bonds) for purposes of the Recovery Act under the applicable Project M Bond Resolution, Project J Bond Resolution and Project P Bond Resolution, respectively. All bonds (including BANs) heretofore or hereafter issued under these resolutions, as applicable, are referred to herein as Project M Bonds, Project J Bonds and Project P Bonds, respectively, and are collectively referred to herein as the Vogtle Units 3&4 Bonds.

As of December 31, 2015, MEAG Power had validated by court judgments \$5.0 billion of Project M Bonds for the purpose of financing Project M and refunding Project M Bonds, \$6.0 billion of Project J Bonds for the purpose of financing Project J and refunding Project J Bonds, and \$3.4 billion of Project P Bonds for the purpose of financing Project P and refunding Project P Bonds.

Under the Recovery Act, MEAG Power, provided it complies with the requirements of the Recovery Act, may receive cash subsidy payments rebating a portion of the interest on the Build America Bonds from the U.S. Treasury up to 35% of the interest payable on such bonds. 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 Build America 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 was extended until 2023 (the Sequester Reduction). The Sequester Reduction for federal fiscal year 2015 was 7.3%. The Sequester Reduction percentage for the federal fiscal year ending September 30, 2016 is 6.8%.

In September 2015, MEAG Power issued \$185.2 million of Project J Bonds and \$69.2 million of Project P Bonds to fund a portion of the costs of acquisition and construction of Project J and Project P, respectively, provide moneys to fund a debt service reserve account established under the applicable bond resolution and fund certain capitalized interest on the Project J Bonds and the Project P Bonds.

As discussed in Note 1 (D), "The Organization – Vogtle Units 3&4 Projects and Project Entities – Structure, Financing and DOE Guaranteed Loans," in June 2015, the Project Entities obtained initial advances of DOE Guaranteed Loans totaling \$1.1 billion. Under each DOE Loan Guarantee Agreement, the applicable Project Entity may request a borrowing under its DOE Guaranteed Loan (an Advance) up to a specified maximum amount until the earliest to occur of (i) December 31, 2020, (ii) the date on which available FFB credit is fully utilized or the commitment is terminated, or (iii) termination of the applicable Project Entity's right to request Advances. The DOE Guaranteed Loans have a final maturity date of April 2, 2045.

MEAG Power and two commercial banks have entered into a credit agreement to finance a portion of the costs of acquisition and construction and financing costs of Project P (the Project P Credit Agreement). 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, in 2010, MEAG Power issued its Project P BANs, Taxable Series 2010A (the Series 2010A Project P Notes) to the banks that are parties to the Project P Credit Agreement. In June 2015, all of the Series 2010A Project P Notes under the Project P Credit Agreement were repaid. In September 2015, MEAG Power and the banks party thereto amended and restated the Project P Credit Agreement in order to extend the term thereof to September 25, 2018 and convert the agreement into a revolving credit agreement.

In 2012, MEAG Power issued a Project P BAN, Taxable Series 2012A (the Series 2012A Project P Note) to evidence MEAG Power's obligation to repay advances made by the trustee of the Competitive Trust to MEAG Power, as an investment of funds on deposit in the Competitive Trust, and the interest thereon. Such advances are made in lieu of borrowings under the Project P Credit Agreement and are used by MEAG Power to finance a portion of the costs of acquisition and construction and financing costs of Project P. As a result of the extension of the Project P Credit Agreement, the maturity date of both the Series 2010A Project P Notes and the Series 2012A Project P Note was correspondingly extended to September 25, 2018 and the maximum principal amount that may be outstanding under the Project P Credit Agreement was reduced to \$100.0 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

Due to the extension of the Project P Credit Agreement to September 25, 2018, both the Series 2010A Project P Notes and the Series 2012A Project P Note were reclassified to long-term debt during 2015. Changes in the Series 2010A Project P Notes and Series 2012A Project P Note during the years ended December 31, 2015 and 2014 were (in thousands):

	Balance December 31, 2013	Proceeds	Payments	Balance December 31, 2014	Proceeds	Payments	Balance December 31, 2015
Series 2010A Project P Notes	\$142,971	\$ —	\$ —	\$142,971	\$ —	\$142,971	\$ —
Series 2012A Project P Note	45,412	32,112	—	77,524	13,247	—	90,771
Total	\$188,383	\$32,112	\$ —	\$220,495	\$13,247	\$142,971	\$90,771

Telecommunications Project Revenue Bonds

As of December 31, 2015, MEAG Power had validated by court judgment \$44.0 million of bonds pertaining to Telecom for the purpose of acquisition and construction of the Telecom network and subsequent refundings. During 2015, all Telecommunications Project Revenue Bonds (Telecom Series 2009) were repaid.

Credit Agreements

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 CP notes issued and outstanding as of December 31, 2015 and 2014 in the amount of \$224.8 million and \$231.6 million, respectively. 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 bank's interest rates. The maximum amount of CP authorized to be issued is \$410.0 million, but in no event can the aggregate principal amount of all CP notes outstanding, and the interest thereon due at maturity, exceed the aggregate stated amounts of such letters of credit. 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 BANs is required and was maintained as of December 31, 2015.

Subordinated bonds issued as variable-rate demand obligations and outstanding as of December 31, 2015 totaled \$241.0 million. Bondholders may require repurchase of these subordinated bonds at the time of periodic interest rate adjustments. Agreements have been entered into to provide for the remarketing of the subordinated bonds if such repurchase is required. Agreements have also been entered into with certain banks, which generally provide for the purchase by those banks of subordinated bonds which are not remarketed. As of December 31, 2015, none of the aforementioned bonds were held by the banks. Under the terms of these agreements, any bonds purchased by the banks would be payable by MEAG Power on a semiannual basis over periods generally ranging over two to five years.

As of December 31, 2015, MEAG Power and two banks had entered into committed credit agreements providing for lines of credit (LOC) available to Project One, the General Resolution Projects and the CC Project for \$125.0 million individually, but not to exceed \$125.0 million in the aggregate. The agreements were renewed in March 2015 and expire in March 2020. The LOC generally provide for interest at taxable rates.

Changes in LOC during the years ended December 31, 2015 and 2014 were (in thousands):

Lines of Credit	Balance December 31, 2013	Proceeds	Payments	Balance December 31, 2014	Proceeds	Payments	Balance December 31, 2015
Project One	\$ —	\$2,000	\$2,000	\$ —	\$ 6,500	\$ 6,500	\$ —
General Resolution Projects	751	1,200	600	1,351	4,400	4,100	1,651
CC Project	44,280	—	3,770	40,510	—	3,920	36,590
Total	\$45,031	\$3,200	\$6,370	\$41,861	\$10,900	\$14,520	\$38,241

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

Project Borrowings from the Trust Funds

In order to facilitate certain financings as described below, borrowings by various projects of MEAG Power were purchased by either the Competitive Trust or the Lease Financing Trust component of the Trust Funds as an investment.

In 2012, MEAG Power issued BANs in a maximum principal amount to be outstanding at any time of \$100.0 million for each of Project One, the General Resolution Projects and the CC Project (the Series 2012A BANs). The Series 2012A BANs, as well as the Series 2012A Project P Note (see the "Financing of Vogtle Units 3&4 Projects and Project Entities" section of this Note) were issued to evidence MEAG Power's obligation to repay loans made by the trustee of the Competitive Trust to MEAG Power, as an investment of funds on deposit in the Competitive Trust, and the interest thereon. Such loans are used by MEAG Power to finance a portion of the costs of acquisition and construction and working capital needs of the applicable project(s), as well as financing costs for Project P.

In various months during 2015, the Competitive Trust received net reimbursements from Project One and the General Resolution Projects totaling \$1.5 million related to the Series 2012A BANs and made additional advances totaling \$13.2 million under the Series 2012A Project P Note. As of December 31, 2015 and 2014, the balance outstanding for the Series 2012A BANs and the Series 2012A Project P Note were (in thousands):

	Description	2015	2014
Project One	Series 2012A BANs	\$ 28,075	\$ 28,856
General Resolution Projects	Series 2012A BANs	4,670	5,378
CC Project	Series 2012A BANs	—	—
Project P	Series 2012A Project P Note	90,771	77,524
Total		\$123,516	\$111,758

In December 2012, MEAG Power issued \$67.7 million of Project One subordinated bonds and \$54.8 million of General Resolution Projects subordinated bonds (collectively, Series 2012B) to refund previously issued bonds outstanding in the same amount. The Series 2012B bonds were purchased by the Competitive Trust as an investment and were outstanding as of December 31, 2015 and 2014 in the amount of \$55.9 million and \$64.4 million, respectively, for Project One and in the amount as issued for both years for the General Resolution Projects.

In 2006, MEAG Power issued \$173.2 million of Capital Appreciation Bonds (CABs) (Series 2006A) for Project One and Projects Two and Three of the General Resolution Projects to finance environmental improvements at the Coal Units. The Series 2006A bonds were purchased as an investment by the Lease Financing Trust and were outstanding as of December 31, 2015 and 2014 in the amount of \$136.6 million and \$128.2 million, respectively, for Project One and in the amount of \$176.1 million and \$165.4 million, respectively, for the General Resolution Projects. See Note 9, "Subsequent Events" for a discussion of 2016 developments pertaining to the Series 2006A bonds.

The Telecom Series 2009 bonds were also purchased as an investment by the Competitive Trust and were not outstanding as of December 31, 2015 and were outstanding in the amount of \$2.7 million as of December 31, 2014.

As such, the investments of the Competitive Trust or the Lease Financing Trust that were also liabilities of the various project(s), along with interest expense paid on the bonds and interest earned by the Competitive Trust or the Lease Financing Trust, were eliminated as applicable from MEAG Power's 2015 and 2014 consolidated financial statements.

Other Financing Transactions

MEAG Power uses various methods of hedging, including floating-to-fixed interest rate swap agreements, as part of its debt management under the ALCO Policy. Floating-to-fixed interest rate swaps, as discussed in these Notes, are hedging instruments where MEAG Power pays a fixed rate and receives a floating rate.

Under certain circumstances, a swap transaction is subject to early termination prior to its scheduled termination and prior to the maturity of the related bonds, in which event MEAG Power may be obligated to make or receive a substantial payment to or from the counterparty. As of both December 31, 2015 and 2014, MEAG Power had interest rate swap transactions outstanding under interest rate swap master agreements with four counterparties.

The fair value of interest rate swap agreements is recorded in other non-current liabilities on the Balance Sheet and totaled \$65.2 million and \$60.8 million as of December 31, 2015 and 2014, respectively. Statement 53 requires hedging instruments to be evaluated for effectiveness, with the change in the fair value of effective hedging instruments recorded as a deferred inflow or outflow. For the years ended December 31, 2015 and 2014, a fair value decrease of \$4.8 million and \$37.3 million, respectively, was recorded in deferred outflows of resources on the Balance Sheet.

MEAG Power previously entered into certain interest rate swap agreements that had a notional amount outstanding as of December 31, 2015 of \$20.3 million, to hedge portions of the variable-rate debt portfolio. These hedges do not meet the criteria for effectiveness under the evaluation methods permitted by Statement 53. As such, the change in the fair value of ineffective hedges, which increased \$0.4 million for each year ended December 31, 2015 and 2014, is reported in net change in the fair value of financial instruments in the Statement of Net Revenues.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

The terms of the interest rate swap agreements outstanding as of December 31, 2015 and 2014 were as follows (dollars in thousands):

Project(s)	Notional Amount Outstanding December 31, 2015	Interest Rate*		Term Dates		Counterparty Credit Rating		
		Paid	Received	Start	End	Fitch	Moody's	S&P
One	\$ 39,150	4.20%	SIFMA	Jan. 2005	Jan. 2044	A	Baa1	BBB+
One	59,275	4.31%	SIFMA	Jan. 2005	Jan. 2048	AA	Aa2	AA-
One	49,225	4.32%	SIFMA	Jan. 2005	Jan. 2048	AA-	Aa3	A+
One	46,725	3.81%–3.90%	CPI + 1.05%	Jan. 2007	Jan. 2019 – 2022	A+	A3	A-
Total Project One	194,375							
General Resolution	20,280	3.78%	SIFMA	Jan. 2007	Jan. 2020	A	Baa1	BBB+
Total	\$214,655							

Project(s)	Notional Amount Outstanding December 31, 2014	Interest Rate*		Term Dates		Counterparty Credit Rating		
		Paid	Received	Start	End	Fitch	Moody's	S&P
One	\$ 39,150	4.20%	SIFMA	Jan. 2005	Jan. 2044	A	Baa2	A-
One	59,275	4.31%	SIFMA	Jan. 2005	Jan. 2048	A	Baa2	A-
One	49,225	4.32%	SIFMA	Jan. 2005	Jan. 2048	A+	Aa3	A+
One	46,725	3.81%–3.90%	CPI + 1.05%	Jan. 2007	Jan. 2019 – 2022	A+	A3	A
Total Project One	194,375							
General Resolution	22,480	3.78%	SIFMA	Jan. 2007	Jan. 2020	A	Baa2	A-
Telecom	2,675	4.09%	1 month LIBOR	Apr. 2003	Dec. 2015	A	Baa2	A-
Total	\$219,530							

*SIFMA is the Securities Industry and Financial Markets Association Municipal Swap Index, produced by Municipal Market Data, and is a seven-day, high-grade market index comprising tax-exempt, variable-rate debt obligations. CPI is the Consumer Price Index. LIBOR is the London Interbank Offered Rate.

For a discussion of risks pertaining to interest rate swap agreements, see Note 2 (K), "Summary of Significant Accounting Policies and Practices – Derivative Financial Instruments."

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

Senior and Subordinated Debt Activity

Changes in senior and subordinated debt during the years ended December 31, 2015 and 2014 were (in thousands):

Senior and Subordinated Debt	As of December 31, 2013	Increases	Decreases	As of December 31, 2014	Increases	Decreases	As of December 31, 2015
Project One							
Power Revenue bonds	\$ 603,055	\$ —	\$ (95,545)	\$ 507,510	\$ —	\$ (91,145)	\$ 416,365
Unamortized (discount) premium, net	21,869	199	(2,611)	19,457	137	(2,482)	17,112
Subordinated debt	1,857,386	13,477	(52,650)	1,818,213	225,141	(125,614)	1,917,740
Unamortized (discount) premium, net	45,394	110	(8,747)	36,757	23,590	(8,877)	51,470
Total Project One	2,527,704	13,786	(159,553)	2,381,937	248,868	(228,118)	2,402,687
General Resolution Projects							
General Power Revenue bonds	287,050	—	(37,485)	249,565	—	(43,705)	205,860
Unamortized (discount) premium, net	5,764	69	(1,637)	4,196	52	(1,631)	2,617
Subordinated debt	694,225	10,096	(11,965)	692,356	20,358	(46,269)	666,445
Unamortized (discount) premium, net	4,301	11	(822)	3,490	325	(833)	2,982
Total General Resolution Projects	991,340	10,176	(51,909)	949,607	20,735	(92,438)	877,904
Combined Cycle Project							
Combined Cycle Project Revenue bonds	211,430	—	(13,655)	197,775	—	(13,950)	183,825
Unamortized (discount) premium, net	15,605	25	(3,038)	12,592	25	(2,714)	9,903
Total Combined Cycle Project	227,035	25	(16,693)	210,367	25	(16,664)	193,728
Vogle Units 3&4 Projects and Project Entities							
Vogle Units 3&4 Projects' Revenue bonds*	2,667,875	—	—	2,667,875	345,196	—	3,013,071
Unamortized (discount) premium, net	2,997	—	(725)	2,272	11,208	(804)	12,676
DOE Guaranteed Loans	—	—	—	—	1,143,987	—	1,143,987
Total Vogle Units 3&4 Projects and Project Entities	2,670,872	—	(725)	2,670,147	1,500,391	(804)	4,169,734
Telecom Project							
Telecom Project Revenue bonds	3,930	—	(1,255)	2,675	—	(2,675)	—
Total Telecom Project	3,930	—	(1,255)	2,675	—	(2,675)	—
Total senior and subordinated debt	\$6,420,881	\$23,987	\$(230,135)	\$6,214,733	\$1,770,019	\$(340,699)	\$7,644,053

*As discussed in the "Financing of Vogle Units 3&4 Projects and Project Entities" section of this Note, both the Series 2010A Project P Notes and the Series 2012A Project P Note were reclassified from other short-term to long-term debt during 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

Long-Term Debt by Series and DOE Guaranteed Loans

All Power Revenue Bonds, General Power Revenue Bonds, CC Project Bonds, as well as Vogtle Units 3&4 Bonds, and certain subordinated bonds bear interest at fixed rates, except for certain Project P BANs. The remaining subordinated bonds bear interest at variable interest rates. Advances under the DOE Guaranteed Loans are at both fixed and variable rates. At December 31, 2015 and 2014, MEAG Power's long-term debt consisted of the following (in thousands):

Project One	2015	2014
<i>Power Revenue Bonds (senior):</i>		
Series V	\$ 15,235	\$ 20,865
Series W	20,280	28,490
Series X	10,260	16,710
Series Y	21,345	52,630
Series Z	46,595	78,385
Series BB	23,880	25,645
Series EE	38,125	38,125
Series GG	133,970	136,970
Taxable Series Three	6,145	9,120
Taxable Series Four	100,530	100,570
Total	416,365	507,510
Unamortized (discount) premium, net	17,112	19,457
Total Power Revenue Bonds outstanding	433,477	526,967

<i>Subordinated debt:</i>		
Series 1998A – Fixed rate	—	13,730
Series 2005A-1 – Taxable fixed rate	69,635	70,225
Series 2005A-2 – Fixed rate CABs	6,627	6,627
Series 2005D – Fixed rate	18,145	19,160
Series 2005E – Fixed rate	4,830	4,830
Series 2005F – Taxable fixed rate	—	655
Series 2006A – Taxable fixed rate CABs	75,626	75,626
Series 2007A-1 and A-2 – Fixed rate	22,800	40,510
Series 2007A-2 – Variable rate	46,725	46,725
Series 2007B – Taxable fixed rate	13,410	13,765
Series 2008A – Fixed rate	121,945	126,005
Series 2008B – Variable rate	148,065	148,065
Series 2008D – Fixed rate	324,015	327,340
Series 2009B – Fixed rate	251,895	254,760
Series 2011A – Fixed rate	224,325	233,995
Series 2011B – Fixed rate	28,705	29,610
Series 2011D – Taxable fixed rate	13,955	18,100
Series 2012A – Taxable fixed rate	59,575	59,575
Series 2012A BANs – Taxable variable rate	28,075	28,856
Series 2012B – Taxable fixed rate	55,855	64,390
Series 2012C – Fixed rate	45,255	45,255
Series 2015A – Fixed rate	150,185	—
Series 2015A – Fixed rate CABs	10,090	—
Series A and B BANs:		
Tax-exempt variable rate CP	59,922	59,922
Taxable variable rate CP	71,460	72,890
Total	1,851,120	1,760,616
Accretion of CABs	66,620	57,597
Unamortized (discount) premium, net	51,470	36,757
Total subordinated debt	1,969,210	1,854,970
Total senior and subordinated debt	2,402,687	2,381,937
Current portion of long-term debt	(192,547)	(175,276)
Total Project One long-term debt	\$2,210,140	\$2,206,661

<i>Combined Cycle Project</i>		
<i>Revenue bonds (senior):</i>		
Series 2010A	\$ 113,315	\$ 116,450
Series 2012A	70,510	81,325
Total	183,825	197,775
Unamortized (discount) premium, net	9,903	12,592
Total bonds outstanding	193,728	210,367
Current portion of long-term debt	(14,305)	(13,950)
Total Combined Cycle Project long-term debt	\$ 179,423	\$ 196,417

<i>Telecom Project</i>		
<i>Revenue bonds (senior):</i>		
Taxable Series 2009 – Variable rate	\$ —	\$ 2,675
Current portion of long-term debt	—	(2,675)
Total Telecom Project long-term debt	\$ —	\$ —

<i>General Resolution Projects</i>		
<i>General Power Revenue Bonds (senior):</i>		
1992A Series	\$ 21,615	\$ 25,180
1992B Series	54,730	89,725
1993B Series	180	185
1993C Series	14,325	15,195
2012B Series	48,990	49,300
Taxable 2011A Series	8,125	12,030
Taxable 2012A Series	57,895	57,950
Total	205,860	249,565
Unamortized (discount) premium, net	2,617	4,196
Total General Power Revenue Bonds outstanding	208,477	253,761

<i>Subordinated debt:</i>		
Series 1985A – Variable rate	23,050	23,050
Series 1985B – Variable rate	35,445	43,140
Series 1985C – Variable rate	34,475	42,215
Series 2005A – Taxable fixed rate	—	1,295
Series 2006A – Taxable fixed rate CABs	97,539	97,539
Series 2007A – Taxable fixed rate	26,895	27,590
Series 2008A – Fixed rate	47,815	50,965
Series 2008C – Fixed rate	11,005	11,005
Series 2009B – Fixed rate	9,565	9,840
Series 2011A – Fixed rate	5,575	5,795
Series 2011B – Fixed rate	51,700	53,250
Series 2011D – Taxable fixed rate	1,180	18,775
Series 2012A – Taxable fixed rate	81,160	81,160
Series 2012A BANs – Taxable variable rate	4,670	5,378
Series 2012B – Taxable fixed rate	54,780	54,780
Series 2015A – Fixed rate	9,605	—
Series A and B BANs:		
Tax-exempt variable rate CP	—	2,913
Taxable variable rate CP	93,397	95,830
Total	587,856	624,520
Accretion of CABs	78,589	67,836
Unamortized (discount) premium, net	2,982	3,490
Total subordinated debt	669,427	695,846
Total senior and subordinated debt	877,904	949,607
Current portion of long-term debt	(56,953)	(83,961)
Total General Resolution Projects long-term debt	\$ 820,951	\$ 865,646

<i>Vogtle Units 3&4 Projects and Project Entities</i>		
<i>Revenue bonds (senior):</i>		
Series 2010A, Project J – Taxable (Build America Bonds)	\$1,224,265	\$1,224,265
Series 2010B, Project J	24,170	24,170
Series 2015A, Project J	185,180	—
Series 2010A, Project M – Taxable (Build America Bonds)	1,012,235	1,012,235
Series 2010B, Project M	16,710	16,710
Series 2010A, Project P – Taxable (Build America Bonds)	383,405	383,405
Series 2010B, Project P	7,090	7,090
Series 2012A Project P Note – Taxable variable rate*	90,771	—
Series 2015A, Project P	69,245	—
Total	3,013,071	2,667,875
Unamortized (discount) premium, net	12,676	2,272
Total Vogtle Units 3&4 Bonds	3,025,747	2,670,147

<i>DOE Guaranteed Loans:</i>		
Federal Financing Bank, SPVJ – Fixed rate	134,724	—
Federal Financing Bank, SPVJ – Variable rate	193,931	—
Federal Financing Bank, SPVM – Fixed rate	296,241	—
Federal Financing Bank, SPVM – Variable rate	179,894	—
Federal Financing Bank, SPVP – Fixed rate	339,197	—
Total DOE Guaranteed Loans	1,143,987	—
Total Vogtle Units 3&4 Projects and Project Entities long-term debt	\$4,169,734	\$2,670,147

*As of December 31, 2014, the Series 2012A Project P Note had a balance of \$77.5 million and was classified as other short-term debt.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

Debt Service

At December 31, 2015, expected debt service payments for the Power Revenue Bonds, General Power Revenue Bonds, CC Project Bonds, Vogtle Units 3&4 Bonds and DOE Guaranteed Loans (net of applicable subsidy payments on the Build America Bonds and capitalized interest payments totaling \$2.3 billion collectively for the Vogtle Units 3&4 Bonds and DOE Guaranteed Loans, excluding debt service on all BANs, including future DOE Guaranteed Loan draws for capitalized interest of \$106.4 million, and excluding amounts paid under PPA of \$787.9 million for principal and \$2.9 billion for interest net of subsidy payments on the Build America Bonds), were as follows (in thousands):

Year	Project One		General Resolution Projects		Combined Cycle Project		Vogtle Units 3&4 Projects and Project Entities		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 48,980	\$ 16,929	\$ 42,085	\$ 8,075	\$ 14,393	\$ 8,668	\$ 3,754	\$ —	\$ 142,884
2017	26,680	14,110	38,495	5,740	14,913	7,979	8,301	—	116,218
2018	32,885	12,983	17,590	3,817	15,547	7,265	9,741	915	100,743
2019	35,985	11,717	10,600	2,882	16,569	6,543	12,783	21,859	118,938
2020	9,365	10,279	5,940	2,339	15,600	5,723	17,069	45,305	111,620
2021–2025	128,570	34,545	30,225	7,821	84,508	15,927	101,393	265,940	668,929
2026–2030	22,620	10,677	13,885	1,486	19,912	2,105	120,766	247,156	438,607
2031–2035	17,860	6,620	1,475	315	—	—	144,327	229,392	399,989
2036–2040	12,885	2,544	790	52	—	—	361,842	321,034	699,147
2041–2045	3,675	278	—	—	—	—	547,588	477,194	1,028,735
2046–2050	—	—	—	—	—	—	656,614	386,437	1,043,051
2051–2055	—	—	—	—	—	—	863,353	229,774	1,093,127
2056–2060	—	—	—	—	—	—	537,301	41,330	578,631
Total	\$339,505	\$120,682	\$161,085	\$32,527	\$181,442	\$54,210	\$3,384,832	\$2,266,336	\$6,540,619

The reduction of subsidy payments on the Build America Bonds as a result of the Sequester Reduction has been excluded from the above table.

At December 31, 2015, scheduled EFRA billings and debt service payments, including CABs (other than Series 2006A), which are accreted through December 31, 2015, for the subordinated debt were as follows (in thousands):

Year	Project One			General Resolution Projects			Total
	Principal	Interest	Net Swap Cash Flows	Principal	Interest	Net Swap Cash Flows	
2016	\$ 72,193	\$ 70,697	\$ 7,544	\$ 12,178	\$ 21,537	\$ 678	\$ 184,827
2017	114,322	74,925	7,544	18,685	21,496	588	237,560
2018	81,136	69,927	7,544	26,310	21,147	493	206,557
2019	61,289	66,054	7,308	88,193	20,652	394	243,890
2020	126,482	63,587	6,795	35,581	18,271	—	250,716
2021–2025	305,621	258,795	31,844	82,264	83,495	—	762,019
2026–2030	204,343	196,908	31,560	60,172	75,035	—	568,018
2031–2035	203,276	166,534	31,004	91,300	25,974	—	518,088
2036–2040	167,243	96,937	23,676	26,424	4,633	—	318,913
2041–2045	98,401	79,142	12,659	620	3,365	—	194,187
2046–2050	225,668	54,700	1,384	32,920	2,340	—	317,012
2051–2055	87,446	9,617	—	11,000	125	—	108,188
2056–2060	—	—	—	—	—	—	—
Total	\$1,747,420	\$1,207,823	\$168,862	\$485,647	\$298,070	\$2,153	\$3,909,975

Variable-rate debt may be in various modes including, but not limited to, money-market mode, daily mode, weekly mode, and CP mode and is reset in time increments ranging from one day to 180 days. The interest rates on variable-rate subordinated debt at December 31, 2015 were used to calculate future interest expense on this debt. Principal amounts include both refundable principal installment bonds that have been extended to the expected maturity dates of the bonds that will refund them and also bonds that will be paid with funds on hand.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

The Power Revenue Bond Resolution and General Power Revenue Bond Resolution require that MEAG Power charge and collect rates to provide sufficient revenues under the senior lien and subordinated lien, to the extent not otherwise provided and together with other available funds, at least equal to 110% of senior debt service (Senior Requirement), and 100% of subordinated debt service (Subordinated Requirement). The CC Project Bond Resolution requires that MEAG Power charge and collect rates to provide sufficient revenues, together with other available funds, at least equal to 100% of debt service and the collections for the Reserve and Contingency fund (CC Requirement).

For 2015 and 2014, the Senior Requirement and the Subordinated Requirement were met for the Power Revenue Bond Resolution and the General Power Revenue Bond Resolution, and the CC Requirement was met for the CC Project Bond Resolution, as shown in the following table (dollars in millions). Collectively, the Senior Requirement, the Subordinated Requirement and the CC Requirement are referred to as the Requirements.

2015	Project One		General Resolution Projects		Combined Cycle Project
	Senior	Subordinated	Senior	Subordinated	Senior only
Applicable revenues for the Requirements	\$ 98.4	\$111.0	\$55.5	\$30.4	\$27.7
Reserve and Contingency revenues	23.6	—	11.3	—	0.8
Total	\$122.0	\$111.0	\$66.8	\$30.4	\$28.5
Debt Service Requirement	\$ 98.4	\$111.0	\$55.5	\$30.4	\$27.7
Debt Service Coverage	124%	100%	120%	100%	103%

2014	Project One		General Resolution Projects		Combined Cycle Project
	Senior	Subordinated	Senior	Subordinated	Senior only
Applicable revenues for the Requirements	\$118.1	\$110.4	\$57.1	\$50.2	\$27.7
Reserve and Contingency revenues	16.8	—	9.9	—	0.8
Total	\$134.9	\$110.4	\$67.0	\$50.2	\$28.5
Debt Service Requirement	\$ 118.1	\$110.4	\$57.1	\$50.2	\$27.7
Debt Service Coverage	114%	100%	117%	100%	103%

Fair Value

The fair value of long-term debt is estimated based on currently published rates for debt obligations with similar characteristics. At December 31, 2015 and 2014, such debt had carrying amounts and estimated fair values as follows (in thousands):

	2015		2014	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Project One	\$2,334,105	\$2,539,350	\$2,325,723	\$2,562,169
General Resolution Projects	872,305	911,637	941,921	1,003,852
CC Project	183,825	207,535	197,775	224,389
Vogtle Units 3&4 Projects and Project Entities	4,157,058	4,707,315	2,888,370	3,678,840
Telecom	—	—	2,675	2,675
Total	\$7,547,293	\$8,365,837	\$6,356,464	\$7,471,925

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

6. INVESTMENT IN ALLIANCE

Investment in Alliance reflects MEAG Power's 16.7% ownership interest in The Energy Authority (TEA), a governmental nonprofit power marketing corporation. As of December 31, 2015, eight members (Members) including MEAG Power comprised TEA: JEA (Florida), South Carolina Public Service Authority, Nebraska Public Power District, Gainesville Regional Utilities (Florida), City Utilities of Springfield (Missouri), Public Utility District No. 1 of Cowlitz County (Washington) and American Municipal Power, Inc. (Ohio). TEA provides energy products and resource management services to Members and non-members and allocates transaction savings and operating expenses to Members pursuant to Settlement Procedures under the Operating Agreement. TEA has access to more than 30,000 MW of its Members' and non-members' generation resources.

In the Statement of Net Revenues, certain portions of MEAG Power's sales to TEA are recorded in either other revenues or netted against related fuel expense. Purchases from TEA are recorded in purchased power expense. For the years ended December 31, 2015 and 2014, sales to TEA totaled \$53.5 million and \$74.7 million, with net purchases from TEA totaling \$19.7 million and \$22.2 million, respectively. During 2015 and 2014, an aggregate of \$5.3 million and \$2.9 million, respectively, of net revenues received from TEA were netted against related fuel, transmission and operating expenses, based on methodology approved by the Board for the application of off-system sales revenues. Remaining net revenues of TEA were allocated as sales margins as follows (in thousands):

Project(s)	2015	2014
One	\$ 2,111	\$ 4,388
General Resolution	3,152	3,487
CC	4,894	18,863
Total	\$10,157	\$26,738

In addition to \$2.7 million of contributed capital, MEAG Power has committed up to an additional \$62.0 million through a combination of guarantees as of December 31, 2015. TEA evaluates its credit needs periodically and requests Members to adjust their guarantees accordingly. The guarantee agreements are authorized by the Board and intended to provide credit support for TEA when entering into transactions on behalf of its Members. Such guarantees would require the Members to make payments to TEA's counterparties if TEA failed to deliver energy, capacity or natural gas as required by contract with a counterparty, or if TEA failed to make payment for purchases of such commodities. If guaranty payments are required, MEAG Power has rights with other Members that such payments would be apportioned based on certain criteria.

The guarantees generally have indefinite terms; however, MEAG Power can terminate its guaranty obligations by providing notice to counterparties and others, as required by the agreements. Such termination would not pertain to any transactions TEA entered into prior to notice being given. As of December 31, 2015 and 2014, MEAG Power had no liability related to these guarantees outstanding.

TEA's accounting records are maintained in conformity with the pronouncements of the GASB. For the year ended December 31, 2015, TEA's total net position was \$40.8 million, a decrease of \$6.6 million from 2014. Complete financial statements for TEA may be obtained at The Energy Authority, 301 W. Bay Street, Suite 2600, Jacksonville, FL 32202.

As of December 31, 2015 and 2014, MEAG Power's current other receivables due from TEA totaled \$4.2 million and \$8.6 million, respectively.

7. RETIREMENT PLAN AND OTHER POSTEMPLOYMENT BENEFITS

Retirement Plan Description

MEAG Power is the sponsor and administrator of a single-employer, non-contributory retirement plan that provides a defined benefit to employees hired before 2014 based on years of service and average earnings. The Municipal Electric Authority of Georgia Retirement Plan (the Retirement Plan) was established by the Board, and Board action is required to terminate the Retirement Plan or for material changes made to Retirement Plan benefits. The Retirement Plan is funded through a tax-exempt trust fund qualified under sections of the Internal Revenue Code. An independent actuarial firm is used to calculate MEAG Power's contribution to the Retirement Plan, which is based on actuarial valuations as of January 1 of each year, approved by the Board and included as part of the annual system budget. The Retirement Plan is not required to issue a separate financial report.

Benefits Provided

Prior to January 1, 2014, employees who attained age 25 with at least one year of service were eligible to participate in the Retirement Plan (Plan participant), as were former employees rehired prior to that date, under certain vesting guidelines of the Retirement Plan. The Retirement Plan is closed to new entrants. As discussed below, employees hired after December 31, 2013 are eligible to receive a non-matching contribution to MEAG Power's 403(b) defined contribution plan (403(b) Plan).

A Plan participant who retires on his/her normal retirement date (considered to be age 62) will receive a monthly benefit (Accrued Benefit), based on the applicable vesting percentage, equal to 2.4% of final average earnings (FAE) multiplied by years of benefit service (Benefit Service) (up to a maximum of 25 years), if employed as of February 1, 1991, or 2.0% of FAE multiplied by Benefit Service (up to a maximum of 30 years), if employed after that date. The Accrued Benefit of a Plan participant who retires prior to his/her normal retirement date is reduced by 6.0% for each year the early retirement date precedes age 62. FAE is calculated using different methods to determine the highest average earnings, generally based on the average of the 60 consecutive or non-consecutive (depending on employment date) calendar months during his/her final 120 consecutive calendar months of employment (or fewer number of actual months). Vesting percentage increases up to 100% at five years of service. A Plan participant who retires or terminates service after age 55 is 100% vested regardless of years of service.

Employees Covered by Benefit Terms

At December 31, 2015, the following Plan participants were covered by Retirement Plan benefits:

Plan participants	2015
Active	110
Inactive, vested	96
Retirees and beneficiaries	90
Total	296

Contributions

The actuarially determined contribution to the Retirement Plan by MEAG Power is pursuant to the Official Code of Georgia Annotated, section 47-20-10 (OCGA 47-20-10). Historically, MEAG Power's contribution has been well in excess of the minimum required contribution under OCGA 47-20-10. For the year ended December 31, 2015, MEAG Power contributed 77.2% of covered payroll. No contributions by Plan participants are required.

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Net Pension Liability

MEAG Power's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by the entry age normal valuation method as of that date. The following schedule presents the change in net pension liability for the year ended December 31, 2015 (in thousands):

	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Position Liability (a)-(b)
Balance at December 31, 2014	\$51,059	\$46,365	\$ 4,694
Changes for the year:			
Service cost	1,012	—	1,012
Interest on the total pension liability	3,738	—	3,738
Difference between expected and actual experience	362	—	362
Assumption changes	(134)	—	(134)
MEAG Power contributions	—	8,500	(8,500)
Net investment income	—	325	(325)
Benefit payments	(1,938)	(1,938)	—
Administrative expenses	—	—	—
Net change	3,040	6,887	(3,847)
Balance at December 31, 2015	\$54,099	\$53,252	\$ 847

Actuarial Assumptions and Methods

The assumptions used to measure the total pension liability as of December 31, 2015 include a 7.5% investment rate of return, an inflation assumption of 2.5% per year and salary increases of 4.0% per year. Mortality rates were based on the RP-2014 Mortality table, male and female, projected generationally using the MP-2015 Projection Scale.

The long-term expected rates of return on Retirement Plan investments, valued as of December 31, 2015, were determined using geometric mean methodology, including measures of standard deviation and correlation, in which best-estimate ranges of expected future rates of returns were derived for each investment asset class. Analysis included information on past, current, and future capital market performance, key economic indicators, and inflation expectations. A ten-year period was chosen for analysis to capture a full market cycle. These best estimate ranges, net of assumed long-term inflation and investment expenses, are combined to produce the long-term expected rate of return. Factors likely to produce additional higher returns for Retirement Plan assets such as active portfolio management (35% of assets), a longer-term investment cycle (30 years), and anticipated changes in Plan asset allocation were not considered. The target allocation for each major asset class is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Large Cap Equity	35%	7.25%
Domestic Mid Cap/Small Cap Equity	15%	7.55%
International Equity	10%	7.25%
Domestic Fixed Income	40%	3.00%
Total	100%	

Retirement Plan's Assets

The fair value of the Retirement Plan's assets, based on quoted market prices as of the measurement date of December 31, 2015, was as follows (in thousands):

	2015
Mutual Funds:	
U.S. Equity Index Fund	\$18,472
Mid-Cap Index Fund	5,330
Small Cap Index Fund	2,654
Diversified International Fund	5,355
Aggregate Bond Fund	13,355
Total Bond Fund	7,889
Institutional Government Portfolio	174
Cash	23
Total	\$53,252

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that future employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Retirement Plan's fiduciary net position was projected to be available to make all projected future benefit payments of Plan participants. Therefore, the long-term expected rate of return on Retirement Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate (dollars in thousands):

	1% Lower (6.5%)	Current Discount Rate (7.5%)	1% Higher (8.5%)
Net pension liability	\$8,803	\$847	\$(5,560)

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Retirement Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Plan and additions to/deductions from the Retirement Plan's fiduciary net position have been determined on the same basis as they are reported by the Retirement Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

The accounting for pension activity under the new standard results in deferred outflows (delayed recognition of unfavorable investment income changes or unfavorable actuarial changes) and deferred inflows (delayed recognition of favorable investment income changes or favorable actuarial changes). All deferred investment income changes (whether favorable or unfavorable) are combined together for a net balance sheet presentation. These changes will be amortized into net pension expense over five years for investment-related deferrals, and approximately two years for actuarially determined deferrals beginning in the year that the inflow or outflow is initially recognized.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Retirement Plan

For the year ended December 31, 2015, MEAG Power recognized pension expense of \$1.8 million. At December 31, 2015, the Retirement Plan reported deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 180	\$ —
Assumption changes	—	(67)
Net difference between projected and actual earnings on Retirement Plan investments	2,718	—
Total	\$2,898	\$(67)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Retirement Plan will be recognized in pension expense in future years as follows (in thousands):

Year	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 860	\$(67)
2017	680	—
2018	679	—
2019	679	—
2020	—	—
Total	\$2,898	\$(67)

MEAG Power also offers a 403(b) Plan to all employees and matches regular employee contributions at the rate of 100% of the first 5% of compensation contributed by the employee, as well as 50% of certain additional contributions. Total matching contributions made by MEAG Power to the 403(b) Plan were \$0.7 million and \$0.6 million for 2015 and 2014, respectively. Employees hired after December 31, 2013 are eligible to receive a non-matching contribution equal to a specified percentage of the employees' compensation based on years of service.

In addition to the retirement benefits described above, MEAG Power offers limited medical benefits to its retirees, based on years of service and age requirements. The MEAG Power Retiree Medical Premium Reimbursement Plan reimburses eligible retirees for a defined amount of the cost of their eligible health care premiums. These reimbursements are paid through MEAG Power's operating fund, the cost of which was immaterial for the years ended December 31, 2015 and 2014. Based on actuarial calculations, MEAG Power's estimated liability for such reimbursements as of December 31, 2015 was \$10.6 million.

8. COMMITMENTS AND CONTINGENCIES

Nuclear Insurance

Under the Price-Anderson Amendments Act (the Amendments Act), MEAG Power is afforded certain indemnities, and has certain obligations, as an owner of nuclear power plants. The Amendments Act provisions together with private insurance cover third-party liability arising from any nuclear incident occurring at the nuclear power plants in which MEAG Power has an ownership interest. The Amendments Act provides for the payment of funds up to a maximum of \$13.5 billion for public liability claims that could arise from a single nuclear incident. Each nuclear plant is insured against this liability to a maximum of \$375.0 million by American Nuclear Insurers (ANI). The remaining coverage is provided by a mandatory program of deferred premiums that could be assessed, after a nuclear incident, against all owners of nuclear reactors. The owners of a nuclear power plant could be assessed up to \$127.3 million per incident for each licensed reactor they operate, but not more than an aggregate of \$19.0 million per reactor, per incident, to be paid in a calendar year. MEAG Power's share of the potential ANI deferred premiums could be up to \$100.0 million, with an annual limit of \$14.9 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 in September 2018.

GPC, on behalf of all the joint-owners of the existing Nuclear Units, is a member of the Nuclear Electric Insurance Limited (NEIL), a mutual insurer established to provide property damage insurance for members' nuclear generating facilities. NEIL provides three types of property coverage for the joint-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 up to \$1.25 billion per plant above the primary property coverage levels. These policies have a combined sublimit of \$1.5 billion for non-nuclear losses. The excess non-nuclear property insurance provides additional coverage limits of \$750.0 million per plant above the primary policy.

MEAG Power is also a member of NEIL in its capacity to provide insurance to cover members' costs of replacement power and other costs that might be incurred during a prolonged accidental outage of the existing Nuclear Units. The coverage begins after the outage has exceeded 12 weeks, with a maximum per occurrence per unit limit of \$490.0 million. MEAG Power's share of the policy limit is \$127.9 million per unit for Hatch Units 1&2, as well as \$154.5 million per unit for Vogtle Units 1&2. For non-nuclear losses, the policy limit of liability is \$327.6 million per plant. MEAG Power's share of the non-nuclear policy limit is \$85.5 million per unit for Hatch Units 1&2, as well as \$103.3 million per unit for Vogtle Units 1&2. These policies, similar to the other NEIL policies, contain provisions for a retrospective premium adjustment for a member of up to ten times its annual premium, as discussed below. 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.

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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 for accidental property damage occurring during construction. The policy has a natural catastrophe sublimit of \$300.0 million, includes \$200.0 million 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, 2015, could be as much as \$17.6 million for primary, excess property insurance and excess non-nuclear property, \$7.4 million per incident for replacement power and other costs, and \$10.8 million during each policy year for the Vogtle Units 3&4 builders' risk policy. All retrospective assessments, whether generated for liability, property or replacement power may be subject to applicable state premium taxes.

Terrorist acts against commercial nuclear power plants are covered under the ANI and NEIL insurance, 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. Claims resulting from terrorist acts are covered under both the ANI and NEIL policies, subject to normal policy limits. 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.

In accordance with NRC regulations related to on-site property damage insurance policies for commercial nuclear power plants, the proceeds of such policies pertaining to MEAG Power 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 toward the costs of decontamination or debris removal operations ordered by the NRC; 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.

Fuel

Project One and the General Resolution Projects, through GPC, are obligated by various long-term commitments for the procurement of fossil and nuclear fuel to supply a portion of the fuel requirements of their generating plants. Coal and/or related transportation commitments for the period 2016 – 2019 total \$34.0 million. For the years beginning 2016 through 2020, nuclear fuel commitments total \$112.9 million. Commitments for nuclear fuel are calculated based on MEAG Power's ownership percentage of jointly owned generation facilities per operating agreements with GPC, as discussed in Note 2 (G), "Summary of Significant Accounting Policies and Practices – Generation and Transmission Facilities – Jointly Owned Generation Facilities." With respect to its long-term coal commitments, MEAG Power manages its own coal stockpile inventory including selection of fuel sources, contract arrangements and coal inventory levels. GPC, as the coal agent for MEAG Power, has contracted with Southern Company Fuel Services to act as coal procurement agent, and it is responsible for issuance of requests for proposals for coal supply, contract negotiations and scheduling coal delivery. Also discussed within that Note is information regarding sales by MEAG Power to GPC of a portion of the output of Vogtle Units 1&2, which have the effect of reducing MEAG Power's gross commitments for nuclear fuel. Railcar lease commitments through 2019 total \$1.5 million. In general, most, if not all, of the contracted material and services reflected in these estimates could be sold on the market, thereby reducing MEAG Power's liability.

TEA provides natural gas fuel management services for MEAG Power, including procurement, scheduling and risk management of the transportation and supply portfolio. In addition, MEAG Power entered into a long-term gas purchase agreement with Main Street Natural Gas, Inc. (Main Street) in 2007 for a term of 15 years. From December 31, 2015 through the remaining term of the contract, MEAG Power will purchase from Main Street, on a "take-and-pay" basis, 1,901 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 5% of MEAG Power's natural gas requirements for its native load. The price paid by MEAG Power is based on a discount from a natural gas index. The volatility of the natural gas market precludes MEAG Power from precisely estimating a cost for the remaining term; however, based on December 31, 2015 market prices, the commitment, net of a prepaid discount, totals \$10.9 million for the remaining term. Additional commitments for fuel supply will be required in the future.

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% of the natural gas required to operate the CC Project at projected peak period capacity factors through January 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 for the period June 1 - October 31, 2016 to fill the bulk of this need for 2016.

MEAG Power has entered into agreements with Petal Gas Storage, L.L.C., which was acquired by Boardwalk HP Storage Company, LLC in December 2011, providing for storage and associated transportation of 200,000 mmBtus of natural gas for a term of 15 years that began in 2008. 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 2008 and continues until January 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. Natural gas pipeline and storage commitments through mid-2023 total \$18.3 million.

Purchased Power

In 2009, TEA, acting on behalf of MEAG Power, entered into a six-year power purchase agreement with Morgan Stanley Capital Group Inc. for 24 MW of baseload power, effective January 1, 2010 through December 31, 2015. This resource was subscribed to by seven Participants.

MEAG Power also has a 20-year power purchase agreement with Southern Power Company, an affiliate of GPC, for the output and services of a combustion turbine nominally rated from 149 MW to 165 MW, depending on the season. The effective date of the power purchase agreement was May 1, 2009. Twenty Participants have subscribed to this resource.

Environmental Regulation

The existing Nuclear Units, the Coal Units and the CC Project are subject to various federal and state environmental regulatory requirements. Vogtle Units 3&4 are also subject to applicable environmental regulatory requirements. The EPA and the Georgia Environmental Protection Division (EPD) of the Department of Natural Resources have primary responsibility for developing and enforcing the requirements where directed or authorized by statutes such as the Federal

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Clean Air Act (CAA), Federal Clean Water Act (CWA), Federal Resource Conservation and Recovery Act (RCRA), and the Georgia Air Quality Act, Georgia Water Quality Control Act, and Georgia Comprehensive Solid Waste Management Act.

Compliance with these requirements requires MEAG Power to commit significant expenditures for installation of pollution control and environmental monitoring equipment. Failure to comply with these requirements could lead to fines, sanctions, or civil and criminal penalties. These environmental requirements are complex; they change frequently due to continuing legislative, regulatory and judicial actions; and they have tended to become more stringent over time.

For the Coal Units, MEAG Power has invested \$568.0 million from 2000 through 2015 in plant environmental enhancements, including a switch to lower-sulfur coal at Scherer Units 1&2, and installing control technologies to reduce emissions of mercury, sulfur dioxide (SO₂), nitrogen oxides (NO_x), non-mercury metals, and acid gases at the Coal Units. MEAG Power anticipates that the total capital investment for environmental equipment additions at the Coal Units for the years 2016 through 2020 will be approximately \$103.0 million (see “Coal Combustion Residuals and Effluent Limitations Guidelines Regulations” within this Note for ARO estimates of closing CCR impoundments at the Coal Units).

Greenhouse Gas Regulation

In 2009 and 2010, EPA published various final greenhouse gas (GHG) regulations affecting mobile or stationary emission sources. The four most significant regulations were an “endangerment rule” relating to GHGs from new motor vehicles, a “tailpipe rule” that set GHG emissions limits for model-year 2012-2016 light-duty vehicles, a “timing rule” establishing that regulation of GHG emissions from stationary sources would begin on January 2, 2011, and a “tailoring rule” that set GHG emission applicability thresholds for the CAA Prevention of Significant Deterioration (PSD) construction permit program and the CAA Title V operating permit program. On June 23, 2014, the U.S. Supreme Court (Supreme Court) reversed the “tailoring rule” GHG applicability thresholds for PSD and Title V permits as invalid but affirmed that Best Available Control Technology is required for GHGs when a PSD permit is required because of emissions of other pollutants.

On June 25, 2013, President Obama issued a memorandum, “Power Sector Carbon Pollution Standards,” requesting the EPA to issue proposed standards of performance for GHGs for new electric generating units by September 20, 2013, and proposed standards, regulations or guidelines, as appropriate, for modified, reconstructed and existing power plants by June 1, 2014. The memorandum also requested EPA to issue a final regulation for new units in a “timely fashion,” to issue final standards, regulations or guidelines for modified, reconstructed and existing power plants by June 1, 2015, and to include in the guidelines for existing power plants a requirement that states submit implementation plans by June 30, 2016.

On October 23, 2015, EPA published two final regulations in the Federal Register:

- (1) A final regulation (referred to by EPA as the Clean Power Plan (CPP)), “Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units,” establishing emission guidelines for states to follow in developing plans to reduce carbon dioxide (CO₂) emissions from existing fossil-fueled electric generating units. The regulation set CO₂ emission performance rates representing the best system of emission reduction for two subcategories of existing fossil fuel-fired electric generating units – fossil fuel-fired electric utility steam generating units and stationary combustion turbines, set alternative state-specific CO₂ goals for existing electric generating units reflecting the CO₂ emission performance rates, and provided guidelines for the development, submittal, and implementation of state plans to

demonstrate achievement of the performance rates or goals. EPA’s final guidelines required that the state plans meet interim CO₂ performance rates or goals between 2022 and 2029 and final rates or goals in 2030 and beyond.

- (2) A final regulation, “Standards of Performance for Greenhouse Gas Emissions From New, Modified, and Reconstructed Stationary Sources: Electric Utility Generating Units,” establishing standards for emissions of CO₂ for newly constructed, modified, and reconstructed affected fossil fuel-fired electric generating units. The regulation set separate standards of performance for new, modified, and reconstructed fossil fuel-fired electric utility steam generating units and fossil fuel-fired stationary combustion turbines.

Also on October 23, 2015, EPA published a proposed regulation, “Federal Plan Requirements for Greenhouse Gas Emissions From Electric Utility Generating Units Constructed on or Before January 8, 2014; Model Trading Rules; Amendments to Framework Regulations.” This proposal would establish an EPA-administered federal plan (the Federal Plan) to implement the final CPP regulation for states that do not submit an approvable state plan to EPA. The Federal Plan proposal presented two compliance approaches for comment, a rate-based model trading rule and a mass-based model trading rule. The proposal’s model trading rules could also be adopted by states for their state plans for complying with the final CPP regulation. EPA stated that it intends to finalize the Federal Plan proposal in the summer of 2016.

Numerous Petitions for Review and motions for stay were filed with the D.C. Circuit to contest the final CPP regulation for existing units. On January 21, 2016, the D.C. Circuit denied the stay motions, but ordered that consideration of the appeals be expedited with oral argument scheduled for June 2, 2016. On February 23, 2016, MEAG Power filed a brief of amicus curiae with the D.C. Circuit in support of the petitioners.

On February 9, 2016, following multiple applications for a stay, the Supreme Court stayed the final CPP regulation pending disposition of the Petitions for Review in the D.C. Circuit, and continuing until the Supreme Court subsequently denies a petition for writ of certiorari or the Supreme Court decides the case after granting a petition for writ of certiorari.

Petitions for Review were also filed with the D.C. Circuit to contest the standards of performance for newly constructed, modified, or reconstructed units.

Towards satisfying its obligations under the final CPP regulation, the EPD initiated a stakeholder process in August 2014, and EPD had stated its intent to file an initial state plan with EPA by September 6, 2016. MEAG Power has been participating in the stakeholder process. However, based on the February 9, 2016 Supreme Court stay ruling, EPD announced that it would stop working on development of the state plan for Georgia until the courts have resolved the CPP matter.

MEAG Power is currently examining potential financial and operating impacts to its generating resources that could arise if the CPP were fully implemented. Until legal challenges to the regulations are resolved, and until the EPD submits and EPA approves a final state plan to implement the CPP regulation, it is not possible to make a final assessment of the financial and operational impacts of the CPP regulation on MEAG Power’s generating resources.

National Ambient Air Quality Standards and Related Regulations

On October 26, 2015, EPA published a final regulation in the Federal Register: “National Ambient Air Quality Standards for Ozone.” The regulation revises the primary and secondary national ambient air quality standards (NAAQS) for ozone from 0.075 parts per million (ppm) to 0.070 ppm, while retaining the prior compliance criteria (fourth-highest daily maximum, averaged across three consecutive years; averaging times of eight hours).

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Fifteen counties in the metropolitan Atlanta area are currently designated by EPA as not attaining the prior (2008) standard of 0.075 ppm, while other areas in Georgia are meeting the 2008 and 2015 standards. By October 2016, states must recommend to EPA the designation status (attainment, non-attainment, or not classifiable) of areas within their states, and EPA is scheduled to make final designations by October 2017. If counties in the metropolitan Atlanta area are designated as non-attainment, the EPD may be required to develop a plan to attain the 2015 standard. Until a final designation is made by EPA and until the EPD develops an attainment plan, if needed, MEAG Power is not able to determine whether there would be any significant financial or operational impacts to its generating resources.

On June 12, 2015, EPA published a final rule/action in the Federal Register: "State Implementation Plans: Response to Petition for Rulemaking; Restatement and Update of EPA's SSM Policy Applicable to SIPs; Findings of Substantial Inadequacy; and SIP Calls To Amend Provisions Applying to Excess Emissions During Periods of Startup, Shutdown and Malfunction." In this rule/action, EPA issued a finding that certain State Implementation Plan (SIP) provisions in 36 states were substantially inadequate to meet CAA requirements and thus issued a SIP call for each of those 36 states. EPA also established a due date for states subject to the SIP call action to submit corrective SIP revisions. Georgia was named as one of the 36 states.

Many states and industry groups are contesting the EPA action. Georgia was among a group of 17 states that filed a joint Petition for Review with the D.C. Circuit on August 11, 2015. The Georgia Coalition for Sound Environmental Policy and Georgia Industry Environmental Coalition filed a joint Petition for Review with the same court that day. In parallel, the EPD has begun a process to develop a corrective SIP.

Until court challenges are resolved and until the EPD develops and EPA approves a corrective SIP, if needed, MEAG Power is not able to determine whether there would be any significant financial or operational impacts to its generating resources.

National Emissions Standards for Hazardous Air Pollutants

On February 16, 2012, EPA published a final regulation setting National Emissions Standards for Hazardous Air Pollutants (NESHAP) for new and existing coal- and oil-fired electric utility steam generating units. The Coal Units are subject to the regulation, which sets limits on emissions of mercury, non-mercury metals and acid gases, and establishes a compliance date for existing sources of April 16, 2015. The CAA allows up to one additional year for compliance by existing sources. On February 23, 2015, EPD granted a one-year compliance extension, to April 16, 2016, for the Coal Units. MEAG Power and other joint-owners of the Coal Units evaluated compliance strategies and related financial and operational impacts, taking into account emissions controls installed to comply with other air quality regulations. To comply with the NESHAP regulation, hydrated lime injection systems have been added to the Coal Units, and activated carbon injection systems have also been added to Wansley Units 1&2.

On June 29, 2015, the Supreme Court held the EPA interpreted the CAA unreasonably when it deemed cost irrelevant to its decision to regulate electric utility steam generating units under the NESHAP regulation and effectively remanded the rule to EPA for further proceedings to address this deficiency. On April 14, 2016, in response to the Supreme Court's remand, the EPA Administrator signed a final "Supplemental Finding that It Is Appropriate and Necessary to Regulate Hazardous Air Pollutants from Coal- and Oil-Fired Electric Utility Steam Generating Units," which explains how EPA included cost in evaluating whether the NESHAP regulation is appropriate and necessary. The final supplemental finding becomes effective when published in the Federal Register. If this final supplemental finding is not successfully challenged in the courts, these actions

will allow implementation and enforcement of the NESHAP regulation. The ultimate resolution of the NESHAP challenges and final supplemental finding should not affect MEAG Power's capital or operating costs in any material respect.

Coal Combustion Residuals and Effluent Limitations Guidelines Regulations

On April 17, 2015, EPA published a final regulation in the Federal Register: "Hazardous and Solid Waste Management System; Disposal of Coal Combustion Residuals From Electric Utilities," regulating the disposal of CCR as solid waste under Subtitle D of the RCRA. The regulation finalized national minimum criteria for existing and new CCR landfills and existing and new CCR surface impoundments and all lateral expansions. The criteria include impoundment and landfill location restrictions, design and operating criteria, groundwater monitoring and corrective action, closure requirements and post-closure care, and recordkeeping, notification, and Internet posting requirements. The regulation requires any existing unlined CCR surface impoundment that is contaminating groundwater above a regulated constituent's groundwater protection standard to stop receiving CCR and either retrofit or close, except in limited circumstances. The regulation sets schedules for completing various compliance activities.

Impoundments and landfills at the Coal Units are affected by the regulation. GPC, the operator of the Coal Units, reports that it is meeting the initial compliance requirements, including completion of fugitive dust control plans, conducting periodic structural inspections, and placing required information on a publicly accessible Internet site.

On November 3, 2015, EPA published a final regulation in the Federal Register: "Effluent Limitations Guidelines and Standards for the Steam Electric Power Generating Point Source Category." The regulation strengthens the technology-based effluent limitations guidelines (ELG) for the steam electric power generating industry. The regulation sets effluent limits for arsenic, mercury, selenium, and nitrogen for wastewater discharged from wet flue gas desulfurization waste streams and requires zero discharge of pollutants in fly ash and bottom ash transport waters. The new requirements must be incorporated into the plant National Pollutant Discharge Elimination System permits.

In response to the final CCR and ELG regulations, GPC announced on September 28, 2015 that it was developing a closure schedule for all ash ponds that it operates including ash ponds serving the Coal Units at Plant Wansley and Plant Scherer. GPC stated that it expected to finalize and release the schedule within six months of the announcement. On March 29, 2016, GPC announced that closure preparation activities were underway for all of its ash ponds. The closures of the ash ponds at Plant Wansley and Plant Scherer are expected to take place during the less than 10 or 10-14 year time periods outlined in the GPC announcement. The closures would occur in conjunction with complying with the ELG regulation by conversion of the wet ash handling systems at Plant Wansley and Plant Scherer to dry ash handling, allowing storage in lined landfills in lieu of the current unlined ash ponds. MEAG Power estimates that its ARO expenditures for the years 2016 through 2020 related to closing the ash ponds serving the Coal Units will be \$18.8 million. The ultimate costs for the Coal Units to comply with the CCR and ELG regulations cannot be determined at this time.

Waters of the United States Regulation

On June 29, 2015, EPA and the U.S. Army Corps of Engineers (the Army Corps) published a final regulation in the Federal Register: "Clean Water Rule: Definition of 'Waters of the United States'" defining the scope of waters protected under the CWA. The regulation revised definitions of "waters of the United States" or "navigable waters" in twelve separate water regulatory programs.

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Many states and industry groups are contesting the regulation, filing court actions in various federal district and appellate courts. The State is one of the petitioners. On October 9, 2015, the U.S. Court of Appeals for the Sixth Circuit (the Sixth Circuit), as a Judicial Panel on Multi-District Litigation, issued a nationwide stay of the regulation, pending a further order of the court on subject-matter jurisdiction. On February 22, 2016, the Sixth Circuit issued a further order finding that it has the requisite jurisdiction to review the challenges presented, but did not modify the stay.

Until court challenges are resolved and until further analysis of the scope of the regulation can be made, if needed, MEAG Power is not able to determine whether there would be any significant financial or operational impacts to its generating resources.

Legislative and Regulatory Issues

In recent years, a variety of proposals to restructure the electric industry have been introduced at the federal level and in certain state jurisdictions. Restructuring initiatives have the potential for materially affecting revenues, operations and financial results and condition. The nature of these effects will depend on the content of any legislative or regulatory actions that may be applicable to Project One, the General Resolution Projects, the CC Project, the Vogtle Units 3&4 Projects or the Participants and cannot be identified with any degree of certainty at the current time. Neither MEAG Power nor the Participants is subject to regulation by the GPSC, the State regulatory body for certain utility matters.

MEAG Power is not a FERC-jurisdictional utility; however, it is affected by certain FERC rulemakings, including Open Access Transmission Tariffs (OATT) and Standards of Conduct for Transmission Providers. MEAG Power has an OATT in substantially the form of the pro forma open access transmission tariffs set forth 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 open access non-discriminatory tariffs containing minimum terms and conditions of service with FERC. While MEAG Power is not a public utility under the FPA, MEAG Power believes that its OATT satisfies the “reciprocity” requirements of Order Nos. 888 and 888-A.

MEAG Power’s ownership in TEA, as discussed in Note 6, “Investment in Alliance,” satisfies a standard of conduct requirement, 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.

Owners and operators of bulk power systems, including MEAG Power, have been subject to mandatory reliability standards since 2007. These reliability standards, enacted by NERC and enforced by FERC, have been revised and expanded from time to time, and MEAG Power expects them to continue to change. MEAG Power has a formal compliance program designed to monitor and maintain compliance with the reliability standards applicable to MEAG Power. Noncompliance with the mandatory reliability standards could subject MEAG Power to sanctions, including substantial monetary penalties.

On February 12, 2013, President Obama issued an executive order addressing cybersecurity, which calls for, among other things, expedited security clearances and information access for personnel employed by critical infrastructure owners and operators, a framework to establish a baseline for entities managing cyber risks to critical infrastructure and the confidential identification of critical infrastructure considered to be at risk. The effect of this executive order on MEAG Power cannot be determined at this time.

On July 21, 2011, FERC issued Order No. 1000 entitled “Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities.” Order No. 1000 requires public utility transmission providers to amend their open access transmission tariffs to include a methodology for planning and 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 stated 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. In May 2012, FERC issued Order No. 1000A, which denied all substantial requests for rehearing of Order No. 1000, including rehearing requests from a coalition of Southeast utilities and the Large Public Power Council (LPPC), which were sponsored by, among others, MEAG Power. MEAG Power chose not to seek judicial review of Order No. 1000 or Order No. 1000A. However, MEAG Power supported the LPPC’s request for judicial review of Order No. 1000 and other related orders. Argument regarding the appeals of Order Nos. 1000 and 1000A took place on March 20, 2014 before the D.C. Circuit. On August 15, 2014, a three-judge panel of the D.C. Circuit issued its opinion upholding Order No. 1000 in its entirety. Subsequently, the LPPC petitioned the D.C. Circuit for an en banc review of the three-judge panel’s affirmation of FERC’s approach to cost allocation for new transmission facilities. The D.C. Circuit, in an October 17, 2014 order, denied such petition. The D.C. Circuit’s ruling upholding Order No. 1000 stands, given that all avenues for further appeal have been exhausted. MEAG Power has intervened in the Order No. 1000 compliance filings of Southern Company and certain other FERC-jurisdictional utilities. At this time, MEAG Power is continuing to participate, voluntarily, in a regional and inter-regional transmission planning process with Southern Company and certain other Southeast utilities. The effect of Order No. 1000 on MEAG Power, the Participants or the ITS cannot be determined at this time.

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 Scherer Unit No. 1 or 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

cooperative utilities, 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. In October 2013, the State of Florida (Florida) filed a Motion for Leave to File a Complaint, invoking the Supreme Court's original jurisdiction, asking the Supreme Court to equitably apportion the waters of the ACF. On November 3, 2014, the Supreme Court granted Florida's motion, and Florida filed its complaint against the State of Georgia. Currently, Florida and Georgia are the only parties to the action. A special master has been appointed by the Supreme Court, and discovery has commenced. Under the current scheduling order, all depositions must be completed by July 1, 2016, and dispositive motions must be filed by August 17, 2016. Georgia filed a motion to dismiss the proceeding on the grounds that Florida had failed to join the United States as an indispensable party to the proceeding. In June 2015, the special master denied that motion. 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.

No other litigation or proceeding is pending that would have any material adverse effect on the financial condition of MEAG Power.

Other

In January 2011, MEAG Power purchased certain portions of the distribution system of the City of Hogansville (Hogansville), one of MEAG Power's Participants. Pursuant to an Installment Sales Agreement, MEAG Power will pay the purchase price of \$6.0 million in 26 semi-annual installments from February 2011 through April 2023. MEAG Power took title to Hogansville's distribution system in order to facilitate the lease of the distribution system back to Hogansville (the Distribution Lease). The Distribution Lease has a term of 30 years, and Hogansville's payment obligations thereunder are its general obligation, to which its full faith and credit are pledged. Payments under the Distribution Lease, which commenced in October 2012, are structured to fully reimburse MEAG Power for the purchase price paid to Hogansville under the Installment Sales Agreement.

In May 2013, MEAG Power facilitated, through its Distribution Lease Financing Policy, issuance of \$0.8 million of tax-exempt Certificates of Participation (Certificates) by the City of Doerun (Doerun), one of MEAG Power's Participants. Pursuant to a lease agreement between MEAG Power and Doerun, the Certificates were issued to: (i) finance the costs of the acquisition, construction, replacement and installation of certain extensions and improvements to Doerun's electrical system and (ii) pay certain costs, including but not limited to capitalized interest, incurred in connection with the issuance of the Certificates. The rentals under the lease agreement (Rentals) will be paid to the owners of the Certificates (Owners) over the 25-year term of the Certificates. MEAG Power is not liable for payment of the Rentals, and the Owners have no right to look to MEAG Power for payment of the Certificates. MEAG Power has no other conduit debt obligations.

9. SUBSEQUENT EVENTS

In accordance with ASC 855, MEAG Power management evaluated operating activities through April 22, 2016 and reports the following:

- 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 (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.

- Also on March 31, 2016, MEAG Power issued \$194.1 million of its Project One Bond Anticipation Notes, Series 2016A and \$80.9 million of its General Resolution Projects Bond Anticipation Notes, Series 2016A in order to, among other things, provide, together with a portion of the amounts on deposit in the EFRA, the funds required to redeem the Series 2006A bonds and thereby provide, together with the balance of the amounts on deposit in the EFRA, the amount needed to pay the early termination amount under the Termination Agreement.

Certain other 2016 developments are discussed in Note 1 (D), "The Organization – Vogtle Units 3&4 Projects and Project Entities"; Note 2 (N), "Summary of Significant Accounting Policies and Practices – Recent Accounting Pronouncements"; Note 5, "Long- and Short-Term Debt, Credit Agreements and Interest Rate Swaps – Power Revenue Bonds and General Power Revenue Bonds"; and Note 8, "Commitments and Contingencies – Environmental Regulation" and "– Litigation" within that Note.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

RETIREMENT PLAN

Schedule of changes in net pension liability and related ratios

Pursuant to Statement 68, a 10-year history of the following information is required. However, until a full 10-year trend is compiled, information for those years available may be presented (dollars in thousands):

	2015
<i>Total pension liability</i>	
Service cost	\$ 1,012
Interest on the total pension liability	3,738
Difference between expected and actual experience	362
Assumption changes	(134)
Benefit payments	(1,938)
Net change in total pension liability	3,040
Total pension liability – beginning of year	51,059
Total pension liability – end of year (a)	54,099
<i>Plan fiduciary net position</i>	
MEAG Power contributions	8,500
Net investment income	325
Benefit payments	(1,938)
Administrative expenses	—
Net change in plan fiduciary net position	6,887
Plan fiduciary net position – beginning of year	46,365
Plan fiduciary net position – end of year (b)	53,252
Net pension liability – ending (a) – (b)	\$ 847
Plan fiduciary net position as a percentage of total pension liability	98.43%
Covered employee payroll	\$ 11,013
Net pension liability as a percentage of covered employee payroll	7.69%

Schedule of employer contributions to the pension plan

Pursuant to Statement 68, a 10-year history of the above information is required. However, until a full 10-year history is compiled, information for those years available may be presented (dollars in thousands):

Year	Actuarially Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a Percent of Covered Payroll
2015	\$1,875	\$8,500	\$(6,625)	\$ 11,013	77.18%
2014	\$1,871	\$2,400	\$ (529)	\$11,956	20.07%

The actuarially determined employer contribution is determined pursuant to the OCGA 47-20-10. MEAG Power's contribution policy is to contribute at least the minimum required contribution calculated under OCGA 47-20-10. Historically, MEAG Power has contributed well in excess of that amount.

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Summary of Annual Debt Service Requirements on Outstanding Bonds and Debt Service Requirements for the DOE Guaranteed Loans

(Accrual Basis)
(Dollars in Thousands)

Table I (As of December 31, 2015)

Year Ending December 31,	Project One Bonds			General Resolution Projects Bonds			CC Bonds	Vogtle Units 3&4 Bonds			Total Table I
	Senior ⁽¹⁾	Subordinate ⁽¹⁾⁽²⁾	Total	Senior ⁽¹⁾	Subordinate ⁽¹⁾⁽²⁾	Total		Project M Bonds Senior ⁽¹⁾	Project J Bonds Senior ⁽¹⁾	Project P Bonds Senior ⁽¹⁾	
2016	\$65,909	\$147,060	\$212,969	\$50,160	\$40,217	\$ 90,377	\$28,947	\$ 3,754	—	—	\$336,047
2017	40,790	138,349	179,139	44,235	47,399	91,634	28,771	8,301	—	—	307,845
2018	45,868	121,103	166,971	21,407	79,396	100,803	28,657	9,741	—	—	306,172
2019	47,702	149,560	197,262	13,482	37,433	50,915	28,899	21,721	—	—	298,797
2020	19,644	140,823	160,467	8,279	61,634	69,913	26,959	43,054	—	—	300,393
2021	43,693	113,594	157,287	8,266	18,120	26,386	26,700	52,638	—	—	263,011
2022	23,191	96,680	119,871	8,213	22,188	30,401	26,724	52,640	—	—	229,636
2023	36,637	75,253	111,890	7,229	21,865	29,094	27,868	52,637	—	—	221,489
2024	42,132	83,772	125,904	7,179	21,251	28,430	24,149	52,637	—	—	231,120
2025	17,462	95,783	113,245	7,160	20,734	27,894	6,841	52,637	—	—	200,617
2026	8,945	79,407	88,352	7,146	31,009	38,155	6,822	52,637	—	—	185,966
2027	8,950	78,316	87,266	7,148	30,981	38,129	6,807	52,638	—	—	184,840
2028	5,142	77,513	82,655	359	28,237	28,596	6,792	52,638	—	—	170,681
2029	5,131	76,822	81,953	361	27,204	27,565	5,648	52,640	—	—	167,806
2030	5,129	73,822	78,951	357	22,615	22,972	—	52,640	—	—	154,563
2031	5,149	73,821	78,970	358	22,616	22,974	—	52,640	—	—	154,584
2032	5,149	65,722	70,871	364	22,639	23,003	—	52,636	—	—	146,510
2033	5,191	72,907	78,098	354	22,650	23,004	—	52,640	—	—	153,742
2034	4,499	50,242	54,741	358	21,883	22,241	—	52,637	—	—	129,619
2035	4,493	47,758	52,251	356	19,214	19,570	—	52,635	—	—	124,456
2036	4,503	32,850	37,353	355	15,224	15,579	—	52,636	\$10,916	\$ 3,371	119,855
2037	4,499	29,968	34,467	352	6,577	6,929	—	52,637	23,743	7,330	125,106
2038	2,467	29,453	31,920	135	6,566	6,701	—	52,637	27,675	8,560	127,493
2039	1,981	29,501	31,482	—	5,090	5,090	—	52,640	42,235	13,493	144,940
2040	1,979	29,265	31,244	—	4,446	4,446	—	52,604	64,725	21,234	174,253
2041	1,974	23,240	25,214	—	689	689	—	52,589	73,284	24,250	176,026
2042	1,979	23,287	25,266	—	686	686	—	52,587	73,282	24,254	176,075
2043	—	23,310	23,310	—	688	688	—	52,586	73,284	24,255	174,123
2044	—	23,369	23,369	—	691	691	—	52,589	74,387	24,663	175,699
2045	—	18,464	18,464	—	385	385	—	52,587	78,805	26,320	176,561
2046	—	18,506	18,506	—	385	385	—	52,586	82,123	27,568	181,168
2047	—	13,264	13,264	—	385	385	—	52,587	82,124	27,567	175,927
2048	—	3,497	3,497	—	386	386	—	52,589	82,126	27,572	166,170
2049	—	3,450	3,450	—	385	385	—	52,588	82,124	27,568	166,115
2050	—	3,480	3,480	—	385	385	—	52,590	82,122	27,563	166,140
2051	—	3,516	3,516	—	385	385	—	52,590	82,122	27,567	166,180
2052	—	3,553	3,553	—	386	386	—	52,588	82,121	27,571	166,219
2053	—	3,589	3,589	—	385	385	—	52,585	82,120	27,574	166,253
2054	—	—	—	—	—	—	—	52,588	82,120	27,570	162,278
2055	—	—	—	—	—	—	—	52,588	82,119	27,569	162,276
2056	—	—	—	—	—	—	—	31,943	56,715	19,303	107,961
2057	—	—	—	—	—	—	—	6,265	25,890	9,262	41,417
2058	—	—	—	—	—	—	—	—	18,436	6,834	25,270
2059	—	—	—	—	—	—	—	—	10,877	4,224	15,101
2060	—	—	—	—	—	—	—	—	1,660	808	2,468

(footnotes on second following page)

(Accrual Basis)
(Dollars in Thousands)

Table II (As of December 31, 2015)

Year Ending December 31,	DOE Guaranteed Loans ⁽⁴⁾			Total Table I	Total Table I & Table II
	Project M Entity	Project J Entity	Project P Entity		
2016	—	—	—	—	\$336,047
2017	—	—	—	—	307,845
2018	—	—	—	—	306,172
2019	\$ 7,618	—	—	\$ 7,618	306,415
2020	18,024	—	—	18,024	318,417
2021	20,772	—	—	20,772	283,783
2022	20,743	—	—	20,743	250,379
2023	20,735	—	—	20,735	242,224
2024	20,772	—	—	20,772	251,892
2025	20,755	—	—	20,755	221,372
2026	20,771	—	—	20,771	206,737
2027	20,773	—	—	20,773	205,613
2028	20,739	—	—	20,739	191,420
2029	20,755	—	—	20,755	188,561
2030	20,755	—	—	20,755	175,318
2031	20,755	—	—	20,755	175,339
2032	20,804	—	—	20,804	167,314
2033	20,743	—	—	20,743	174,485
2034	20,736	—	—	20,736	150,355
2035	20,755	—	—	20,755	145,211
2036	20,772	—	—	20,772	140,627
2037	20,769	—	—	20,769	145,875
2038	20,774	—	—	20,774	148,267
2039	20,743	\$ 5,212	\$ 6,078	32,033	176,973
2040	20,753	12,241	15,561	48,555	222,808
2041	20,755	14,052	18,938	53,745	229,771
2042	20,755	14,052	18,938	53,745	229,820
2043	20,767	14,058	18,971	53,796	227,919
2044	20,779	14,050	18,938	53,767	229,466
2045	17,688	7,460	13,555	38,703	215,264
2046	21,574	5,267	17,014	43,855	225,023
2047	21,562	5,266	17,000	43,828	219,755
2048	21,555	5,266	16,987	43,808	209,978
2049	21,544	5,265	16,972	43,781	209,896
2050	21,531	5,265	16,961	43,757	209,897
2051	21,513	5,265	16,946	43,724	209,904
2052	21,505	5,264	16,930	43,699	209,918
2053	21,484	5,264	16,913	43,661	209,914
2054	21,471	5,264	16,892	43,627	205,905
2055	21,458	5,264	16,876	43,598	205,874
2056	21,444	5,264	16,857	43,565	151,526
2057	21,422	5,263	16,839	43,524	84,941
2058	21,406	5,263	16,818	43,487	68,757
2059	19,884	3,688	16,715	40,287	55,388
2060	4,566	1,056	6,446	12,068	14,536

(footnotes on following page)

(footnotes from preceding page)

(1) Amounts shown in this table:

(a) reflect estimates of interest costs on variable rate subordinated bonds (including commercial paper) based on MEAG Power's internal projections of interest rates. Assumed interest rates range from 1.00 percent per annum to 3.00 percent per annum for unhedged tax-exempt variable rate debt and from 1.50 percent per annum to 3.50 percent per annum for unhedged taxable variable rate debt. Hedged variable rate bonds, Project One Subordinated Bonds, Series 2007A-2 and 2008B, are shown at the rates of the associated swaps;

(b) reflect MEAG Power's current expectations as to the timing of the amortization of certain debt for which no specific amortization requirements have been established;

(c) exclude debt service on the General Resolution Projects Subordinated Bonds, Series 1985A in the aggregate principal amount of \$23,050,000 that were issued to finance nuclear fuel; interest on such bonds is capitalized and is assumed to be paid from amounts received by MEAG Power in respect of the consumption of such fuel and carrying charges with respect thereto, and the principal of such bonds, or any future bonds issued to refund such bonds, is assumed to be paid from revenues received by MEAG Power in respect of the final batches of nuclear fuel consumed prior to the retirement of the respective nuclear units;

(d) include interest on, but not principal of, the bonds listed in the following tables:

Project One Subordinated Bonds				General Resolution Projects Subordinated Bonds			
Series	Maturity	Interest Rate	Principal	Series	Maturity	Interest Rate	Principal
2008D	1/1/2026	5.500%	\$ 3,953,300	2011A	1/1/2021	4.000%	\$ 25,000
2011A	1/1/2021	5.000	355,000	2011B	1/1/2021	5.000	245,000
2011B	1/1/2021	5.000	140,000	2012B	1/1/2019	3.186	27,545,000
2012B	1/1/2018	2.852	5,505,000	2012B	1/1/2020	3.489	13,940,000
2012B	1/1/2021	3.739	420,000	2012B	1/1/2021	3.739	4,495,000
2012B	1/1/2026	4.589	9,255,000	2012B	1/1/2022	3.989	355,000
2012B	1/1/2027	4.739	9,880,000	2012B	1/1/2023	4.139	1,165,000
2016A	1/1/2026	5.000	9,770,000	2012B	1/1/2024	4.289	1,205,000
Total Principal:			\$39,278,300	2012B	1/1/2025	4.439	790,000
				2012B	1/1/2027	4.739	5,285,000
				Total Principal:			\$55,050,000
Project M Bonds				Project J Bonds			
Series	Maturity	Interest Rate	Principal	Series	Maturity	Interest Rate	Principal
2010A	4/1/2057	6.655%	\$52,865,000	2010A	4/1/2057	6.637%	\$63,840,000
2010B	4/1/2040	4.880	980,000	2010B	4/1/2040	4.900	1,410,000
Total Principal:			\$53,845,000	2015A	7/1/2060	5.000	2,145,000
				Total Principal:			\$67,395,000
Project P Bonds							
Series	Maturity	Interest Rate	Principal				
2010A	4/1/2057	7.055%	\$20,820,000				
2010B	4/1/2040	5.000	440,000				
2015A	7/1/2060	5.000	695,000				
Total Principal:			\$21,955,000				

Such principal amounts are intended to be paid with moneys which are not Revenues and are expected to be paid from amounts expected to be released from the Debt Service Reserve Accounts in the Debt Service Funds established pursuant to the Project One Resolution, the General Resolution Projects Resolution and the Vogtle Units 3&4 Bond Resolutions;

(e) exclude debt service on the bonds listed in the following tables that were issued to finance nuclear fuel:

Project One Subordinated Bonds				General Resolution Projects Subordinated Bonds			
Series	Maturity	Interest Rate	Principal	Series	Maturity	Interest Rate	Principal
2008D	1/1/2019	5.750%	\$ 42,302,984	2008C	1/1/2019	5.500%	\$2,570,000
2008D	1/1/2021	6.000	3,055,000	2016A	1/1/2028	5.000	6,430,000
2008D	1/1/2025	5.500	3,610,000				
2012C	1/1/2022	5.000	28,935,000				
2016A	1/1/2028	5.000	123,790,000				
Total Principal:			\$201,692,984	Total Principal:			\$9,000,000

Project M Bonds				Project J Bonds			
Series	Maturity	Interest Rate	Principal	Series	Maturity	Interest Rate	Principal
2010A	4/1/2056	6.655%	\$26,115,000	2010A	4/1/2056	6.637%	\$31,750,000
Total Principal:			\$26,115,000	Total Principal:			\$31,750,000

Project P Bonds			
Series	Maturity	Interest Rate	Principal
2010A	4/1/2056	7.055%	\$9,620,000
Total Principal:			\$9,620,000

The principal of the bonds listed in the tables above constitutes “Refundable Principal Installments” within the meaning of the Project One Subordinated Resolution, the General Resolution Projects Subordinated Resolution and the applicable Vogtle Units 3&4 Bond Resolutions, respectively, and such bonds are assumed to be refunded on the respective due dates thereof from the proceeds of additional bonds issued under the applicable resolutions. The interest on the bonds listed in the tables above, together with the interest on the bonds assumed to be issued to refund the bonds listed in such tables, is assumed to be paid from amounts received by MEAG Power in respect of the consumption of such fuel and carrying charges with respect thereto, and the principal of such refunding bonds is assumed to be paid from revenues received by MEAG Power in respect of the final batches of nuclear fuel consumed prior to the retirement of the respective nuclear units;

(f) include interest on, but not principal of, the bonds listed in the following tables:

Project One Subordinated Bonds				General Resolution Projects Subordinated Bonds			
Series	Maturity	Interest Rate	Principal	Series	Maturity	Interest Rate	Principal
2009B	1/1/2020	5.000%	\$213,705,000	2009B	1/1/2020	5.000%	\$ 6,735,000
2011A	1/1/2021	5.000	133,350,000	2009B	1/1/2020	4.000	815,000
2011B	1/1/2021	5.000	20,770,000	2011A	1/1/2021	4.000	4,035,000
2012A	1/1/2022	4.430	40,960,000	2011B	1/1/2021	5.000	37,620,000
2015A	1/1/2035	5.000	38,155,000	2012A	1/1/2022	4.430	72,655,000
2016A	1/1/2019	5.000	1,900,000	2015A	1/1/2035	3.500	2,345,000
2016A	1/1/2020	5.000	2,195,000	2016A	1/1/2019	4.000	2,520,000
2016A	1/1/2021	4.000	2,505,000	2016A	1/1/2020	5.000	2,915,000
2016A	1/1/2022	5.000	2,835,000	2016A	1/1/2021	5.000	3,360,000
2016A	1/1/2023	5.000	3,230,000	2016A	1/1/2022	5.000	3,885,000
2016A	1/1/2024	5.000	3,625,000	2016A	1/1/2023	5.000	4,450,000
2016A	1/1/2025	5.000	4,040,000	2016A	1/1/2024	5.000	5,060,000
2016A	1/1/2026	5.000	4,530,000	2016A	1/1/2025	5.000	5,670,000
2016A	1/1/2028	2.250	1,000,000	2016A	1/1/2026	5.000	6,395,000
2016A	1/1/2028	4.000	2,500,000	2016A	1/1/2028	5.000	4,275,000
2016A	1/1/2028	5.000	26,765,000				
Total Principal:			\$502,065,000	Total Principal:			\$162,735,000

Such principal amounts constitute “Refundable Principal Installments” within the meaning of the Project One Subordinated Resolution and the General Resolution Projects Subordinated Resolution, respectively, are intended to be paid with moneys which are not Revenues and are assumed to be refunded on the respective due dates thereof from the proceeds of additional subordinated bonds with principal, reflected in the columns, amortizing from January 1, 2021 to January 1, 2045. The subordinated bonds assumed to be issued to refund the bonds in the above tables are assumed to bear interest at 5.00 percent per annum;

(g) are net of (i) capitalized interest funded from the proceeds of the Series 2010A&B Project M Bonds and initial Advances under the Project M DOE Loan Guarantee Agreement and (ii) cash subsidy payments from the United States Treasury in respect of interest on the Series 2010A Project M Bonds (excluding the impacts of sequestration, if any);

(h) are net of (i) capitalized interest funded from the proceeds of the Series 2010A&B Project J Bonds and initial Advances under the Project J DOE Loan Guarantee Agreement and (ii) cash subsidy payments from the United States Treasury in respect of interest on the Series 2010A Project J Bonds (excluding the impacts of sequestration, if any);

(i) are net of (i) capitalized interest funded from the proceeds of the Series 2010A&B Project P Bonds and initial Advances under the Project P DOE Loan Guarantee Agreement and (ii) cash subsidy payments from the United States Treasury in respect of interest on the Series 2010A Project P Bonds (excluding the impacts of sequestration, if any). Also exclude debt service on the Series 2010A Project P Notes, which were issued to evidence MEAG Power’s obligation to repay borrowings under the Project P Credit Agreement, and interest thereon; interest on the Series 2010A Project P Notes is capitalized from borrowings under the Project P Credit Agreement, and the principal of the Series 2010A Project P Notes is expected to be refunded through the issuance of Project P Bonds or from advances under the Project P DOE Guaranteed Loan. (On June 29, 2015, the Series 2010A Project P Notes were refunded with proceeds of the initial Advances under the Project P DOE Guaranteed Loan. As a result, as of the date of this Official Statement, no Series 2010A Project P Notes remain outstanding.) Also exclude debt service on the Series 2012A Project P Note, which was issued to evidence MEAG Power’s obligation to repay advances made by the trustee of the Municipal Competitive Trust to MEAG Power, and interest thereon; interest on the Series 2012A Project P Note is being capitalized from advances made by the trustee of the Municipal Competitive Trust, and the principal of the Series 2012A Project P Note is expected to be refunded from borrowings under the Project P Credit Agreement, through the issuance of Project P Bonds or from advances under the Project P DOE Guaranteed Loan;

(j) reflect only the debt service to be paid from revenues received by MEAG Power from the Vogtle Units 3&4 Participants and do not reflect debt service to be paid from revenues received by MEAG Power from JEA with respect to the outstanding Project J Bonds or from PowerSouth with respect to the outstanding Project P Bonds; and

(k) include interest on, but not principal of, certain commercial paper notes issued to fund working capital. The principal of such commercial paper notes is assumed to be paid from such working capital upon the termination of the respective Projects.

(2) The aggregate outstanding principal amount of variable rate subordinated bonds reflected in the table, after giving effect to the commercial paper notes issued to fund working capital discussed in (1)(k) above, is \$254,260,000 for Project One and \$175,367,000 for the Existing General Resolution Projects, of which \$59,470,000 for Project One and \$82,397,000 for the Existing General Resolution Projects are commercial paper notes that are supported by letters of credit issued by one or more banks.

(3) Amounts shown in this column include debt service on \$36,590,000 in aggregate principal amount of MEAG Power's Combined Cycle Project Revenue Bonds, Series 2003A that were outstanding as of October 31, 2013 (the "Redeemed 2003A CC Bonds"). As described in "MEAG POWER – Bulk Power Supply Operations – *The Combined Cycle Project – General*" in the Annual Information Statement, on November 1, 2013, the Redeemed 2003A CC Bonds were redeemed with the proceeds of an advance under the CC Project Revolving Credit Agreement. MEAG Power expects to issue additional CC Bonds (the "Additional CC Bonds") in order to refund such advance, and intends that the principal of the Additional CC Bonds will be due on the same dates and in the same amounts as the principal of the Redeemed 2003A CC Bonds. As a result, upon the issuance of the Additional CC Bonds, MEAG Power expects that the debt service on all CC Bonds to be outstanding will be lower than the respective amounts shown in this column.

(4) Amounts shown in this table:

(a) reflect estimates of interest costs on variable rate Advances of 1.00%;

(b) reflect principal amounts intended to be paid with moneys which are not Revenues and are assumed to be refunded on the respective due dates thereof from the proceeds of taxable or tax-exempt bonds with principal, reflected in the columns, amortizing from July 1, 2045 to July 1, 2060. The bonds assumed to be issued to refund the Advances are assumed to bear interest at rates of 5.00 percent per annum for tax-exempt fixed rate debt and 5.50 percent per annum for taxable fixed rate debt;

(c) are net of capitalized interest funded from the proceeds of Project M Bonds and initial Advances under the Project M DOE Loan Guarantee Agreement;

(d) are net of capitalized interest funded from the proceeds of Project J Bonds and initial Advances under the Project J DOE Loan Guarantee Agreement;

(e) are net of capitalized interest funded from the proceeds of Project P Bonds and initial Advances under the Project P DOE Loan Guarantee Agreement; and

(f) reflect only the debt service to be paid from revenues received by MEAG Power from the Vogtle Units 3&4 Participants and do not reflect debt service to be paid from revenues received from JEA with respect to the Advances under the Project J DOE Loan Guarantee Agreement or from PowerSouth with respect to the Advances under the Project P DOE Loan Guarantee Agreement.

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June 30, 2016

APPENDIX C

Members of MEAG Power
1470 Riveredge Parkway, N.W.
Atlanta, Georgia 30328

Members of the Board:

Subject: *Consulting Engineer's Letter – Project One and General Resolution Projects*

Pursuant to your request, presented herewith is our Consulting Engineer's letter report (the "Report") relating to the operations of the Municipal Electric Authority of Georgia ("MEAG Power") with respect to Project One and Project Two, Project Three and Project Four (the "Existing General Resolution Projects", sometimes referred to herein as the "General Resolution Projects"). Further information regarding MEAG Power is contained in MEAG Power's Annual Information Statement dated June 30, 2016 for the fiscal year ended December 31, 2015 (the "Annual Information Statement"), to which this Report is appended. Attachment C-1 provides a Table of Contents for this Report.

MEAG Power has ownership interests in facilities that are included in several separate projects, including Project One and the General Resolution Projects which are addressed in this Report. Project One has been financed pursuant to MEAG Power's Power Revenue Bond Resolution adopted by MEAG Power on August 30, 1976, as amended, restated and supplemented (the "Project One Resolution"), through the issuance of both senior lien bonds and subordinated lien bonds. The General Resolution Projects have been financed pursuant to MEAG Power's General Power Revenue Bond Resolution adopted by MEAG Power on March 22, 1978 and readopted on April 19, 1978, as amended, restated and supplemented (the "General Resolution Projects Resolution"), through the issuance of both senior lien bonds and subordinated lien bonds. For additional information, see Appendix G to the Annual Information Statement.

Project One consists of a 17.7% undivided ownership interest in Plant Hatch comprised of two nuclear-fueled generating units with a combined nominal capacity of 1,614 MW; a 17.7% undivided ownership interest in Plant Vogtle Units 1 and 2 comprised of the two existing nuclear-fueled generating units with a combined nominal capacity of 2,300 MW; a 10.0% undivided ownership interest in Plant Wansley comprised of two coal-fired generating units with a combined nominal capacity of 1,730 MW and a combustion turbine generating unit with a nominal rating of 50 MW; a 10.0% undivided ownership interest in Plant Scherer Units 1 and 2 comprised of two coal-fired generating units with a combined nominal capacity of 1,620 MW and a 5.0% interest in the common facilities at such plant; certain transmission system facilities in accordance with the terms of the integrated transmission system arrangement with other utilities, which currently include Georgia Power Company ("GPC"), Georgia Transmission Corporation (an Electric Membership Corporation) ("GTC"), formerly the transmission division of Oglethorpe Power Corporation (an Electric Membership Corporation) ("OPC"), and the City of Dalton, Georgia ("Dalton"); and working capital. GPC, OPC and Dalton are co-owners, with MEAG Power, of the generating units.

Project Two consists of a 5.1% additional interest in Plant Wansley, a 5.1% additional interest in Plant Scherer Units 1 and 2 and a 2.55% additional interest in the common facilities at Plant Scherer, and working capital. Project Three consists of a 15.1% additional interest in Scherer Units 1 and 2 and a 7.55% additional

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interest in the common facilities of Plant Scherer, and working capital. Project Four consists of a 5.0% additional interest in Vogtle Units 1 and 2 and working capital.

MEAG Power's ownership in Project One and the General Resolution Projects and the estimated output to be sold to GPC are shown in the following table.

**MEAG Power's Capacity Ownership in Project One and General Resolution Projects
and Capacity Sales to GPC**

Facilities in Service	Fuel Type	Nominal	MEAG Power's Ownership Share										
		Rating	Project One		Project Two		Project Three		Project Four		Total		
		(MW)	(%)	(MW)	(%)	(MW)	(%)	(MW)	(%)	(MW)	(%)	(MW) [1]	
Plant Hatch [2]													
Unit 1	Nuclear	807	17.7	142.8	-	-	-	-	-	-	17.7	142.8	
Unit 2	Nuclear	807	17.7	142.8	-	-	-	-	-	-	17.7	142.8	
Total Hatch Units 1 and 2 [1]		1,614	17.7	285.7	-	-	-	-	-	-	17.7	285.7	
Plant Wansley [3]													
Unit 1	Coal	865	10.0	86.5	5.1	44.1	-	-	-	-	15.1	130.6	
Unit 2	Coal	865	10.0	86.5	5.1	44.1	-	-	-	-	15.1	130.6	
Total Wansley Units 1 and 2 [1]		1,730	10.0	173.0	5.1	88.2	-	-	-	-	15.1	261.2	
Wansley CT [4]	Oil	50	10.0	5.0	5.1	2.6	-	-	-	-	15.1	7.6	
Plant Scherer [5]													
Unit 1	Coal	810	10.0	81.0	5.1	41.3	15.1	122.3	-	-	30.2	244.6	
Unit 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]		1,620	10.0	162.0	5.1	82.6	15.1	244.6	-	-	30.2	489.2	
Plant Vogtle [6]													
Unit 1	Nuclear	1,150	17.7	203.6	-	-	-	-	5.0	57.5	22.7	261.1	
Unit 2	Nuclear	1,150	17.7	203.6	-	-	-	-	5.0	57.5	22.7	261.1	
Total Vogtle Units 1 and 2 [1]		2,300	17.7	407.1	-	-	-	-	5.0	115.0	22.7	522.1	
Total Ownership [1] [7]				1,032.8		173.4		244.6		115.0		1,565.8	
Annual Average Output Sold to GPC [8]:													
2015-2047				20		-		-		6		26	
2048-2049				10		-		-		3		13	

- [1] Amounts may not add exactly due to rounding.
- [2] Plant Hatch has a nominal rating of 1,614 MW in which GPC, OPC and Dalton own 50.1%, 30.0% and 2.2% undivided interests, respectively.
- [3] Plant Wansley has a nominal rating of 1,730 MW in which GPC, OPC and Dalton own 53.5%, 30.0% and 1.4% undivided interests, respectively.
- [4] MEAG Power also owns a 15.1% interest in a nominal 50 MW combustion turbine unit at Plant Wansley.
- [5] Plant Scherer is comprised of four units with a total nominal rating of 3,240 MW. Amounts shown are based on the total nominal rating for Scherer Units 1 and 2 of 1,620 MW, of which GPC, OPC, and Dalton own 8.4%, 60.0% and 1.4% undivided interests, respectively.
- [6] Plant Vogtle is comprised of two existing units, with two additional units under construction. Amounts shown are based on the total nominal rating for Vogtle Units 1 and 2 of 2,300 MW, of which GPC, OPC and Dalton own 45.7%, 30.0% and 1.6% undivided interests, respectively.
- [7] Amounts shown represent the nominal ratings used for system reporting purposes. The actual maximum net ratings for the facilities can vary each year, and based on the 2016 Unit Ratings (as subsequently defined herein), such amounts in the aggregate are approximately 1.4% higher than the nominal ratings shown above.
- [8] Amounts shown reflect output from Vogtle Units 1 and 2 sold or estimated to be sold to GPC.

Each of the Projects consists of the Initial Facilities thereof as described above and the Additional Facilities in the case of Project One and the Capital Improvements in the case of each Existing General Resolution Project. The Initial Facilities of each of MEAG Power's Projects are in service and the total financing to pay the cost of acquisition and construction of the Initial Facilities of Project One and the Existing General Resolution Projects has been completed. The Additional Facilities or Capital Improvements (both referred to herein as "Capital Improvements") for the applicable Project consist of (i) any major renewals, replacements, repairs, additions, betterments and improvements necessary to keep the applicable Project in good operating condition or to prevent a loss of revenues therefrom; (ii) any major additions, improvements, repairs and modifications to the applicable Project, and any decommissionings or disposals of the applicable Project, required by any governmental agency having jurisdiction or for which MEAG Power shall be responsible under the applicable Project ownership and operating agreements; (iii) reload fuel or additional fuel inventory for any generation facility of the applicable Project to the extent that sufficient funds are not available to pay the cost thereof; and (iv) in the case of Project One, additional transmission system facilities.

There are a total of 49 political subdivisions (the "Participants") that have entered into Power Sales Contracts with MEAG Power. In addition to the initial 47 Participants (the "Initial Participants"), the City of Oxford, Georgia ("Oxford") became the 48th Participant in 1986 and the City of Acworth, Georgia ("Acworth") became the 49th Participant effective as of May 16, 2002. Forty-nine Participants have executed Project One Power Sales Contracts with MEAG Power for the output and services of Project One. Forty-eight of the 49 Participants (all except Acworth) have also executed Project Two Power Sales Contracts with MEAG Power for the output and services of Project Two, Project Three Power Sales Contracts for the output and services of Project Three, and Project Four Power Sales Contracts for the output and services of Project Four. The Project Two, Project Three and Project Four Power Sales Contracts are collectively referred to herein as the "Existing General Resolution Projects Power Sales Contracts." See Appendix E to the Annual Information Statement for a summary of the Power Sales Contracts.

Pursuant to provisions contained in the Project One Resolution and General Resolution Projects Resolution, and pursuant to provisions contained in the Power Sales Contracts for Project One and the General Resolution Projects, Leidos Engineering, LLC ("Leidos") has been retained by MEAG Power as Consulting Engineer. However, with regard to the Telecommunications Project (the "Telecom Project"), Combined Cycle Project (the "CC Project"), and Vogtle Units 3 and 4 Projects (as defined herein), a report by a Consulting Engineer is not required and reporting on these projects is beyond the scope of our engagement. Therefore, there is limited discussion of these projects in this Report. The CC Project and Project M (as defined herein) of the Vogtle Units 3 and 4 Projects are reflected as part of MEAG Power's overall bulk power supply arrangement for the projected period 2016-2020 discussed herein. For information concerning MEAG Power's Telecom Project, see the sections in the Annual Information Statement entitled "COMPETITION – Certain Responses of MEAG Power to Competition – *Telecommunications Project*"; and "CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program – *Outstanding Indebtedness of MEAG Power – Telecommunications Project*." For information concerning MEAG Power's CC Project, see the sections in the Annual Information Statement entitled "MEAG POWER – Bulk Power Supply Operations – *General*," "– *Supplemental Bulk Power Supply*," and "– *The Combined Cycle Project*"; and "CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program – *Outstanding Indebtedness of MEAG Power – CC Project*." For further information concerning the Vogtle Units 3 and 4 Projects, see the sections in the Annual Information Statement entitled "INTRODUCTORY STATEMENT – MEAG Power;" "MEAG POWER – Bulk Power Supply Operations – *General*," "– *Supplemental Bulk Power Supply*" and "– *The Vogtle Units 3&4 Projects*"; "CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program – *Outstanding Indebtedness of MEAG Power – Project M*," "– *Project J*," and "– *Project P*"; and "– Financing Program – *Outstanding Indebtedness of Vogtle Units 3&4 Project Entities*."

The information contained herein regarding the transmission and generating facilities included in Project One and the General Resolution Projects including transmission construction cost estimates, nuclear fuel

cost estimates, cost estimates of capital additions, availability of fuel supply, and descriptions of such facilities, has been summarized by MEAG Power from certain estimates, data, reports and records furnished by GPC and its affiliates to MEAG Power. In addition, MEAG Power has furnished certain information with respect to the CC Project and the Vogtle Units 3 and 4 Projects. While we believe such sources to be reliable, we have not verified the accuracy of any of the information furnished by and obtained from such sources and offer no assurances with respect thereto. The summaries provided by MEAG Power and presented herein reflect the information obtained from such sources. This Report summarizes the results of our investigations and analyses up to the date of this Report. Changed conditions occurring or becoming known after such date could affect the material presented herein to the extent of such changes.

GPC has not approved this Report and has made no representation as to the adequacy, accuracy or manner of use for the purposes intended of the information referred to in the foregoing paragraph or that it will be able to maintain and operate the facilities in accordance with such information.

Nothing contained in this Report is intended to indicate conditions with respect to safety or to security or to conformance with agreements, codes, permits, rules or regulations of any party having jurisdiction with respect to the construction, operation, and maintenance of the properties, which matters are outside the scope and purposes of this Report.

As used in this Report, the capitalization of any word not normally capitalized indicates that such word is defined in the particular agreement or other document discussed, or is defined in the Annual Information Statement. References to and descriptions of such agreements or documents in this Report represent our understanding of certain general principles thereof, but do not purport to be complete and are qualified in their entirety by reference to such agreements or documents. For a more complete discussion, see the applicable section of, or appendix to, the Annual Information Statement for summaries of certain provisions of the agreements or documents referred to herein.

MEAG POWER

GENERAL

MEAG Power was created by an Act of the Georgia General Assembly at the 1975 regular session (the "Act"), as a body corporate and politic and an instrumentality of the State of Georgia (the "State"), for the purpose of providing an adequate, dependable, and economical supply of bulk electric power and energy to political subdivisions of the State that owned and operated electric distribution systems. Under the Act, MEAG Power is granted the power necessary to carry out its functions as a bulk electric supplier, including the power to issue revenue bonds and notes or other evidences of indebtedness to finance electric generation and transmission facilities and the power to acquire, construct, own, operate and maintain such facilities, either solely or as a tenant-in-common with others. The Participants have executed the Power Sales Contracts, referred to below in the section entitled "Bulk Power Supply Resources," with MEAG Power for the provision of their bulk electric power and energy requirements.

Prior to February 1977, the Initial Participants were dependent upon GPC for their total electric power and energy requirements in excess of allotments of power from federally-owned facilities through the Southeastern Power Administration ("SEPA"), and in the case of Crisp County Power Commission ("Crisp County"), self-owned generation. Since February 1977, MEAG Power has furnished all of the Initial Participants' requirements formerly supplied by GPC, except for a portion of Crisp County's requirements and except for a portion of the requirements of the City of Calhoun, Georgia ("Calhoun") served by a 20 MW combustion turbine unit that was installed by Calhoun in 1999. MEAG Power has served all of the requirements of Oxford and Acworth since becoming Participants in 1986 and 2002, respectively, and had provided firm bulk power supply to Acworth through wholesale power contracts since 1995. The Participants, other than Crisp County, own only electric distribution systems and receive all power deliveries at voltages of 12 kV or less. For information concerning the MEAG Power Participants, see the

sections in the Annual Information Statement entitled “INTRODUCTORY STATEMENT – The Participants” and “THE PARTICIPANTS – General.” Also, see Appendix D to the Annual Information Statement entitled “Selected Historical Information on Certain Participants of MEAG Power.”

HISTORICAL AND PROJECTED DEMAND AND ENERGY REQUIREMENTS

During the period 2006 to 2015, the annual peak demand decreased by 2.6% and the annual energy delivered to the Participants increased by 0.6%, as summarized in the following table. The reduction in the peak demand and annual energy requirements for 2008 and 2009 was primarily a result of the economic recession and mild weather experienced in 2008 and 2009, while the increase in 2010 was primarily weather-related. The reduction in requirements for recent years as compared to 2010 is primarily related to economic conditions.

Historical Demand and Energy Requirements of the Participants [1]				
Year	Peak Demand		Annual Energy	
	(MW)	(% Change)	(GWh) [1]	(% Change)
2006	1,992	-	10,498	-
2007	2,117	6.3%	10,771	2.6%
2008	2,024	- 4.4%	10,606	- 1.5%
2009	1,903	- 6.0%	10,226	- 3.6%
2010	2,000	5.1%	10,956	7.1%
2011	2,031	1.6%	10,676	- 2.6%
2012	1,920	- 5.5%	10,470	- 1.9%
2013	1,817	- 5.4%	10,335	- 1.3%
2014	1,926	6.0%	10,576	2.3%
2015	1,941	0.8%	10,565	- 0.1%
2006 - 2015				
Percent Change:		- 2.6%		0.6%
Compound Average				
Annual Change:		- 0.3%		0.1%

[1] Total annual energy supplied by MEAG Power at the delivery point of all Participants, which excludes requirements of Crisp County and Calhoun supplied by sources other than MEAG Power.

Over the period 2006 through 2015, the annual peak demand of the Participants decreased at a compound average annual rate of 0.3% per year, while the annual energy requirements of the Participants increased at a compound average annual rate of 0.1% per year. The changes in the Participants’ demand and energy requirements from year to year reflect the net effects of population growth/reductions and economic growth/downturns experienced by the Participants, incremental and decremental load impacts, and the relative effects of actual weather conditions that vary from typical or normal conditions.

The projections prepared by MEAG Power of the delivery point demand and annual energy requirements for the Participants over the period 2016 through 2020 are based on the assumptions included under item 1

of the section herein entitled "PRINCIPAL CONSIDERATIONS AND ASSUMPTIONS" and are summarized in the following table.

Projected Demand and Energy Requirements of the Participants [1]				
Year	Peak Demand		Annual Energy	
	(MW)	(% Change)	(GWh)	(% Change)
2016 [2]	2,018	-	11,011	-
2017	2,044	1.3%	11,144	1.2%
2018	2,060	0.8%	11,228	0.8%
2019	2,075	0.7%	11,307	0.7%
2020	2,084	0.4%	11,387	0.7%
Compound Average				
Annual Growth Rate:		0.8%		0.8%

[1] Projected demand and energy requirements at delivery point of the Participants, based on the load forecast prepared by MEAG Power in November 2015. Amounts shown do not include energy supplied by generating capacity owned by Crisp County or Calhoun or sales to other utilities. Amounts shown reflect that Calhoun will procure alternative sources of Supplemental Power throughout the forecast period.

[2] Budgeted amounts.

The foregoing projections are based on the load forecast prepared by MEAG Power in November 2015. The 2016 projections for peak demand and annual energy are 4.0% and 4.2% higher, respectively, than the actual 2015 peak demand and annual energy amounts, which reflect MEAG Power's assumptions of normal weather and economic recovery in Georgia that began in 2012. Such projections result in compound average annual growth rates of approximately 0.8% per year for both the peak demand and the annual energy requirements for the Participants for the period 2016 through 2020. Potential changes in the electric industry could affect MEAG Power's forecast of its future demand and energy requirements. For further information, see the discussion in a later section entitled "MEAG POWER – Competition."

The projections reflect the decision by Calhoun to procure approximately 20 MW of its Supplemental Power from alternate sources, which Calhoun elected beginning in 1999. For more information, see the section in the Annual Information Statement entitled "MEAG POWER – Bulk Power Supply Operations – Provisions for Participants to Obtain Supplemental Power from Alternative Sources."

BULK POWER SUPPLY RESOURCES

Under the terms and conditions of the Project One Power Sales Contracts and the Existing General Resolution Projects Power Sales Contracts (collectively referred to as the "Power Sales Contracts"), MEAG Power is obligated to provide all of the Bulk Power Supply requirements for the 49 Participants. Bulk Power Supply is defined in the Power Sales Contracts as all of the electric power and energy required by the 49 Participants in excess of (i) generation and transmission resources owned by such Participants on the contract date, (ii) allotments of Federal power from SEPA, and (iii) alternate sources of bulk power supply that may be procured by any Participant upon specified notice to MEAG Power. The Power Sales Contracts

obligate MEAG Power to provide two basic types of Bulk Power Supply to the Participants, Project Power and Supplemental Power. Project One Power and Supplemental Power are provided under the Power Sales Contracts relating to Project One. Project Two Power, Project Three Power, and Project Four Power are provided under the applicable Existing General Resolution Projects Power Sales Contracts.

In addition, MEAG Power's resources include power from the CC Project, which achieved commercial operation on June 1, 2004. The CC Project is comprised of two combustion turbines and heat recovery steam generation equipment and is known as the Wansley Combined Cycle Facility. In 2003, MEAG Power and 32 Participants (the "Initial CC Participants") entered into power sales contracts (the "Initial CC Contracts") for the output and services of the CC Project. MEAG Power's current projections of its future resources reflect 496 MW of retained capacity from the Wansley Combined Cycle Facility. Over the period 2007 through 2012, five additional CC Participants (the "Additional CC Participants") were added through execution of power sales contracts (the "Additional CC Contracts") similar to the Initial CC Contracts bringing the total number of Participants in the CC Project to 37 by the end of 2012. 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." For further information, see the section in the Annual Information Statement entitled "MEAG POWER – Bulk Power Supply Operations – *The Combined Cycle Project.*"

In 2005, MEAG Power and the other co-owners of Vogtle Units 1 and 2 entered into a joint agreement authorizing expansion of up to two additional nuclear units at Plant Vogtle ("Vogtle Units 3 and 4"). In 2006, the parties entered into ownership and operating agreements pertaining to the proposed Vogtle Units 3 and 4. MEAG Power completed the process of seeking binding contractual commitments from the Participants with respect to participation in the proposed expansion project at Plant Vogtle on June 15, 2008. With respect to Vogtle Units 3 and 4, MEAG Power has established three separate projects (Project M, Project J, and Project P), referred to collectively as the "Vogtle Units 3 and 4 Projects." In order to facilitate a source of financing for its interest in Vogtle Units 3 and 4, MEAG Power formed three wholly-owned special purpose limited liability subsidiaries referred to as the Vogtle Units 3 and 4 Project Entities (Project Entities). On June 24, 2015, in order to permit the Project Entities to obtain initial advances totaling \$1.1 billion from loans guaranteed by the U.S. Department of Energy, MEAG Power transferred its undivided ownership interest in Vogtle Units 3 and 4 to the Project Entities. As a result, the Vogtle Units 3 and 4 Projects now include all of MEAG Power's right, title and interest in and to the capacity and output of the Project Entities' ownership interests in Vogtle Units 3 and 4, but do not include such ownership interests. MEAG Power's Bulk Power Supply Resources will include Vogtle Units 3 and 4 upon commercial operation. For more information, see the section in the Annual Information Statement entitled "MEAG POWER – Bulk Power Supply Operations – *The Vogtle Units 3&4 Projects – Description of Vogtle Units 3&4.*"

The bond resolutions for the CC Project and each of the Vogtle Units 3 and 4 Projects are separate from MEAG Power's Project One Resolution and the General Resolution Projects Resolution and are not an obligation of Project One or the Existing General Resolution Projects. However, the payment obligations of each of the CC Project participants and each of the Vogtle Units 3 and 4 Projects participants under their respective contracts are on parity with their obligations under their contractual arrangements with MEAG Power with respect to the other projects. For more information, see the section in the Annual Information Statement entitled "MEAG POWER – Bulk Power Supply Operations."

Projected Capacity Requirements and Resources

As described below, under the Pseudo Scheduling and Services Agreement (the "PSSA") between MEAG Power and GPC, MEAG Power is responsible for procuring all of its bulk power supply requirements and for planning, operating and maintaining its system in accordance with Prudent Utility Practice. MEAG Power has established a planning generating capacity reserve criteria that will result in it maintaining

capacity at least 15% greater than its annual peak demand less firm capacity resources supplied by SEPA. This 15% reserve margin is comparable with that which other utilities maintain in the region and should, along with MEAG Power's interchange arrangements with other electric utilities, provide a reliable Bulk Power Supply to the Participants. The following table contains a summary of MEAG Power's projected capacity requirements and resources at the high voltage side of the generating plants ("Level B-1").

**Summary of MEAG Power's Projected Capacity Requirements and Resources [1]
(Amounts in Megawatts)**

		Budget	Projected			
		2016	2017	2018	2019	2020
Capacity Requirements (MW):						
1	Peak Demand	2,080	2,106	2,123	2,139	2,148
2	Plus: Firm Sales	0	0	0	0	0
3	Less: Firm SEPA Capacity [2]	(431)	(431)	(431)	(431)	(431)
4	Unreserved Capacity Requirements	1,649	1,675	1,692	1,708	1,717
Reserve Capacity Requirements						
5	Target Percent	15%	15%	15%	15%	15%
6	Amount	247	251	254	256	258
7	Total Capacity Requirements	1,896	1,926	1,946	1,964	1,975
Capacity Resources (MW):						
Existing Resources: [3]						
8	Plant Hatch	311	311	311	311	311
9	Plant Vogtle Units 1 & 2 [4]	495	495	495	495	495
10	Plant Wansley	259	259	259	259	259
11	Plant Scherer	494	498	498	498	498
12	Plant Vogtle Units 3 & 4 - Project M [5]	0	0	0	85	170
13	Wansley CT [6]	0	0	0	0	0
14	CC Project	496	496	496	496	496
15	PSSA Reserve Purchase [7]	40	0	0	0	0
16	Contracted Purchases [8]	149	149	149	149	149
17	Total Existing Resources	2,244	2,208	2,208	2,293	2,378
18	Surplus (Deficit) Capacity Resources [9]	348	282	262	329	403
19	Future Resources [10]	0	0	0	0	0
20	Total Existing and Future Resources	2,244	2,208	2,208	2,293	2,378
21	Surplus (Deficit) Capacity Resources [11]	348	282	262	329	403

Notes for **Projected Capacity Requirements and Resources** table as follows:

- [1] Amount shown reflects requirements of the Participants and reflects losses from the delivery point to Level B-1 of approximately 3%. Amounts shown reflect decision by Calhoun to procure supplemental bulk power supply from alternate sources as described below.
- [2] Reflects SEPA allotments at June 1st of each year.
- [3] Capacity amounts on lines 8 through 16 are at Level B-1 and reflect the 2016 Unit Ratings.
- [4] Amounts shown are net of sellback to GPC.
- [5] As of the date of this Report, Vogtle Units 3 and 4 are estimated to begin commercial operation in the second quarters of 2019 and 2020, respectively.
- [6] Except under emergency conditions, the Wansley CT cannot operate during the months of May through September due to environmental constraints.

- [7] Amounts shown include a 40 MW purchase for capacity for spinning reserves and regulation services purchased from GPC under the terms of the PSSA for 2016 only. The decision of whether to purchase spinning reserves and regulation purchases or self supply is made on a year by year basis.
- [8] Amounts shown reflect a 149 MW purchase of peaking capacity and energy from an existing combustion turbine project in Georgia (Edward L. Addison Facility).
- [9] Amounts shown equal line 17 minus line 7.
- [10] The actual additional contracted purchases may differ from the amounts shown depending on changes in MEAG Power's requirements and future negotiations with the providers of such capacity.
- [11] Amounts shown equal line 20 minus line 7.

MEAG Power's total projected capacity requirements including 15% reserves are shown on line 7 of the table for the period 2016 through 2020. Lines 8 through 11 of the table show the capacity available from MEAG Power's existing resources consisting of Project One and the General Resolution Projects. Line 12 of the table reflects the capacity projected to be available at the time of the peak demand from Project M of the Vogtle Units 3 and 4 Projects. Line 14 shows the estimated amount of capacity available from the CC Project. Existing contracted purchases, if any, are shown on line 16. Line 18 of the table compares MEAG Power's existing resources on Line 17 to total projected capacity requirements on line 7 to show the amounts of surplus or deficit capacity resources over the years 2016 through 2020. Line 19 of the table (Future Resources) demonstrates that MEAG Power's owned and contracted capacity resources are projected to be sufficient to satisfy its capacity requirements for the period 2016 through 2020.

For information on MEAG Power's assumptions with regard to future capacity and energy resources, see the section of this Report entitled "PRINCIPAL CONSIDERATIONS AND ASSUMPTIONS."

Project One and the General Resolution Projects

Project One Power is electric power and energy provided from Project One. In addition to the output of the generating facilities of Project One, MEAG Power provides as part of Project One Power such generating capacity reserve service, transmission service, maintenance service, emergency service, economy interchange service, and other interchange service associated with Project One as is necessary for the reliable and economical supply of the output and services of Project One to the Participants. Each Initial Participant has an Entitlement Share of the output and services of the generation and transmission facilities comprising Project One, and is obligated to pay its Entitlement Share of MEAG Power's cost of Project One whether or not Project One, or any part thereof, is completed, operating or operable, and such payment is not subject to offset for any reason. Each of the Initial Participants has agreed to provide a portion of its Project One Entitlement Share to Oxford, and 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. For further information regarding the Participants' obligations to pay the costs of Project One, see the sections in the Annual Information Statement entitled "INTRODUCTORY STATEMENT – The Participants," "MEAG POWER – Bulk Power Supply Operations" and "THE PARTICIPANTS."

Section 312 of the Project One Power Sales Contracts provides that, in the event all or any part of any Participant's Entitlement Share results in an excess to the Participant of electric power and energy from Project One, MEAG Power, when so requested by the Participant, may sell and transfer such excess to the other Participants who desire such power and energy and if any amount is not so disposed of, MEAG Power may sell such amount to other utilities. Certain of the Participants currently have entitlements to the output of Project One that are in excess of their requirements.

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 direct MEAG Power to sell or 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. These transactions are referred to as Inter-Participant Transfers ("IPTs").

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. During 2015, 18 Participants transferred approximately 68 MW (relating to Project One capacity) through 16 IPT 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. For additional information, see the section in the Annual Information Statement entitled "MEAG POWER – Bulk Power Supply Operations – *General*."

Under Section 311(b) of the Project One Power Sales Contracts, MEAG Power may utilize, sell, and exchange electric capacity and energy from the Participants' Entitlement Share of Project One whenever, in its discretion, any such transaction can reasonably be expected to result in a more reliable or economical overall Bulk Power Supply to the Participants.

For further information concerning the sales and exchanges of capacity and energy among the Participants, see Appendix E to the Annual Information Statement entitled "SUMMARY OF POWER SALES CONTRACTS – Sale or Exchange of Power and Energy."

Project Two Power, Project Three Power, and Project Four Power are electric power and energy from Projects Two, Three and Four, respectively. Under the terms of the Power Sales Contracts relating to such Projects, MEAG Power is obligated to provide to the Participants (except for Acworth), and such Participants are obligated to take from MEAG Power, the output and services from the General Resolution Projects, and related reserve, emergency and interchange service as may be available for the useful life of the applicable Project. 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 rates and charges for the output and services of the General Resolution Projects that will provide revenues sufficient, but only sufficient, to pay its costs attributable to each such Project.

For further information relating to MEAG Power's rates and charges and the Participants' obligations to pay, see the section in the Annual Information Statement entitled "MEAG POWER – Rates and Charges to Participants."

Supplemental Power Supplied by MEAG Power

Supplemental Power is supplied by MEAG Power to the Participants under the terms of the Project One Power Sales Contracts and is that portion of the Bulk Power Supply that is in excess of such Participants' entitlements to Project One Power, Project Two Power, Project Three Power, Project Four Power and the Combined Cycle ("CC") Power, and to the output and related services of any future projects. The CC Project has been developed to supply a portion of the power and energy requirements of the CC Participants that would otherwise be met with Supplemental Bulk Power Supply. Project M of the Vogtle Units 3 and 4 Projects is being developed to supply a portion of the power and energy requirements of the Project M Participants that would otherwise be met with Supplemental Bulk Power Supply. Under the Project One Power Sales Contracts, MEAG Power is obligated to provide Supplemental Power to each Participant unless the Participant notifies MEAG Power that it intends to procure alternate sources of supplemental bulk power supply. Supplemental Power is supplied by MEAG Power through purchases from and exchanges with, including transmission and ancillary services, wholesale electric suppliers and marketers as well as through purchases of surplus power from other Participants.

In January 2008, MEAG Power entered into a 20-year power purchase agreement (effective May 1, 2009) with Southern Power Company (formerly known as West Georgia Generating Company, LLC) for the output and services of a combustion turbine nominally rated at 150 MW, the total of which has been subscribed for by 20 Participants.

In July 2009, The Energy Authority, Inc. (“TEA”), acting on behalf of MEAG Power, entered into a six-year power purchase agreement with Morgan Stanley Capital Group, Inc. for seven Participants who subscribed in total for the purchase of 24 MW of base-load (7x24) energy for the period 2010 through 2015. The effective date of such power purchase agreement was January 1, 2010.

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. (However, see the discussion below regarding “Supplemental Power Supply Policy” with respect to a policy adopted by MEAG Power in 1999 that included a waiver of such notice requirements.) Any such action by a Participant does not relieve it of its obligation to pay its Entitlement Share of costs relating to Project One or its allocated share of the costs of the General Resolution Projects.

The Project One Power Sales Contracts provide for an interconnection agreement between MEAG Power and those Participants that desire to procure Supplemental Power from Alternative Sources. In May 1999, the MEAG Power Board approved a generic Participant Interconnection Agreement (“PIA”) that was offered to all applicable Participants. The PIA is available on a contract year basis (January 1st to December 31st) 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 Sources such as notice provisions, treatment of reserves and losses and operating procedures; (iii) the energy accounting associated with the Alternative Sources; and (iv) administration costs and billing associated with the PIA. Calhoun and MEAG Power have entered into a PIA.

For further information regarding the PIA, see the section in the Annual Information Statement entitled “MEAG POWER – Bulk Power Supply Operations – *Participant Interconnection Agreement*.”

During 1999, the MEAG Power Board adopted a “Supplemental Power Supply Policy” with respect to its obligation to supply Supplemental Power to the Participants. Under this policy, the requirement for notice to acquire Supplemental Power from Alternative Sources contained in the Power Sales Contracts is waived for so long as the Supplemental Power Supply Policy is in effect. The Supplemental Power Supply Policy governs the Participants’ decisions with respect to supplemental power supply and offers options that the Participants can elect on an annual basis, provided that a Participant will remain obligated to any multi-year supplemental power supply arrangement that MEAG Power has entered into on the Participant’s behalf. For further information regarding the Supplemental Power Supply Policy, see the section in the Annual Information Statement entitled “MEAG POWER – Bulk Power Supply Operations – *Provisions for Participants to Obtain Supplemental Power from Alternative Sources*.”

Pseudo Scheduling and Services Agreement

The PSSA between MEAG Power and GPC became effective August 1, 1997. The PSSA provides for a power supply arrangement between MEAG Power and GPC under which MEAG Power:

- (a) “pseudo” schedules how and when generation from its ownership interests in Wansley Units 1 and 2, the Plant Wansley CT and Scherer Units 1 and 2 is committed and dispatched (that is, GPC delivers 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) “pseudo” schedules generation from the Participants’ entitlements to output from the SEPA facilities;

- (c) utilizes the actual output from its ownership interests in Plants Hatch and Vogtle (including both the existing Units 1 and 2, as well as Units 3 and 4 when they begin commercial operation) and the CC Project;
- (d) schedules its own off-system transactions; and
- (e) controls the other non-nuclear resources in the Southern Company ("Southern") Control Area¹ 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 that is greater than MEAG Power's share of the actual output of a unit, MEAG Power purchases energy from GPC in the amount of the difference and priced 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 in the amount of the difference and priced 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, back-up power supply to MEAG Power through an energy imbalance service and, to the extent not self-supplied by MEAG Power, ancillary services required for MEAG Power to operate its resources and to effectuate off-system sales and purchases. 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.

The PSSA requires MEAG Power to purchase or provide certain ancillary services that are referred to as Control Area Services. The term "MEAG Territorial Control Area Services" means those Control Area Services that are needed (i) to effectuate the delivery of power to MEAG's Territorial Load, as defined in the PSSA; and (ii) to maintain the integrity of the Georgia Integrated Transmission System (the "ITS") and the Southern Balancing Authority Area during such transactions. The MEAG Territorial Control Area Services to be provided or offered under the PSSA include: (i) Scheduling, System Control and Dispatch Service; (ii) Reactive Supply and Voltage Control From Generation Sources Service; (iii) Regulation and Frequency Response Service; (iv) Operating Reserve - Spinning Reserve Service; and (v) Operating Reserve - Supplemental Reserve Service.

Supplemental Reserves may be purchased directly from GPC or self-supplied through a combination of generating resources and qualifying interruptible loads. MEAG Power has negotiated a Demand Response Agreement ("DRA-2") with a qualifying large industrial load which is served by one of the Participants. MEAG has agreed to pay a negotiated dollar per MWh rate for the Supplemental Reserves Service. The term of this agreement is from January 1, 2016 until December 31, 2016. The contract automatically renews for 1 year terms and either party may cancel at any time with 30 days' notice.

MEAG Power's territorial load served by SEPA resources is excluded from the cost calculation for these services (while SEPA is part of the Southern dispatch) because SEPA purchases these control area services from Southern under a separate contractual arrangement.

The term of the PSSA is from year to year, with the right of either party 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. See the section in the Annual Information Statement entitled "MEAG POWER – Bulk Power Supply Operations – *Pseudo Scheduling and Services Agreement*."

¹ Control Area is also commonly referred to as Balancing Authority Area.

Transmission Arrangement

MEAG Power furnishes Bulk Power Supply to the Participants through the transmission system facilities owned either by MEAG Power or the other ITS participants pursuant to an integrated transmission agreement with other utilities. MEAG Power currently participates in the ITS with GPC, GTC, and Dalton. Each party to the ITS may use any 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.

MEAG Power's Open Access Transmission Tariff

In compliance with the Federal Energy Regulatory Commission's ("FERC") reciprocity rules discussed in the section in the Annual Information Statement entitled "COMPETITION – Certain Factors Affecting the Electric Utility Industry – *FERC Initiatives*," MEAG Power has adopted an open access transmission tariff ("OATT") under which MEAG Power can provide transmission service and ancillary services to other utilities and power marketers requesting such services. For additional information, see the following section entitled "FERC Initiatives – *OATT Reforms*."

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 defined base-load generating units, including Scherer Units 1 or 2. As a result of an amendment to the agreement, the agreement also applies to an extended outage of the CC Project. This agreement expires in October 2017. For more information, see the section in the Annual Information Statement entitled "MEAG POWER – Bulk Power Supply Operations – *Mutual Aid Agreement*."

The Energy Authority

In 1997, the MEAG Power Board approved participation in a joint power marketing alliance through a nonprofit corporation, TEA. TEA provides energy products and resource management services to members and non-members and allocates transaction savings and operating expenses to members pursuant to Settlement Procedures under the Operating Agreement. TEA has access to over 30,000 MW of its members' and resource partners' generation resources. For more information on TEA, see the section in the Annual Information Statement entitled "MEAG POWER – Bulk Power Supply Operations – *The Energy Authority*."

Colectric Partners

In 2001, MEAG Power, JEA (formerly known as the Jacksonville Electric Authority), the South Carolina Public Service Authority and the Nebraska Public Power District formed Colectric Partners, Inc., a joint venture generation alliance to assist in developing, constructing and operating new generation. The stated objective of Colectric Partners was to create cost efficiencies and revenue retention or enhancement for its members in the operation and maintenance of their utility businesses through (i) sharing of information, personnel, services, equipment, tools and materials among members; (ii) procurement of information, personnel, equipment, tools and materials for members; and (iii) supplying of contract administration services. Colectric Partners focused on the construction and procurement of services for the multiple combined cycle facilities constructed by the members and brought value to the members through its efforts. As the members' need for new generation dropped and the market for competitive services expanded, a review of the rationale for Colectric Partners was conducted. As a result of the changing business environment surrounding Colectric Partners and its members, the participating members elected to close the operation effective March 31, 2015.

SEPA POWER

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. In recent years, the average annual amount of energy received from SEPA has been approximately 700,000 MWh per year. During low-

water years, MEAG Power reports that such amounts could be as low as 424,000 MWh annually (the minimum contract amount). The approximate amount of energy delivered by SEPA during 2015 was 699,000 MWh. The estimated amount of energy to be delivered by SEPA during 2016 through 2020 is 666,400 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.

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.

Prior to July 2012, several lawsuits were pending that may have had an impact on water allocation and related issues at Lake Lanier, Georgia. As of October 2012, all claims in the lawsuits regarding water allocations were dismissed. See the section in the Annual Information Statement entitled "LITIGATION."

Under the Project One Power Sales Contracts and MEAG Power's Supplemental Power Supply Policy (discussed in the section in this Report entitled "MEAG POWER – Bulk Power Supply Resources – *Supplemental Power Supplied by MEAG Power*"), MEAG Power, if requested by a Participant, would be required to supply the amount of power previously supplied by SEPA if the Participant's allotment of SEPA power is reduced in the future. This would include any Participant electing to discontinue purchasing power from SEPA because of the cost thereof or for any other reason.

For further information concerning SEPA, see the section in the Annual Information Statement entitled "MEAG POWER – Bulk Power Supply Operations – *Southeastern Power Administration (SEPA)*."

TRANSACTIONS WITH OTHER ENTITIES

Contract Sales to GPC

The contractual arrangements between MEAG Power and GPC with respect to MEAG Power's participation in the generating units of Project One and the General Resolution Projects, as set forth in the Project Agreements, require that for a specific period of time GPC will purchase from MEAG Power a portion of the output and services from MEAG Power's undivided ownership interest in each such generating unit. The sales from MEAG Power's interests in Plants Hatch, Wansley and Scherer have been completed.

The capacity and energy sales by MEAG Power to GPC from MEAG Power's Project One and Project Four interests in Plant Vogtle are divided into declining portions and long-term portions. All declining sales were completed at the end of 1996. The long-term portion included sales to GPC that continued until 305 months following the first month of commercial operation, or November 2012 in the case of Vogtle Unit 1 and October 2014 in the case of Vogtle Unit 2, which have been completed. Also, the permanent portion of long-term sales to GPC will continue until retirement of each Plant Vogtle unit. As of the date of this Report, MEAG Power is retaining approximately 86% of its total interests in Vogtle Units 1 and 2. For further information regarding the provisions of the agreements relating to Vogtle Units 1 and 2, see Appendix F to the Annual Information Statement entitled "SUMMARY OF PROJECT AGREEMENTS."

Other Sales

MEAG Power has interchange agreements with several utilities and power providers, including utilities and power providers outside the Georgia territory, that provide for the exchange of capacity and energy. Commencing in August 1997, all short-term trading activities in the wholesale market have been coordinated through TEA. For further information, see the sections in the Annual Information Statement entitled “MEAG Power – Bulk Power Supply Operations – *The Energy Authority*” and “MEAG POWER – Transactions with Other Entities.”

MEAG Power has entered into Power Purchase Agreements with two buyers to sell approximately 66% of MEAG Power’s share of output from the Vogtle Units 3 and 4 for a twenty-year term. For further information, see the section in the Annual Information Statement entitled “MEAG POWER – Bulk Power Supply Operations – *The Vogtle Units 3&4 Projects*.”

COMPETITION

For a discussion pertaining to competition in the electric utility industry, certain responses of MEAG Power to competition and certain factors affecting the electric utility industry, see the section in the Annual Information Statement entitled “COMPETITION.”

FERC INITIATIVES

The Energy Policy Act of 1992 and FERC’s subsequent rulemaking activities were undertaken to bring about increased wholesale competition in the electric industry. In response to FERC’s rulemakings issued during 1996, MEAG Power developed an OATT in substantially the form of the pro forma OATT included in the 1996 rulemakings to satisfy the “reciprocity” requirements of the earlier rulemakings, allowing MEAG Power to obtain from and offer transmission service to public utilities. The FERC rulemakings issued in 1999 and 2000 (FERC Order No. 2000 and Order No. 2000-A) were issued to advance the formation of Regional Transmission Organizations (“RTOs”) across the country. The establishment of RTOs was intended to address remaining transmission-related impediments to a competitive wholesale electricity market. To date, no RTO has been formed in the Southeast.

FERC has issued or is in the process of issuing rulemakings required to implement portions of the Energy Policy Act of 2005 (the “EPAct 2005”), the Energy Independence and Security Act of 2007 (as discussed further below), and other FERC initiatives. Such efforts to date have included, but are not limited to:

- The certification of an Electric Reliability Organization (“ERO”) and the establishment of mandatory reliability standards;
- Transmission pricing reforms and other reforms to the Order No. 888 pro forma OATT, including planning and cost allocation reforms;
- The development of policies and standards pertaining to smart grid;
- The consideration of market transaction reporting requirements for utilities, such as municipals that are typically beyond FERC’s jurisdiction for other purposes;
- The development of a National Action Plan on Demand Response (a “Demand Response Plan”); and
- The development of policies concerning coordination between the natural gas and electric industries.

Certain of these rulemakings and the potential impact on MEAG Power are summarized in the following sections.

OATT Reforms

In 2007, FERC issued Order No. 890 and related subsequent orders amending the regulations and the pro forma OATT adopted in 1996 pursuant to Order Nos. 888 and 889. Order No. 890’s reforms include: (i)

greater consistency and transparency in available transmission capacity 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 protections for native load customers' transmission service rights; and (iii) FERC's approach to reciprocity for non-jurisdictional transmission owners, including MEAG Power. 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. As discussed in the section in this Report entitled "MEAG POWER – Bulk Power Supply Resources – *MEAG Power's Open Access Transmission Tariff*," MEAG Power has adopted an OATT.

Section 211A of the Federal Power Act ("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 believes that its current OATT satisfies Order No. 890's "reciprocity" requirements. MEAG Power also has a native load service obligation that is afforded the protections included in its existing OATT. MEAG Power has participated in a joint transmission planning process for decades and plans to participate in the transmission planning processes called for in Order No. 890 and in Order No. 1000, subject to FERC's acceptance of the relevant compliance filings.

In 2011, FERC issued Order No. 1000, which reformed FERC's transmission planning and cost allocation requirements for public utility transmission providers. Order No. 1000 transmission planning reforms include: (i) participation in regional transmission planning; (ii) consideration of transmission needs driven by public policy requirements; and (iii) identification among neighboring regions of more efficient or cost-effective transmission solutions. Order No. 1000 cost allocation reforms include the requirement to allocate the costs of new transmission facilities to the beneficiaries of those facilities, with this requirement extending to the development of both regional and interregional (between neighboring regions) cost allocation methods. Order No. 1000 became effective in October 2011 and required public utility transmission providers to file their compliance plans beginning in October 2012. As a non-public utility, MEAG Power is not directly subject to the requirements of Order No. 1000. However, Order No. 1000 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 its authority under Section 211A of the FPA against such non-public utilities. On May 17, 2012, FERC issued Order No. 1000-A, that reaffirmed its Order No. 1000 reforms, added clarifications pertaining to certain of those reforms, and denied requests for rehearing, including rehearing requests from a coalition of Southeast utilities and the Large Public Power Council ("LPPC"), which were sponsored by MEAG Power among others. On October 18, 2012, in Order No. 1000-B, FERC provided clarifications to prior orders, but did not eliminate or modify any of the reforms in Order No. 1000 and again denied requests for rehearing. MEAG Power chose not to seek judicial review of Order No. 1000 and other related orders. However, MEAG Power is supporting the LPPC's request for judicial review of Order No. 1000 and other related orders. Arguments regarding the appeals of Order Nos. 1000 and 1000-A took place on March 20, 2014 before the U.S. Court of Appeals for the District of Columbia Circuit (the "D.C. Circuit"). On August 15, 2014, a three judge panel of the D.C. Circuit issued its opinion upholding Order No. 1000 in its entirety. Subsequently, the LPPC petitioned the D.C. Circuit for an *en banc* review of the three judge panel's affirmation of FERC's approach to cost allocation for new transmission facilities. The D.C. Circuit, in an October 17, 2014 order, denied such petition. The D.C. Circuit's ruling upholding Order No. 1000 stands,

given that all avenues for further appeal have been exhausted, setting the stage for possible future appeals to the Supreme Court and additional FERC proceedings related to implementation of Order No. 1000's regional planning and cost allocation reforms. MEAG Power has intervened in the Order No. 1000 compliance filings of Southern and certain other FERC-jurisdictional utilities. The effect of these orders on MEAG Power cannot be determined at this time. MEAG Power is continuing to participate, voluntarily, in a regional transmission planning process with Southern and certain other southeast utilities.

To facilitate reforms pertaining to improved coordination between neighboring transmission planning regions, stakeholder groups in the Eastern and Western interconnection regions of the United States were formed to undertake interconnection-wide transmission planning. The stakeholder group for the Eastern interconnection region is the Eastern Interconnection Planning Collaborative ("EIPC"). MEAG Power, GTC and Southern on behalf of GPC have signed the EIPC Planning Authority Agreement and are participating in the EIPC at this time.

In November 2010, FERC issued a notice of proposed rulemaking providing for additional reforms to its OATT to support the integration of renewable resources ("November 2010 NOPR"). Reforms proposed in the November 2010 NOPR included intra-hour transmission scheduling, the provision of meteorological and operational data by interconnecting renewable resources to transmission providers, and a new ancillary service providing regulation service to renewable resources located in the transmission provider's balancing authority. FERC issued the final rule, Order No. 764, on June 22, 2012. FERC implemented the first two proposed reforms to its OATT—setting a compliance deadline of September 11, 2013—and declined to implement the third reform, instead providing guidance for developing cost recovery methods for such service. Order No. 764-A issued on December 20, 2012 affirmed its prior ruling, provided certain clarifications and extended the compliance deadline to November 12, 2013. On September 19, 2013, FERC issued Order No. 764-B denying rehearing of Order No. 764-A and providing clarifications concerning curtailment and the relationship between e-tags and firm transmission service.

On July 18, 2013, FERC issued Order No. 784 revising its regulations governing the sale of ancillary services at market-based rates to public utility transmission providers, requiring each public utility transmission provider to revise its OATT Schedule 3 to account for the speed and accuracy of regulation resources in determining reserve requirements and post certain Area Control Error ("ACE") data on its open access same-time information system ("OASIS"), among other things. In Order No. 784-B, issued on February 20, 2014, FERC clarified its policy for third-party sales of ancillary services and accounting and financial reporting for electrical storage technologies. According to MEAG Power, these Orders are not expected to have a material impact on MEAG Power.

Mandatory Reliability Standards

In March 2007, pursuant to its authority under Section 215 of the FPA, FERC issued Order No. 693 entitled "Mandatory Reliability Standards for the Bulk-Power System." Pursuant to this order and subsequent related orders, collectively, "Reliability Standards Orders," FERC has approved reliability standards developed by the North American Electric Reliability Corporation ("NERC"), which FERC has certified as the ERO responsible for developing and enforcing these mandatory reliability standards. FERC's approval of NERC's proposed standards remains an ongoing process as of the date of this Report. FERC's initial approved standards became enforceable beginning June 18, 2007. The Reliability Standards Orders apply 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. The SERC Reliability Corporation ("SERC") is the approved regional entity for most of the southeast U.S. including MEAG Power. 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 November 2010, FERC issued Order No. 743 directing NERC to revise its definition of “bulk electric system” (“BES”) to address FERC’s concerns regarding regional discretion for the 100 kV current standard. FERC directed NERC to either adopt the 100 kV bright-line threshold or propose a different solution. FERC Issued Order No. 773 on December 20, 2012, adopting NERC’s January 25, 2012 proposals. Multiple parties challenged the use of a bright-line threshold and requested clarifications. On April 18, 2013, FERC issued Order No. 773-A approving NERC’s modified BES definition establishing a bright-line threshold that includes all facilities operated at or above 100 kV and removing language that allows for broad regional discretion. Order No. 773-A also set certain matters for rehearing generally associated with clarifications concerning defined inclusions and exclusions to the definition of BES. On March 20, 2014, FERC approved NERC’s second round of revisions to the definition of BES, expanding (a) the local network exclusion to facilities operating below 100 kV, and (b) the radial system exclusion to include certain looped configurations, among other things. Additionally, the order clarifies that all forms of generation, including variable generation resources, and certain generator interconnection facilities are included in the BES. On September 24, 2014, the People of the State of New York and the New York Public Service Commission submitted a petition for review of FERC Order Nos. 773 and 773-A with the U.S. Court of Appeals for the Second Circuit challenging the NERC and FERC exemption process for reliability facilities. Since SERC had imposed a 100 kV threshold for its footprint prior to the issuance of Order No. 773, these Orders are not expected to have a material impact on MEAG Power’s costs.

On March 21, 2013, FERC issued Order No. 777 concerning transmission vegetation management. For the first time, this Order requires transmission owners to annually inspect all transmission lines subject to the standard and to complete 100 percent of their annual vegetation work plan. According to MEAG Power, this Order is not expected to have a material impact on MEAG Power’s costs.

On September 19, 2013, FERC issued Order No. 785 approving modifications to NERC Reliability Standards concerning facility connection requirements; transmission vegetation management; and transmission and generation protection system misoperations, maintenance and testing. In general, these changes extend existing requirements to certain generator interconnection facilities. The impact on MEAG Power of these new reliability requirements cannot be determined at this time.

On October 17, 2013, FERC issued an Order approving TPL-001-4 (Order became effective December 23, 2013). TPL-001-4 replaced the previous Transmission Planning (“TPL”) standards in their entirety while increasing the burden of reliability assessment with additional operating conditions and potential system events where potential new planning criteria violations are subject to Corrective Action Plans. During calendar year 2015, MEAG Power in conjunction with Southern Company completed the first annual assessment required under TPL-001-4 requirements. No additional Corrective Action Plan items were required due to assessments of additional operating conditions and potential system events.

On November 22, 2013, FERC issued Order No. 791, which approved the Critical Infrastructure Protection (“CIP”) Version 5 reliability standards submitted by NERC pertaining to cyber-security of the bulk electric system and required NERC to develop certain modifications. Order No.791 retires the CIP Version 4 standards before they would take effect, thus allowing transition from the CIP Version 3 standards directly to Version 5 standards, bypassing Version 4. The CIP Version 5 standards include new cyber-security controls and extend the scope of the systems that are protected by the CIP Reliability Standards. Entities, including MEAG Power, had until April 1, 2016 to make their systems comply with the CIP Version 5 standards. In addition to approving the CIP Version 5 standards, Order No. 791 directed NERC to develop modifications to the CIP Version 5 standards that would, among other things, address security controls for transient electronic devices (e.g., thumb drives and laptop computers) and “Low Impact” assets. 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 electrical grid. On March 20, 2014, FERC

issued Order No. 791-A denying rehearing of Order No. 791 and issuing clarifications that, among other things, confirmed the April 1, 2016 deadline for “High and Medium Impact” asset compliance. On February 13, 2015, NERC petitioned FERC for approval of its revised CIP Version 5 reliability standards and associated compliance dates. The impact on MEAG Power of these actions cannot be determined at this time.

On April 16, 2015, FERC issued Order No. 808 accepting two proposed NERC communications standards. Standard COM-001-2 became effective on October 1, 2015, and standard COM-002-4 will be effective on July 1, 2016. It is not anticipated that compliance with these standards will have a material impact on MEAG Power.

In November 2010, SERC conducted an on-site audit of MEAG Power’s compliance with certain NERC reliability standards and found no evidence of non-compliance in the representative sample audited. In November 2010, SERC also conducted an on-site spot check of MEAG Power’s compliance with all applicable NERC cyber security reliability standards in effect up to the date of the spot check and found no evidence of non-compliance in the representative sample audited. Based in part on the audit and spot check results, and notwithstanding a now-resolved minor violation, which MEAG Power self-reported to SERC in 2009, MEAG Power believes it generally is in compliance with NERC’s current reliability standards, including those standards pertaining to cyber security.

Transmission Provider Standards

MEAG Power’s ownership in TEA satisfies a standard of conduct requirement previously established by FERC pursuant to Order No. 889 and Order No. 2004, 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 its Order No. 717 in connection with transmission provider standards of conduct. This rule: (i) eliminates the application of the standards to energy affiliates and the corporate separation approach as between transmission providers and their marketing arms, which was adopted in Order No. 2004; (ii) incorporates the employee functional approach used in Order Nos. 497 and 889 which separates by function transmission personnel from marketing personnel; and (iii) clarifies and streamlines the standards to enhance compliance and enforcement. 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 a material impact on MEAG Power’s costs. For further information, see the section in the Annual Information Statement entitled “COMPETITION – Certain Factors Affecting the Electric Utility Industry – *FERC Initiatives*.”

Market Development Activities

In addition to its efforts to promote non-discriminatory transmission access, FERC has taken a number of steps to foster the growth of competitive markets for various generation services. FERC authorizes generation owners to make sales at unregulated market-based prices where it is demonstrated that they lack market power over generation or transmission, and where they lack the ability to prevent potential competitors from entering the relevant market. FERC has expressed concerns about the potential for exercise of market power for generation and transmission services, particularly in regions that lack a functioning RTO. In April 2004, FERC adopted an interim methodology for use in determining whether a supplier has actual or potential market power. In July 2009, FERC reaffirmed Southern’s authority to engage in market-based sales.

In April 2011, FERC issued a Notice of Proposed Rulemaking pertaining to market transparency requirements under the FPA (“Market Transparency NOPR”). Under the Market Transparency NOPR, utilities with annual wholesale power sales over four million MWh that are excluded from filing certain market data at FERC, such as MEAG Power, would now be required to include such market data in Electric Quarterly Reports (“EQR”) to be filed at FERC. The Market Transparency NOPR also refined the data requirements of the EQR filings. On September, 21, 2012, FERC issued Order No. 768, implementing the

provisions of the Market Transparency NOPR but excluding the following types of wholesale sales from the EQR reporting requirement: (1) sales by a non-public utility, such as a cooperative or joint action agency, to its members; and (2) sales by a non-public utility under a long-term, cost-based agreement required to be made to certain customers under a Federal or state statute. On April 18, 2013, FERC issued Order No. 768-A, denying requests for rehearing, providing clarification and declining to extend implementation of Order No. 768 requirements beyond the third quarter of 2013 (with the exception of e-tag ID requirements). On November 12, 2012, FERC issued Order No. 770 adopting a web-based method for filing EQRs. The EQR filing requirements imposed by Order No. 768 are not expected to have a material impact on MEAG Power's costs.

In April 2012, FERC issued a final order requiring RTOs to electronically deliver to FERC data related to the markets that the RTO administers. FERC indicates that this data will facilitate the development and evaluation of its policies and regulations and will enhance detection of anti-competitive or manipulative behavior, or ineffective markets rules.

Coordination Between the Natural Gas and Electricity Markets

In response to regulatory, legislative, environmental and market driven developments, natural gas and electric markets have witnessed convergence as natural gas has evolved to play an increasingly important role in electric power generation. Under the current market structure in regions of the U.S., generators have few incentives to obtain long-term primary firm pipeline service, invest in alternate fuel capabilities, or take other steps to ensure fuel availability. The Southwest outage in February 2011 and shortages in the Northeast focused national attention on this issue. Retirement of coal-powered generation, expansion of renewable energy resources, along with the associated need for backup from natural gas-fired plants, and low natural gas prices appear likely to increase the demand for natural gas. In March 2013, hearings were held in the Senate and House focusing on reliability and affordability issues, among others, and the role of regulators and grid operators in gas-electric coordination. FERC Commissioner Moeller cited coordination of the natural gas and electric industries as among the most pressing energy issues the U.S. faces as a nation.

On February 3, 2012, FERC issued a Request for Comments on Coordination between the Natural Gas and Electricity Markets (AD12-12). In particular, FERC sought comments concerning the role of the FERC, NERC, North American Energy Standards Board ("NAESB"), states and other entities in coordinating operations of these two increasingly interdependent markets.

On November 15, 2013, FERC issued Order No. 787 authorizing the sharing of non-public, operational information between interstate natural gas pipelines and public utilities that own, operate, or control facilities used for the transmission of electric energy in interstate commerce to promote reliable service or operational planning. On June 19, 2014, FERC issued Order No. 787-A denying rehearing of Order No. 787.

On March 20, 2014, FERC issued a Notice of Proposed Rulemaking ("NOPR") seeking comments on its proposals to start the natural gas operating day earlier, move the Timely Nomination Cycle later, and increase the number of intra-day nomination opportunities to help shippers adjust their scheduling to reflect changes in demand. In two separate but related orders, FERC established proceedings under the FPA and Natural Gas Act. In a third order, FERC initiated a Natural Gas Act section 5 show cause proceeding requiring interstate natural gas pipelines to post offers to purchase released pipeline capacity. Finally, FERC issued an order to ensure that the scheduling practices of Independent System Operators ("ISOs") and RTOs correlate with any revisions to the natural gas scheduling practices ultimately adopted. On April 16, 2015, FERC approved the Final Rule (Order No. 809) to improve gas-electric coordination. The Final Rule adopts two proposals submitted by the NAESB to revise the interstate natural gas nomination timeline and make conforming changes to their standards. The Final Rule declines to adopt the NOPR proposal to move the 9 a.m. Central Clock Time ("CCT") start of the gas day to 4 a.m. CCT.

On April 16, 2015, FERC issued Order No. 809 revising its regulations to better coordinate the scheduling of wholesale natural gas and electricity markets in light of increased reliance on natural gas for electric generation as well as to provide additional scheduling flexibility to all shippers on interstate natural gas pipelines.

Since 2012, national and inter-regional natural gas-electric coordination activities have been concentrated in the Northeast, Mid-Atlantic and West. In the Southeast, vertically-integrated electric utilities generally use firm natural gas pipeline arrangements mitigating the level of shortage risk and concerns over the adequacy of pipeline infrastructure. At present, the impact to MEAG Power as a result of these developments is expected to be beneficial or not material.

ENERGY POLICY ACT OF 2005

In July 2005, Congress passed the EAct 2005 and it was signed by the President in August 2005. This legislation addressed, among other things, energy efficiency, renewable energy, nuclear energy and electricity-related reforms. It also provided incentives for oil and gas production and encourages the deployment of clean coal technology.

MEAG Power reports that it has implemented the requirements addressed in Title VI of the EAct 2005 (nuclear energy and related issues) with regard to its existing nuclear power plant facilities and will continue to assess the potential impacts of the EAct 2005 on any potential plans for the development of new nuclear power plant facilities and other generating resources. The EAct 2005 did not include a federal requirement that utilities purchase a certain percentage of electricity from renewable sources, or a national Renewable Portfolio Standard ("RPS"). Although federal legislation requiring a national RPS may be enacted in the future, renewable resource requirements are currently based on state-by-state considerations, which may include adoption of a statewide RPS. According to MEAG Power, various bills have been introduced in the Georgia General Assembly over the past several years, but the State of Georgia has not adopted an RPS.

The EAct 2005 included a requirement under the Public Utility Regulatory Policies Act ("PURPA") for utilities (both regulated, through the appropriate regulatory authority, and non-regulated) to consider the adoption of standards pertaining to: (i) the implementation of net metering service; (ii) ensuring fuel diversity in generating resources; (iii) increased efficiency of fossil fueled generating resources; (iv) the installation of time-based metering and communications; and (v) interconnection of distributed generation. MEAG Power is exempt from these PURPA requirements as it sells power only at the wholesale level and does not sell power at the retail level. However, seven of MEAG Power's Participants are subject to these PURPA requirements. These Participants have indicated to MEAG Power that they intend to meet the fuel diversity and increased fossil fuel efficiency requirements through their participation in MEAG Power's existing and potential future generating resources that represent a diverse mix of fuel types and generation technologies.

ENERGY INDEPENDENCE AND SECURITY ACT OF 2007

In December 2007, Congress passed and the President signed the Energy Independence and Security Act of 2007 ("EISA"). The EISA addresses issues such as increasing automakers' corporate average fuel economy standards, establishing a renewable fuels standard, energy efficiency standards, and smart grid standards.

The bill also includes various other provisions to improve energy efficiency of federal buildings, encourage the development of advanced technology vehicles, and fund research in: (i) biofuels; (ii) various renewable energy technologies such as solar, geothermal, marine, and hydrokinetic; (iii) energy storage for transportation and electric power; and (iv) carbon dioxide ("CO₂") capture and sequestration. The bill also provides assistance to promote clean and efficient energy technologies in foreign countries and to train workers in this country for new jobs in emerging energy technologies fields.

Smart Grid Standards

Pursuant to EISA, the National Institute of Standards and Technology (“NIST”) is required to coordinate the development of a framework for information management standards to ensure smart grid device functionality with systems. Upon completion of the framework, EISA requires FERC to conduct a rulemaking proceeding to adopt standards and protocols necessary to ensure smart grid functionality and interoperability with respect to the electric transmission grid and wholesale electric markets. In October 2010, NIST indicated to FERC that its proposed smart grid standards were ready for consideration by FERC and other regulators. In July 2011, FERC issued an order declining to conduct the required rulemaking proceeding on the basis that sufficient consensus had not been reached with regard to the proposed smart grid standards. FERC reports that it continues to collaborate with state regulators and NIST regarding the ongoing development of the smart grid standards.

National Demand Response Plan

EISA directed FERC to develop a Demand Response Plan. In June 2010, FERC issued its Demand Response Plan. The intent of FERC's Demand Response Plan is to facilitate on a national basis the development of the maximum amount of cost-effective demand response resources through the formation of a coalition between public and private sector organizations. The Demand Response Plan focuses on the technical assistance, communication strategies and tools needed to achieve the deployment of: (i) the maximum amount of price-responsive demand response resources; and (ii) emerging smart grid technologies and resources that would enable customers to respond to price or other signals.

In addition, FERC, in March 2011, issued Order No. 745 providing for market-based compensation for demand response resources that participate in organized wholesale energy markets operated by RTOs across the country. Further, FERC, in April 2012, issued a Notice of Proposed Rulemaking to amend its regulations to incorporate by reference the NAESB's business practice standards for the measurement and verification of demand response and energy efficiency resources participating in organized wholesale electricity markets (“Measurement and Verification NOPR”). FERC's proposed adoption of these standards is intended to improve the methods and procedures used to accurately measure demand response and energy efficiency performance, and should assist in properly crediting these resources for their services provided to organized wholesale power markets. The Measurement and Verification NOPR seeks comments with regard to the appropriate level of detail to be included in the measurement and verification methodologies and whether more substantive standards that could be broadly applied to all organized wholesale power markets should be developed. On February 21, 2013, FERC issued Order No. 676-G adopting the Wholesale Electric Quadrant of NAESB's Phase II Demand Response Measurement and Verification Standards and the Wholesale Energy Efficiency Measurement and Verification Standards and requiring ISOs and RTOs to modify OATTs on or before December 31, 2013.

In May of 2014, the U.S. Court of Appeals in Washington D.C. vacated FERC's Order No. 745, but in January 2015, the U.S. Solicitor General, on behalf of FERC, petitioned the U.S. Supreme Court to hear its appeal of the lower court decision. In May 2015, the Supreme Court announced that it would hear arguments on the appeal in its term that began in October 2015.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

In February 2009, Congress passed and the President signed, the American Recovery and Reinvestment Act (the “ARRA”). The ARRA included, among other things, funding for investments in areas needed for the development of clean and efficient energy, including modernization of energy transmission, research and development of renewable energy technologies, and modernizing and upgrading government buildings and vehicles. The ARRA also created three types of interest rate tax credit bonds that had to be issued prior to January 1, 2011 that included Build America Bonds (“BABs”) where the interest on the BABs is taxable, and either the taxpayer that holds the BABs or the issuer of the BABs receives a credit for the taxable interest.

STATE RETAIL CHOICE REGULATION AND LEGISLATION

Several states deregulated their electric utility industries in past years to provide for retail choice and to separate the ownership of generation and transmission assets. No initiative for electric industry restructuring in Georgia has been introduced in the Georgia General Assembly, and there are no restructuring studies currently underway at the Georgia Public Service Commission, nor are any such efforts anticipated in the near term.

Following the Georgia Legislature approval of the Solar Power Free-Market Financing Act of 2015 in March, the bill was signed by the Governor on May 12, 2015. Starting July 1, 2015, the new legislation allows Georgia property owners, both commercial and residential, to lease rooftop equipment rather than having to make a one-time purchase. The bill limits the size of the installation based on peak demand. In the past, the solar industry in Georgia was restricted by Georgia's Territorial Act from participating in lease financing agreements and consumers were required to pay the full cost up front. The energy generated is to be used by the property owner and any excess power is fed back to host utility. It is uncertain at this time if this new legislation will have any material impact on MEAG Power.

NUCLEAR GENERATING FACILITIES

The Nuclear Regulatory Commission ("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 the existing nuclear units. In addition, although GPC has reported that it has no reason to anticipate a serious nuclear incident at the 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.

FACILITIES INCLUDED IN PROJECT ONE AND GENERAL RESOLUTION PROJECTS

GENERATION FACILITIES

MEAG Power's undivided ownership interests in the generating units included in Project One and the General Resolution Projects are at four plant sites. All units of Project One and the General Resolution Projects are in commercial operation. As part of Project One, MEAG Power owns a total of 693 MW of nominally rated nuclear-fueled capacity, 335 MW of nominally rated coal-fired capacity, and 5 MW of combustion turbine capacity. The Project One capacity, when combined with that of the General Resolution Projects, results in a total ownership by MEAG Power of 1,566 MW of nominally rated capacity, of which 808 MW is nuclear-fueled, 750 MW is coal-fired, and 8 MW is combustion turbine capacity.

MEAG Power is a co-owner in each of the generating plants included in Project One and the General Resolution Projects with GPC, Dalton and OPC. As described in the section of this Report entitled "MEAG POWER – Transactions with Other Entities – *Contract Sales to GPC*," MEAG Power has agreed to sell to GPC portions of the output of the respective units in which it has an interest.

The generating capacity amounts based on the nominal ratings for Plant Hatch, Plant Wansley, Scherer Units 1 and 2, and Vogtle Units 1 and 2 are contained in the ownership agreements used each year by MEAG Power as the basis for reporting its owned generating capacity amount of 1,566 MW. For system planning purposes, and as reported elsewhere in this Report, the net capacity ratings provided by MEAG Power (the "Unit Ratings"), which may vary from year to year, are used. The following table provides a summary of

the nominal ratings, the 2015 Unit Ratings and the 2016 Unit Ratings for each generating facility in total and for the MEAG Power share.

**Comparison of Nominal and Unit Ratings for Each Facility
In Project One and General Resolution Projects (MW)**

Facility	Nominal Rating		2015 Unit Rating [1]		2016 Unit Rating [1]	
	MEAG		MEAG		MEAG	
	Facility Total	Ownership Share	Facility Total	Ownership Share	Facility Total	Ownership Share
Plant Hatch	1,614	286	1,759	311	1,759	311
Plant Wansley	1,730	261	1,716	259	1,716	259
Wansley CT	50	8	0 [2]	0 [2]	0 [2]	0 [2]
Scherer Units 1 and 2	1,620	489	1,639	495	1,639	495
Vogtle Units 1 and 2 [3]	2,300	522	2,302	523	2,302	523
Total	7,314	1,566	7,416	1,588	7,416	1,588

[1] Amounts shown are as measured at the bus bar level. Unit Ratings are at the time of the peak month.

[2] Due to environmental restrictions, the Wansley CT is currently prohibited from operating, other than during an emergency, during May through September.

[3] Plant Vogtle is comprised of two existing units (Vogtle Units 1 and 2), with two additional units (Vogtle Units 3 and 4) under construction.

Alvin W. Vogtle Nuclear Plant – Units 1 and 2

MEAG Power has a 22.7% total ownership interest in Plant Vogtle Units 1 and 2. The Plant Vogtle site is in Burke County, Georgia, about 15 miles east-northeast of Waynesboro, Georgia, on the west bank of the Savannah River. Vogtle Units 1 and 2 employ Westinghouse Electric Corporation pressurized water nuclear steam supply systems and General Electric Corporation (“GE”) turbine generators, each of which has a nominal capacity of 1,150 MW.

The system peak hour capabilities for 2015 (the “2015 Unit Ratings”) were 1,150 MW for Vogtle Unit 1 and 1,152 MW for Vogtle Unit 2 and are the same in 2016 (the “2016 Unit Ratings”).

The NRC issued operating licenses for both Vogtle Units 1 and 2 that were placed in commercial operation on June 1, 1987 and May 20, 1989, respectively. The NRC approved a 20-year license extension for both Vogtle Units 1 and 2. The current operating licenses will expire January 16, 2047 for Vogtle Unit 1 and February 9, 2049 for Vogtle Unit 2. The units are operated on behalf of the co-owners by Southern Nuclear Operating Company, an affiliate of GPC (“Southern Nuclear”), the entity that operates all nuclear plants on the Southern Company system.

The nineteenth refueling outage for Vogtle Unit 1 began on September 20, 2015 and ended on October 22, 2015, a duration of 32 days. MEAG Power reports several reliability improvements to the plant were completed during the outage including: (i) installation of a new refueling machine for handling fuel into and out of the reactor, (ii) replacement of approximately one quarter of the fill material in the natural draft circulating water cooling tower for efficiency gains, (iii) replacement of steam generator feed pump “A” rotor, and (iv) circulating water pump #2 motor replacement. The next scheduled refueling outage for Vogtle Unit 1 is planned for March 2017.

The eighteenth refueling outage for Vogtle Unit 2 began on March 6, 2016 and ended on March 28, 2016, a duration of 22 days and a new record for shortest duration for Southern Nuclear. MEAG Power reports that the major efforts during this outage included similar improvements as the Vogtle Unit 1 outage in the previous fall including: (i) installation of a new refueling machine inside containment, (ii) cooling tower fill refurbishment, and (iii) low pressure rotor “A” replacement in the main turbine. The next Vogtle Unit 2 outage is scheduled to begin in September 2017.

As of the date of this Report, both Vogtle Units 1 and 2 are operating in routine service. Based on the 2015 Unit Ratings, the actual 2015 capacity factors for Vogtle Units 1 and 2 were 91.3% and 100.5%, respectively. The most recent five-year average capacity factors for Vogtle Units 1 and 2 were 92.6% and 95.3%, respectively.

MEAG Power reports that a site location for the Interim Spent Fuel Storage Installation (“ISFSI”) for dry storage of spent nuclear fuel has been finalized for Vogtle Units 1 and 2. An additional interim storage pad has been constructed to allow storage until such time as the ISFSI construction is completed (now set for 2019). There were six casks loaded with 32 assemblies per cask and stored on these interim pads in 2013. No additional casks were loaded in 2014 due to resource limitations associated with a two-refueling-outage year. In 2015, spent fuel was loaded into 10 casks. Plans for 2016 include loading 10 casks also. Additional NRC guidelines on the security requirements associated with the ISFSI facilities have been delayed.

The current capital budget for Vogtle Units 1 and 2 was provided to MEAG Power by Southern Nuclear. The current capital budget for Vogtle Units 1 and 2 includes modifications, additions, and reviews that are expected to be required during the next five years to meet new or modified regulatory requirements, and to improve plant reliability and efficiency.

In connection with the addition of two new nuclear units at Plant Vogtle, MEAG Power and the other co-owners of the existing two units at Plant Vogtle entered into an agreement in May 2005 that grants the rights to use the existing common facilities, land, and support systems for Vogtle Units 3 and 4.

Southern Nuclear reports that Vogtle Units 1 and 2 and Hatch Units 1 and 2 have completed on-site capability for storage of spent fuel. Construction of an on-site dry storage facility at Plant Vogtle was completed in 2013. Such a facility became operational at Plant Hatch in 2000. According to Southern Nuclear, the Plant Hatch and Plant Vogtle on-site dry storage facilities can be expanded to accommodate spent fuel through the expected life of the plants. For a discussion regarding nuclear spent fuel storage and disposal, see the sections in this Report entitled “FACILITIES INCLUDED IN PROJECT ONE AND GENERAL RESOLUTION PROJECTS – Other Matters Related to Facilities – *Nuclear Fuel Matters*.”

Edwin I. Hatch Nuclear Plant

MEAG Power has a 17.7% ownership interest in Plant Hatch. Plant Hatch is located near the south bank of the Altamaha River in Appling County, Georgia, about 75 miles west of Savannah. Plant Hatch contains two units with nominal ratings of approximately 807 MW each. The 2015 Unit Ratings for Hatch Units 1 and 2 were 876 MW and 883 MW, respectively. The 2016 Unit Ratings are the same as the 2015 Unit Ratings. Each of the units has a direct cycle boiling water reactor and turbine generator designed and supplied by GE. The Plant Hatch units incorporate a containment design developed by GE known as the “Mark I” type.

The NRC issued operating licenses for both Hatch Units 1 and 2, which were placed in commercial operation on December 31, 1975 and September 5, 1979, respectively. The NRC approved 20-year license extensions for both Hatch units. The current operating license expiration dates are August 6, 2034 for Hatch Unit 1 and June 13, 2038 for Hatch Unit 2.

The twenty-seventh refueling outage for Hatch Unit 1 began on February 8, 2016 and ended on March 4, 2016, a duration of 26 days. MEAG Power reports that the major efforts during the outage included (i) main generator rotor replacement, (ii) completion of Fukushima FLEX modifications, (iii) replacement of

4160 volt breakers related to the degraded grid project, and (iv) weld overlays of both the core spray and recirculating pump riser nozzle lines. The next Hatch Unit 1 refueling outage is scheduled to begin in February 2018.

The twenty-third refueling outage for Hatch Unit 2 began on February 9, 2015 and ended on March 14, 2015, a duration of 33 days. MEAG Power reports that the major efforts during the outage included (i) installation of Mark VIe Reactor Feedpump Turbine controls, (ii) four new Weir main disc assemblies on Main Steam isolation valves, (iii) Safety Relief Valve ("SRV") replacements, (iv) retrieval of a Reactor shroud boat sample for life expectancy testing, (v) replacement of eight 4160 volt breakers for degraded grid project, and (vi) multiple modifications associated with Severe Accident Management ("SAM") including an alternate power source following an extended loss of AC power event and multiple new connection points for supplying cooling water into the core following a beyond design basis accident. The next Hatch Unit 2 refueling outage is scheduled to begin in February 2017.

Southern Nuclear reports that historically Hatch Units 1 and 2, as well as the nuclear power industry, have experienced continuing problems with leakage through the SRV's. SRV's are designed to prevent an overpressure condition of the reactor pressure vessel.

According to MEAG Power, after trying several versions of the two and three staged SRV valves, Southern and the manufacturer Target Rock have combined the best performance features into a new three stage valve. MEAG Power reports that a test case valve was installed in Hatch Unit 2 during the 2013 refueling outage and has performed well. Since then, all of the SRV's were replaced during the twenty-sixth refueling outage for Hatch Unit 1 in February 2014 with the new modified three-stage valves. The remaining SRV's on Hatch Unit 2 were replaced during the refueling outage in February 2015. However, similar valves in other plants experienced issues in 2015 with failure to reseal correctly after being cycled. A 'Part 21' notification was issued by the NRC of the potential for these valves to not perform as designed due to wear on internal parts after cycling. The 11 valves installed on Unit 1 in 2014 were replaced in February 2016 to address this issue, and subsequent bench testing of the removed valves yielded three of the 11 valves would not properly reseal after subsequent retesting of the valves. Following replacement of these valves in February 2016, Hatch Unit 1 saw erratic behavior on three of the in service valves due to issues again with the pilot valves. This condition required a forced maintenance outage that was addressed in April 2016 to replace the pilot valves only.

Hatch Unit 2 was taken offline in May 2016 to replace all 11 SRVs and associated pilot valves. Although Southern Company reports that it is confident that these valves would perform their safety function to open and provide over pressurization throughout any potential cycling, a conservative approach is being utilized to replace these valves with improved internal strength characteristics.

As of the date of this Report, both Hatch Units 1 and 2 are operating in routine service. Based on the 2015 Unit Ratings, the actual 2015 capacity factors for Hatch Units 1 and 2 were 98.7% and 89.5%, respectively. The most recent five-year average capacity factors for Hatch Units 1 and 2 were 93.2% and 90.5%, respectively.

MEAG Power reports that the ISFSI for dry storage of spent nuclear fuel is projected to provide continued storage of spent fuel on-site throughout the projected operating life of Plant Hatch. Five dry storage containers were loaded during 2015 for a total of sixty-six loaded containers now stored at the ISFSI (68 assemblies per container). Seven additional storage containers are scheduled to be loaded in 2016. For more information concerning nuclear spent fuel storage and disposal, see the section in this Report entitled "FACILITIES INCLUDED IN PROJECT ONE AND GENERAL RESOLUTION PROJECTS – Other Matters Related to Facilities – *Nuclear Fuel Matters*."

Southern Nuclear's current capital budget for Plant Hatch includes modifications and additions that are currently expected to be required during the next five years to meet new or modified regulatory requirements or to improve plant reliability and efficiency.

Hal B. Wansley Coal Plant

MEAG Power has a 15.1% total ownership interest in Plant Wansley. Plant Wansley is located on a 5,200-acre site adjacent to the Chattahoochee River, twelve miles south of Carrollton, Georgia, and fourteen miles northwest of Newnan, Georgia. Plant Wansley is a steam electric generating plant comprised of two 865 MW nominally rated supercritical coal-fired generating units and a 50 MW nominally rated combustion turbine. The 2015 Unit Ratings for Wansley Units 1 and 2 were 858 MW each. The 2016 Unit Ratings for Wansley Units 1 and 2 will remain at 858 MW each and are less than the nominal ratings because of the installation and operation of environmental control systems at each unit. Wansley Units 1 and 2 were placed in commercial operation on December 24, 1976 and April 25, 1978, respectively.

According to MEAG Power, GPC currently has all of the permits and licenses necessary for the operation of Plant Wansley and the units are presently in compliance with all regulations, permits and licenses now in effect. Both units have been retrofitted with selective catalytic reduction (“SCR”) systems for nitrogen oxides (“NO_x”) control and flue gas desulfurization (“FGD”) systems for sulfur dioxide (“SO₂”) control. This combination of equipment also provides a large measure of mercury control. In order to provide operating margin in meeting the requirements of the Mercury and Air Toxics Standards (“MATS”) rule, installation of activated carbon and lime injection systems was completed on Wansley Unit 1 and on Wansley Unit 2 during each unit’s planned outage in 2014. Wansley Unit 2 successfully completed MATS testing during 2014 and Wansley Unit 1 MATS testing was completed during May 2015.

MEAG Power reports that a boiler strengthening project is underway on Wansley Units 1 and 2. This project is intended to upgrade the boiler’s ability to withstand pressure transients. The project is being conducted in three phases;

- Phase 1 included initial inspection and repair of critical boiler enclosure and casing locations on Wansley Units 1 and 2, which was completed in May 2013.
- Phase 2 work was completed on Wansley Unit 2 during the spring 2014 outage and included additional inspection and replacement of casing components.
- Phase 3 (final phase) was completed during the Wansley Unit 1 spring 2015 outage and is scheduled to be conducted during the Wansley Unit 2 fall 2016 outage. This phase includes inspection and repair of additional casing areas as well as adding structural modifications required to meet the upgraded design.

Wansley Unit 1 had a planned outage from February 6 through April 10, 2015, a duration of 63 days, for Phase 3 boiler strengthening; precipitator rebuild; and normal boiler inspection work. Wansley Unit 1’s next planned maintenance outage is scheduled to occur in the spring of 2018. Wansley Unit 2’s next planned outage is scheduled for the fall of 2016 to complete Phase 3 boiler strengthening, replace cooling tower fill and normal boiler inspection work.

Generation from Wansley Units 1 and 2 during 2014 and 2015 was below historical average levels primarily due to continued low natural gas prices, which resulted in natural gas-fired generating units being economically dispatched before Wansley Units 1 and 2.

As of the date of this Report, Wansley Units 1 and 2 are operating in routine service. Based on 2015 Unit Ratings, the actual 2015 capacity factors for Wansley Units 1 and 2 were 25.4% and 34.1%, respectively. The most recent five-year average capacity factors for Wansley Units 1 and 2 were 31.3% and 32.3%, respectively.

Because of State Implementation Plan (“SIP”) limits applicable to NO_x emissions from gas turbines, the Wansley 50 MW combustion turbine is not permitted to operate during the months of May through September except for routine testing to maintain operability (not to exceed three hours per month) and for

system reliability requirements.

Robert W. Scherer Coal Plant – Units 1 and 2

MEAG Power has a total ownership interest of 30.2% in Scherer Units 1 and 2 and a 15.1% interest in the Plant Scherer common facilities. Plant Scherer is located near the Ocmulgee River approximately fourteen miles east of Forsyth, Georgia, on a 12,000-acre site. The Plant Scherer site has four coal-fired steam units with nominal ratings of 810 MW each. The 2015 Unit Ratings for Scherer Units 1 and 2 are 800 MW and 839 MW, respectively. The 2016 Unit Ratings for Scherer Unit 1 and 2 are the same as the 2015 Unit Ratings.

Scherer Unit 1 and a portion of the common facilities at Plant Scherer were placed in commercial operation on March 19, 1982, and Scherer Unit 2 was placed in commercial operation on February 1, 1984. Scherer Units 3 and 4, in which MEAG Power does not have ownership interests, were placed in commercial operation on January 1, 1987 and February 28, 1989, respectively. The units are capable of burning either eastern bituminous or western sub-bituminous coal but both units have been burning western Powder River Basin (“PRB”) coal since January 2004. According to MEAG Power, GPC currently has all licenses and permits necessary for operation of Scherer Units 1 and 2, and the units are currently in compliance with all regulations, licenses and permits now in effect.

In order to comply with Georgia’s Multipollutant Control for Electric Utility Steam Generating Units regulation, GPC completed the construction of sorbent injection systems and baghouses for Scherer Units 1 and 2. The multipollutant control regulation required the sorbent injection systems and baghouses to be installed and operated by June 1, 2009 for Scherer Unit 2 and by December 31, 2009 for Scherer Unit 1. According to MEAG Power, as of the date of this Report, the baghouses for both Scherer Units 1 and 2 are in service and the environmental requirements have been met. The Georgia multipollutant rule also required installation of SCR and FGD equipment on all four units at Plant Scherer. According to GPC, as of the date of this report, the SCR and FGD equipment on Scherer Units 1 and 2 are in service and all environmental regulations are being met.

MEAG Power reports that the Scherer Unit 1 and Unit 2 outage schedule for alternating years is now set. Scherer Unit 1 will have its planned outages in the fall of odd numbered years and Unit 2 will have its planned outages in the fall of even numbered years. Scheduling the outages in alternating years allows for less variability in annual system operations and the distribution of outage costs more evenly for the Unit 1 and 2 co-owners.

Scherer Unit 1 had a planned outage in the fall of 2015. The plant (i) added an additional catalyst layer to the SCR, (ii) replaced a low pressure heater and super-heater pendant platen in the boiler, and (iii) performed a normal boiler inspection. Scherer Unit 1’s next planned outage is scheduled for the fall of 2017.

Scherer Unit 1 had an additional planned outage in the spring of 2015. The additional outage was for a High Pressure (“HP”) turbine cleaning to remove copper deposits from the HP turbine. This cleaning helped the unit maintain full load capability through the summer peaking months.

Scherer Unit 2 is scheduled for a planned outage in the fall of 2016. During this outage, the plant will (i) install a new Low Pressure Turbine rotor, (ii) install a new super-heater pendant platen in the boiler, (iii) replace a catalyst layer in the SCR, and (iv) perform a normal boiler inspection.

As of the date of this Report, Scherer Units 1 and 2 are operating in routine service. Based on 2015 Unit Ratings, the actual 2015 capacity factors for Scherer Units 1 and 2 were 52.7% and 60.2%, respectively. The most recent five-year average capacity factors for Scherer Units 1 and 2 were 65.1% and 66.2%, respectively.

TRANSMISSION FACILITIES

MEAG Power furnishes Bulk Power Supply to the Participants through the transmission system facilities owned either by MEAG Power or the other ITS participants pursuant to an integrated transmission system agreement with these other utilities. MEAG Power currently participates in the ITS with GPC, GTC, and Dalton. Each party to the ITS may use any 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.

As part of the current ITS arrangement among MEAG Power, GPC, GTC and Dalton, MEAG Power has acquired and will continue to acquire discreet ownership interests in certain of the transmission system facilities within Georgia. MEAG Power's rights and obligations for participation in the current transmission arrangement are contained in the Integrated Transmission System Agreement (the "ITS Agreement") and the three other agreements that pertain to operation, maintenance, and inventory for the Integrated Transmission System. The ITS Agreement between GPC and MEAG Power is a two-party agreement and has basically the same terms and conditions as similar two-party agreements between GPC and GTC and between GPC and Dalton. A revised and restated ITS Agreement, which contains substantially the same basic rights and obligations of the parties embodied in the prior ITS Agreement was executed by MEAG Power and GPC in December 1990. The revised and restated ITS Agreement, among other things, assigns investment responsibility for "off-system" transactions and formalizes certain accounting practices actually being performed under the administration of the agreement.

Pursuant to notice given by MEAG Power, the Integrated Transmission System Operation and Maintenance Agreement was terminated on December 31, 1999, and was replaced by three agreements: (i) the Integrated Transmission System Operation Agreement, (ii) the Integrated Transmission System Maintenance Agreement, and (iii) the Integrated Transmission System Inventory of Substation Spare Parts, Spare Substation Capital Equipment and Spare Transmission Line Equipment Agreement. All three of these agreements became effective January 1, 2000.

MEAG Power and GPC 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: (i) an initial term extending through December 31, 2011, with automatic two-year renewals thereafter, with the current renewal term extending through December 31, 2017; (ii) an increase in the advance notice of cancellation requirement; and (iii) certain other aspects pertaining to mandatory federal reliability standards. Certain of the Operation Agreement revisions enabled MEAG Power, with GPC's agreement and consent, to request that SERC relieve MEAG Power of a number of obligations in certain mandatory federal reliability standards pertaining to transmission systems. NERC granted MEAG Power 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, pursuant to which GPC maintains certain of MEAG Power's transmission system facilities, requires a minimum of twelve months' notice of cancellation and has renewed annually since 2002, with the current renewal term extending through December 31, 2016. As of the date of this Report, neither party had given the required twelve months' notice of cancellation to the other party.

For further information concerning the three ITS agreements, see MEAG Power's Audited Consolidated Financial Statements, Note 2(G), in Appendix A of the Annual Information Statement.

The effect of the ITS Agreement is that MEAG Power will maintain annually an investment in ITS transmission system facilities serving the major portion of the State of Georgia that will be in parity with the ITS investments of other parties to the integrated transmission system arrangement (GPC, GTC, and Dalton). The parity formula for each party to the arrangement is generally determined each year by the

ratio of such party's historical five-year rolling average of annual peak demands to the sum of the historical five-year rolling average annual peak demands of each of the parties to the arrangement, multiplied by the total ITS parity investment in transmission system facilities of all parties during such year (as adjusted for any off-system transactions). Each such party may use all transmission facilities included in the system, regardless of ownership, in serving its customers. Currently, MEAG Power is over-parity with regard to its investment in transmission facilities under the ITS Agreement and receives parity payments from GPC to adjust for the current over-investment in ITS parity facilities.

The transmission facilities that may have investment recognition under the ITS Agreement between MEAG Power and GPC are those facilities typically within the State of Georgia, other than in Chatham, Effingham, Fannin, Towns and Union Counties, that are used or usable to:

- (1) transmit power, the operating voltage of which is 40 kV or more (all 46 kV, 69 kV, 115 kV, 230 kV and 500 kV transmission lines), and
- (2) transform power, the high voltage of which is 40 kV or more and the capacity of which is 500 kVA or more (all 500 kV, 230 kV and 115 kV transmission substations and switching stations, and all 40 kV or greater step-down and delivery point substations having a rating of 500 kVA or more).

This excludes step-up substations at generating plants, certain switching substations associated with generating plants, and certain non-joint use distribution service facilities. Only those specific transmission facilities that are used or useable and that have been approved by the parties to the ITS Agreements receive parity investment recognition in the parity formula. In 2006, the ITS owners agreed that most post-2006 capital expenditures for distribution substation facilities should be the sole responsibility of the party (or parties) served by such facilities.

The ITS Agreements do not limit the right of MEAG Power, or other parties, to design, construct, acquire, or own any facilities deemed desirable.

As of December 31, 2015, MEAG Power's ITS facilities and other transmission facilities consisted of approximately 1,320 miles of transmission lines, 18 transmission substations, and 168 distribution substations and certain distribution substation investments at certain substations owned by GPC and GTC. MEAG Power's aggregate investment in such facilities at year-end 2015 totaled approximately \$713 million. The future financing for transmission-related construction activities that MEAG Power plans to undertake are discussed in the section of this Report entitled "ESTIMATED FUTURE FINANCING REQUIREMENTS."

Effective May 31, 1989 and pursuant to the Seventh Amendment to the Project One Power Sales Contracts, MEAG Power is authorized to acquire, construct, and finance transmission system facilities subsequent to commercial operation of the last of the generating facilities of Project One in conjunction with participation in an integrated transmission system with other utilities. The Seventh Amendment to the Project One Power Sales Contracts also provides for, among other things, the transmission of SEPA power by MEAG Power to its Participants and sets forth the calculation of charges for SEPA transmission service in accordance with an agreement with SEPA to deliver SEPA power to the Participants beginning June 1989.

In December 2006, each owner of the ITS agreed to waive and not to exercise its right under its respective ITS Agreement to terminate the ITS 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.

OTHER MATTERS RELATED TO FACILITIES

Lease Arrangement for Plants Wansley and Scherer

In June 2000, MEAG Power completed a long-term lease transaction (the “Lease”) with a third party (the “Lessor”) with respect to MEAG Power’s total 30.2% undivided interest in Scherer Units 1 and 2 and its total 15.1% undivided interest in Wansley Units 1 and 2 and related common facilities at each plant (together, the “Undivided Interest”). Under the Lease, MEAG Power leased the Undivided Interest for a term of approximately 50 years. The Lessor subleased the Undivided Interest back to MEAG Power under a sublease for a term of approximately 30 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.

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

Nuclear Plant Performance

The NRC’s reactor oversight process (“ROP”) monitors licensee performance in three broad areas (called strategic performance areas): (i) reactor safety (avoiding accidents and reducing the consequences of accidents if they occur); (ii) radiation safety (protecting plant employees and the public during routine operations); and (iii) safeguards (protecting the plant against sabotage or other security threats).

To monitor these areas, the NRC uses (i) inspection findings and (ii) performance indicators. According to the NRC, inspection findings are evaluated according to their potential significance for safety, while performance indicator data are compared to established criteria for measuring licensee performance in terms of potential safety. According to the NRC, both inspection findings and performance indicators are assigned colors of Green, White, Yellow or Red, with the colors indicating increasing levels of safety significance.

On February 9, 2016, the NRC staff completed its end-of-cycle plant performance assessment of Units 1 and 2 of the Hatch Nuclear Plant and Units 1 and 2 of the Vogtle Nuclear Plant, which involved evaluation of performance indicators and inspection results for the period of January 1, 2015 through December 31, 2015. The results of these assessments were provided to Southern Nuclear in letters dated March 2, 2016.

The assessment for the Hatch Nuclear Plant indicated (i) all inspection findings classified as having very low safety significance (Green); (ii) all performance indicators revealed levels within the nominal, expected range requiring no additional NRC oversight (Green); (iii) plans by the NRC to conduct ROP baseline inspections at the facility and initial reactor operator examinations; and (iv) completion of the audit of licensee efforts towards compliance with Order EA-12-049, “Order Modifying Licenses with Regard to Requirements for Mitigation Strategies for Beyond-Design-Basis External Events,” and Order EA-12-051, “Order Modifying Licenses with Regard to Reliable Spent Fuel Pool Instrumentation”.

The assessment for the Vogtle Nuclear Plant indicated that overall Vogtle Units 1 and 2 were being operated in a manner that preserved public health and safety and met all cornerstone objectives. The NRC also noted that performance during the most recent quarter was within the Licensee Response Column of the NRC’s ROP Action Matrix because all inspection findings were classified as having very low safety significance

(Green) and all performance indicators were within the nominal, expected range (Green). The NRC plans to conduct ROP baseline inspections, as well as conduct initial reactor operator licensing examinations. Additionally, the audits of licensee efforts towards compliance with Orders EA-12-049 and -051 related to Fukushima initiatives were completed. The information gathered will aid staff in development of the Final Safety Evaluation to be issued for the site.

Although the Vogtle 2015 assessment included a White finding through the first three quarters of 2015, the NRC concluded that the performance in addressing the White finding met the objectives of Inspection Procedure 95001, "Supplemental Inspection for One or Two White Inputs in a Strategic Performance Area."

Security Issues

Following the terrorist attacks on September 11, 2001, the NRC issued safeguard advisories recommending that nuclear power plant licensees go to the highest level of security. These advisories evolved into "Security Orders", requiring additional measures be taken in the current generalized high-level threat environment, and the Orders themselves were ultimately incorporated into Title 10, Part 73 of the Code of Federal Regulations. The increased security requirements mandated by the NRC have been permanently incorporated into the Security Plans for nuclear plant licensees, including the Southern Nuclear fleet.

Security requirements continue to evolve based on the threat perceived by the NRC from personnel and organizations intent on doing harm to the United States. This ever-changing threat increases the response requirements for security at nuclear stations. There will continue to be a need for significant resources dedicated to both cyber-security and the physical security structures at United States nuclear plants, and continued close coordination between nuclear facility security organizations and law enforcement/Homeland Security entities. The NRC monitors the industry's security organizations through regularly scheduled inspections. In addition to the NRC's planned inspections as part of the plant performance assessment, the NRC reports it will evaluate the compliance of nuclear power plants, including Vogtle Units 1 and 2 and Plant Hatch, with these security requirements.

Evaluation pertaining to security of MEAG Power's generation and transmission facilities, or of facilities of other entities with which MEAG Power has operational or business relations, such as GPC, Southern, Southern Nuclear, and the Participants, is beyond the scope of this Report. We have not been engaged to conduct, and in fact have not conducted, any evaluation of measures that have been undertaken to address security. To the extent that security measures cannot prevent a terrorist act or event that affects MEAG Power or other related entities, such acts or events could have an adverse impact on MEAG Power.

Nuclear Fuel Matters

Southern Nuclear, as operating agent, acquires and manages nuclear fuel and fuel cycle services for Plant Vogtle and Plant Hatch. Nuclear fuel contracts vary in length from short-term contracts (typically less than three years) to long-term contracts (typically longer than five years). Additional nuclear fuel contracts will be required for the long-term supply of nuclear fuel to Plant Vogtle and Plant Hatch.

Pursuant to the Nuclear Waste Policy Act of 1982, nuclear utilities have been required to make payments into the federal Nuclear Waste Fund established by Section 302 (c) of the Nuclear Waste Policy Act of 1982. Under the Nuclear Waste Policy Act of 1982, the U.S Department of Energy ("DOE") was to provide for a disposal facility or repository and accept high-level nuclear waste from nuclear utilities no later than January 31, 1998. Under the contracts GPC has with the DOE, permanent disposal of spent nuclear fuel was to begin in 1998. This has not occurred, and GPC has pursued, and continues to pursue, legal remedies against the U.S. Government for its alleged breach of contract.

In 2007, the U.S. Court of Federal Claims (the "Federal Claims Court") awarded GPC damages, representing the vast majority of the direct costs of the spent nuclear fuel storage facilities from 1998 through 2004. In 2012, MEAG Power received \$9.6 million, representing its total share of the 2007 award. On December 12, 2014, the Federal Claims Court awarded GPC damages pertaining to a second claim

against the U.S. Government for damages incurred from January 1, 2005 through December 31, 2010. MEAG Power's \$6.6 million total share of those damages was received in late April 2015.

On March 4, 2014, GPC filed additional lawsuits against the U.S. Government for the costs of continuing to store spent nuclear fuel at Hatch Units 1 and 2, as well as Vogtle Units 1 and 2 for the period from January 1, 2011 through December 31, 2013. The damages 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, 2015. For further information, see "MEAG Power's Audited Consolidated Financial Statements," Note 2(G), in Appendix A of the Annual Information Statement.

In 2002, Congress and President Bush approved Yucca Mountain, Nevada as the national site for a permanent spent nuclear fuel and high-level radioactive waste repository. In June 2008, the DOE submitted a license application to the NRC for authorization to construct a high-level waste geologic repository at Yucca Mountain. The NRC has not yet authorized such license request. President Obama's Administration announced its decision not to proceed with the Yucca Mountain nuclear waste repository. In January 2010, the U.S. Secretary of Energy established a Blue Ribbon Commission on America's Nuclear Future to review policies and alternatives for the storage, processing, and disposal of civilian and defense-related spent nuclear fuel and nuclear waste. In March 2010, the DOE filed a motion with the NRC to withdraw the license application to construct the national repository at Yucca Mountain. At least two states, including the states of South Carolina and Washington, have challenged the Obama Administration's authority to withdraw the application and terminate construction of the national repository at Yucca Mountain. As of the date of this Report, this case is before the D.C. Circuit. The outcome of this case cannot be determined at this time.

On June 1, 2012, the D.C. Circuit announced a decision that directed the DOE, within six months, to provide an assessment justifying its continued collection of the nuclear waste disposal fee of one-tenth of a cent per kilowatt hour of nuclear energy sold. In January 2013, the *U.S. Department of Energy Nuclear Waste Fund Fee Adequacy Assessment Report* was completed. The report concluded that neither insufficient nor excess revenues are being collected by nuclear power utilities to offset costs as defined in Section 302 (d) of the Nuclear Waste Act of 1982.

On November 19, 2013, the D.C. District Court ordered the DOE to cease collecting spent fuel depository fees from nuclear power plant operators until such time as the DOE either complies with the Nuclear Waste Policy Act of 1982 or until the U.S. Congress enacts an alternative waste management plan. On March 18, 2014, the DOE's petition for rehearing of the November 2013 decision was denied by the D.C. Circuit. On May 16, 2014, in accordance with the court's order, the DOE changed the fee to zero.

A group including four states petitioned the D.C. Circuit for a review of an NRC rulemaking regarding temporary storage and permanent disposal of nuclear waste. The petitioners challenged certain NRC findings regarding (i) when a suitable repository would be available to accept spent nuclear fuel and (ii) storing spent nuclear fuel at nuclear power plants for at least sixty years beyond the licensed life of the plant, rather than the thirty years set forth in the original finding. On June 8, 2012, the D.C. Circuit granted the petitions for review, vacated the NRC findings in question, and remanded the matter to the NRC for further proceedings consistent with the court's opinion. For additional information regarding spent nuclear fuel storage, see the section in the Annual Information Statement entitled "MEAG POWER – Regulation – Nuclear Facilities."

For additional discussion on spent fuel storage specific to Vogtle Units 1 and 2 and Hatch Units 1 and 2, please refer to sections earlier in this appendix entitled "FACILITIES INCLUDED IN PROJECT ONE AND GENERAL RESOLUTION PROJECTS – Generation Facilities – *Alvin W. Vogtle Nuclear Plant – Units 1 and*

2” and “FACILITIES INCLUDED IN PROJECT ONE AND GENERAL RESOLUTIONS PROJECTS – Generation Facilities – *Edwin I. Hatch Nuclear Plant.*”

Nuclear Insurance

For a discussion of insurance on MEAG Power's nuclear facilities, see the section in the Annual Information Statement entitled “MEAG POWER – Regulation – *Nuclear Facilities.*”

Coal Purchases

MEAG Power purchases coal for its interests in Plant Wansley and Scherer Units 1 and 2 through a combination of long-term contracts and spot market purchases. With respect to its long-term contracts, MEAG Power has implemented a coal procurement strategy of rolling contract expirations and procurements, which is intended to provide coal price stability. As provided for in the Plant Operating Agreements, MEAG Power manages its own coal stockpile inventory including selection of fuel sources, contract arrangements, and coal inventory levels. GPC, as the coal agent for MEAG Power as well as the other plant co-owners, has contracted Southern Company Fuel Services (“SCFS”) to act as coal procurement agent and SCFS is responsible for issuance of requests for proposals for coal supply, contract negotiations, and scheduling coal delivery.

Plant Wansley burns bituminous coal from mines in the Central Appalachian and Illinois Basin regions. As reported in Platt's Coal Trader in recent years, the weekly spot price for Central Appalachian coals similar in quality to the coals burned at Plant Wansley has ranged from \$44 per ton in May 2009 to a high of \$82 per ton in August 2011, and as of May 2016 was at a lower price of approximately \$34 per ton. During this time, Illinois Basin coal has for the most part maintained a price advantage over Central Appalachian region coal. Since mid-2009, the price advantage of Illinois Basin coal has ranged from a high of approximately \$34 per ton in August 2011 to a low of approximately \$6 per ton in April 2012, and as of May 2016 was approximately \$6 per ton. As of May 31, 2016, the coal stockpile at Plant Wansley contained a 66-day supply based on nominal full-load capacity.

Scherer Units 1 and 2 currently burn coal from sub-bituminous mines in the PRB region. Spot prices for PRB coal have also varied considerably. As reported in Platt's Coal Trader in recent years, the weekly spot price for PRB coals similar in quality to the coals burned at Plant Scherer has ranged from a low of \$8 per ton in March 2012 to a high of \$15 per ton in August 2010, and as of May 2016 was approximately \$8.75 per ton. As of May 31, 2016, the coal stockpile at Plant Scherer contained a 53-day supply for Units 1 and 2 based on nominal full-load capacity.

All coal for Plant Wansley and Plant Scherer is delivered in private rail cars, and each of the co-owners has provided cars that comprise a pool of cars used for these private rail car deliveries. To date, MEAG Power has contributed a total of 621 cars to the combined pool of cars for Plant Wansley and Scherer Units 1 and 2. According to MEAG Power, GPC has leased additional train sets under short-term (three to five years) leases. The costs for these leased sets are allocated to each of the co-owners based upon their respective fuel consumption.

Nuclear Fuel Purchases

The production of nuclear fuel for use in Plant Hatch and Vogtle Units 1 and 2 is a multi-step process involving the mining and processing of uranium bearing ore to obtain processed natural uranium (“U₃O₈”), chemical conversion of the processed natural uranium to produce natural uranium hexafluoride (“UF₆”), enrichment of the natural UF₆ to produce enriched UF₆, production of ceramic fuel pellets from the enriched UF₆, and the loading of the ceramic fuel pellets into fuel tubes contained in fuel assemblies specifically designed for operation in the next operating cycle at each Plant. Southern Nuclear, which operates all nuclear plants on the Southern system, procures the nuclear fuel and all associated design and processing services on behalf of MEAG Power and the other co-owners of Plant Hatch and Vogtle Units 1 and 2. Each

year Southern Nuclear prepares a ten-year nuclear fuel plan, which includes a projection of nuclear fuel purchases and projected fuel-operating information for the next ten-year period.

The nuclear industry has also seen considerable volatility in the price of natural uranium in recent years. While spot and long-term uranium prices had been relatively stable over the previous twenty years, typically below \$15 per pound (“lb”) of U₃O₈, by 2004 natural uranium prices had begun to increase. During 2007, the spot price for natural uranium peaked at \$135 per lb of U₃O₈ and the long-term price peaked at \$95 per lb of U₃O₈. Uranium ore concentrate spot and long-term prices subsequently declined to a low of approximately \$37 per lb of U₃O₈ and \$44 per lb of U₃O₈ as of August 2015, respectively. Although the total cost of nuclear fuel includes the other processing costs described above, uranium prices tend to be a leading indicator of the all-in costs of fuel for nuclear generation. According to MEAG Power, its average annual nuclear fuel costs, which are based on the most recent ten-year nuclear fuel plan, are projected to increase by an annual average rate of less than 2% for Plant Hatch and for Vogtle Units 1 and 2 over the period 2016 through 2020.

MEAG Power has an established nuclear fuel funding program that provides for the financing of nuclear fuel purchases.

Environmental Issues

Plants Hatch, Vogtle, Wansley and Scherer and the Combined Cycle (CC) project are subject to federal, state, and local air and water quality requirements and other environmental laws, rules, and regulations. The United States Environmental Protection Agency (the “EPA”) and the Georgia Environmental Protection Division (“EPD”) of the Department of Natural Resources have primary responsibility for developing and enforcing the requirements pursuant to statutes such as the federal Clean Air Act (“CAA”), the federal Clean Water Act, the federal Resource Conservation and Recovery Act, the Georgia Air Quality Act, the Georgia Water Quality Control Act, and the Georgia Comprehensive Solid Waste Management Act.

Air Regulation

Major source permits are required under the New Source Review (“NSR”) provisions of the CAA before commencement of construction of new major stationary sources or major modifications of such sources. All air pollutants, including greenhouse gases (“GHGs”), that are regulated by actually controlling emissions under any CAA program must be taken into account when considering permits issued under other programs, such as the Prevention of Significant Deterioration (“PSD”) Permit Program or the Title V Permit Program. PSD permits are major source permits for sources located in attainment or unclassified areas and contain requirements including but not limited to the application of Best Available Control Technologies (“BACT”). Title V permits must be applied for within one year after a source becomes subject to the program. Title V permits are operating permits for major sources that consolidate all CAA requirements (arising, for example, under the Acid Rain, New Source Performance Standards, National Emission Standards for Hazardous Air Pollutants, and/or PSD programs) into a single document, provide for review of the documents by the EPA, state agencies and the public, and contain monitoring, reporting and certification requirements.

Under Section 114 of the CAA, the EPA has the authority to request from any person who owns or operates an emission source, information and records about operation, maintenance, emissions, and other data relating to such source for the purpose of developing regulatory programs, determining if a violation occurred (such as the failure to undergo NSR), or carrying out other statutory responsibilities. If such violations are found to have occurred, the EPA or other enforcement authorities could require the installation of new pollution control equipment in addition to modifications that have already been completed or planned and could require the payment of fines and penalties.

The existing nuclear units, coal units, combustion turbine unit, and combined cycle facility that are owned or jointly owned by MEAG Power currently comply with air regulations now in effect, including those under NSR provisions of the CAA.

Greenhouse Gas Regulation

Over the past several years, the EPA has published proposed and final regulations pursuant to the existing CAA, has issued guidance documents, and has executed agreements for regulating GHG emissions.

On October 23, 2015, EPA published two final regulations in the Federal Register:

(1) A final regulation referred to by EPA as the Clean Power Plan (“CPP”), “Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units,” establishing emission guidelines for states to follow in developing plans to reduce CO₂ emissions from existing fossil-fueled electric generating units. The regulation set CO₂ emission performance rates representing the best system of emission reduction for two subcategories of existing fossil fuel-fired electric generating units — fossil fuel-fired electric utility steam generating units and stationary combustion turbines, set alternative state-specific CO₂ goals for existing electric generating units reflecting the CO₂ emission performance rates, and provided guidelines for the development, submittal, and implementation of state plans to demonstrate achievement of the performance rates or goals. EPA’s final guidelines required that the state plans meet interim CO₂ performance rates or goals between 2022 and 2029 and final rates or goals in 2030 and beyond.

(2) A final regulation, “Standards of Performance for Greenhouse Gas Emissions From New, Modified, and Reconstructed Stationary Sources: Electric Utility Generating Units,” establishing standards for emissions of CO₂ for newly constructed, modified, and reconstructed affected fossil fuel-fired electric generating units. The regulation set separate standards of performance for new, modified, and reconstructed fossil fuel-fired electric utility steam generating units and fossil fuel-fired stationary combustion turbines.

Also on October 23, 2015, EPA published a proposed regulation, “Federal Plan Requirements for Greenhouse Gas Emissions From Electric Utility Generating Units Constructed on or Before January 8, 2014; Model Trading Rules; Amendments to Framework Regulations.” This proposal would establish an EPA-administered federal plan (the Federal Plan) to implement the final CPP regulation for states that do not submit an approvable state plan to EPA. The Federal Plan proposal presented two compliance approaches for comment, a rate-based model trading rule and a mass-based model trading rule. The proposal’s model trading rules can also be adopted by states for their state plans for complying with the final CPP regulation.

Numerous petitions for review and motions for stay were filed with the U.S. Court of Appeals for the D.C. Circuit to contest the final CPP regulation for existing units. On January 21, 2016, the D.C. Circuit denied the stay motions, but ordered that consideration of the appeals be expedited with oral argument scheduled for June 2, 2016. On February 9, 2016, following multiple applications for a stay, the Supreme Court stayed the final CPP regulations pending disposition of the petitions for review in the D.C. Circuit, and continuing until the Supreme Court subsequently denies a petition for writ of certiorari or the Supreme Court decides the case after granting a petition for writ of certiorari. On February 23, 2016, MEAG Power filed a brief of *amicus curiae* with the D.C. Circuit in support of the petitioners. On May 16, 2016, nine participating judges on the D.C. Circuit issued an Order that reschedules oral argument for the CPP appeal cases to September 27, 2016 before the *en banc* court.

Petitions for review have also been filed with the D.C. Circuit to contest the standards of performance for newly constructed, modified, or reconstructed units.

Towards satisfying its obligations under the final CPP regulation, the EPD initiated a stakeholder process in August 2014, and EPD had stated its intent to file an initial state plan with EPA by September 6, 2016. MEAG Power has been participating in the stakeholder process. However, based on the February 9, 2016

Supreme Court stay ruling, EPD announced that it would stop working on development of the state plan for Georgia until the courts have resolved the CPP matter.

MEAG Power is currently examining potential financial and operating impacts to its generating resources that could arise if the CPP were fully implemented. Until legal challenges to the regulations are resolved, and until the EPD submits and EPA approves a final state plan to implement the CPP regulation, it is not possible to make a final assessment of the financial and operational impacts of the CPP regulation on MEAG Power's generating resources.

National Ambient Air Quality Standards for Ozone

On October 26, 2015, EPA published a final regulation in the Federal Register: "National Ambient Air Quality Standards for Ozone." The regulation revises the primary and secondary national ambient air quality standards for ozone from 0.075 parts per million ("ppm") to 0.070 ppm, while retaining the prior compliance criteria (fourth-highest daily maximum, averaged across three consecutive years; averaging times of eight hours).

By October 2016, states must recommend to EPA the designation status (attainment, non-attainment, or not classifiable) of areas within their states, and EPA is scheduled to make final designations by October 2017. If counties in the metropolitan Atlanta area are designated as non-attainment, the EPD may be required to develop a plan to attain the 2015 standard. Until a final designation is made by EPA and until the EPD develops an attainment plan, if needed, MEAG Power is not able to determine whether there would be any significant financial or operational impacts to its generating resources.

Startup, Shutdown and Malfunction Regulations

On June 12, 2015, EPA published a final rule/action in the Federal Register: "State Implementation Plans: Response to Petition for Rulemaking; Restatement and Update of EPA's SSM Policy Applicable to State Implementation Plans ("SIPs"); Findings of Substantial Inadequacy; and SIP Calls To Amend Provisions Applying to Excess Emissions During Periods of Startup, Shutdown and Malfunction." In this rule/action, EPA issued a finding that certain SIP provisions in 36 states were substantially inadequate to meet CAA requirements and thus issued a SIP call for each of those 36 states. EPA also established a due date for states subject to the SIP call action to submit corrective SIP revisions. Georgia was named as one of the 36 states.

Many states and industry groups are contesting the EPA action. The State of Georgia was among a group of 17 states that filed a joint petition for review with the D.C. Circuit on August 11, 2015. The Georgia Coalition for Sound Environmental Policy and Georgia Industry Environmental Coalition filed a joint petition for review with the same court that day. In parallel, the EPD is beginning a process to develop a corrective SIP.

Until court challenges are resolved and until the EPD develops and EPA approves a corrective SIP, if needed, MEAG Power is not able to determine whether there would be any significant financial or operational impacts to its generating resources.

Regulation of Hazardous Air Pollutants

On February 16, 2012, EPA published a final regulation in the Federal Register setting National Emissions Standards for Hazardous Air Pollutants ("NESHAP") for new and existing coal- and oil-fired electric utility steam generating units. The Coal Units are subject to the regulation, which sets limits on emissions of mercury, non-mercury metals and acid gases, and establishes a compliance date for existing sources of April 16, 2015. The CAA allows up to one additional year for compliance by existing sources. On February 23, 2015, EPD granted a one-year compliance extension, to April 16, 2016, for the Coal Units. MEAG Power and other joint-owners of the Coal Units evaluated compliance strategies and related financial and operational impacts, taking into account emissions controls installed to comply with other air quality

regulations. To comply with the NESHAP regulation, hydrated lime injection systems have been added to the Coal Units, and activated carbon injection systems have also been added to Wansley Units 1 and 2.

On June 29, 2015, the Supreme Court held the EPA interpreted the CAA unreasonably when it deemed cost irrelevant to its decision to regulate power plants under the NESHAP regulation and effectively remanded the regulation to EPA for further proceedings to address this deficiency. On April 25, 2016, in response to the Supreme Court's remand, the EPA published in the Federal Register a final "Supplemental Finding that It Is Appropriate and Necessary to Regulate Hazardous Air Pollutants from Coal- and Oil-Fired Electric Utility Steam Generating Units," which explains how EPA included cost in evaluating whether the NESHAP regulation is appropriate and necessary. If this final supplemental finding is not successfully challenged in the courts, these actions will allow implementation and enforcement of the NESHAP regulation. The ultimate resolution of the NESHAP challenges and final supplemental finding should not affect MEAG Power's capital or operating costs in any material respect.

Cost to Comply with Air Regulations

To achieve compliance with all current air regulatory requirements, MEAG Power has invested \$568.0 million from 2000 through 2015 in plant environmental enhancements, including a switch to lower sulfur coal and installing control technologies to reduce emissions of mercury, SO₂, NO_x, non-mercury metals, and acid gases at Scherer Units 1 and 2 and at Wansley Units 1 and 2. MEAG Power anticipates that the total capital investment for environmental equipment additions at the Coal Units for the years 2016 through 2020 will be approximately \$103.0 million.

Coal Combustion Residuals and Effluent Limitation Guidelines Regulations

On April 17, 2015, EPA published a final regulation in the Federal Register: "Hazardous and Solid Waste Management System; Disposal of Coal Combustion Residuals From Electric Utilities," regulating the disposal of CCR as solid waste under Subtitle D of the Resource Conservation and Recovery Act. The regulation finalized national minimum criteria for existing and new CCR landfills and existing and new CCR surface impoundments and all lateral expansions. The criteria include impoundment and landfill location restrictions, design and operating criteria, groundwater monitoring and corrective action, closure requirements and post-closure care, and recordkeeping, notification, and Internet posting requirements. The regulation requires any existing unlined CCR surface impoundment that is contaminating groundwater above a regulated constituent's groundwater protection standard to stop receiving CCR and either retrofit or close, except in limited circumstances. The regulation sets schedules for completing various compliance activities.

Impoundments and landfills serving the Coal Units are affected by the CCR regulation. GPC, the operator of the Coal Units, reports that it is meeting the initial compliance requirements, including completion of fugitive dust control plans, conducting periodic structural inspections, and placing required information on a publicly accessible Internet site.

On November 3, 2015, EPA published a final regulation in the Federal Register: "Effluent Limitations Guidelines and Standards for the Steam Electric Power Generating Point Source Category." The regulation strengthens the technology-based effluent limitations guidelines ("ELG") for the steam electric power generating industry. The regulation sets effluent limits for arsenic, mercury, selenium, and nitrogen for wastewater discharged from wet flue gas desulfurization waste streams and requires zero discharge of pollutants in fly ash and bottom ash transport waters. The new requirements must be incorporated into the plant National Pollutant Discharge Elimination System permits.

In response to the final CCR and ELG regulations, GPC announced on September 28, 2015 that it was developing a closure schedule for all ash ponds that it operates including ash ponds serving the Coal Units at Plant Wansley and Plant Scherer. GPC stated that it expected to finalize and release the schedule within six months of the announcement. On March 29, 2016, GPC announced that closure preparation activities

were underway for all of its ash ponds. The closures of the ash ponds at Plant Wansley and Plant Scherer are expected to take place during the less than 10 or 10-14 year time periods outlined in the GPC announcement. The closures would occur in conjunction with complying with the ELG regulation by conversion of the wet ash handling systems at Plant Wansley and Plant Scherer to dry ash handling, allowing storage in lined landfills in lieu of the current unlined ash ponds.

On June 13, 2016, GPC announced an update on its ash pond closure strategy, stating that all of its ash ponds, including those at Plant Wansley and Plant Scherer, will cease operations and stop receiving coal ash within the next three years and that the Wansley and Scherer ash ponds will be closed in place using advanced engineering methods. MEAG Power estimates that its Asset Retirement Obligation (“ARO”) expenditures for the years 2016 through 2020 related to closing the ash ponds serving its coal units will be \$18.8 million. The ultimate costs for MEAG Power’s coal units to comply with the CCR and ELG regulations cannot be determined at this time.

Waters of the United States Regulation

On June 29, 2015, EPA and the U.S. Department of the Army, Corps of Engineers (the Army Corps) published a final regulation in the Federal Register: “Clean Water Rule: Definition of ‘Waters of the United States’ ” (“Clean Water Rule”), defining the scope of waters protected under the Clean Water Act. The regulation revised definitions of “waters of the United States” or “navigable waters” in twelve separate water regulatory programs.

Many states and industry groups are contesting the EPA regulation, filing court actions in various federal district and appellate courts. The State of Georgia is one of the petitioners. On October 9, 2015, the U.S. Court of Appeals for the Sixth Circuit (the Sixth Circuit), as a Judicial Panel on Multi-District Litigation, issued a nationwide stay of the regulation, pending a further order of the court on subject-matter jurisdiction. On February 22, 2016, the Sixth Circuit issued a further order finding that it has the requisite jurisdiction to review the challenges presented, but did not modify the stay.

Until court challenges are resolved and until further analysis of the scope of the regulation can be made, if needed, MEAG Power is not able to determine whether there would be any significant financial or operational impacts to its generating resources.

ESTIMATED FUTURE FINANCING REQUIREMENTS

The costs of Capital Improvements for 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 herein referred to as “Project One Senior Bonds” and “Project One Subordinated Bonds,” respectively. Such Project One Subordinated Bonds have been issued pursuant to MEAG Power’s Project One Subordinated Bond Resolution adopted by MEAG Power on October 20, 1982, as amended and supplemented (the “Project One Subordinated Resolution”), which is supplemental to the Project One Resolution.

The costs of Capital Improvements for 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 herein referred to as “General Resolution Projects Senior Bonds” and “General Resolution Projects Subordinated Bonds,” respectively. Such General Resolution Projects Subordinated Bonds have been issued pursuant to MEAG Power’s General Resolution Projects Subordinated Bond Resolution adopted by MEAG Power on November 2, 1985, as amended and supplemented (the “General Resolution Projects Subordinated Resolution”), which is supplemental to the General Resolution Projects Resolution.

NEW MONEY REQUIREMENTS OF PROJECT ONE AND THE GENERAL RESOLUTION PROJECTS

MEAG Power plans to finance the estimated future costs of Capital Improvements relating to generating and transmission facilities of its Projects through a combination of Senior Bonds, Subordinated Bonds and Revenues. Other projected costs for Capital Improvements, excluding nuclear fuel, are assumed to be funded from Revenues through the Renewal and Replacement Account in the Reserve and Contingency Fund and from proceeds of prior issues of senior and subordinated debt that were deposited into construction fund accounts. For additional information, see the section in the Annual Information Statement entitled "CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS."

Estimates of MEAG Power's costs for the Capital Improvements of Project One and Project Four related to nuclear fuel reflect MEAG Power's nuclear fuel program to pay for the costs of such fuel either from Revenues or from the issuance of Senior Bonds or Subordinated Bonds for the applicable Project. For the period 2016 through 2020, there are no assumed issuances of additional Senior or Subordinated Bonds to fund nuclear fuel.

MEAG Power developed its projected costs of direct construction for the Capital Improvements to Plant Hatch, Vogtle Units 1 and 2, Plant Wansley and Plant Scherer over the projected period 2016 through 2020 based on information set forth in GPC's September 2015 construction budget. The nuclear fuel costs for 2016 through 2020 are based upon MEAG Power's Corporate Budgeting projections prepared in October 2015. The cost estimates reflected herein for additional transmission facilities during the period 2016 through 2020 are based on budgeted information prepared by MEAG Power in August 2015.

MEAG Power's projected costs of Capital Improvements, which are assumed to be funded from a combination of Senior Bonds, Subordinated Bonds and Revenues, are summarized in the following table for Project One and the Existing General Resolution Projects for the period 2016 through 2020.

Projected Capital Improvements \$(000)								
Year	Project One			General Resolution Projects				
	Bond Funded [1][5]	Revenue Funded [2]	Total	Bond Funded [1][5]	Revenue Funded [2]	Total		
2016	\$ 75,369 [3]	\$ 30,844	\$ 106,213	\$ 9,757 [3]	\$ 13,404	\$ 23,161		
2017	52,711 [4]	42,303	95,014	8,373	14,671	23,044		
2018	83,162	46,248	129,410	8,374	24,220	32,594		
2019	55,684	52,113	107,797	6,261	27,590	33,851		
2020	51,143	47,368	98,511	2,822	22,764	25,586		
Total	<u>\$ 318,069</u>	<u>\$ 218,876</u>	<u>\$ 536,945</u>	<u>\$ 35,587</u>	<u>\$ 102,649</u>	<u>\$ 138,236</u>		

- [1] Amounts shown reflect capital expenditures to be paid from the respective Construction Fund and funded from bond issues.
- [2] Amounts shown reflect capital expenditures to be paid from the respective Renewal and Replacement Account and funded from Revenues.
- [3] Amounts were funded collectively through the issuance of the Series 2015A Bonds in December 2015 and the Series 2016A Bonds in June 2016.
- [4] Of such amount, \$5.7 million was funded through the issuance of the Series 2015A Bonds in December 2015.
- [5] As discussed previously, there are no assumed issuances for nuclear fuel.

MEAG Power continually reviews its construction budget and, when necessary, makes revisions thereto to reflect changes in assumptions with respect to construction cost estimates, construction expenditure schedules, interest rates, and other factors. Based on the financing-related assumptions set forth herein

under “PRINCIPAL CONSIDERATIONS AND ASSUMPTIONS,” MEAG Power has projected that additional financing in the total amount of approximately \$242.2 million (after giving effect to amounts funded in December 2015 for 2016 and a portion of 2017 Project One Capital Improvements through the issuance of the Series 2015A Bonds) will be required to fund the estimated costs of Project One Capital Improvements, including additional transmission facilities and environmental compliance costs from 2016 through 2020, which may be funded from either Senior Bonds or Subordinated Bonds.

For the General Resolution Projects, MEAG Power has projected that additional financing in the total amount of approximately \$32.8 million (after giving effect to amounts funded in December 2015 for 2016 General Resolution Projects Capital Improvements through the issuance of the Series 2015A Bonds) will be required to provide for Capital Improvements, including environmental compliance costs from 2016 through 2020, which may be funded from either Senior Bonds or Subordinated Bonds. For additional information, see the section in the Annual Information Statement entitled “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program – *Future Financing by MEAG Power.*”

The following table shows the aggregate principal amount of Project One Senior Bonds, Project One Subordinated Bonds, General Resolution Projects Senior Bonds and General Resolution Projects Subordinated Bonds previously issued to finance the Initial Facilities and Capital Improvements of Project One and to finance the Initial Facilities and Capital Improvements of the General Resolution Projects. The table also includes the bond amounts projected to be required to fund Capital Improvements through 2020. Such bond amounts were developed for purposes of preparing MEAG Power’s projected net power costs through the year 2020 and are assumed to be issued annually to fund certain Capital Improvements for Project One and the General Resolution Projects. For further information on bonds issued by MEAG Power, see the section in the Annual Information Statement entitled “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program.”

Previously Issued and Projected Senior Bonds and Subordinated Bonds
\$(000)

Year of Issue	Project One			General Resolution Projects		
	Bonds	Subordinated Bonds	Total	Senior Bonds	Subordinated Bonds	Total
Previously Issued as of 12/31/2015	\$ 1,847,366 [1]	\$ 2,532,499 [2]	\$ 4,379,865	\$ 772,626 [3]	\$ 928,766 [4]	\$ 1,701,392
2016	-	5,197 [5]	5,197	-	7,000 [6]	7,000
2017	-	47,040 [5]	47,040	-	8,373 [6]	8,373
2018	-	83,162 [5]	83,162	-	8,374 [6]	8,374
2019	-	55,684 [5]	55,684	-	6,261 [6]	6,261
2020	-	51,143 [5]	51,143	-	2,822 [6]	2,822
Total	<u>\$ 1,847,366</u>	<u>\$ 2,774,725</u>	<u>\$ 4,622,091</u>	<u>\$ 772,626</u>	<u>\$ 961,596</u>	<u>\$ 1,734,222</u>

[1] Amounts shown do not reflect accretion on Senior Bonds issued as Capital Appreciation Bonds and are net of previously refunded Project One Senior Bonds, which total approximately \$3.886 billion.

[2] Of such amount, the net amount of Subordinated Bonds excluding CP Notes and Bond Anticipation Notes is approximately \$2.286 billion (which reflects previously refunded amounts totaling \$2.130 billion) and the net amount of CP Notes is approximately \$209 million (which reflects previously refunded amounts of \$832 million), and the net amount of the Bond Anticipation Notes is approximately \$37 million (of which there are no previously refunded amounts). Amounts shown do not reflect accretion on Subordinated Bonds issued as Capital Appreciation Bonds.

[3] Includes approximately \$59 million principal amount of Project Two Senior Bonds, \$124 million principal amount of Project Three Senior Bonds and \$589 million principal amount of Project Four Senior Bonds. Amount shown does not reflect

accretion on Senior Bonds issued as Capital Appreciation Bonds and is net of approximately \$1.632 billion principal amount of General Resolution Projects Senior Bonds previously refunded.

- [4] Of such amount, the net amount of Subordinated Bonds excluding CP Notes and Bond Anticipation Notes is approximately \$766 million (which reflects previously refunded amounts totaling \$289 million) and the net amount of CP Notes is approximately \$158 million (which reflects previously refunded amounts totaling \$180 million) and the net amount of the Bond Anticipation Notes is approximately \$5 million (of which there are no previously refunded amounts). Amounts shown do not reflect accretion on Subordinated Bonds issued as Capital Appreciation Bonds.
- [5] Amounts are assumed to be issued as Subordinated Bonds in January to fund certain Capital Improvements for Project One through December of the respective year net of funds available in the Construction Fund, and estimated future interest earnings from the Construction Fund. There are no assumed amounts to be issued to finance additional nuclear fuel.
- [6] Amounts are assumed to be issued as Subordinated Bonds in January to fund certain Capital Improvements for the General Resolution Projects through December of the respective year net of funds available in the Construction Fund, and estimated future interest earnings from the Construction Fund. There are no assumed amounts to be issued to finance additional nuclear fuel.

The total financing to pay the cost of acquisition and construction of the Initial Facilities of Project One has been completed. The total financing amount that was required to pay the cost of acquisition and construction of the Initial Facilities and Capital Improvements of Project One as of December 31, 2015 was approximately \$4.380 billion, of which approximately \$1.847 billion were Project One Senior Bonds and \$2.533 billion were Project One Subordinated Debt.

The total financing to pay the cost of acquisition and construction of the Initial Facilities of the General Resolution Projects has been completed. The total financing amount that was required to pay the cost of acquisition and construction of the Initial Facilities and Capital Improvements of the General Resolution Projects as of December 31, 2015 was approximately \$1.701 billion, of which approximately \$773 million were General Resolution Projects Senior Bonds and \$928 million were General Resolution Projects Subordinated Debt.

PRINCIPAL CONSIDERATIONS AND ASSUMPTIONS

We have reviewed the estimates and projections of the projected operating results prepared by MEAG Power for Project One and the General Resolution Projects and have found them consistent with our understanding of the Power Sales Contracts relating to each Project; the PSSA with GPC; the Project One Resolution, the Project One Subordinated Resolution, the General Resolution Projects Resolution, and the General Resolution Projects Subordinated Resolution; and the various generation and transmission ownership and operating agreements relating to the Projects (the "Project Agreements"). For additional information on the Project Agreements, see Appendix F to the Annual Information Statement.

In the preparation of its projected operating results, MEAG Power has made certain assumptions with respect to conditions that may occur in the future. While we believe these assumptions are reasonable for the purpose of this Report, they are dependent upon future events and actual conditions may differ from those assumed. In addition, MEAG Power has used and relied upon certain information and assumptions provided to MEAG Power by others. While MEAG Power believes the sources to be reliable, it has not independently verified the information and offers no assurances with respect thereto. To the extent that actual future conditions differ from those assumed herein or provided to MEAG Power by others, the actual results will vary from those forecast. The principal considerations and assumptions made by MEAG Power in preparing its projected operating results over the period 2016 through 2020 are summarized below.

1. MEAG Power's projections of demand and energy requirements for the period 2016 through 2020 contained herein are based on the load forecast prepared by MEAG Power in October 2015. (See the section of this Report entitled "MEAG POWER – Historical and Projected Demand and Energy Requirements"). The load forecast is based on an econometric model prepared by MEAG Power and reflects the following major assumptions:

- (a) MEAG Power will provide all Supplemental Power requirements to 48 of the 49 Participants. The projections reflect that Calhoun's procurement of its Supplemental Bulk Power Supply from alternate sources will continue through the projected period. See the section in the Annual Information Statement entitled "MEAG POWER – Bulk Power Supply Operations – *Provisions for Participants to Obtain Supplemental Power from Alternative Sources*";
 - (b) Economic growth in the state of Georgia is represented by total real personal income. Based on projections provided by a forecasting service retained by MEAG Power, economic growth, which experienced a downturn in 2008 and 2009, and which began to recover in 2012, continued to recover in 2015, and is now projected over the period 2016 through 2020, to return to levels more comparable to historical economic growth in Georgia prior to the 2008 and 2009 economic downturn;
 - (c) Normal weather conditions will prevail over the forecast period, resulting in average forecasted amount of SEPA energy;
 - (d) Certain adjustments for known incremental or decremental Participant load changes are reflected in the forecast; and
 - (e) Any changes in the current regulatory and competitive environment will not affect the forecast of demand and energy requirements through 2020.
2. MEAG Power has assumed that all of the generating units in each Project will continue to operate during each year until the end of the respective estimated useful lives, which are set forth on the following table.

Generating Facility	Fuel Type	Total MEAG Capacity [1] (MW)	MEAG Power's Ownership Interest [2]							Facility In-Service Date	Estimated Year of Retirement
			Project One (%)	General Resolution (%)	CC Project (%)	Project M (%)	Project J (%)	Project P (%)	All Projects (%)		
Hatch Unit 1	Nuclear	155	17.7	0.0					17.7	12/31/75	2034
Hatch Unit 2	Nuclear	156	17.7	0.0					17.7	09/05/79	2038
Vogtle Unit 1	Nuclear	248 [3]	17.7	5.0					22.7	06/01/87	2047
Vogtle Unit 2	Nuclear	248 [3]	17.7	5.0					22.7	05/20/89	2049
Vogtle Unit 3	Nuclear	250 [4]				7.7	9.3	5.7	22.7	2019	2059
Vogtle Unit 4	Nuclear	250 [4]				7.7	9.3	5.7	22.7	2020	2060
Wansley Unit 1	Coal	129	10.0	5.1					15.1	12/24/76	2030
Wansley Unit 2	Coal	129	10.0	5.1					15.1	04/25/78	2031
Wansley CT	Oil	9 [5]	10.0	5.1					15.1	11/01/80	2022
Wansley CC	Gas	496	0.0	0.0	100.0				100.0	06/01/04	2039
Scherer Unit 1	Coal	241	10.0	20.2					30.2	03/19/82	2035
Scherer Unit 2	Coal	253 [6]	10.0	20.2					30.2	02/01/84	2036
Total		<u>2,564</u>									

[1] MEAG Power's total ownership generating capacity reported at the production level (Level B-1) is based on the 2016 Unit Ratings except as noted below.

[2] Amounts shown are MEAG Power's ownership percentages of each generating facility in Project One and the General Resolution Projects and the Wansley Combined Cycle Project and its entitlement to the output of Vogtle Units 3 and 4.

[3] Pursuant to the Project Agreements between MEAG Power and GPC, capacity sales to GPC from Vogtle Units 1 and 2 are approximately 26 MW for the period November 1, 2014 through December 31, 2020.

[4] As of the date of this Report, Vogtle Units 3 and 4 are under construction, with commercial operation dates currently estimated in the second quarter of 2019 and 2020, respectively, and estimated year of retirement dates 40 years from commercial operation. The amounts shown are MEAG Power's total generating capacity in Vogtle Units 3 and 4. During the initial 20 years of commercial operation, MEAG Power has sold output equivalent to 66.1% or approximately 165 MW in both Vogtle Unit 3 and Vogtle Unit 4 to third parties (Project J and Project P).

[5] Absent emergency conditions, the Wansley CT cannot operate in the summer because of environmental restrictions.

[6] Reflects increase from turbine upgrade effective May 2013.

3. MEAG Power's projections of costs and power supply resources set forth herein reflect the sales of capacity and energy to GPC from MEAG Power's ownership interests in Vogtle Units 1 and 2 for Project One and Project Four. See the section in this Report entitled "MEAG POWER – Transactions with Other Entities – *Contract Sales to GPC*."
4. MEAG Power's projections of its future capacity and energy resources for the period 2016 through 2020 reflect the following:
 - (a) As a result of the power supply arrangement with GPC under the PSSA that became effective August 1, 1997, MEAG Power supplies the majority of the Participants' Supplemental Bulk Power Supply requirements from sources other than GPC, rather than through purchases of partial requirements power from GPC. It has been assumed that the PSSA between GPC and MEAG Power will be renewed each year and remain in effect through 2020.
 - (b) MEAG Power will supply a portion of Supplemental Power through a 20-year contract to purchase capacity and energy from an existing 150 MW (nominal rating) simple cycle combustion turbine facility that began in May 2009.
 - (c) Based on a 15% reserve level, MEAG Power estimates that it will have adequate capacity and energy to serve its load and reserve requirements during 2016 through 2020.
 - (d) The projected output of each of MEAG Power's generating facilities is based on a computer simulation of the future operations of generating units prepared by MEAG Power. Under the terms of the PSSA, MEAG Power has assumed that it will fully dispatch and utilize its own resources (including SEPA and MEAG Power's ownership shares of Plant Wansley, the Wansley combustion turbine, Scherer Units 1 and 2, and the Wansley Combined Cycle Facility) and purchases from the power market to serve the Participants' load requirements and to provide for firm and non-firm sales to other utilities. The average annual capacity factors resulting from such simulations over the period 2016 through 2020 are approximately 90% for the Vogtle Units 1 and 2, 90% for the Plant Hatch Units 1 and 2, 8% for the Plant Wansley Units 1 and 2, 37% for Scherer Units 1 and 2 and 76% for the Wansley Combined Cycle Facility.
 - (e) MEAG Power has assumed that it will make energy sales to and purchases from the wholesale power market at market prices that are based on the marginal energy costs in the MEAG Power market area and scheduling of MEAG Power's off-system transactions through TEA. The modeling techniques for this market transaction analysis involve utilization of energy "clearing prices" in each interconnected market. These clearing prices, developed internally by MEAG Power's Power Supply Department, include provisions for recovery of transmission system losses and a base level margin of profit for each transaction between MEAG Power (through TEA) and the markets. An estimate of MEAG Power's share of TEA's operating expenses is included in MEAG Power's projection of other fixed costs for the fixed portion of TEA operating costs. Off-system sales revenues are reduced by the variable portions of TEA operating costs.
5. For the period 2016 through 2020, MEAG Power's estimated costs of future Capital Improvements to its existing generating plants that comprise Project One and the General Resolution Projects were based on GPC's September 2015 construction budget submittal for Plant Hatch Units 1 and 2, Plant Vogtle Units 1 and 2, Plant Wansley Units 1 and 2, and Plant Scherer Units 1 and 2. MEAG Power has assumed that it will fund the costs for future Capital Improvements to the existing generating facilities from revenues, proceeds of prior debt issues that are remaining in the construction funds, and/or proceeds of future subordinated debt issues.
6. The projections of MEAG Power's investment responsibility in the ITS are based upon updated estimates prepared in August 2015 by MEAG Power. Projections of additions to MEAG Power's investment in the ITS for the period 2016 through 2020 are based on MEAG Power's 2016 ITS

budget. MEAG Power has assumed that it will fund all of the costs of additional transmission facilities from revenues, proceeds of prior debt issues that are remaining in the construction funds, and/or proceeds of future subordinated debt issues. However, such projections may be affected by FERC rules on open access transmission, the effect of which cannot currently be determined. See the section in the Annual Information Statement entitled “COMPETITION – Certain Factors Affecting the Electric Utility Industry – *FERC Initiatives*.”

7. The Senior Bonds and Subordinated Bonds projected to be issued for MEAG Power’s Project One and General Resolution Projects are based upon the assumptions that:
- (a) The size and timing of projected senior and subordinated debt will occur according to the following schedule:

Projected Bonds Required for Capital Improvements [1] (\$000)		
Year	Project One	General Resolution Projects
2016	\$5,197	\$7,000
2017	47,040	8,373
2018	83,162	8,374
2019	55,684	6,261
2020	51,143	2,822
Total	\$242,226	\$32,830

[1] Amounts shown are net of funds available in the Construction Fund.

- (b) The debt service schedules are based upon the outstanding Project One Senior Bonds and Subordinated Bonds, and approximately \$242.2 million (after giving effect to amounts funded in December 2015 for 2016 and a portion of 2017 Project One Capital Improvements through the issuance of the Series 2015A Bonds) of future estimated Project One subordinated debt to be issued from 2016 through 2020 to fund certain Capital Improvements of Project One through December 2020.
- (c) The debt service schedules are based upon the outstanding General Resolution Projects Senior Bonds and Subordinated Bonds, and approximately \$32.8 million (after giving effect to amounts funded in December 2015 for 2016 General Resolution Projects Capital Improvements through the issuance of the Series 2015A Bonds) of future estimated General Resolution Projects subordinated debt to be issued from 2016 through 2020 to fund certain Capital Improvements of the General Resolution Projects through December 2020.
- (d) The programs to pay for the costs of nuclear fuel of Projects One and Four through the issuance of Senior Bonds or Subordinated Bonds will remain in effect at least through 2020. For Project One and Project Four, it is estimated that it will not be necessary for MEAG Power to issue additional Senior Bonds or Subordinated Bonds to finance additional nuclear fuel for the period 2016 through 2020.
8. MEAG Power has assumed that SEPA will continue to supply capacity and energy to the Participants under the contracts effective October 1, 1996 at least through 2020. The projections assume that the current amounts of SEPA capacity received by the Participants will continue to be supplied by SEPA through 2020. For information relating to events that could affect the capacity

and energy amounts supplied by SEPA, see the section in the Annual Information Statement entitled "MEAG POWER – Bulk Power Supply Operations – *Southeastern Power Administration (SEPA)*."

This Report has been prepared on the assumption that all contracts, agreements, statutes, rules and regulations (hereinafter described as "contractual and legal requirements") that have been relied upon by us in preparing this Report will be fully enforceable in accordance with their terms and conditions. We make no representations or warranties, and provide no opinion, concerning the enforceability or legal interpretation of such contractual and legal requirements. This Report summarizes our work up to the date of the Report.

It has also been assumed that the Georgia Territorial Act that regulates the service rights of all retail electric suppliers in Georgia will remain unchanged and in effect. Due to uncertainties caused by variable factors, such as changes affecting fuel supply and delivery, environmental compliance, and other factors affecting MEAG Power's costs, and changes in technology, legislation and regulation, the considerations and assumptions and projections set forth herein could be impacted. For discussions of regulation, certain factors affecting the electric utility industry, service area, and competition, see the sections in the Annual Information Statement entitled "MEAG POWER – Regulation" and "COMPETITION."

CONCLUSIONS

Based upon the foregoing assumptions and upon the analyses and studies as summarized in this Report, which Report should be read in its entirety in conjunction with the following, we are of the opinion that:

1. The total financing to pay the cost of acquisition and construction of the Initial Facilities of Project One and the Existing General Resolution Projects is complete. Based on the current cost estimates and the assumptions described herein, it is presently estimated that (i) additional Project One bonds in a total principal amount of approximately \$242.2 million will be required to be issued over the period 2016 through 2020 to finance a portion of future Capital Improvements of Project One, including additional transmission facilities and certain environmental compliance costs, through December 2020; and (ii) additional General Resolution Projects bonds in a total principal amount of approximately \$32.8 million will be required to be issued over the period 2016 through 2020 to finance a portion of future Capital Improvements for the General Resolution Projects (Projects Two, Three, and Four), including certain environmental compliance costs, through December 2020.
2. The amounts of capacity and energy retained by MEAG Power from each of the generating units included in Project One and the General Resolution Projects, after giving effect to the output and services available from SEPA, the CC Project, Project M of the Vogtle Units 3 and 4 Projects, and the sale to GPC of a portion of the output and services of Projects One and Four, can be beneficially utilized by MEAG Power in serving the long-range power and energy requirements of the Participants.
3. Based upon the current projections of demand and annual energy requirements of the MEAG Power system, MEAG Power should have sufficient retained output from Project One and the General Resolution Projects, and Project M of the Vogtle Units 3 and 4 Projects, to meet its base and intermediate load requirements through 2020. Giving effect to the assumed continuation of purchases by the Participants of power from SEPA, and giving effect to MEAG Power's capacity and energy from the CC Project, and capacity and energy from existing contractual purchases, there should be adequate Bulk Power Supply resources available to MEAG Power to meet all of its requirements through 2020.

We have reviewed the Annual Information Statement to which this Report is appended and, in our opinion, the information presented therein which is taken from our Report or which otherwise is attributed to us is accurately presented.

Respectfully submitted,

/s/ Leidos Engineering, LLC

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APPENDIX D

SELECTED HISTORICAL INFORMATION ON CERTAIN PARTICIPANTS OF MEAG POWER

Information relating to certain of the Participants, determined as described in the next paragraph, is set forth in this APPENDIX D. Tables I, II and III of this APPENDIX D 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 this APPENDIX D 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 2016 Transmission Entitlement Share, a Project Two Obligation Share (as of December 2015), a Project Three Obligation Share (as of December 2015) 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 2016 Transmission Entitlement Shares totaling approximately 73 percent, Project Two Obligation Shares (as of December 2015) totaling approximately 74 percent, Project Three Obligation Shares (as of December 2015) 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, 2016.

Table I
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Area, Population and Assessed Valuation (1)

	Acworth	Albany	Buford	Calhoun	Cartersville	College Park	Covington	Crisp County	Douglas
Incorporated Area Square Miles	7.5	57.0	15.0	13.0	27.3	9.4	14.0	281.0	14.0
Population (2):									
2014 U. S. Census estimate	21,867	75,769	13,392	16,052	20,015	14,598	13,667	22,934	11,665
2010 U. S. Census	20,425	77,434	12,225	15,650	19,731	13,942	13,118	23,439	11,589
2000 U. S. Census	13,422	76,939	10,668	10,667	15,925	20,382	11,547	21,996	10,639
1990 U. S. Census	4,519	78,122	8,771	7,135	12,035	20,457	10,026	20,011	10,464
1980 U. S. Census	3,648	73,934	6,697	5,335	9,508	24,632	10,586	19,489	10,980
1970 U. S. Census	3,929	72,623	4,640	4,748	9,929	18,203	10,267	18,087	10,195
1960 U. S. Census	2,359	55,890	3,908	3,587	8,668	23,469	8,167	17,768	8,736
Fiscal Year-end	June 30	June 30	June 30	June 30	June 30	June 30	June 30	June 30	June 30
Assessed Valuation - 2015 (3):									
Real Estate	\$ 514,888,110	\$ 1,123,564,972	\$ 596,142,328	\$ 405,601,856	\$ 597,228,457	\$ 442,880,254	\$ 354,898,676	\$ 436,021,739	\$ 200,328,240
Public Utilities	9,878,058	25,452,700	29,193,907	6,104,642	10,833,820	115,126,482	10,178,600	13,079,761	2,734,404
Personal Property	45,291,200	236,182,950	149,017,799	282,502,139	261,693,592	222,047,543	194,596,385	95,321,700	78,161,930
Motor Vehicles & Mobile Homes	39,077,345	114,632,798	31,511,509	25,861,752	39,454,908	174,492,955	16,245,813	38,166,991	19,514,526
Total	\$ 609,134,713	\$ 1,499,833,420	\$ 805,865,543	\$ 720,070,389	\$ 909,210,777	\$ 954,547,234	\$ 575,919,474	\$ 582,590,191	\$ 300,739,100
Basis of Assessment - 2015	40%	40%	40%	40%	40%	40%	40%	40%	40%
Estimated Actual Value - 2015	\$ 1,522,836,783	\$ 3,749,583,550	\$ 2,014,663,858	\$ 1,800,175,973	\$ 2,273,026,943	\$ 2,386,368,085	\$ 1,439,798,685	\$ 1,456,475,478	\$ 751,847,750
Ten Largest Taxpayers - 2015 Assessed Value as % of Total Assessment	11.60%	8.28%	15.81%	32.23%	31.83%	-	40.18%	11.60%	20.92%
Assessed Valuation - 2014 (3):									
Real Estate	\$ 493,651,947	\$ 1,129,102,808	\$ 615,328,379	\$ 395,446,176	\$ 579,420,929	\$ 440,025,197	\$ 338,150,074	\$ 434,468,570	\$ 201,339,399
Public Utilities	8,158,889	26,852,433	20,452,053	4,963,309	10,310,715	126,404,381	9,816,800	13,079,761	2,734,404
Personal Property	42,865,192	236,025,644	142,652,111	305,033,783	250,192,463	262,317,206	182,617,075	91,628,318	75,912,050
Motor Vehicles & Mobile Homes	46,035,491	134,092,870	35,322,009	30,958,617	47,466,078	224,099,881	23,802,021	49,991,633	22,397,752
Total	\$ 590,711,519	\$ 1,526,073,755	\$ 813,754,552	\$ 736,401,885	\$ 887,390,185	\$ 1,052,846,665	\$ 554,385,970	\$ 589,168,282	\$ 302,383,605
Basis of Assessment - 2014	40%	40%	40%	40%	40%	40%	40%	40%	40%
Estimated Actual Value - 2014	\$ 1,476,778,798	\$ 3,815,184,388	\$ 2,034,386,380	\$ 1,841,004,713	\$ 2,218,475,463	\$ 2,632,116,663	\$ 1,385,964,925	\$ 1,472,920,705	\$ 755,959,013
Assessed Valuation - 2013 (3):									
Real Estate	\$ 511,900,273	\$ 1,147,111,484	\$ 615,328,379	\$ 395,650,573	\$ 560,460,186	\$ 380,648,254	\$ 358,799,962	\$ 432,810,040	\$ 201,339,399
Public Utilities	7,372,761	25,638,432	20,452,053	4,824,450	9,809,648	147,719,626	7,615,880	13,300,361	2,734,454
Personal Property	42,299,271	225,853,240	142,652,111	283,783,309	257,700,325	189,349,296	175,876,753	81,535,556	75,912,050
Motor Vehicles & Mobile Homes	41,787,427	128,839,579	20,452,053	38,145,162	42,318,596	170,639,265	22,992,143	52,794,871	22,397,752
Total	\$ 603,359,732	\$ 1,527,442,735	\$ 798,884,596	\$ 722,403,494	\$ 870,288,755	\$ 888,356,441	\$ 565,284,738	\$ 580,440,828	\$ 302,383,655
Basis of Assessment - 2013	40%	40%	40%	40%	40%	40%	40%	40%	40%
Estimated Actual Value - 2013	\$ 1,508,399,330	\$ 3,818,606,838	\$ 1,997,211,490	\$ 1,806,008,735	\$ 2,175,721,888	\$ 2,220,891,103	\$ 1,413,211,845	\$ 1,451,102,070	\$ 755,959,138

(1) The State of Georgia (the "State") requires all cities to use county assessed valuations for real estate and personal property and all counties to assess real estate and personal property at a rate of at least 40% of fair market value (except for certain agricultural property, which is assessed at less than 40% of fair market value). The State assesses the value of motor vehicles and mobile homes at 40% of fair market value. The State provides to each county the assessed value of public utilities which the county may use or the county may make its own determination of the assessed value of public utilities real and personal property located within its boundaries. Municipally-owned public utilities are tax-exempt.

State law allows, among other things, voters in a county to authorize levy of a 1% local option sales tax. Local option sales tax may only be imposed countywide and the distribution formula for revenues received from local option sales tax must be agreed to by the county and municipalities within the county.

State law requires the county and its municipalities to reduce budgeted property taxes each year following the first year of sales tax revenue by the annualized amount of sales tax revenues from the preceding year. Basically, the municipality or county is to prepare its budget without consideration of sales tax revenues, determine the property tax levy required to meet the budget, and then reduce the property tax levy by the annualized amount of sales tax revenues from the preceding year. As of January 1, 2016, all Major Participants have a local option sales tax.

In 1985, the State of Georgia General Assembly enacted a law authorizing voters in a county to approve levy of a special purpose 1% sales tax for roads and other capital projects. The tax may only be collected for as long as required to provide the amount specified in the election notice or for four years for roads and five years for other capital projects, whichever is the lesser period of time. Several counties in which Participants are located have voted to impose this sales tax.

(2) Per U. S. Census Bureau.

(3) Assessed valuations are based on the Participant's fiscal year. Motor vehicles and mobile homes assessed valuations are for the calendar year.

Table I
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Area, Population and Assessed Valuation (1)

(continued)

	East Point		Griffin		LaGrange		Lawrenceville		Marietta		Moultrie		Newnan		Sylvania		Thomasville	
Incorporated Area Square Miles	18.1		15.3		42.5		13.7		23.1		16.5		19.0		5.1		17.0	
Population (2):																		
2014 U. S. Census estimate	35,488		23,329		30,557		30,212		60,014		14,507		36,203		2,539		18,700	
2010 U. S. Census	33,712		23,643		29,588		28,546		56,579		14,268		33,039		2,956		18,413	
2000 U. S. Census	39,595		23,451		25,998		22,397		58,748		14,387		16,242		2,675		18,162	
1990 U. S. Census	34,402		21,347		25,597		17,588		44,129		14,865		12,497		2,871		17,457	
1980 U. S. Census	37,486		20,728		24,204		8,928		30,805		15,708		11,449		3,352		18,463	
1970 U. S. Census	39,315		22,734		23,301		5,115		27,216		14,302		11,205		3,199		18,155	
1960 U. S. Census	35,633		21,735		23,632		3,804		25,565		15,764		12,169		3,469		18,246	
Fiscal Year-end	June 30		June 30		June 30		August 31		June 30		September 30		December 31		December 31		December 31	
Assessed Valuation - 2015 (3):																		
Real Estate	\$	564,116,888	\$	381,079,928	\$	659,463,504	\$	649,775,803	\$	2,238,796,883	\$	228,918,693	\$	1,008,580,733	\$	36,685,677	\$	531,215,754
Public Utilities		43,952,308		6,928,736		9,168,130		20,216,880		38,595,098		5,790,284		18,187,010		712,422		6,147,631
Personal Property		127,881,900		81,028,076		246,218,946		171,083,951		305,177,564		53,347,612		104,657,860		6,264,150		99,184,694
Motor Vehicles & Mobile Homes		38,171,659		28,543,840		28,512,733		41,031,440		165,637,041		14,591,982		39,862,510		2,080,237		25,268,439
Total	\$	774,122,755	\$	497,580,580	\$	943,363,313	\$	882,108,074	\$	2,748,206,586	\$	302,648,571	\$	1,171,288,113	\$	45,742,486	\$	661,816,518
Basis of Assessment - 2015		40%		40%		40%		40%		40%		40%		40%		40%		40%
Estimated Actual Value - 2015	\$	1,935,306,888	\$	1,243,951,450	\$	2,358,408,283	\$	2,205,270,185	\$	6,870,516,465	\$	756,621,428	\$	2,928,220,283	\$	114,356,215	\$	1,654,541,295
Ten Largest Taxpayers - 2015 Assessed																		
Value as % of Total Assessment		-		40.18%		29.63%		8.38%		3.46%		16.20%		10.54%		12.44%		11.84%
Assessed Valuation - 2014 (3):																		
Real Estate	\$	549,570,300	\$	403,104,218	\$	646,221,721	\$	609,448,941	\$	2,187,773,719	\$	225,189,695	\$	968,585,338	\$	37,269,412	\$	523,404,266
Public Utilities		36,339,572		7,496,951		11,006,513		19,903,280		34,799,729		5,609,682		17,669,644		-		5,345,196
Personal Property		109,927,650		77,627,200		232,401,769		162,168,594		292,858,612		51,524,674		97,508,030		6,147,510		92,615,899
Motor Vehicles & Mobile Homes		47,425,129		34,002,340		42,485,307		57,438,850		196,822,740		20,762,679		56,791,200		3,794,045		35,814,013
Total	\$	743,262,651	\$	522,230,709	\$	932,115,310	\$	848,959,665	\$	2,712,254,800	\$	303,086,730	\$	1,140,554,212	\$	47,210,967	\$	657,179,374
Basis of Assessment - 2014		40%		40%		40%		40%		40%		40%		40%		40%		40%
Estimated Actual Value - 2014	\$	1,858,156,628	\$	1,305,576,773	\$	2,330,288,275	\$	2,122,399,163	\$	6,780,637,000	\$	757,716,825	\$	2,851,385,530	\$	118,027,418	\$	1,642,948,435
Assessed Valuation - 2013 (3):																		
Real Estate	\$	556,244,916	\$	401,728,596	\$	644,175,894	\$	635,615,319	\$	2,221,830,182	\$	225,159,258	\$	829,842,957	\$	38,337,704	\$	518,042,425
Public Utilities		48,146,908		7,454,176		9,846,952		17,479,280		32,539,251		7,046,381		17,769,432		-		5,916,942
Personal Property		114,841,715		78,108,532		228,857,219		156,207,231		279,564,794		51,630,488		88,718,687		6,322,120		86,642,809
Motor Vehicles & Mobile Homes		46,234,219		32,485,150		46,859,305		65,505,730		167,735,826		23,900,902		69,857,690		3,749,539		39,916,374
Total	\$	765,467,758	\$	519,776,454	\$	929,739,370	\$	874,807,560	\$	2,701,670,053	\$	307,737,029	\$	1,006,188,766	\$	48,409,363	\$	650,518,550
Basis of Assessment - 2013		40%		40%		40%		40%		40%		40%		40%		40%		40%
Estimated Actual Value - 2013	\$	1,913,669,395	\$	1,299,441,135	\$	2,324,348,425	\$	2,187,018,900	\$	6,754,175,133	\$	769,342,573	\$	2,515,471,915	\$	121,023,408	\$	1,626,296,375

Table II
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Tax Millages, Levies and Collections

	Acworth	Albany	Buford	Calhoun	Cartersville (4)	College Park	Covington	Crisp County	Douglas
Fiscal Year-end	June 30	June 30	June 30	June 30	June 30	June 30	June 30	June 30	June 30
Tax Millage - 2015 (1):									
City	7.60	9.85	12.90	19.97	19.30	12.62	7.65	-	8.50
County	7.45	12.59	7.47	9.93	10.30	10.75	12.99	12.11	7.82
County School District (2)	18.90	18.45	-	-	-	18.50	20.00	17.45	16.16
Other	0.05	0.05	1.00	0.05	0.05	0.05	0.50	0.05	0.10
Total	34.00	40.94	21.37	29.95	29.65	41.92	41.15	29.61	32.58
Tax Millage - 2014 (1):									
City	7.60	9.99	12.95	19.97	19.31	12.62	7.71	-	8.51
County	7.65	11.89	7.64	9.75	10.97	12.05	11.23	10.83	7.84
County School District (2)	18.90	18.45	-	-	-	18.50	20.45	17.45	16.20
Other	0.10	0.10	1.41	0.10	0.10	0.10	1.75	0.10	0.60
Total	34.25	40.43	22.00	29.82	30.38	43.27	41.14	28.38	33.15
Tax Millage - 2013 (1):									
City	7.60	9.99	13.00	19.79	19.61	12.62	8.21	-	8.51
County	7.85	11.89	7.64	9.80	10.97	10.48	11.54	10.83	7.85
County School District (2)	18.90	18.45	-	-	-	18.50	21.90	17.45	16.21
Other	0.15	0.15	1.46	0.15	0.15	0.15	1.80	0.15	0.65
Total	34.50	40.48	22.10	29.74	30.73	41.75	43.45	28.43	33.22
Tax Levies (3):									
2015	\$ 4,257,241	\$ 13,834,365	\$ 9,649,824	\$ 13,568,494	\$ 15,979,491	\$ 9,843,505	\$ 4,439,187	\$ 6,073,226	\$ 2,118,271
2014	4,044,402	13,904,856	9,377,975	13,790,061	16,966,127	10,457,956	4,550,400	5,939,471	2,094,561
2013	4,161,136	13,968,143	9,377,975	13,642,713	16,026,360	9,056,873	4,639,857	6,202,311	2,129,156
Total	\$ 12,462,779	\$ 41,707,364	\$ 28,405,774	\$ 41,001,268	\$ 48,971,978	\$ 29,358,334	\$ 13,629,444	\$ 18,215,008	\$ 6,341,988
Tax Collections (3):									
2015	\$ 4,232,772	\$ 13,746,132	\$ 9,063,955	\$ 13,300,253	\$ 14,492,642	\$ 10,275,120	\$ 4,701,692	\$ 6,233,315	\$ 2,168,799
2014	4,075,189	13,781,345	9,737,366	14,036,756	14,637,590	10,213,138	4,999,121	5,878,250	2,242,404
2013	4,225,336	13,859,142	9,737,366	13,829,202	16,112,752	8,915,255	4,520,295	5,905,104	2,121,258
Total	\$ 12,533,297	\$ 41,386,619	\$ 28,538,687	\$ 41,166,211	\$ 45,242,984	\$ 29,403,513	\$ 14,221,108	\$ 18,016,669	\$ 6,532,461
Ratio of Aggregate Tax Collections to Aggregate Tax Levies 2013 - 2015									
	100.6%	99.2%	100.5%	100.4%	92.4%	100.2%	104.3%	98.9%	103.0%

(1) Tax millages are for the calendar year as per the State of Georgia's tax digest records.

(2) No county school system taxes are levied on property within the Participant's boundary for Buford, Calhoun, Cartersville, Marietta or Thomasville (except for taxes levied to pay bonds issued prior to any annexation of property by the Participant) due to the fact that the Participant has its own independent school system, which is supported, in part, by city taxes included in the city millage.

(3) Tax Levies and Tax Collections are compiled from questionnaires completed by either the Participant's auditor or chief financial officer.

(4) Certain 2015 information has been revised since the filing of MEAG Power's February 1, 2016 Quarterly Participant Report.

Table II
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Tax Millages, Levies and Collections
(continued)

	East Point	Griffin	LaGrange	Lawrenceville	Marietta	Moultrie	Newnan	Sylvania	Thomasville
Fiscal Year-end	June 30	June 30	June 30	August 31	June 30	September 30	December 31	December 31	December 31
Tax Millage - 2015 (1):									
City	15.00	7.89	-	2.03	24.02	12.82	4.05	6.50	17.99
County	10.75	16.01	10.57	7.47	7.45	16.88	7.47	12.30	9.26
County School District (2)	18.50	18.74	18.85	21.85	-	10.30	18.59	15.50	-
Other	0.05	0.05	0.05	1.00	0.05	0.05	0.05	0.88	1.84
Total	44.30	42.69	29.47	32.35	31.52	40.05	30.16	35.18	29.09
Tax Millage - 2014 (1):									
City	15.00	8.40	-	2.08	24.02	12.82	4.15	6.50	18.14
County	12.05	16.01	10.67	7.64	7.65	17.81	7.75	12.28	9.31
County School District (2)	18.50	19.47	18.85	21.85	-	10.29	18.59	13.64	-
Other	0.10	0.10	0.10	1.41	0.10	0.10	0.10	0.10	1.90
Total	45.65	43.98	29.62	32.98	31.77	41.02	30.59	32.52	29.35
Tax Millage - 2013 (1):									
City	15.00	8.61	-	2.16	22.73	10.97	4.37	6.50	17.34
County	10.48	16.01	10.65	7.64	7.85	17.72	7.75	12.19	9.35
County School District (2)	18.50	19.47	18.85	21.85	-	8.29	18.59	13.53	-
Other	0.15	0.15	0.15	1.46	0.15	0.15	0.15	0.97	1.95
Total	44.13	44.24	29.65	33.11	30.73	37.13	30.86	33.19	28.64
Tax Levies (3):									
2015	\$ 11,611,841	\$ 4,284,666	\$ -	\$ 1,663,599	\$ 56,846,103	\$ 3,618,830	\$ 4,516,294	\$ 297,326	\$ 11,343,389
2014	11,516,497	4,496,928	-	1,762,441	52,455,845	3,355,565	4,497,617	306,871	11,190,982
2013	11,656,703	4,621,315	-	1,889,584	53,722,583	3,375,124	4,091,767	314,661	10,382,880
Total	\$ 34,785,041	\$ 13,402,909	\$ -	\$ 5,315,624	\$ 163,024,531	\$ 10,349,519	\$ 13,105,678	\$ 918,858	\$ 32,917,251
Tax Collections (3):									
2015	\$ 9,258,068	\$ 3,986,217	\$ -	\$ 1,734,616	\$ 56,425,286	\$ 3,617,000	\$ 4,312,877	\$ 297,524	\$ 11,178,039
2014	10,903,324	4,334,213	-	1,625,394	51,627,366	3,113,840	4,467,012	301,175	11,388,176
2013	11,398,858	4,470,004	-	1,736,107	53,113,702	3,053,787	4,112,450	304,002	10,265,792
Total	\$ 31,560,250	\$ 12,790,434	\$ -	\$ 5,096,117	\$ 161,166,354	\$ 9,784,627	\$ 12,892,339	\$ 902,701	\$ 32,832,007
Ratio of Aggregate Tax Collections to Aggregate Tax Levies 2013 - 2015									
	90.7%	95.4%	-	95.9%	98.9%	94.5%	98.4%	98.2%	99.7%

Table III
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Outstanding and Overlapping Debt and Selected Debt Ratios (1)
As of June 1, 2016

	Acworth	Albany	Buford	Calhoun	Cartersville	College Park	Covington	Crisp County	Douglas
General Obligation Bonded Debt:									
Direct	\$ 2,436,000	\$ 7,025,000	\$ 39,553,236	\$ 33,705,200	\$ 16,065,000	\$ 150,159,800	\$ -	\$ -	\$ -
Overlapping (2)	1,554,182	28,700,000	374,813	-	8,871,250	2,983,000	13,864,416	-	4,671,055
Contractual Revenue (3)	11,490,000	-	23,834,365	-	-	-	5,195,114	27,685,000	-
Total	\$ 15,480,182	\$ 35,725,000	\$ 63,762,414	\$ 33,705,200	\$ 24,936,250	\$ 153,142,800	\$ 19,059,530	\$ 27,685,000	\$ 4,671,055
Utility Revenue Bonded Debt (4):									
Electric	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Water & Sewer	-	\$ 22,355,000	-	\$ 6,955,000	\$ 11,770,000	-	\$ 10,130,000	\$ 1,438,873	-
Combined Public Utilities	-	-	-	-	-	-	-	-	-
Selected General Obligation Bonded Debt Ratios (5):									
Per Capita	\$ 708	\$ 471	\$ 4,761	\$ 2,100	\$ 1,246	\$ 10,491	\$ 1,395	\$ 1,207	\$ 400
% of Assessed Valuations	2.33%	2.19%	6.72%	4.33%	2.57%	10.36%	2.84%	4.03%	1.35%
% of Estimated Actual Value	0.93%	0.87%	2.69%	1.73%	1.03%	4.14%	1.14%	1.61%	0.54%

(1) Data compiled by MEAG Power from official statements of identified Participant-related bond issuances and/or audited financial statements of the Participants.

(2) Overlapping debt is bond debt not issued by the Participant for the payment of which a tax is levied on property within the Participant's boundary.

(3) Contractual Revenue debt is that overlapping bond debt of issuers other than the Participant (such as water and sewer, hospital and office building authorities) payable from revenue producing projects which have, as additional security, a pledge of payments pursuant to a contractual obligation between such issuer and the Participant or another political subdivision with boundaries overlapping that of the Participant. Such contractual obligation could require the levy of a tax on property located within the Participant's boundary. No investigation has been made by MEAG Power as to the amount of tax currently being levied, if any, or that which may be required to be levied to meet any such contractual obligations. Not included in these totals is debt attributable to the Participant's payment obligations to MEAG Power.

(4) Utility revenue debt outstanding is secured by a pledge of the net revenues of the water and sewer system and/or electric and/or natural gas system.

(5) Based on the U.S. Census Bureau's 2014 estimated population data from Table I and most recent (2015 or 2014) calendar year assessed valuations.

Table III

PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

Outstanding and Overlapping Debt and Selected Debt Ratios (1)

As of June 1, 2016

(continued)

	East Point	Griffin	LaGrange	Lawrenceville	Marietta	Moultrie	Newnan	Sylvania	Thomasville
General Obligation Bonded Debt:									
Direct	\$ -	\$ 9,715,000	\$ -	\$ -	\$ 94,768,046	\$ -	\$ -	\$ -	\$ 7,055,000
Overlapping (2)	4,737,370	4,960,354	13,196,616	36,196,800	6,036,217	4,131,272	-	-	-
Contractual Revenue (3)	70,493,036	3,195,286	-	36,556,458	3,769,050	565,789	-	-	-
Total	\$ 75,230,406	\$ 17,870,640	\$ 13,196,616	\$ 72,753,258	\$ 104,573,313	\$ 4,697,061	\$ -	\$ -	\$ 7,055,000
Utility Revenue Bonded Debt (4):									
Electric	-	-	-	-	-	-	-	-	-
Gas	-	-	\$ 7,415,000	-	-	-	-	-	-
Water & Sewer	-	-	-	-	-	-	-	-	-
Combined Public Utilities	-	\$ 57,332,915	-	-	-	\$ 12,910,000	\$ 23,496,289	-	-
Selected General Obligation Bonded Debt Ratios (5):									
Per Capita	\$ 2,120	\$ 766	\$ 432	\$ 2,408	\$ 1,742	\$ 324	\$ -	\$ -	\$ 377
% of Assessed Valuations	9.46%	3.15%	1.20%	6.10%	3.74%	1.50%	0.00%	0.00%	1.03%
% of Estimated Actual Value	3.78%	1.26%	0.48%	2.44%	1.49%	0.60%	0.00%	0.00%	0.41%

Table IV
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Electric System Descriptions, Customers and Power Sales

	Acworth	Albany	Buford	Calhoun	Cartersville	College Park	Covington	Crisp County (3)	Douglas (4)
Year System Established	1907	1900	1913	1900	1905	1912	1900	1926	1903
Miles of Lines	95	747	100	254	209	152	290	845	165
Employees	15	34	8	17	28	14	23	64	14
Service Area (square miles) (1)	10	59	11	13	16	10	72	310	17
Fiscal Year-end	June 30	June 30	June 30	June 30	June 30	June 30	June 30	December 31	June 30
Peak (kW) (2):									
2015	27,431	196,580	38,195	79,154	98,777	57,763	86,899	88,782	54,315
2014	25,626	206,075	35,369	76,795	92,961	58,206	84,649	92,467	58,140
2013	24,658	191,909	33,953	75,086	91,754	49,220	79,984	79,289	53,700
Customers--2015:									
Residential	5,788	29,431	2,400	4,067	6,231	-	9,749	9,194	3,997
Industrial	-	-	4	22	27	-	10	50	-
Commercial	543	5,640	894	1,152	1,657	-	1,897	2,597	1,565
Other	65	-	-	-	83	-	-	176	-
Total	6,396	35,071	3,298	5,241	7,998	-	11,656	12,017	5,562
Customers--2014:									
Residential	5,726	29,537	2,361	3,942	6,214	6,771	9,598	9,184	3,971
Industrial	-	-	4	22	20	-	10	49	-
Commercial	534	5,636	868	1,138	1,662	801	1,804	2,573	1,592
Other	65	-	-	-	83	85	-	172	-
Total	6,325	35,173	3,233	5,102	7,979	7,657	11,412	11,978	5,563
Customers--2013:									
Residential	5,757	29,693	2,307	3,882	6,200	6,744	9,545	9,252	4,039
Industrial	-	-	4	21	17	-	12	49	-
Commercial	551	5,652	852	1,126	1,684	788	1,789	2,529	1,505
Other	59	-	-	-	83	82	-	167	-
Total	6,367	35,345	3,163	5,029	7,984	7,614	11,346	11,997	5,544

(1) Territorial electric service areas for retail electric suppliers within the State of Georgia are determined in accordance with the Georgia Territorial Electric Service Act. The service areas of practically all of the 49 municipal Participants include some unincorporated areas as well as the areas within their municipal corporate limits. The figures included herein for service areas of the Participants have been provided by the Participants via questionnaires received as of the filing of this Annual Information Statement. The combined service of all of the Initial Participants as of the time of assignment in 1976 included approximately 627 square miles of area within their respective political boundaries and 550 square miles of other area.

(2) Peak for the calendar year in kilowatts (kW).

(3) The Crisp County Power Commission has a December 31 fiscal year-end. Crisp County has a June 30 fiscal year-end.

(4) Commercial figures represent both commercial and industrial categories.

Table IV
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Electric System Descriptions, Customers and Power Sales

(continued)

	East Point	Griffin	LaGrange	Lawrenceville	Marietta	Moultrie	Newnan	Sylvania	Thomasville (4)
Year System Established	1905	1895	1905	1915	1906	1898	1904	1910	1906
Miles of Lines	215	388	230	170	592	201	202	213	535
Employees	30	65	17	14	87	19	14	5	25
Service Area (square miles) (1)	15	63	30	24	37	25	12	38	250
Fiscal Year-end	June 30	June 30	June 30	August 31	June 30	September 30	December 31	December 31	December 31
Peak (kW) (2):									
2015	76,102	94,224	103,154	73,703	232,194	44,352	95,046	97,499	114,936
2014	71,566	88,675	99,685	70,078	215,921	46,136	93,516	101,051	118,995
2013	67,525	87,567	96,274	68,060	210,749	40,819	84,087	95,296	104,929
Customers--2015:									
Residential	14,063	12,184	11,353	9,224	35,390	5,715	7,958	2,051	12,857
Industrial	-	18	55	-	-	11	1	2	-
Commercial	1,316	2,181	1,638	1,733	6,466	948	1,624	507	2,362
Other	-	-	188	-	4,968	38	821	-	150
Total	15,379	14,383	13,234	10,957	46,824	6,712	10,404	2,560	15,369
Customers--2014:									
Residential	13,809	12,403	11,320	9,091	35,561	5,746	7,957	2,119	12,830
Industrial	-	15	54	-	-	11	1	4	-
Commercial	1,289	2,198	1,627	1,699	6,358	935	1,608	484	2,234
Other	-	-	194	-	4,968	37	823	8	142
Total	15,098	14,616	13,195	10,790	46,887	6,729	10,389	2,615	15,206
Customers--2013:									
Residential	13,550	12,471	11,307	9,004	35,065	5,674	7,661	2,038	12,813
Industrial	-	16	51	-	-	11	1	3	-
Commercial	1,276	2,190	1,600	1,681	6,289	944	1,597	550	2,306
Other	-	-	201	-	4,933	36	820	3	136
Total	14,826	14,677	13,159	10,685	46,287	6,665	10,079	2,594	15,255

Table IV
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Electric System Descriptions, Customers and Power Sales

(continued)

	Acworth	Albany	Buford	Calhoun	Cartersville	College Park	Covington	Crisp County (3)	Douglas (4)
Power Sales--2015 (MWh) (5):									
Residential	59,770	378,614	30,057	44,564	77,525	-	-	143,518	59,474
Industrial	-	-	78,411	320,444	323,824	-	-	156,928	-
Commercial	30,846	570,408	67,833	72,295	130,350	-	-	95,746	227,878
Other	4,624	-	685	-	15,194	-	-	30,407	-
Total	95,240	949,022	176,986	437,303	546,893	-	-	426,599	287,352
Power Sales--2014 (MWh) (5):									
Residential	57,688	380,086	29,694	42,208	76,000	71,950	295,234	153,330	58,488
Industrial	-	-	73,231	327,370	317,465	-	18,739	163,102	-
Commercial	30,371	581,914	66,998	70,888	127,628	190,410	359,450	103,289	225,456
Other	4,251	-	552	-	15,054	7,290	-	22,871	-
Total	92,310	962,000	170,475	440,466	536,147	269,650	673,423	442,592	283,944
Power Sales--2013 (MWh) (5):									
Residential	59,123	381,974	28,685	42,330	74,412	71,536	131,530	142,214	58,125
Industrial	-	-	71,956	317,416	323,762	-	296,892	157,812	-
Commercial	30,372	587,742	67,274	70,845	123,882	187,858	259,995	85,256	220,029
Other	3,418	-	552	-	14,391	10,658	-	28,382	-
Total	92,913	969,716	168,467	430,591	536,447	270,052	688,417	413,664	278,154
Power Sales--2015 (\$) (6):									
Residential	\$ 8,815,897	\$ 41,436,568	\$ 3,461,858	\$ 5,169,118	\$ 9,021,545	\$ -	\$ 15,282,721	\$ 15,230,388	\$ 6,124,441
Industrial	-	-	6,803,483	24,745,842	20,521,972	-	10,122,364	10,575,792	-
Commercial	4,121,051	58,628,145	8,211,231	8,631,933	13,731,427	-	18,196,446	11,000,761	23,510,685
Other	676,343	-	64,905	-	1,905,352	-	-	3,588,238	-
Total	\$ 13,613,291	\$ 100,064,713	\$ 18,541,477	\$ 38,546,893	\$ 45,180,296	\$ -	\$ 43,601,531	\$ 40,395,179	\$ 29,635,126
Power Sales--2014 (\$) (6):									
Residential	\$ 8,309,771	\$ 37,546,373	\$ 3,228,511	\$ 4,873,810	\$ 8,362,553	\$ 7,729,868	\$ 14,468,551	\$ 15,761,809	\$ 6,000,230
Industrial	-	-	5,972,470	24,126,522	18,702,014	-	8,778,869	10,876,784	-
Commercial	3,906,156	57,364,411	7,684,150	8,305,760	12,649,755	18,375,434	17,579,873	11,665,994	22,524,530
Other	601,677	-	46,068	-	1,823,872	2,057,715	-	2,588,328	-
Total	\$ 12,817,604	\$ 94,910,784	\$ 16,931,199	\$ 37,306,092	\$ 41,538,194	\$ 28,163,017	\$ 40,827,293	\$ 40,892,915	\$ 28,524,760
Power Sales--2013 (\$) (6):									
Residential	\$ 8,059,313	\$ 39,748,375	\$ 3,064,546	\$ 4,522,431	\$ 8,004,565	\$ 7,570,448	\$ 13,076,650	\$ 14,514,136	\$ 6,076,932
Industrial	-	-	5,772,377	22,067,771	19,077,401	-	13,615,688	10,493,275	-
Commercial	3,765,994	50,875,557	7,549,744	7,800,094	12,042,810	18,212,610	13,441,884	9,651,979	20,619,377
Other	479,409	-	45,894	-	1,744,160	1,837,068	-	3,280,094	-
Total	\$ 12,304,716	\$ 90,623,932	\$ 16,432,561	\$ 34,390,296	\$ 40,868,936	\$ 27,620,126	\$ 40,134,222	\$ 37,939,484	\$ 26,696,309

(5) Power Sales for Participants' fiscal year not including power used for public purposes and not billed by the Participant.

(6) Figures for Power Sales are provided by the Participants. In some cases, Participants used figures from audit reports resulting in Power Sales in Table V being identical to those in Table IV. In other cases, Participants provided figures from other unaudited records. These figures may include such things as sales tax and adjustments for unbilled service for public use and may differ from the corresponding Power Sales figures in Table V.

Table IV
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Electric System Descriptions, Customers and Power Sales
(continued)

	East Point	Griffin	LaGrange	Lawrenceville	Marietta	Moultrie	Newnan	Sylvania	Thomasville (4)
Power Sales--2015 (MWh) (5):									
Residential	143,366	147,456	134,054	106,199	343,630	75,475	84,058	21,766	184,950
Industrial	-	92,064	234,056	-	-	24,821	55,778	628,705	-
Commercial	210,148	165,824	120,809	210,993	641,390	81,830	160,382	25,121	297,777
Other	-	-	43,588	-	11,267	5,500	3,536	-	22,860
Total	353,514	405,344	532,507	317,192	996,287	187,626	303,754	675,592	505,587
Power Sales--2014 (MWh) (5):									
Residential	138,956	147,893	131,818	100,962	342,250	75,678	82,362	23,472	189,432
Industrial	-	86,973	222,542	-	-	23,857	72,141	632,610	-
Commercial	198,177	163,929	118,531	205,129	638,138	81,433	138,532	22,429	302,129
Other	-	-	41,028	-	11,100	5,318	3,226	2,376	22,202
Total	337,133	398,795	513,919	306,091	991,488	186,286	296,261	680,887	513,763
Power Sales--2013 (MWh) (5):									
Residential	139,196	145,205	127,438	96,176	336,088	72,655	76,060	21,498	177,724
Industrial	-	88,396	224,265	-	-	23,736	88,979	635,217	-
Commercial	202,435	166,523	113,556	202,096	634,051	81,260	137,675	24,582	291,832
Other	-	-	40,537	-	10,833	5,479	3,310	34	20,424
Total	341,631	400,124	505,796	298,272	980,972	183,130	306,024	681,331	489,980
Power Sales--2015 (\$) (6):									
Residential	\$ 19,407,643	\$ 16,943,438	\$ 14,976,263	\$ 11,469,422	\$ 40,382,197	\$ 9,971,138	\$ 9,835,014	\$ 2,631,736	\$ 22,145,632
Industrial	-	7,906,322	16,741,686	-	-	2,527,639	5,675,657	21,182,752	-
Commercial	24,288,447	20,663,426	12,137,359	19,404,205	73,109,689	10,097,360	16,406,781	3,222,615	32,115,449
Other	-	-	4,339,156	-	2,299,744	554,598	477,246	-	2,634,018
Total	\$ 43,696,090	\$ 45,513,186	\$ 48,194,464	\$ 30,873,627	\$ 115,791,630	\$ 23,150,735	\$ 32,394,698	\$ 27,037,103	\$ 56,895,099
Power Sales--2014 (\$) (6):									
Residential	\$ 18,661,780	\$ 16,430,120	\$ 14,092,881	\$ 10,870,731	\$ 40,038,552	\$ 10,655,069	\$ 9,356,454	\$ 2,784,483	\$ 22,542,279
Industrial	-	7,323,061	15,545,844	-	-	2,015,598	6,301,561	26,055,414	-
Commercial	23,109,852	20,192,006	11,612,663	19,020,741	72,137,922	8,531,942	15,417,734	3,012,064	32,589,637
Other	-	-	4,104,145	-	2,258,786	496,927	450,477	146,395	2,594,037
Total	\$ 41,771,632	\$ 43,945,187	\$ 45,355,533	\$ 29,891,472	\$ 114,435,260	\$ 21,699,536	\$ 31,526,226	\$ 31,998,356	\$ 57,725,953
Power Sales--2013 (\$) (6):									
Residential	\$ 16,166,057	\$ 15,142,389	\$ 13,574,184	\$ 10,460,693	\$ 38,167,413	\$ 9,495,098	\$ 8,494,505	\$ 2,506,343	\$ 20,049,115
Industrial	-	6,818,208	15,625,326	-	-	2,006,285	6,828,379	23,379,644	-
Commercial	19,824,149	19,278,718	11,116,642	18,762,332	69,102,111	9,158,073	14,729,802	3,005,574	30,208,858
Other	392,861	-	4,021,760	-	2,171,619	513,026	422,480	4,711	2,240,697
Total	\$ 36,383,067	\$ 41,239,315	\$ 44,337,912	\$ 29,223,025	\$ 109,441,143	\$ 21,172,482	\$ 30,475,166	\$ 28,896,272	\$ 52,498,670

Table V
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Electric System Financial Operations (1)

	Acworth	Albany	Buford	Calhoun (7)	Cartersville	College Park	Covington	Crisp County (7) (8)	Douglas
Fiscal Year-end	June 30	June 30	June 30	June 30	June 30	June 30	June 30	December 31	June 30
2015									
Power Sales (2)	\$ 13,217,375	\$ 100,064,713	\$ 18,470,105	\$ 39,534,351	\$ 48,242,355	\$ -	\$ 43,442,773	\$ 40,395,179	\$ 27,305,304
Other Operating Revenues	404,872	6,983,108	411,484	450,630	573,257	-	3,409,323	835,721	1,234,647
Total Operating Revenues	13,622,247	107,047,821	18,881,589	39,984,981	48,815,612	-	46,852,096	41,230,900	28,539,951
Cost of Purchased Power	7,812,562	82,944,732	13,881,227	30,066,420	40,143,020	-	32,416,914	25,458,348	20,116,009
Other Operating and Maintenance expenses (excluding depreciation) (3)	2,646,650	11,086,289	1,745,379	3,970,702	5,098,910	-	11,299,646	8,892,347	2,678,343
Total Operating Expenses	10,459,212	94,031,021	15,626,606	34,037,122	45,241,930	-	43,716,560	34,350,695	22,794,352
Net Operating Revenues	3,163,035	13,016,800	3,254,983	5,947,859	3,573,682	-	3,135,536	6,880,205	5,745,599
Other revenues (expense) (4)	(9,939)	-	785,108	239,553	70,933	-	-	387,453	(301,603)
Total	3,153,096	13,016,800	4,040,091	6,187,412	3,644,615	-	3,135,536	7,267,658	5,443,995
Debt Service (5)	41,766	-	-	-	-	-	-	-	929
Amount Supplied to Other Purposes (6)	\$ 3,111,330	\$ 13,016,800	\$ 4,040,091	\$ 6,187,412	\$ 3,644,615	\$ -	\$ 3,135,536	\$ 7,267,658	\$ 5,443,066
2014									
Power Sales (2)	\$ 13,102,374	\$ 94,907,347	\$ 16,876,703	\$ 38,156,073	\$ 44,679,029	\$ 27,634,255	\$ 41,236,529	\$ 40,749,637	\$ 28,320,216
Other Operating Revenues	445,843	1,719,987	125,683	307,052	2,112,490	4,424,583	4,170,053	849,880	1,365,662
Total Operating Revenues	13,548,217	96,627,334	17,002,386	38,463,125	46,791,519	32,058,838	45,406,582	41,599,517	29,685,879
Cost of Purchased Power	8,594,904	76,010,394	14,328,709	29,846,138	40,129,697	20,426,574	32,068,160	27,427,974	19,150,625
Other Operating and Maintenance expenses (excluding depreciation) (3)	2,559,438	5,404,446	1,525,404	3,344,586	4,783,768	3,860,910	9,522,253	8,415,053	2,260,114
Total Operating Expenses	11,154,342	81,414,840	15,854,113	33,190,724	44,913,465	24,287,484	41,590,413	35,843,027	21,410,739
Net Operating Revenues	2,393,875	15,212,494	1,148,273	5,272,401	1,878,054	7,771,354	3,816,169	5,756,490	8,275,139
Other revenues (expense) (4)	42,751	-	1,603,517	220,715	65,856	-	-	667,639	(186,624)
Total	2,436,626	15,212,494	2,751,790	5,493,116	1,943,910	7,771,354	3,816,169	6,424,129	8,088,515
Debt Service (5)	41,766	-	-	-	-	-	-	-	1,081
Amount Supplied to Other Purposes (6)	\$ 2,394,860	\$ 15,212,494	\$ 2,751,790	\$ 5,493,116	\$ 1,943,910	\$ 7,771,354	\$ 3,816,169	\$ 6,424,129	\$ 8,087,434
2013									
Power Sales (2)	\$ 12,567,153	\$ 90,623,932	\$ 16,321,719	\$ 35,583,995	\$ 44,275,058	\$ 24,038,245	\$ 38,553,395	\$ 38,161,141	\$ 26,312,757
Other Operating Revenues	535,972	2,885,820	261,679	366,238	43,241	3,118,840	3,249,932	681,415	298,525
Total Operating Revenues	13,103,125	93,509,752	16,583,398	35,950,233	44,318,299	27,157,085	41,803,327	38,842,556	26,611,282
Cost of Purchased Power	8,626,669	63,741,250	13,393,971	28,042,817	39,023,596	20,020,348	32,359,184	24,783,335	18,918,369
Other Operating and Maintenance expenses (excluding depreciation) (3)	2,533,974	12,868,238	1,535,320	3,758,712	4,527,865	4,110,256	7,473,809	7,852,006	1,937,593
Total Operating Expenses	11,160,643	76,609,488	14,929,291	31,801,529	43,551,461	24,130,604	39,832,993	32,635,341	20,855,962
Net Operating Revenues	1,942,482	16,900,264	1,654,107	4,148,704	766,838	3,026,481	1,970,334	6,207,215	5,755,320
Other revenues (expense) (4)	(318,745)	-	776,814	112,089	14,030	-	-	(118,367)	(178,966)
Total	1,623,737	16,900,264	2,430,921	4,260,793	780,868	3,026,481	1,970,334	6,088,848	5,576,354
Debt Service (5)	36,019	-	-	-	-	-	-	-	-
Amount Supplied to Other Purposes (6)	\$ 1,587,718	\$ 16,900,264	\$ 2,430,921	\$ 4,260,793	\$ 780,868	\$ 3,026,481	\$ 1,970,334	\$ 6,088,848	\$ 5,576,354

(1) Extracted from audited financial statements or other supplementary information from the Participants.

(2) Power Sales are net after billing adjustments and adjustments for unbilled services for public use.

(3) Other Operating and Maintenance expenses do not include interest on electric revenue bonds, which is reflected in Debt Service, and depreciation and capital expenditures which are reflected in Amount Supplied to Other Purposes.

(4) Other Revenues includes investment income, inventory adjustments, change in fair value of investments and, in applicable years, MEAG Power's calendar year-end refunds resulting from revenue collections from Participants in excess of MEAG Power's revenue requirements. Every Participant, in applicable years, received MEAG Power's calendar year-end settlement but not all show these refunds as revenues attributable to the electric system. Deducted from Other Revenues are such things as reimbursements to customers for prior year overcharges, amortization of debt expense, other interest expense, loss on investments, and paying agent fees.

(5) Debt Service consists of principal and interest payments on the Participants' electric system revenue bonds and that portion of public utility revenue bonds allocated to the electric system.

(6) Such purposes include any transfer of funds to the Participant's general fund, school fund, other utility funds and community contributions. In addition, other purposes include renewals, replacements, capital additions to plant, depreciation expenses, working capital and contingencies.

(7) Both Calhoun and Crisp County have a generating facility connected to the integrated transmission system. The cost of power generated by these Participants' own electric system facility is in Other Operating and Maintenance expenses.

(8) The Crisp County Power Commission has a December 31 fiscal year-end. Crisp County has a June 30 fiscal year-end.

Table V
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Electric System Financial Operations (1)
(continued)

	East Point	Griffin	LaGrange	Lawrenceville	Marietta	Moultrie	Newnan	Sylvania	Thomasville
Fiscal Year-end	June 30	June 30	June 30	August 31	June 30	September 30	December 31	December 31	December 31
2015									
Power Sales (2)	\$ 45,262,862	\$ 45,513,186	\$ 48,090,261	\$ 32,510,057	\$ 114,789,426	\$ 23,150,735	\$ 34,195,815	\$ 27,086,460	\$ 56,882,101
Other Operating Revenues	165,102	3,041,229	2,567,243	69,864	1,300,183	3,360,915	-	9,978	6,867,454
Total Operating Revenues	45,427,964	48,554,415	50,657,504	32,579,921	116,089,609	26,511,650	34,195,815	27,096,438	63,749,555
Cost of Purchased Power	33,570,311	31,328,849	41,098,297	23,914,838	90,904,202	18,570,669	20,092,336	26,051,926	43,220,630
Other Operating and Maintenance expenses (excluding depreciation) (3)	6,840,941	6,429,793	1,891,019	1,613,308	10,247,794	1,751,359	7,208,027	844,853	6,289,797
Total Operating Expenses	40,411,252	37,758,642	42,989,316	25,528,146	101,151,996	20,322,028	27,300,363	26,896,779	49,510,427
Net Operating Revenues	5,016,712	10,795,773	7,668,188	7,051,775	14,937,613	6,189,622	6,895,452	199,659	14,239,128
Other revenues (expense) (4)	2,250,244	521,604	(1,191,171)	(2,400)	13,473,313	765,195	442,859	(158,930)	3,809,710
Total	7,266,956	11,317,377	6,477,017	7,049,375	28,410,926	6,954,817	7,338,311	40,729	18,048,838
Debt Service (5)	-	-	-	-	-	-	-	-	-
Amount Supplied to Other Purposes (6)	\$ 7,266,956	\$ 11,317,377	\$ 6,477,017	\$ 7,049,375	\$ 28,410,926	\$ 6,954,817	\$ 7,338,311	\$ 40,729	\$ 18,048,838
2014									
Power Sales (2)	\$ 44,393,640	\$ 43,945,187	\$ 45,256,801	\$ 31,961,345	\$ 114,052,627	\$ 21,699,536	\$ 33,221,291	\$ 32,121,054	\$ 57,705,507
Other Operating Revenues	33,456	3,135,161	3,762,946	124,112	982,861	3,773,227	-	12,146	4,570,931
Total Operating Revenues	44,427,096	47,080,348	49,019,747	32,085,457	115,035,488	25,472,763	33,221,291	32,133,200	62,276,438
Cost of Purchased Power	32,005,602	30,215,822	40,934,346	22,623,017	86,236,552	17,814,952	21,960,427	30,041,394	44,824,917
Other Operating and Maintenance expenses (excluding depreciation) (3)	7,367,774	6,378,331	1,889,375	1,435,436	9,915,315	1,753,339	6,655,586	857,172	5,737,853
Total Operating Expenses	39,373,376	36,594,153	42,823,721	24,058,453	96,151,867	19,568,291	28,616,013	30,898,566	50,562,770
Net Operating Revenues	5,053,720	10,486,195	6,196,026	8,027,004	18,883,621	5,904,472	4,605,278	1,234,634	11,713,668
Other revenues (expense) (4)	5,737,054	930,241	(1,110,821)	(49,826)	12,982,740	531,842	245,128	207,968	4,559,686
Total	10,790,774	11,416,436	5,085,205	7,977,178	31,866,361	6,436,314	4,850,406	1,442,602	16,273,354
Debt Service (5)	-	-	-	-	-	-	-	-	-
Amount Supplied to Other Purposes (6)	\$ 10,790,774	\$ 11,416,436	\$ 5,085,205	\$ 7,977,178	\$ 31,866,361	\$ 6,436,314	\$ 4,850,406	\$ 1,442,602	\$ 16,273,354
2013									
Power Sales (2)	\$ 40,164,602	\$ 41,239,315	\$ 44,337,912	\$ 30,406,044	\$ 108,104,951	\$ 21,172,482	\$ 32,097,639	\$ 29,401,666	\$ 52,470,116
Other Operating Revenues	63	2,875,460	2,564,060	227,581	1,450,923	4,016,995	-	4,933	3,658,344
Total Operating Revenues	40,164,665	44,114,775	46,901,972	30,633,625	109,555,874	25,189,477	32,097,639	29,406,599	56,128,460
Cost of Purchased Power	30,261,329	29,878,167	37,461,689	22,381,812	83,394,943	17,222,178	20,287,204	27,315,902	41,031,798
Other Operating and Maintenance expenses (excluding depreciation) (3)	7,351,774	6,142,709	1,944,348	1,516,366	9,572,409	1,641,254	6,626,781	635,268	5,830,719
Total Operating Expenses	37,613,103	36,020,876	39,406,037	23,898,178	92,967,352	18,863,432	26,913,985	27,951,170	46,862,517
Net Operating Revenues	2,551,562	8,093,899	7,495,935	6,735,447	16,588,522	6,326,045	5,183,654	1,455,429	9,265,943
Other revenues (expense) (4)	4,253,435	(333,424)	(850,136)	21,200	8,925,990	9,254	598,122	(105,045)	202,590
Total	6,804,997	7,760,475	6,645,799	6,756,647	25,514,512	6,335,299	5,781,776	1,350,384	9,468,533
Debt Service (5)	-	-	-	-	-	-	-	-	-
Amount Supplied to Other Purposes (6)	\$ 6,804,997	\$ 7,760,475	\$ 6,645,799	\$ 6,756,647	\$ 25,514,512	\$ 6,335,299	\$ 5,781,776	\$ 1,350,384	\$ 9,468,533

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SUMMARY OF POWER SALES CONTRACTS

The following is a description of certain of the provisions of the Project One Power Sales Contracts and the Existing General Resolution Projects Power Sales Contracts executed between MEAG Power and the Initial Participants. All of the Power Sales Contracts for each Project are identical in all material respects. In addition, the Project One and Project Four power sales contracts between MEAG Power and Oxford and the Project One power sales contract between MEAG Power and Acworth are substantially identical to the Power Sales Contracts for each such Project. The Project One Power Sales Contracts became effective on March 1, 1976, the Project Two Power Sales Contracts (other than the Project Two Power Sales Contract between MEAG Power and Oxford) became effective on February 1, 1978, the Project Three Power Sales Contracts (other than the Project Three Power Sales Contract between MEAG Power and Oxford) became effective on May 1, 1980 and the Project Four Power Sales Contracts became effective on November 6, 1983. The Project Two and Project Three Power Sales Contracts between MEAG Power and Oxford became effective on January 1, 1986, the Project One and Project Four power sales contract between MEAG Power and Oxford became effective on January 1, 1986 and the Project One power sales contract between MEAG Power and Acworth became effective on May 16, 2002.

As a result of the Term Extension Amendments (see the fifth paragraph under “INTRODUCTORY STATEMENT – The Participants” in the Annual Information Statement), the power sales contracts relating to each Project will continue in full force and effect until June 1, 2054.

MEAG Power is obligated to provide, and the Participants are obligated to take from MEAG Power, all of the Participants’ Bulk Power Supply requirements. See “MEAG POWER – Bulk Power Supply Operations” in the Annual Information Statement for information regarding the establishment by MEAG Power of rates and charges, and the Participants’ rights and obligations, with respect to power and energy from Project One, Project Two, Project Three and Project Four.

Capitalized terms not otherwise defined herein or defined in the Annual Information Statement shall be as defined in the Power Sales Contracts.

Annual Budgets

MEAG Power is required to adopt an Annual System Budget for Project One, an Annual Project Two Budget, an Annual Project Three Budget and an Annual Project Four Budget sufficient to recover all of its costs in providing output and services from the related Project to the Participants including overhead, working capital, debt service and all other amounts required to be paid or deposited in funds by the Project One Resolution or the General Resolution Projects Resolution. The Project One Power Sales Contracts provide that an appropriate share of MEAG Power’s administrative and general expenses will be allocated between Project One and any other projects including the Existing General Resolution Projects. MEAG Power is required to establish rates and charges for the output and services of Project Two, Project Three and Project Four which will provide revenues sufficient, but only sufficient, to pay its costs attributable to each such Project. For purposes of establishing such rates and charges, MEAG Power may combine the costs of any such projects with the costs of any other such project and with the costs relating to Supplemental Bulk Power Supply (which will continue to be recovered under the authority of the Project One Power Sales Contracts) and with its costs attributable to any future projects for the output and services of which a Participant executes a contract, in which case a portion of the revenues derived from such Participant under such rates and charges would be allocated to payment of costs attributable to the applicable Existing General Resolution Project. MEAG Power may also establish separate rates and charges for the output and services of Project Two, Project Three and Project Four.

MEAG Power is authorized to amend the Annual System Budget for Project One, the Annual Project Two Budget, the Annual Project Three Budget and the Annual Project Four Budget upon 30 days' notice to the Participants and to adjust its rates and charges as required to meet all of its costs. MEAG Power submits and each Participant is obligated to pay a monthly Billing Statement for each Project based upon the applicable Budget. At the end of each Power Supply Year MEAG Power determines if the aggregate amounts collected from the monthly Billing Statements, together with any other income, was in the proper amount. Any excess collected is appropriately credited to the Participants on their monthly Billing Statements for the remaining month or months of the then current Power Supply Year, or may be paid to the Participants entitled thereto if available in the General Reserve Fund (which, in the case of both the Project One Resolution and the General Resolution Projects Resolution, has been consolidated into the Revenue and Operating Fund established thereunder). Any deficiencies found to exist are recovered by adding ten percent of each Participant's aggregate deficiency to each of its ten succeeding monthly Billing Statements.

Participants' Obligations to Pay

Each Participant is obligated to make its payments for Project One power under its Project One Power Sales Contract whether or not Project One, or any portion thereof, is completed, operating or operable, and such payments are unconditional. The Project One Power Sales Contracts acknowledge that all such payments are to be pledged as security for MEAG Power's Project One Senior Bonds.

Each Participant is unconditionally obligated to pay for output and services from the Existing General Resolution Projects pursuant to the rates and charges established by MEAG Power under the Existing General Resolution Projects Power Sales Contracts, whether or not any portion of such Projects is completed, operating or operable. The Existing General Resolution Projects Power Sales Contracts acknowledge that all such payments are to be pledged as security for MEAG Power's General Resolution Projects Senior Bonds.

For further information with respect to the obligations of the Participants under the Project One Power Sales Contracts and the Existing General Resolution Projects Power Sales Contracts and remedies of MEAG Power thereunder, see "CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Security for MEAG Power's Senior Bonds" and "THE PARTICIPANTS" in the Annual Information Statement.

Procurement of Alternative Bulk Power Supply Resources

Each Project One Power Sales Contract provides that each Participant may procure sources of supplemental bulk power supply other than that provided by MEAG Power. This right is subject to certain notice requirements varying from two years to nine years depending upon the ratio that the amount of such alternate source bears to the Participant's total peak demand less SEPA power and less its Entitlement Share of the output and services of Project One. Both parties may mutually agree to some other notice provision if no burden or cost would be imposed upon MEAG Power. The Project Two, Project Three and Project Four Power Sales Contracts further limit the right of Participants to procure alternate supplemental bulk power supply sources, providing that, in the event that such a source were procured by a Participant, such Participant's Bulk Power Supply would be deemed to be not less than such Participant's Entitlement Share of the capacity related output and services of Project One, multiplied by a fraction, the numerator of which is combined capacity related output and services of Project One, Project Two, Project Three and Project Four delivered to all Participants and the denominator of which is the capacity related output and services of Project One delivered to all Participants provided that the Participants must continue to take their allocated shares of the output of Project Two, Project Three and Project Four. Further, procurement of such alternate sources does not relieve a Participant of its obligation to pay its Entitlement Share of costs relating to Project One or its allocated share of the costs of the Existing General Resolution Projects. See the final

paragraph under “MEAG POWER – Bulk Power Supply Operations – *Provisions for Participants to Obtain Supplemental Power from Alternative Sources*” in the Annual Information Statement for information concerning the adoption by MEAG Power of a policy with respect to the supplemental power requirements of the Participants.

Remedies

Failure by a Participant to make any payment due under its Project One Power Sales Contract and each Existing General Resolution Projects 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 Participant, discontinue output and services from the applicable Project to such Participant. Also, each Power Sales Contract provides that in the event of default in any payment by the Participant, such Participant must provide for the assessment and collection of an annual tax sufficient to meet its obligations under the applicable Power Sales Contract, and specific performance is provided as one remedy to enforce such provision.

Sale or Exchange of Power and Energy

Under Section 311(b) of the Project One Power Sales Contracts, MEAG Power may utilize, sell, and exchange electric capacity and energy from the Participant’s Entitlement Share of Project One whenever, in its discretion, any such transaction can reasonably be expected to result in a more reliable or economical overall Bulk Power Supply to the Participants. This provision was added to give MEAG Power more flexibility in discharging its responsibility to provide an economical overall Bulk Power Supply to all of the Participants. Any action taken by MEAG Power under this section does not require approval by the Participants; however, MEAG Power must be able to demonstrate that any such action can be expected to result in a more reliable or economical overall Bulk Power Supply to the Participants.

Section 312 of the Project One Power Sales Contracts provides that, in the event all or any part of any Participant’s Entitlement Share results in an excess to the Participant of electric power and energy from Project One, MEAG Power, when so requested by the Participant, may sell and transfer such excess to the other Participants who desire such power and energy, and if any amount is not so disposed, MEAG Power may sell such amount to other utilities.

With respect to Project One, any such sale will not relieve a Participant of its obligation on its Entitlement Share, but it will receive credit for the amounts that are actually paid for such excess by the transferees.

Termination or Amendment

The Project One Power Sales Contracts may not be terminated or amended in any manner which would adversely affect the rights of the owners of the Project One Senior and Subordinated Bonds or reduce the payments pledged as security for any of the Project One Senior and Subordinated Bonds. Similarly, the Existing General Resolution Projects Power Sales Contracts may not be terminated or amended in any manner which would adversely affect the rights of the owners of the General Resolution Projects Senior and Subordinated Bonds or reduce the payments pledged as security for the General Resolution Projects Senior and Subordinated Bonds.

Effective May 31, 1989, MEAG Power executed an amendment to the Project One Power Sales Contracts to permit MEAG Power to acquire, construct, and finance transmission system facilities under the Integrated Transmission System Agreement (the predecessor agreement to the Integrated Transmission System Operation and Maintenance Agreement referred to under the caption “Summary of Agreements Relating to Integrated Transmission System – *Integrated Transmission System Operation and Maintenance*”).

Agreements” in APPENDIX F, “SUMMARY OF PROJECT AGREEMENTS”) subsequent to the achievement of commercial operation of the last of the generating facilities on Project One. Under the amendment, MEAG Power is authorized by the Power Sales Contracts to finance additional transmission system facilities as Additional Facilities of Project One. Such amendment to the Project One Power Sales Contracts also provides, among other things, for the delivery of SEPA power by MEAG Power to the Participants, which began in June 1989.

SUMMARY OF PROJECT AGREEMENTS

General

MEAG Power's rights and obligations with respect to Plant Hatch, Plant Wansley, Plant Vogtle Unit Nos. 1 and 2 and those facilities at Plant Vogtle intended to be used in common by Plant Vogtle Unit Nos. 1 and 2 (such facilities together with Plant Vogtle Unit Nos. 1 and 2 are collectively referred to as, "Vogtle Units 1&2"), Plant Scherer Unit Nos. 1 and 2 and those facilities at Plant Scherer intended to be used in common by Plant Scherer Unit No. 1 or Plant Scherer Unit No. 2, or both, and one or both of Plant Scherer Unit No. 3 or Plant Scherer Unit No. 4 (such facilities are collectively referred to herein as the "Plant Scherer Common Facilities") are contained in a number of agreements between MEAG Power and GPC, in the case of Plant Hatch, Plant Wansley and a portion of MEAG Power's ownership interest in Vogtle Units 1&2, and among MEAG Power, GPC, OPC and Dalton, in the case of Vogtle Units 1&2 and Plant Scherer Unit Nos. 1 and 2 and the Plant Scherer Common Facilities.

Plant Wansley. MEAG Power and GPC are parties to a Purchase and Ownership Participation Agreement, dated as of August 27, 1976, as amended (the "Wansley Ownership Agreement"), under which MEAG Power has acquired from GPC, and as described below is obligated in respect of, a 15.1 percent ownership interest in Plant Wansley (consisting of the 10.0 percent undivided interest included in Project One and the 5.1 percent undivided interest included in Project Two). MEAG Power is also a party to an Operating Agreement, dated as of August 27, 1976, as amended (the "Wansley Operating Agreement"), relating to the operation and maintenance of Plant Wansley. In addition, MEAG Power and GPC have entered into an Agreement of Construction, dated as of August 27, 1976, to construe certain terms and conditions of the Wansley Ownership Agreement and Wansley Operating Agreement.

Plant Hatch. MEAG Power is party to a Purchase and Ownership Participation Agreement, dated as of August 27, 1976, as amended (the "Hatch Ownership Agreement"), under which it acquired from GPC, and is obligated in respect of, a 17.7 percent ownership interest in Plant Hatch. MEAG Power is also a party to an Operating Agreement, dated as of August 27, 1976, as amended (the "Hatch Operating Agreement"), relating to the operation and maintenance of Plant Hatch. In addition, MEAG Power and GPC have entered into an Agreement of Construction, dated as of August 27, 1976, to construe certain terms and conditions of the Hatch Ownership Agreement and Hatch Operating Agreement.

Plant Scherer Unit Nos. 1 and 2. MEAG Power, GPC, OPC and Dalton are parties to a Purchase and Ownership Participation Agreement, dated as of May 15, 1980 (the "Scherer Ownership Agreement"), under which MEAG Power is obligated in respect of its aggregate 30.2 percent ownership interest in Plant Scherer Unit Nos. 1 and 2 (consisting of the 10.0 percent ownership interest included in Project One, the 5.1 percent ownership interest included in Project Two and the 15.1 percent ownership interest included in Project Three), and in respect of its 15.1 percent ownership interest in the Plant Scherer Common Facilities (consisting of the 5.0 percent interest in Project One, the 2.55 percent interest in Project Two and the 7.55 percent interest in Project Three). MEAG Power, GPC, OPC and Dalton are also parties to an Operating Agreement, dated as of May 15, 1980 (the "Scherer Operating Agreement"), relating to the operation and maintenance of Plant Scherer Unit Nos. 1 and 2 and the Plant Scherer Common Facilities. Both the Scherer Ownership Agreement and the Scherer Operating Agreement were amended in December 1985 to accommodate a sale and leaseback financing arrangement by OPC of its interest in Plant Scherer Unit No. 2.

In connection with OPC's sale and leaseback financing arrangement of its interest in Plant Scherer Unit No. 2, MEAG Power, GPC, OPC, Dalton and Gulf Power Company entered into Consent, Amendment and Assumption Agreements, each dated as of December 30, 1985, with each of four Owner Trustees (those

involved in the OPC financing arrangement) pursuant to which the Consenting Co-Owners (GPC, OPC, MEAG Power and Dalton) consented to the transfers and to the related assignments and assumptions required in the OPC sale and leaseback financing arrangement.

The co-owners of Plant Scherer Unit Nos. 1 and 2 entered into an amendment to the Scherer Ownership Agreement and an amendment to the Scherer Operating Agreement, both amendments dated as of December 31, 1990. The amendments, among other things, permit each such party and each co-owner of Plant Scherer Unit No. 3 or Plant Scherer Unit No. 4, under certain conditions, to elect to maintain a separate coal stockpile for accounting and other purposes and for purposes of payment of costs relating thereto; to procure coal for use in connection with their undivided ownership interests; and to cause GPC to use its reasonable best efforts to dispatch the undivided ownership interest of such party, if it has a separate coal stockpile, to match such party's schedule. GPC and MEAG Power have made similar amendments to the Wansley Ownership Agreement and the Wansley Operating Agreement.

The parties to the Scherer Ownership Agreement, along with the other co-owners of Plant Scherer Unit Nos. 3 and 4, entered into a Plant Scherer Managing Board Agreement (the "Scherer Managing Board Agreement") which, among other things, established a managing board to coordinate the implementation and administration of the various agreements referred to above relating to Plant Scherer and similar agreements relating to Plant Scherer Unit Nos. 3 and 4, including the establishment of standards, rules and policies for fuel and fuel procurement and the method of voting on issues affecting the various components of Plant Scherer in which all co-owners of the Plant have an interest.

As a result of the amendments to the Scherer Ownership Agreement and the Scherer Operating Agreement described above and the Scherer Managing Board Agreement, and the sale by GPC of undivided ownership interests in Plant Scherer Unit No. 4 to Florida Power & Light Company ("FP&L") and JEA, the co-owners of Plant Scherer amended the Consent, Amendment and Assumption Agreements with each of the four Owner Trustees, dated as of August 16, 1993, to (1) address the rights and obligations of OPC and the Owner Trustees with respect to the Scherer Managing Board Agreement, (2) amend the Co-Owners' Consent relating to the purchase of the coal stockpile and Plant Scherer Unit No. 2 coal inventories, and (3) allow the Owner Trustees, subject to certain conditions, the right to elect to succeed to certain then existing rights of OPC under the Scherer Ownership Agreement and the Scherer Operating Agreement.

Vogtle Units 1&2. MEAG Power, GPC, OPC and Dalton are parties to (1) a Purchase and Ownership Participation Agreement, dated as of August 27, 1976, as amended (the "Vogtle Units 1&2 Ownership Agreement" which is referred to herein collectively with the Hatch Ownership Agreement, the Wansley Ownership Agreement and the Scherer Ownership Agreement, as the "Ownership Agreements"), under which MEAG Power has acquired from GPC, and as described below is obligated in respect of, its 17.7 percent ownership interest in Vogtle Units 1&2 included in MEAG Power's Project One and under which MEAG Power is obligated in respect of the additional 5.0 percent ownership interest in Vogtle Units 1&2 included in Project Four and (2) an Amended and Restated Operating Agreement, dated as of April 21, 2006, as amended (the "Vogtle Operating Agreement" which is referred to herein collectively with the Hatch Operating Agreement, the Wansley Operating Agreement and the Scherer Operating Agreement, as the "Operating Agreements"), relating to the operation and maintenance of Plant Vogtle. The Vogtle Operating Agreement amended and restated the operating agreement, dated as of August 27, 1976, as amended, which originally governed Vogtle Units 1&2, to include two additional nuclear units at Plant Vogtle ("Vogtle Units 3&4"). For a discussion of the provisions of the Vogtle Operating Agreement, see APPENDIX N, "SUMMARY OF VOGTLE UNITS 3&4 PROJECT AGREEMENTS – Vogtle Operating Agreement." MEAG Power and GPC are parties to a purchase agreement (the "Vogtle Units 1&2 Purchase Agreement"), which provided for, among other things, the purchase by MEAG Power from GPC of an additional 5.0 percent ownership interest in Vogtle Units 1&2 which is included in Project Four, and the amendment thereto dated as of April 9, 1985 revising the terms of the sellback by MEAG Power to GPC of output from

MEAG Power's interests in Vogtle Units 1&2 (the "Amended Vogtle Units 1&2 Purchase Agreement"). See "Summary of Operating Agreements – *Sell-Back Arrangements with GPC*" herein.

Nuclear Managing Board. MEAG Power, GPC, OPC and Dalton entered into a Nuclear Managing Board Agreement, dated as of November 12, 1990, which established a nuclear managing board to coordinate the implementation and administration of the various agreements referred to above relating to Plant Hatch and Vogtle Units 1&2. Subsequently, the parties entered into an Amended and Restated Nuclear Managing Board Agreement, dated as of July 1, 1993 (the "Amended and Restated Nuclear Managing Board Agreement"), which authorized GPC to enter into a Nuclear Operating Agreement for Plant Hatch and Vogtle Units 1&2 with Southern Nuclear. This amended agreement established Southern Nuclear as the Operating Agent responsible for the operation and maintenance and decommissioning of Plant Hatch and Vogtle Units 1&2 as the agent of GPC, subject to receiving the approval of the NRC. That approval was received on March 17, 1997 and Southern Nuclear now is functioning as the Operating Agent. As a result of the foregoing, the nuclear services agreement previously entered into among MEAG Power, GPC, OPC and Dalton has been terminated and GPC has acknowledged (a) that the Nuclear Operating Agreement is a subcontract only and does not relieve GPC of any of its responsibilities to the co-owners of Plant Hatch and Vogtle Units 1&2 and (b) that it shall continue to be responsible to the other co-owners for its agency functions, including, but without limitation, the operation and maintenance and decommissioning of Plant Hatch and Vogtle Units 1&2 pursuant to the applicable Agreements and shall be responsible for the performance of the Operating Agent. The Operating Agent, in turn, is obligated to comply with the applicable terms of the Amended and Restated Nuclear Managing Board Agreement.

On April 21, 2006, GPC, MEAG Power, OPC and Dalton entered into a Second Amended and Restated Nuclear Managing Board Agreement (the "Nuclear Managing Board Agreement") for Plant Hatch and Plant Vogtle for the purpose of providing that Southern Nuclear also will serve as the Operating Agent with respect to the proposed expansion at Plant Vogtle involving the construction of Vogtle Units 3&4 in addition to Vogtle Units 1&2. The Second Amended and Restated Nuclear Managing Board Agreement was further amended by Amendment No. 1 thereto, dated as of April 8, 2008, to clarify the identity of Dalton as a party to the Second Amended and Restated Nuclear Managing Board Agreement. The Second Amended and Restated Nuclear Managing Board Agreement was further amended by Amendment No. 2 thereto, dated as of February 20, 2014 to, among other things, (1) 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 under the Second Amended and Restated Nuclear Managing Board Agreement and (2) provide for a guaranty given by MEAG Power in favor of GPC, OPC and Dalton of the respective obligations of each Vogtle Units 3&4 Project Entity under the Second Amended and Restated Nuclear Managing Board Agreement. See APPENDIX N, "SUMMARY OF VOGTLE UNITS 3&4 PROJECT AGREEMENTS – Vogtle Units 3&4 Guaranties."

Other Matters. MEAG Power's ownership interests in Plant Wansley and Plant Scherer Unit Nos. 1 and 2 and the Plant Scherer Common Facilities included in Project Two, its ownership interests in Plant Scherer Unit Nos. 1 and 2 and the Plant Scherer Common Facilities included in Project Three, its ownership interests in Vogtle Units 1&2 included in Project Four, and its ownership interests in Vogtle Units 3&4 included in the Vogtle Units 3&4 Projects may not be financed under the Project One Resolution. MEAG Power's ownership interests in such facilities included as part of Project One may not be financed under the General Resolution Projects Resolution or the Vogtle Units 3&4 Bond Resolutions. Revenues from the sale of capacity and energy attributable to MEAG Power's ownership interests in such facilities included as part of Project One have been pledged by MEAG Power as security for Project One Senior Bonds; revenues from the sale of capacity and energy attributable to MEAG Power's ownership interests therein included as part of Project Two, Project Three and Project Four are pledged by MEAG Power as security for General Resolution Projects Senior Bonds issued under the General Resolution Projects Resolution; and revenues from the sale of capacity and energy attributable to MEAG Power's ownership interests therein included as part of Project M, Project J and Project P are pledged by MEAG Power as security for Project

M Bonds, Project J Bonds and Project P Bonds, respectively, issued under the applicable Vogtle Units 3&4 Bond Resolution. However, MEAG Power's obligations under the Project Agreements extend to MEAG Power's interests, as a whole, in such facilities, except that the ownership interest of each Vogtle Units 3&4 Project Entity in Vogtle Units 3&4 is treated separately for purposes of the Vogtle Units 3&4 Project Agreements. Failure of MEAG Power to meet any obligation in respect of its ownership interest in any Plant included as part of a Project would entitle the other co-owners to invoke their remedies in respect of MEAG Power's entire interest therein and consequently may adversely affect the rights of MEAG Power with respect to its ownership interest in such Plant, if any, included in another Project. See APPENDIX N, "SUMMARY OF VOGTLE UNITS 3&4 PROJECT AGREEMENTS" for a description of the project agreements that govern the Vogtle Units 3&4 Projects.

MEAG Power and GPC have entered into three letter agreements dated May 8, 1979, August 8, 1983 and October 31, 1988 relating to the interpretation of certain provisions of the Project Agreements.

Summary of Ownership Agreements

GPC's Responsibilities as Agent. The Ownership Agreements appoint GPC as agent with sole authority for, among other things, the planning, licensing, design, construction and disposal of Plant Hatch, Plant Wansley, Vogtle Units 1&2, Plant Scherer Unit Nos. 1 and 2 and the Plant Scherer Common Facilities. As agent, GPC has the sole authority and responsibility to arrange for and acquire nuclear fuel for Plant Hatch and Vogtle Units 1&2 and fossil fuel for Plant Scherer Unit Nos. 1 and 2 and Plant Wansley, except that under certain circumstances the other co-owners of Plant Wansley and Plant Scherer Unit Nos. 1 and 2 may acquire fossil fuel for those units. However, each co-owner of the respective Plants or units 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 co-owners.

In performing its responsibilities under the Ownership Agreements, GPC is required to comply with prudent utility practices. GPC's liabilities with respect to its duties under the Ownership Agreements are limited by the terms thereof.

Costs of Repairs and Reconstruction. Under certain circumstances, MEAG Power may be required to make payment for repair or reconstruction resulting from damage to or destruction of any portion of Plant Hatch, Plant Wansley, Vogtle Units 1&2, Plant Scherer Unit No. 1, Plant Scherer Unit No. 2 or the Plant Scherer Common Facilities.

Remedies for Non-Payment. The Hatch Ownership Agreement and Wansley Ownership Agreement provide that, should MEAG Power fail to make payment when due, interest will be added to the overdue amount and MEAG Power will indemnify GPC for any damages arising out of MEAG Power's failure to make timely payment. In addition, GPC has the right, but not the obligation, to make any payment of principal or interest due from MEAG Power in respect of bonds for financing MEAG Power's obligations under the respective Ownership Agreements and to be reimbursed therefor by MEAG Power.

The Scherer Ownership Agreement and the Vogtle Units 1&2 Ownership Agreement provide that, should a co-owner fail to make any payment when due, among other things, such non-paying co-owner's rights to output capacity and energy would be suspended, and, in certain circumstances, the other co-owners would have the right to acquire all or a part of the non-paying co-owner's ownership interest in the Plant or the units and common facilities involved.

Alienation and Assignment of Ownership Interests. The parties to the Hatch Ownership Agreement, the Vogtle Units 1&2 Ownership Agreement and the Wansley Ownership Agreement have rights to transfer ownership interests subject to first refusal rights of the other parties, subject to certain conditions. This right of first refusal is activated by an offer to the co-owners in proportion to their respective ownership interests. The offer, in the form of a contract with a firm price, must be accepted

within 90 days. If the offer is not accepted, the seller may (within one year) sell to other entities upon the same conditions contained in the offer. In addition, with respect to Vogtle Units 1&2, GPC has reserved the right to sell undivided ownership interests to electric membership corporations or public bodies. Any such sale would not affect the obligation of GPC to continue as agent for the co-owners. GPC has retained the right to sell additional interests in Plant Wansley to co-owners of Plant Hatch, provided that, except for sales to OPC or MEAG Power as a result of certain options available under specified conditions, it must maintain a majority interest.

Except with the consent of co-owners owning at least an aggregate 95 percent interest in Plant Scherer Unit Nos. 1 and 2, no co-owner of such units may sell or otherwise transfer any portion of its interest in such units or the Plant Scherer Common Facilities without first offering such portion to the other co-owners (on a *pro rata* basis). However, such consent is not required in certain circumstances, including sales or transfers in connection with pollution control or fuel financing arrangements. No such sale or transfer by GPC shall relieve it of its obligation to act as agent under the Scherer Ownership Agreement and Scherer Operating Agreement; furthermore, no such sale or transfer by MEAG Power, GPC or OPC shall relieve GPC of its obligations under the sellback arrangements with respect to Plant Scherer Unit Nos. 1 and 2.

The Plant Scherer Common Facilities. Under the Scherer Ownership Agreement, each of the co-owners of the Plant Scherer units is required to own a percentage interest in the Plant Scherer Common Facilities equivalent to its percentage entitlement to the total output from all units constructed (based on its ownership interest in each unit and the units' nominal ratings).

No Warranties by GPC. Each Ownership Agreement contains a provision to the effect that GPC makes no representation or warranty as to, among other things, the value, quality, condition, saleability, merchantability, fitness or suitability for use of the applicable facilities, and that GPC makes no representation or warranty that the use or operation of such facilities will not violate patent, trademark or service mark rights of any third parties. However, MEAG Power has the benefit under the Ownership Agreements, in proportion to its interest in such facilities, of all manufacturers' and vendors' warranties and all patent, trademark and service mark rights running to GPC in connection therewith.

For a summary of the provisions of the Vogtle Units 3&4 Ownership Agreement, see APPENDIX N, "SUMMARY OF VOGTLE UNITS 3&4 PROJECT AGREEMENTS – Vogtle Units 3&4 Ownership Agreement."

Summary of Operating Agreements

The Operating Agreements give GPC, as agent, sole authority for the management, control, maintenance and operation of Plant Hatch, Plant Wansley, Plant Scherer Unit Nos. 1 and 2 and the Plant Scherer Common Facilities and provide for the use of capacity and energy from such facilities and the sharing of the costs thereof by the parties thereto in accordance with their respective interests. For a summary of the provisions of the Vogtle Operating Agreement, see APPENDIX N, "SUMMARY OF VOGTLE UNITS 3&4 PROJECT AGREEMENTS – Vogtle Units 3&4 Operating Agreement."

The Wansley Operating Agreement will remain in effect with respect to Plant Wansley Units No. 1 and No. 2 until December 24, 2016 and April 25, 2018, respectively. The co-owners currently are in discussions regarding extending these terms prior to expiration. The Scherer Operating Agreement 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.

MEAG Power's Entitlement to Output. With respect to availability of output, MEAG Power is entitled to a percentage of the net capacity and net energy output of each Plant or unit equal to its percentage undivided interest in such Plant or unit, subject to its obligation to sell capacity and energy to GPC as described below. GPC has sole authority for the scheduling and dispatching of generation from each Plant or unit. In the case of Plant Hatch and Plant Wansley, GPC follows its standard scheduling and dispatching procedures. Except as described in the next sentence, in the case of Plant Scherer Unit Nos. 1 and 2, GPC will schedule and dispatch the output of each unit for a specified period on a continuous economic dispatch basis in accordance with GPC's standard scheduling and dispatching procedures and will notify each of the co-owners in advance of such specified period of the estimated operating level for each unit based upon the economic dispatch of such unit; and any such co-owner may, under certain conditions, increase its entitlement to energy from any such unit up to a maximum of such co-owner's proportionate share of the energy which could be generated by such unit operating at its maximum practicable capability at any given time. As previously noted, under the amendments to the dispatching provisions of the Wansley and Scherer Operating Agreements, a co-owner of Plant Scherer Unit Nos. 1 and 2 and the units at Plant Wansley may independently dispatch the output of its share of such units under certain conditions. If GPC voluntarily ceases to operate, or reduces output, from Plant Hatch or Plant Wansley because GPC has access to less expensive energy sources, GPC is required to make available to MEAG Power the amount of capacity and energy reasonably anticipated to have been available to MEAG Power from such Plant at a cost equal to the estimated cost to MEAG Power if such Plant were continued in operation at its maximum practicable operating level.

Responsibility for Operating Costs. Except as otherwise provided, each party is responsible for a percentage of Operating Costs (as defined) and fuel costs of each Plant or unit equal to the percentage of its undivided interest in such Plant or unit. GPC is required to furnish budgets for Operating Costs, fuel plans and scheduled maintenance plans. In the case of Plant Scherer Unit Nos. 1 and 2, Operating Costs and fuel costs are paid by the co-owners in proportion to their respective shares of the energy output of the units.

Sell-Back Arrangements with GPC. GPC was entitled to a declining fractional portion of MEAG Power's capacity and energy from Plant Hatch Unit Nos. 1 and 2, from Plant Wansley Unit Nos. 1 and 2, from Plant Scherer Unit Nos. 1 and 2, and from Plant Vogtle Unit Nos. 1 and 2. Such sales by MEAG Power to GPC have been completed.

As previously noted, as of April 9, 1985 MEAG Power and GPC entered into the Amended Vogtle Units 1&2 Purchase Agreement to change certain provisions therein for the sale to GPC of output of MEAG Power's Project One interest and Project Four interest in Vogtle Units 1&2.

For purposes of the capacity and energy sales to GPC under the Amended Vogtle Units 1&2 Purchase Agreement, MEAG Power's 17.7 percent Project One interest in Vogtle Units 1&2 is divided into two components, (i) the "Project One Declining Portion," which consists of 77.966 percent of MEAG Power's Project One interest or a 13.80 percent interest in Vogtle Units 1&2; and (ii) the "Project One Long-Term Portion" which consists of the remaining 22.034 percent of MEAG Power's Project One interest or a 3.90 percent interest in Vogtle Units 1&2. MEAG Power's 5.0 percent Project Four interest in Vogtle Units 1&2 is also divided into two components, (i) the "Project Four Declining Portion," which consists of 78.000 percent of MEAG Power's Project Four interest or a 3.900 percent interest in Vogtle Units 1&2; and (ii) the "Project Four Long-Term Portion," which consists of the remaining 22.000 percent of MEAG Power's Project Four interest or a 1.100 percent interest in Vogtle Units 1&2. The Amended Vogtle Units 1&2 Purchase Agreement provides that sales will be made by MEAG Power to GPC from the Long-Term Portions of MEAG Power's Project One and Project Four interests in Vogtle Units 1&2 generally in

accordance with the following table (sales from the Declining Portion row (a) below and a portion of the Long-Term Portion row (b) below have been completed):

	<u>Project One Interest</u>	<u>Project Four Interest</u>	<u>Total</u>	<u>% of Total Ownership</u>
Declining Portion⁽¹⁾				
(a) First Year of Commercial Operation and Following Seven Years	13.800%	3.900%	17.700%	77.970%
Long-Term Portion⁽²⁾				
(b) First Month of Commercial Operation and Following 305 Months	3.015	0.850	3.865	17.030
(c) First Month of Commercial Operation and Continuing Until Retirement.....	<u>0.885</u>	<u>0.250</u>	<u>1.135</u>	<u>5.000</u>
Total Declining and Long-Term.....	17.700%	5.000%	22.700%	100.000%

⁽¹⁾ The declining sales from Vogtle Unit Nos. 1 and 2 are completed.

⁽²⁾ Percentages shown have been rounded for presentation purposes. Actual percentages are slightly larger than the amounts shown in part (b) of the Long-Term Portion and slightly smaller than the amounts shown in part (c) of the Long-Term Portion.

Under the Amended Vogtle Units 1&2 Purchase Agreement, in the aggregate MEAG Power will sell to GPC approximately 20.37 percent and 20.35 percent, respectively, of the output and services of its Project One interest and Project Four interest in Vogtle Units 1&2 through 2024.

The percentage sales to GPC by MEAG Power from its Project One Long-Term Portion are (i) with respect to the 3.015 percent portion of MEAG Power's Project One interest in Vogtle Units 1&2 and the 0.850 percent portion of MEAG Power's Project Four interest in Vogtle Units 1&2, 100 percent of the output of such interests commencing with the month of commercial operation of Plant Vogtle Unit No. 1 or Plant Vogtle Unit No. 2, as the case may be, and continuing until the end of the 305th month following such month or months of commercial operation; and (ii) with respect to the 0.885 percent portion of MEAG Power's Project One interest and the 0.250 percent portion of MEAG Power's Project Four interest, 100 percent of the output of such interests commencing with the year of commercial operation of Plant Vogtle Unit No. 1 or Plant Vogtle Unit No. 2, as the case may be, and continuing until the later to occur of (x) the retirement of the applicable unit, or (y) the last principal installment of MEAG Power's Project One Senior Bonds and Project One Subordinated Bonds or Project Four Senior Bonds and Project Four Subordinated Bonds allocable to the Project One Long-Term Portion or the Project Four Long-Term Portion.

If the sell-back provisions of the Vogtle Units 1&2 Purchase Agreement would result in the purchase by GPC of more than 25 percent of the "subparagraph 5 output" (as that term was defined in United States Treasury Regulations when the Vogtle Units 1&2 Purchase Agreement was executed) of the facilities financed with a particular issue of Project One Senior Bonds under the Project One Resolution or General Resolution Projects Senior Bonds for Project Four Bonds under the General Resolution Projects Resolution, then the sales by MEAG Power from its Project One interest or Project Four interest, as the case may be, will be reduced to the extent necessary to result in no more than 25 percent of such subparagraph 5 output being purchased by GPC. Any such reduction would be made in the capacity and energy to be purchased from the Declining Portion or the Long-Term Portion, or both, and in the years, as MEAG Power and GPC shall agree at the time of such reduction.

With respect to the Project One Long-Term Portion and the Project Four Long-Term Portion, the price to be paid by GPC to MEAG Power for the percentage sales therefrom is to be equal to the costs of such portions including the cost of funds (as defined in the Vogtle Units 1&2 Purchase Agreement) and principal installments on MEAG Power's Project One Senior Bonds and Project One Subordinated Bonds or Project Four Senior Bonds and Project Four Subordinated Bonds allocable to such portions, depreciation

expense on renewals and replacements paid from revenues, decommissioning costs, taxes or payments in lieu thereof, operation and maintenance costs and nuclear fuel costs.

In addition, upon the first to occur of the retirement from service of Plant Vogtle Unit No. 1 or Plant Vogtle Unit No. 2, as the case may be, or the payment of the last principal installment of MEAG Power's Project Four Senior Bonds and Project Four Subordinated Bonds allocable to such unit, MEAG Power is required to pay GPC 22.70 percent of the amounts in (or required to be in) the Decommissioning Account established under the General Resolution Projects Resolution that are applicable to such unit, and thereafter GPC shall be responsible for paying 22.70 percent, excluding fuel costs, of the Cost of Construction (which is defined in the Vogtle Units 1&2 Ownership Agreement and Vogtle Operating Agreement to include disposal costs) of MEAG Power's Project Four interest in such unit.

Commencing with the commercial operation date, GPC is required to take or pay for the respective required amounts of capacity and energy from the Project One and Project Four Long-Term Portions regardless of whether or not the output of Plant Vogtle Unit No. 1 or Plant Vogtle Unit No. 2, as the case may be, is thereafter suspended, interrupted, interfered with, reduced, curtailed or terminated in whole or in part. The term of the Vogtle Units 1&2 Purchase Agreement is the same as that contained in the Ownership Agreements and Operating Agreements except that such term may be extended until such later time as all of MEAG Power's and GPC's obligations under the Vogtle Units 1&2 Purchase Agreement have been paid, performed or duly provided for.

Remedies. GPC's liability as agent under the Operating Agreements is limited by the terms thereof. Remedies against MEAG Power for failure to make any payments when due under the Operating Agreements includes the option to withhold MEAG Power's proportionate share of the capacity.

Summary of Agreements Relating to Integrated Transmission System

Integrated Transmission System Operation and Maintenance Agreements. MEAG Power and GPC entered into an Integrated Transmission System Operation and Maintenance Agreement, dated as of August 27, 1976, which gave GPC sole authority and responsibility to manage, operate and maintain the transmission system facilities owned by MEAG Power. Pursuant to notice given by MEAG Power, the Integrated Transmission System Operation and Maintenance Agreement was terminated on December 31, 1999, and was replaced by three agreements: (i) the Integrated Transmission System Operation Agreement, (ii) the Integrated Transmission System Maintenance Agreement (the "Maintenance Agreement"), and (iii) the Integrated Transmission System Inventory of Substation Spare Parts, Spare Substation Capital Equipment and Spare Transmission Line Equipment Agreement (the "Inventory Agreement"). All of these three agreements became effective on January 1, 2000. MEAG Power and GPC entered into a Revised and Restated Integrated Transmission System Operation Agreement (the "Operation Agreement"), effective as of January 1, 2009.

The Operation Agreement. Under the Operation Agreement, MEAG Power has appointed GPC as its agent for the management and operation of MEAG Power's transmission system facilities. With specified notice to the agent, MEAG Power may manage and operate certain transmission system facilities described in the Operation Agreement. The revisions to the Operation Agreement that took effect on January 1, 2009, 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, 2015, 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 relieve MEAG Power of a number of obligations in certain mandatory federal reliability standards pertaining to transmission systems. The North American Electric Reliability Corporation granted MEAG Power's request for such relief, effective November 10, 2009, in accordance with the NERC Compliance Registry (at www.nerc.com). See "COMPETITION – Certain Factors Affecting the Electric Utility Industry – *FERC Initiatives*" in the Annual Information Statement.

The Maintenance Agreement. Under the Maintenance Agreement, GPC maintains certain of MEAG Power's transmission system facilities. The specific facilities to be maintained for preventive and corrective purposes are identified in an Annual Facility Maintenance Schedule provided by MEAG Power to GPC 90 days prior to each Contract Year, and GPC provides MEAG Power with a monthly maintenance plan which may be modified during the Contract Year in the manner provided in the Maintenance Agreement. The Maintenance Agreement also authorizes GPC as agent for MEAG Power to perform emergency response to restore service, and switching services. The term of the Maintenance Agreement has renewed annually since 2002 and requires a minimum of twelve months' prior notice of cancellation. As of December 31, 2015, neither party had given the required twelve months' prior notice of cancellation to the other.

The Inventory Agreement. Under the Inventory Agreement, GPC maintains and manages an inventory of Spare Parts for the transmission system facilities of GPC and MEAG Power. The term of the Inventory Agreement is the same as the Maintenance Agreement.

Joint Committee Agreement

MEAG Power, GPC, OPC and Dalton are parties to a Joint Committee Agreement, dated as of August 27, 1976 (the "Joint Committee Agreement"), for the purpose of coordinating the implementation and administration of the various ITS agreements and ITS operation and maintenance agreements among the parties. The Joint Committee consists of two members from each party and the chairmanship of the Joint Committee rotates among the members of the parties. Any action taken by the Joint Committee must be pursuant to unanimous vote of all members present, provided each party has at least one member present, except that, in the implementation and administration of contracts, actions by the Joint Committee are by vote of members of parties who are signatories to such contracts.

The Nuclear Managing Board Agreement superseded the Joint Committee Agreement with respect to all matters affecting Plant Hatch and Vogtle Units 1&2. The Scherer Managing Board Agreement superseded the Joint Committee Agreement with respect to all matters affecting Plant Scherer.

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SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION

The following is a general summary of certain provisions of the Project One Resolution and the General Resolution Projects Resolution pursuant to which Project One Senior Bonds and General Resolution Projects Senior Bonds, respectively, are issued. Summaries of certain definitions are also set forth at the end of this APPENDIX G. Other terms defined in these resolutions for which summary definitions are not set forth are indicated by capitalization.

Application of Revenues

Revenues under the Project One Resolution are pledged by the Project One Resolution to payment of principal of and interest and redemption premium on Project One Senior Bonds of all series, subject to the provisions of the Project One Resolution permitting application for other purposes. For the application of Revenues, the Project One Resolution establishes a Revenue and Operating Fund and a Reserve and Contingency Fund, held by MEAG Power, and a Debt Service Fund and a Subordinated Bond Fund, held by the Trustee.

Revenues under the General Resolution Projects Resolution are pledged by the General Resolution Projects Resolution to payment of principal of and interest and redemption premium on the General Resolution Projects Senior Bonds of all series, subject to the provisions of the General Resolution Projects Resolution permitting application for other purposes. For the application of Revenues, the General Resolution Projects Resolution establishes a Revenue and Operating Fund and a Reserve and Contingency Fund, held by MEAG Power, and a Debt Service Fund and a Subordinated Bond Fund, held by the Trustee.

With respect to the Project One Resolution, the Trustee and MEAG Power may deposit monies in such Funds in banks or trust companies (“Depositories”). All monies held under the Project One Resolution by the Trustee or any Depositary must be either (1) (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by the lodging with the Trustee or any Federal Reserve Bank, as collateral security, such securities as are described in clauses (1) through (4) of the definition of “Investment Securities” having a market value (exclusive of accrued interest) not less than the amount of such monies, or (2) held in such other manner as may then be required by applicable laws and regulations; *provided, however*, that it is not necessary for the Trustee or any Paying Agent to give security for the deposit of any monies held in trust with them and set aside by them for the payment of the principal or Redemption Price of or interest on any Project One Senior Bonds, or for the Trustee or any Depositary to give security for any monies which are represented by Investment Securities purchased as an investment of such monies. The foregoing is the same for monies held under the General Resolution Projects Resolution.

All Revenues received under the Project One Resolution are deposited promptly in the Project One Revenue and Operating Fund. Amounts in the Project One Revenue and Operating Fund are paid out from time to time for application therefrom as follows:

1. Amounts in the Revenue and Operating Fund shall be paid out from time to time for reasonable and necessary Operating Expenses.
2. No later than the last business day of each month, amounts shall be withdrawn from the Revenue and Operating Fund and deposited in the following Funds and Accounts in the following order in the amounts set forth below:

(1) In the Debt Service Fund (i) for credit to the Debt Service Account, the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Debt Service; and (ii) for credit to the Debt Service Reserve Account, the amount, if any, required for such Account to equal the Debt Service Reserve Requirement including, without limitation, any amount required to reimburse the issuer of a Financial Guaranty in order to reinstate the maximum limits of such Financial Guaranty (see “Debt Service Reserve Accounts – Deposit of Financial Guaranty – *General*” for a discussion of the ability to deposit a Financial Guaranty in the Debt Service Reserve Account); *provided, however*, that so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Project One Senior Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Debt Service Fund;

(2) In the Subordinated Bond Fund, such amounts as shall be required to pay principal or sinking fund installments of and interest on each issue of Project One Subordinated Bonds and reserves therefor, as required by the supplemental resolution authorizing such issue of Project One Subordinated Bonds;

(3) In the Reserve and Contingency Fund for credit to (i) the Renewal and Replacement Account in said Fund the amount equal to (A) one-twelfth (or such greater fraction as may be appropriate if the period is less than twelve months) of the total amount provided in the then current Annual Budget to be deposited in said Account during the then current calendar year of (B) the amount equal to ten percent of the Debt Service with respect to all Series of Project One Senior Bonds accruing during such month, whichever is greater; (ii) the Decommissioning Account in said Fund the amount equal to one-twelfth (or such greater fraction as may be appropriate if the period is less than twelve months) of the total amount provided in the then current Annual Budget to be deposited in said Account during the then current calendar year; and (iii) the Reserve Account in said Fund the amount, if any, necessary to make up, within a period not exceeding 24 months, any deficiency in the requirement of said Account as shall be set forth in the then current Annual Budget; *provided, however*, that such requirement shall at least equal one-half of one percent of the Allocated Principal Amounts of each Series of Project One Senior Bonds theretofore issued which have been allocated to Project Components which shall have been placed in commercial operation and shall not have been retired from service prior to the first day of such month;

provided, however, no amount in the Revenue and Operating Fund shall be applied to any purpose other than payment of Operating Expenses unless after such application the amount remaining in the Revenue and Operating Fund is at least equal to the “Working Capital Requirement for Operating Expenses.” The term “Working Capital Requirement for Operating Expenses” is defined in the Project One Resolution to mean such dollar amount as MEAG Power shall establish from time to time, which at any time shall not be less than the amount of Operating Expenses that are budgeted to accrue over the next succeeding 45 days. (Funds for decommissioning are being held apart from the Decommissioning Account in a separate trust pursuant to federal requirements. See the final paragraph under “MEAG POWER – Regulation – *Nuclear Facilities*” in the Annual Information Statement.)

Amounts in the Renewal and Replacement Account are applied to the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to Project One necessary, in the opinion of the Consulting Engineer, to keep the same in good operating condition or to prevent a loss of Revenues therefrom, or required by any governmental agency having jurisdiction over Project One or any part thereof or for which MEAG Power is responsible

by virtue of any obligation of MEAG Power arising out of any contract to which MEAG Power is a party relating to ownership of Project One or any part thereof.

There is accumulated in the Decommissioning Account as provided by the Annual Budget a reserve for the retirement from service, decommissioning or disposal of the generation facilities of Project One. Amounts in such Account are applied as needed for such purposes.

Amounts in the Reserve Account are applied to the costs of major renewals, replacements, repairs, additions, betterments, and improvements with respect to Project One, to the extent amounts in the Renewal and Replacement Account are not sufficient therefor, and to the payment of extraordinary operation and maintenance costs, and contingencies.

If at any time the amounts in the Debt Service Account or in the Debt Service Reserve Account are less than the amounts required by the Project One Resolution, then MEAG Power, upon requisition by the Trustee, will transfer from the Reserve and Contingency Fund to the Trustee the amount necessary to make up such deficiency.

Amounts in the Reserve and Contingency Fund not required for any of the above purposes will be transferred to the Revenue and Operating Fund.

Subject to the provisions of subsections 1 and 2 above, amounts in the Revenue and Operating Fund may be applied as set forth in the following paragraph, *provided, however*, no such amount shall be so applied unless after such application the amount remaining in the Revenue and Operating Fund is at least equal to the "Working Capital Requirement for Fund Deposits." The term "Working Capital Requirement for Fund Deposits" is defined in the Project One Resolution to mean such dollar amount as MEAG Power shall establish from time to time, which at any time shall not be less than the sum of (i) the Working Capital Requirement for Operating Expenses and (ii) the amount, as estimated by MEAG Power, required to be deposited during the next 30 days into the Debt Service Fund, the Subordinated Bond Fund and the Reserve and Contingency Fund. Application of amounts in the Revenue and Operating Fund shall include, without limitation, payment to an issuer of a Financial Guaranty of interest on amounts advanced under such Financial Guaranty.

Amounts in the Revenue and Operating Fund not required for the purposes set forth above shall upon determination of MEAG Power be applied to or set aside for any one or more of the following: (a) the purchase or redemption of any Project One Senior Bonds, and expenses in connection with the purchase or redemption of any Project One Senior Bonds or any reserves which MEAG Power determines shall be required for such purposes; (b) payments of principal or redemption price of and interest on any Project One Subordinated Bonds or any reserves which MEAG Power determines shall be required for such purposes; (c) payments into any separate account or accounts established in the Construction Fund for application to the purposes of such account; (d) improvements, extensions, betterments, renewals and replacements of any properties of Project One; (e) to reduce the cost of Project One power and energy to political subdivisions of the State of Georgia under the Project One Power Sales Contracts; and (f) any other lawful purposes of MEAG Power related to Project One; *provided, however*, any proceeds from the sale or exchange of any part of Project One deposited in the Revenue and Operating Fund pursuant to the second paragraph set forth under "Encumbrances; Disposition of Properties" herein, and any proceeds of any insurance paid on account of the damage or destruction of any useful portion of the Project deposited in the Revenue and Operating Fund pursuant to the provisions of the Project One Resolution shall be used only for the purposes specified in clauses (a) to (d) above; and *provided, further*, that, subject to the provisions of the Project One Resolution, amounts deposited in the Revenue and Operating Fund and required by the Project One Resolution to be applied to the purchase or redemption of Project One Senior Bonds shall be applied to such purpose.

The Project One Resolution provides that upon any purchase or redemption with amounts in the Revenue and Operating Fund of Project One Senior Bonds of any Series and maturity for which Sinking Fund Installments shall have been established, there shall be credited toward each such Sinking Fund Installment thereafter to become due (other than the next due) an amount bearing the same ratio to such Sinking Fund Installment as the total principal amount of such Project One Senior Bonds so purchased or redeemed bears to the total amount of all such Sinking Fund Installments to be credited. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

MEAG Power may issue Project One Subordinated Bonds for the purposes set forth in the second preceding paragraph. Project One Subordinated Bonds will be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Bond Fund as may from time to time be available therefor. Such pledge, however, will be subordinate in all respects to the pledge by the Project One Resolution as security for the Project One Senior Bonds.

All Revenues received under the General Resolution Projects Resolution are deposited promptly in the General Resolution Projects Resolution Revenue and Operating Fund. Amounts in the General Resolution Projects Resolution Revenue and Operating Fund are paid monthly to the Funds held under the General Resolution Projects Resolution and applied generally for the same purposes and requirements of the Existing General Resolution Projects as that described above for Project One under the Project One Resolution, except as follows:

Revenues are applied to the General Resolution Projects Resolution Reserve and Contingency Fund, for credit to the sub-account established for each General Resolution Project in the Renewal and Replacement Account and the Reserve Account and for Project Four in the Decommissioning Account, the Reserve and Contingency Fund Requirement applicable to such sub-account for the applicable Project. For the sub-accounts established for Projects Two, Three and Four in the Renewal and Replacement Account, such Reserve and Contingency Fund Requirement is equal to (A) one-twelfth (or such greater fraction as may be appropriate if the period is less than twelve months) of the total amount provided in the then current Annual General Budget for the applicable Project to be deposited in said sub-account in said Account during the then current Power Supply Year or (B) the amount equal to ten percent of the Debt Service with respect to all series of General Resolution Projects Senior Bonds issued to finance the Cost of Acquisition and Construction of the applicable Project and accruing during such month, whichever is the greater. For the sub-accounts established for Projects Two, Three and Four in the Reserve Account, the Reserve and Contingency Fund Requirement is the amount, if any, necessary to make up, within a period of not exceeding 24 months, any deficiency in the requirements of said sub-account in said Account as shall be set forth in the then current Annual General Budget for the applicable Project; *provided, however*, that, for each Project, such requirement shall be at least equal one-half of one percent of the Allocated Principal Amounts of each series of General Resolution Projects Senior Bonds theretofore issued which have been allocated to Project Components for such Project (except for working capital) which shall have been placed in commercial operation and shall not have been retired from service prior to the first day of such month. For the Decommissioning Account for Project Four, such Reserve and Contingency Fund Requirement is equal to one-twelfth of the total amount provided in the then current Annual General Budget to be deposited in said Account during the then current calendar year. (Funds for decommissioning are being held apart from the Decommissioning Account in a separate trust pursuant to federal requirements. See the final paragraph under “MEAG POWER – Regulation – *Nuclear Facilities*” in the Annual Information Statement.)

Amounts in the sub-accounts established for Projects Two, Three and Four in the Renewal and Replacement Account will be applied to the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to the applicable Project necessary, in the opinion of the Consulting Engineer, to keep the same in good operating condition or to prevent a loss of Revenues therefrom, or required by any governmental agency having jurisdiction over such Project or any part thereof or for which MEAG Power will be responsible by virtue of any obligation of MEAG Power arising out of any contract to which MEAG Power may be a party relating to ownership of such Project or any part thereof.

Amounts in the sub-accounts established for Projects Two, Three and Four in the Reserve Account will be applied to the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to the applicable Project, to the extent amounts in the applicable sub-account in the Renewal and Replacement Account are not sufficient therefor, and to the payment of extraordinary operation and maintenance costs, and contingencies.

Amounts accumulated in the sub-account established for Project Four in the Decommissioning Account as a reserve for the retirement from service, decommissioning or disposal of the generation facilities of Project Four are applied as needed for such purposes.

The General Resolution Projects Resolution provides that amounts in the sub-accounts established for any Additional General Resolution Project in the Renewal and Replacement Account, the Decommissioning Account and the Reserve Account are to be applied in accordance with the Supplemental Resolution authorizing the acquisition and construction of such Additional General Resolution Project.

Amounts in the Revenue and Operating Fund not required for any of the above purposes will upon determination of MEAG Power be applied to or set aside for any one or more of the following: (a) the purchase or redemption of any General Resolution Projects Senior Bonds, and expenses in connection therewith; (b) payment of principal or redemption price of and interest on any General Resolution Projects Subordinated Bonds or any reserves which MEAG Power determines shall be required for such purposes, (c) payments into any separate account or accounts established in any Project Account in the Construction Fund; (d) improvements, extensions, betterments, renewals and replacements of any properties of any General Resolution Project; (e) to reduce the cost to the Participants of power and energy from any General Resolution Project; and (f) any other lawful purposes of MEAG Power related to any General Resolution Project; *provided, however*, any proceeds from the sale or exchange of any part of any General Resolution Project deposited in the Revenue and Operating Fund pursuant to the second paragraph set forth under "Encumbrances; Disposition of Properties" herein, and any proceeds of any insurance paid on account of the damage or destruction of any useful portion of the Project deposited in the Revenue and Operating Fund pursuant to the provisions of the General Resolution Projects Resolution shall be used only for the purposes specified in clauses (a) to (d) above; and *provided, further*, that, subject to the provisions of General Resolution Projects Resolution, amounts deposited in the Revenue and Operating Fund and required by the General Resolution Projects Resolution to be applied to the purchase or redemption of General Resolution Projects Senior Bonds shall be applied to such purpose.

MEAG Power may issue General Resolution Projects Subordinated Bonds for the purposes set forth in the preceding paragraph. General Resolution Projects Subordinated Bonds will be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Bond Fund as may from time to time be available therefor. Such pledge, however, will be subordinate in all respects to the pledge by the General Resolution Projects Resolution as security for the General Resolution Projects Senior Bonds.

Debt Service Reserve Accounts – Deposit of Financial Guaranty

General

Both the Project One Resolution and the General Resolution Projects Resolution provide 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. Any such Financial Guaranty shall, together with the monies and Investment Securities, if any, held in the Debt Service Reserve Account, be in an amount equal to the Debt Service Reserve Requirement and shall be payable or available to be drawn upon, as the case may be (upon the giving of notice of at least one business day pursuant to a demand for payment by the Trustee as required thereunder), on any date on which monies will be required to be withdrawn from the Debt Service Reserve Account pursuant to the provisions of the Project One Resolution or the General Resolution Projects Resolution, as the case may be. Any such Financial Guaranty shall have a term not less than the final maturity date of any series of Senior Bonds then Outstanding under the terms of the Resolution or shall provide that it may be drawn upon if, prior to the termination thereof, a substitute Financial Guaranty is not delivered to the Trustee pursuant to the Project One Resolution or the General Resolution Projects Resolution, as the case may be. Following a drawing under a Financial Guaranty, MEAG Power shall be obligated to reimburse the issuer of such Financial Guaranty in order to reinstate the maximum limits of such Financial Guaranty, such reimbursement to be made from amounts to be deposited in the Debt Service Reserve Account from the Revenue and Operating Fund.

The Project One Resolution provides that the financial strength of the issuer of the initial Financial Guaranty (the “Initial Surety”) shall be rated on the date of deposit in the Debt Service Reserve Account in the highest rating category by Moody’s Investors Service, Standard & Poor’s, Fitch Ratings, and if rated by A.M. Best & Company, A.M. Best & Company. The financial strength of the issuer of any other Financial Guaranty shall be rated on the date of deposit in the Debt Service Reserve Account not less than that of the Initial Surety on such date. The foregoing provisions of the Project One Resolution regarding the Financial Guaranty are substantially similar to those contained in the General Resolution Projects Resolution except that Fitch Ratings is not mentioned as a rating agency. In the event the Initial Surety has ceased to provide a Financial Guaranty, the rating of the financial strength of the issuer of the Financial Guaranty which provides for the largest percentage of the Debt Service Reserve Requirement shall be the minimum rating required for any Financial Guaranty on the date of deposit in the Debt Service Reserve Account. In the event the rating of the financial strength of the issuer of a Financial Guaranty shall fall below (i) “Aa2” as rated by Moody’s Investors Service, Inc., (ii) “AA” as rated by Standard & Poor’s, (iii) “AA” as rated by Fitch Ratings, or (iv) if rated by A.M. Best & Company, “A+” as rated by A.M. Best & Company, MEAG Power will replace the Financial Guaranty with (a) a substitute Financial Guaranty issued by an issuer (1) which, if another Financial Guaranty is on deposit in the Debt Service Reserve Account, satisfies the ratings requirements set forth in this paragraph, or (2) whose financial strength is rated in the highest rating category which can be obtained by MEAG Power, using MEAG Power’s best efforts, at commercially reasonable rates (but in no event less than the ratings described in clauses (i), (ii), (iii) and (iv) of this sentence), or (b) cash.

Each of the resolutions provides that prior to providing the Trustee with a Financial Guaranty for deposit into the Debt Service Reserve Account, there shall be filed with MEAG Power an opinion of tax counsel to MEAG Power to the effect that such deposit will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any outstanding Senior Bonds under the Project One Resolution or the General Resolution Projects Resolution, as the case may be.

In connection with furnishing a Financial Guaranty to the Trustee, MEAG Power shall also furnish to the Trustee (i) an opinion of counsel to the issuer of such Financial Guaranty, satisfactory to the Trustee, to the effect that such Financial Guaranty is a valid and binding obligation of the issuer thereof, enforceable in accordance with its terms, subject to usual bankruptcy exceptions, and (ii) a certificate of an Authorized

Officer of MEAG Power to the effect that there has not occurred any Event of Default or any event which, with the giving of notice or the passage of time or both, would constitute an Event of Default. Upon receipt of such Financial Guaranty and the other items required by the Project One Resolution or the General Resolution Projects Resolution, as the case may be, the Trustee shall, to the extent that amounts held in the Debt Service Reserve Account, taking into account any Financial Guaranty on deposit in the Debt Service Reserve Account, are in excess of the Debt Service Reserve Requirement, transfer such monies (or any investments held therein) to or upon the order of MEAG Power, as MEAG Power shall direct in writing.

Each of the respective resolutions provides that the Trustee shall maintain adequate records, verified with the issuer of any Financial Guaranty, as to: the amounts available to be drawn under such Financial Guaranty at any given time, the amounts drawn by the Trustee thereunder and the amounts paid by the Trustee to such issuer with respect to any such drawings; *provided, however*, the Trustee shall not be responsible for maintaining records of any other amounts paid and owing by MEAG Power to the issuer of any such Financial Guaranty with respect to any reimbursement agreement between such parties except for drawings under such Financial Guaranty. In the event that (i) cash and (ii) a Financial Guaranty are on deposit in the Debt Service Reserve Account, the Trustee shall first use such cash to make any required deposit to the Debt Service Account prior to drawing on such Financial Guaranty.

In the event more than one Financial Guaranty is on deposit in the Debt Service Reserve Account, any drawings thereunder and payments made in the reinstatement thereof shall be on a pro-rata basis.

Notwithstanding anything in the respective resolutions to the contrary, there shall be no optional redemption of Senior Bonds by MEAG Power unless all amounts owed to the issuer of any Financial Guaranty have been paid in full.

For purposes of determining the amount on deposit in the Debt Service Reserve Account, the amount available to be drawn under any Financial Guaranty shall be deemed to be on deposit therein.

Construction Funds

The Project One Resolution establishes a Construction Fund, held by the Trustee, into which are paid amounts required by the provisions of the Project One Resolution and any Supplemental Resolution and, at the option of MEAG Power, any monies received for or in connection with Project One by MEAG Power, unless required to be otherwise applied as provided in the Project One Resolution. In addition, proceeds of insurance for physical loss or damage to Project One, or of contractors' performance bonds, pertaining to the period of construction will be paid into the Construction Fund.

The Trustee pays to MEAG Power, upon its requisitions therefor, from the Construction Fund amounts in payment of the Cost of Acquisition and Construction of Project One. Upon completion of the Initial Facilities or any Additional Facilities, any amount remaining not required to complete payment of the Cost of Acquisition and Construction will be deposited in the Debt Service Reserve Account in the Debt Service Fund to the extent necessary to meet the Debt Service Reserve Requirement, and any balance will be either (i) paid to MEAG Power to be deposited in the Revenue and Operating Fund for application to the retirement of Bonds for purchase or redemption or (ii) paid to MEAG Power to be deposited in the Decommissioning Account or the Reserve Account in the Reserve and Contingency Fund, as MEAG Power determines. To the extent that other monies are not available therefor, amounts in the Construction Fund will be applied to the payment of principal of and interest on Project One Senior Bonds when due.

The General Resolution Projects Resolution establishes a Construction Fund, held by the Trustee. The General Resolution Projects Resolution establishes a separate Project Account for each Project into which will be paid amounts required by the provisions of the General Resolution Projects Resolution and any Supplemental Resolution and, at the option of MEAG Power, any monies received for in connection with such Project by MEAG Power, unless required to be otherwise applied as provided in the General

Resolution Projects Resolution. In addition, proceeds of insurance for physical loss or damage to any General Resolution Project, or of contractors' performance bonds, pertaining to the period of construction will be paid into the appropriate Project Account in the Construction Fund.

The Trustee will pay to MEAG Power, upon its requisitions therefor, from the Project Account established for each General Resolution Project in the Construction Fund amounts in payment of the Cost of Acquisition and Construction of such Project. Upon completion of any General Resolution Project, any amount remaining in the Project Account established therefor not required to complete payment of the Cost of Acquisition and Construction thereof will be deposited in the Debt Service Reserve Account in the Debt Service Fund to the extent necessary to meet the Debt Service Reserve Requirement, and any balance will be deposited either (i) in the Revenue and Operating Fund and applied to the retirement of, first, General Resolution Projects Senior Bonds issued with respect to such Project and, thereafter, any other General Resolution Projects Senior Bonds, or (ii) in the appropriate sub-accounts in the Decommissioning Account or the Reserve Account in the Reserve and Contingency Fund, or (iii) in Project Accounts for other General Resolution Projects, as MEAG Power shall determine. To the extent that other monies are not available therefor, amounts in the Construction Fund will be applied to the payment of principal of and interest on General Resolution Projects Senior Bonds when due.

Environmental Facilities Reserve Accounts

The Project One Resolution establishes an Environmental Facilities Reserve Account, held by MEAG Power, into which are paid certain amounts accumulated by MEAG Power (including amounts collected from the Participants) to pay the cost of or to provide reserves for, among other things, (a) extraordinary operating and maintenance costs of Project One, (b) the prevention or correction of any unusual loss or damage to keep the generating facilities of Project One in good operating condition or to prevent a loss of revenue therefrom and (c) certain specified major renewals, replacements, repairs, additions, betterments and improvements to Project One. Without limiting the generality of the foregoing, amounts in the Environmental Facilities Reserve Account may be applied by MEAG Power to any lawful purpose of MEAG Power related to MEAG Power's interests in the Coal Units (as defined in "CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Capital Improvements Program" in the Annual Information Statement) included in Project One, including the payment of debt service on any Project One Senior Bonds or Project One Subordinated Bonds issued with respect thereto when due.

The Environmental Facilities Reserve Account shall not be or be deemed to be a Fund established by the Project One Resolution, and shall not be subject to the pledge and assignment of the Project One Resolution in favor of the Holders of the Project One Senior Bonds. If and to the extent that MEAG Power determines that it is advantageous to do so, MEAG Power may pledge the Environmental Facilities Reserve Account to secure any of its obligations to any party relating to any transaction in respect of its interests in the Coal Units included in Project One.

The General Resolution Projects Resolution establishes Environmental Facilities Reserve Accounts with respect to Project Two and Project Three, held by MEAG Power, into which are paid certain amounts accumulated by MEAG Power (including amounts collected from the Participants) to pay the cost of or to provide reserves for, among other things, (a) extraordinary operating and maintenance costs of the applicable Project, (b) the prevention or correction of any unusual loss or damage to keep the generating facilities of the applicable Project in good operating condition or to prevent a loss of revenue therefrom and (c) certain specified major renewals, replacements, repairs, additions, betterments and improvements to the applicable Project. Without limiting the generality of the foregoing, amounts in each Environmental Facilities Reserve Account may be applied by MEAG Power to any lawful purpose of MEAG Power related to MEAG Power's interests in the Coal Units included in the applicable Project, including the payment of debt service on any General Resolution Projects Senior Bonds or General Resolution Projects Subordinated Bonds issued with respect thereto when due.

The Environmental Facilities Reserve Accounts shall not be or be deemed to be a Fund established by the General Resolution Projects Resolution, and shall not be subject to the pledge and assignment of the General Resolution Projects Resolution in favor of the Holders of the General Resolution Projects Senior Bonds. If and to the extent that MEAG Power determines that it is advantageous to do so, MEAG Power may pledge an Environmental Facilities Reserve Account to secure any of its obligations to any party relating to any transaction in respect of its interests in the Coal Units included in the applicable Project.

Certain Conditions to Issuance of Senior Bonds

The Project One Resolution

Debt Service. Principal Installments are established at the time of issuance for each Allocated Principal Amount of each series of Project One Senior Bonds such that either (1) the Debt Service for such Allocated Principal Amount for the twelve-month period preceding commencement of such Principal Installments and each twelve-month period thereafter will not be greater than 110 percent of the smallest Debt Service for such Allocated Principal Amount for any such period or (2) the Aggregate Debt Service on all outstanding Project One Senior Bonds, including the series being issued, for the first calendar year in which there shall be Principal Installments becoming due on all outstanding Project One Senior Bonds, including the series being issued, and for each year thereafter through the latest maturity of any series of Project One Senior Bonds outstanding immediately prior to the issuance of such series being issued or the latest maturity of such series being issued, whichever is earlier, will not be greater than 110 percent of the Aggregate Debt Service for all such Project One Senior Bonds for any such preceding year.

The Principal Installments for each Allocated Principal Amount of any series of Additional Project One Senior Bonds issued to finance Additional Facilities will commence not later than seven years following the end of the year of issuance of such series and will terminate not later than the expiration date of the Project One Power Sales Contracts as such date may be extended from time to time.

Debt Service Reserve. The issuance of any series of Project One Senior Bonds is conditioned upon the deposit of an amount in the Debt Service Reserve Account such that the balance in such Account equals the Debt Service Reserve Requirement calculated immediately after delivery of such Project One Senior Bonds.

No Default. Additional Project One Senior Bonds may be issued only if MEAG Power certifies that it is not in default under any of the provisions of the Project One Resolution.

The General Resolution Projects Resolution

The following conditions, among other things, apply to the issuance of all General Resolution Projects Senior Bonds. Other conditions applicable to issuance of Additional General Resolution Projects Senior Bonds only are set forth under “Additional Senior Bonds.”

Debt Service. Principal Installments will be established at the time of issuance for each Allocated Principal Amount of each series of General Resolution Projects Senior Bonds such that either (1) the Debt Service for such Allocated Principal Amount for the twelve-month period preceding commencement of such Principal Installments and each twelve-month period thereafter will not be greater than 110 percent of the smallest Debt Service for such Allocated Principal Amount for any such period or (2) the Aggregate Debt Service on all outstanding General Resolution Projects Senior Bonds, including the series being issued, for the first calendar year in which there shall be Principal Installments becoming due on all Allocated Principal Amounts of all series of General Resolution Projects Senior Bonds outstanding, including the series being issued, and for each year thereafter through the latest maturity of such series of General Resolution Projects Senior Bonds being issued, will not be greater than 110 percent of the Aggregate Debt Service for all such General Resolution Projects Senior Bonds for any such preceding year.

With respect to the Allocated Principal Amount of any series of General Resolution Projects Senior Bonds relating to a General Resolution Project Component other than working capital, Principal Installments will commence not later than the later of (i) 48 months following the end of the Estimated Year of Commercial Operation of such Project Component, or (ii) seven years following the delivery of such series of General Resolution Projects Senior Bonds, and will terminate not later than the termination date of the Power Sales Contracts relating to the Project of which such Project Component is a part. With respect to any Allocated Principal Amount of any such series relating to working capital, Principal Installments will commence not later than three years following the end of the year of issuance of such series and will terminate not later than the termination date of the Power Sales Contracts relating to the General Resolution Project of which such Project Component is a part.

Debt Service Reserve. 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 such that the balance in such Account equals the Debt Service Reserve Requirement calculated immediately after delivery of such General Resolution Projects Senior Bonds.

No Default. Each series of General Resolution Projects Senior Bonds may be issued only if MEAG Power certifies that it is not in default under any of the provisions of the General Resolution Projects Resolution.

Investment of Certain Funds and Accounts

The Project One Resolution provides that monies held in the Debt Service Account in the Debt Service Fund and the Debt Service Reserve Account in the Debt Service Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide monies when needed for payments to be made from such Funds, and in any event in the case of the Debt Service Reserve Account not later than seven years. Subject to the terms of any Supplemental Resolution authorizing any issue of Project One Subordinated Bonds, monies in the Subordinated Bond Fund shall be invested and reinvested to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide monies when needed for payments to be made from said Fund. Monies held in the Revenue and Operating Fund and the Construction Fund may be invested and reinvested in Investment Securities which mature not later than such times as shall be necessary to provide monies when needed for payments to be made from such Funds. Monies in the Reserve and Contingency Fund may be invested in Investment Securities which mature within seven years, and in any case the Investment Securities in such Fund or in the Accounts therein shall mature not later than such times as shall be necessary to provide monies when needed to provide payments from such Fund or Accounts. The Trustee shall make all such investments of monies held by them in accordance with written instructions received from any Authorized Officer.

Net interest earned on any monies or investments in such Funds or Accounts, other than the Construction Fund, are paid into the Revenue and Operating Fund. Interest on monies or investments in the Construction Fund are held in such Fund.

The foregoing provisions of the Project One Resolution are substantially similar to those contained in the General Resolution Projects Resolution. Also, in the case of the General Resolution Projects Resolution, net interest earned or any monies or investments in such Funds or Accounts, other than the Debt Service Account and the Debt Service Reserve Account and the Construction Fund, will be paid into the Revenue and Operating Fund. Interest on monies or investments in any Project Account in the Construction Fund are held in such Project Account. Interest on monies or investments in the Debt Service Account or the Debt Service Reserve Account which MEAG Power determines is allocable to any Project Component are paid into the Revenue and Operating Fund.

Encumbrances; Disposition of Properties

MEAG Power covenants in the Project One Resolution that it will not issue bonds or other evidences of indebtedness, other than Project One Senior Bonds, payable out of or secured by a pledge of the Revenues or of the monies, securities or funds held or set aside under the Project One Resolution nor will it create any lien or charge thereon; *provided, however*, that nothing contained in the Project One Resolution shall prevent MEAG Power from issuing, if and to the extent permitted by the Act, (1) bond anticipation notes, (2) evidences of indebtedness (a) payable out of monies in the Construction Fund as part of the Cost of Acquisition and Construction of Project One or (b) payable out of, or secured by a pledge of, Revenues to be received after the discharge of the pledge of Revenues provided in the Project One Resolution, or (3) Project One Subordinated Bonds.

MEAG Power covenants in the Project One Resolution that it will not sell, lease, mortgage or otherwise dispose of any part of Project One, except for sales or exchanges for not less than fair market value of property or facilities (1) which are not useful in its operations, or (2) for which the proceeds received are, or the fair market value of the subject property (as certified by the Consulting Engineer) is, less than \$100,000, or (3) as to which the Consulting Engineer certifies that the ability of MEAG Power to comply with the rate covenant described under "Rate Covenant" will not be impaired. The proceeds of any such transaction not used to acquire other property are deposited in the Revenue and Operating Fund.

MEAG Power covenants in the Project One Resolution that it will not lease or make contracts or grant licenses for the operation or use of, or grant easements or any other rights with respect to, any part of Project One, which would (1) impede or restrict the operation of Project One by MEAG Power or its agents or (2) impair or adversely affect the rights or security of Bondholders under the Project One Resolution. If the depreciated cost of the subject property exceeds \$500,000, the Consulting Engineer must certify that the proposed action of MEAG Power does not result in a breach of the above-mentioned conditions. Any payments to MEAG Power in connection with any such transaction constitute Revenues.

The foregoing covenants of MEAG Power with respect to Project One are substantially similar to the corresponding covenants of MEAG Power under the General Resolution Projects Resolution.

Rate Covenant

MEAG Power covenants 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 so that Revenues, together with other available funds, are at least sufficient to provide funds in each year for the payment of the sum of (1) Operating Expenses during such year, (2) Debt Service on all series of Project One Senior Bonds for such year, (3) any amount to be paid into the Debt Service Reserve Account for such year, (4) the amount to be paid into the Reserve and Contingency Fund for such year, and (5) all other charges or liens payable out of Revenues during such year and all amounts payable on Project One Subordinated Bonds.

The foregoing covenant of MEAG Power with respect to Project One is substantially similar to the corresponding covenant of MEAG Power under the General Resolution Projects Resolution with respect to any General Resolution Project.

Covenants with Respect to Power Sales Contracts and Project Agreements

MEAG Power covenants in the Project One Resolution that it will collect and deposit in the Revenue and Operating Fund amounts received under the Project One Power Sales Contracts or payable to it pursuant to any other contract for the sale of power, energy, or other services from any part of Project One. In addition, MEAG Power will enforce the Project One Power Sales Contracts and the Project Agreements, will duly perform its covenants and agreements thereunder, and will not consent to any

amendment to or otherwise take any action in connection with any Project One Power Sales Contract or Project Agreement which would impair or adversely affect the rights of MEAG Power thereunder or the rights or security of Project One Bondholders or, in the case of any Project One Power Sales Contract, would reduce payments required thereunder.

The foregoing covenants of MEAG Power with respect to Project One are substantially similar to the corresponding covenants of MEAG Power under the General Resolution Projects Resolution with respect to any General Resolution Project.

Annual Budget

MEAG Power covenants in the Project One Resolution that it will file with the Trustee an Annual Budget for Project One each calendar year. The Annual Budget includes appropriations for the estimated Operating Expenses for such year and the estimated amount to be deposited during such year in the Reserve and Contingency Fund. MEAG Power may at any time adopt an amended Annual Budget for the remainder of the then current calendar year which will be filed promptly with the Trustee.

The foregoing practices by MEAG Power with respect to Project One are substantially similar to the practices by MEAG Power under the General Resolution Projects Resolution with respect to each General Resolution Project.

Insurance

MEAG Power covenants in the Project One Resolution that it will keep the properties of Project One which are of an insurable nature and of the character usually insured by those operating properties similar to Project One insured against loss or damage by fire and from other causes customarily insured against and in such amounts as are usually obtained. MEAG Power also covenants in the Project One Resolution that it will maintain adequate insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to Project One. Insurance against business interruption loss is maintained whenever, in the judgment of MEAG Power, such insurance is obtainable at commercially reasonable rates.

The foregoing practices by MEAG Power with respect to Project One are substantially similar to the practices by MEAG Power under the General Resolution Projects Resolution with respect to each General Resolution Project.

Accounts and Reports

MEAG Power covenants in the Project One Resolution that it will keep proper and separate books of record and account relating to Project One and the funds and accounts established by the Project One Resolution and relating to costs and charges under the Project One Power Sales Contracts and the Project Agreements. Such books, together with all other books and papers of MEAG Power relating to Project One, are at all times subject to the inspection of the Trustee and the holders of not less than five percent in principal amount of Project One Senior Bonds then outstanding.

MEAG Power covenants in the Project One Resolution that it will file annually with the Trustee an annual report, accompanied by an accountant's certificate (Report of Independent Auditors), of the financial position of Project One at the end of the year, statements of Revenues and Operating Expenses, a statement of receipts and disbursements with respect to funds and accounts established by the Project One Resolution, and a statement as to the existence of any default under the provisions of the Project One Resolution.

The reports, statements and other documents required to be furnished to the Trustee pursuant to provisions of the Project One Resolution are available for inspection of Bondholders at the office of the Trustee and will be mailed to each Bondholder who files a written request therefor with MEAG Power.

The foregoing practices by MEAG Power with respect to Project One are substantially similar to the practices by MEAG Power under the General Resolution Projects Resolution with respect to each General Resolution Project.

Amendments and Supplemental Resolutions

Any of the provisions of the Project One Resolution may be amended by MEAG Power by a supplemental resolution, upon the consent of the holders of at least two-thirds in principal amount in each case of (1) all Project One Senior Bonds then outstanding, and (2) if less than all of the series of outstanding Project One Senior Bonds are affected, the Project One Senior Bonds of each affected series, and (3) if the amendment changes the terms of any sinking fund installment, the Project One Senior Bonds of the series and maturity for which such sinking fund installment was established; excluding, in each case, from such consent, and from the outstanding Project One Senior Bonds, the Project One Senior Bonds of any specified series and maturity if such amendment by its terms will not take effect so long as any such Project One Senior Bonds remain outstanding. Any such amendment may not permit a change in the terms of redemption or maturity or any installment of interest or make any reduction in principal, redemption price or interest without the consent of each affected holder, or reduce the percentages of consents required for a further amendment.

MEAG Power may adopt (without the consent of any holders of the Project One Senior Bonds) supplemental resolutions to close the Project One Resolution against, or impose limitations upon, issuance of Project One Senior Bonds or other evidences of indebtedness; to authorize Project One Senior Bonds; to authorize Project One Subordinated Bonds; to add to the restrictions contained in the Project One Resolution; to add to the covenants of MEAG Power contained in the Project One Resolution; to confirm any pledge under the Project One Resolution of Revenues or other monies; or to cure any ambiguity or to correct any defect in the Project One Resolution.

The foregoing amendments and supplemental resolutions permitted by MEAG Power under the Project One Resolution are substantially similar to the amendments and supplemental resolutions permitted by MEAG Power under the General Resolution Projects Resolution, except that under the General Resolution Projects Resolution MEAG Power may authorize Additional General Resolution Projects.

Additional Senior Bonds

The Project One Resolution

After delivery of the Project One Senior Bonds of the Initial Facilities Issue, one or more series of Additional Project One Senior Bonds may be issued if and to the extent necessary as shown in a certificate of the Consulting Engineer for the purpose of paying the cost of Acquisition and Construction of the Initial Facilities. Additional Project One Senior Bonds may be issued for the purpose of paying all or any portion of the Cost of Acquisition and Construction of any Additional Facilities provided, among other things, that, for major renewals and repairs, a certificate of the Consulting Engineer is received stating that the Additional Facilities are necessary to keep Project One in good operating condition or to prevent loss of Revenues therefrom. Additional Project One Senior Bonds do not include Refunding Project One Senior Bonds.

The General Resolution Projects Resolution

Additional General Resolution Projects Senior Bonds for the Existing General Resolution Projects. After delivery of the General Resolution Projects Senior Bonds of the Initial Facilities Issue for Project Two, the Initial Facilities Issue for Project Three and the Initial Facilities Issue for Project Four, one or more series of additional General Resolution Projects Senior Bonds may be issued if and to the extent necessary as shown in a certificate of the Consulting Engineer for the purpose of paying the Cost of Acquisition and Construction of the Initial Facilities for Project Two, the Initial Facilities for Project Three or the Initial Facilities for Project Four. Additional General Resolution Projects Senior Bonds may also be issued for the purpose of paying all or any portion of the Cost of Acquisition and Construction of any Capital Improvements for the Existing General Resolution Projects provided, among other things, that, for major renewals and repairs, a certificate of the Consulting Engineer is received stating that such Capital Improvements are necessary to keep such Project in good operating condition or to prevent loss of Revenues therefrom.

Additional General Resolution Projects Senior Bonds for Additional General Resolution Projects. One or more series of Additional General Resolution Projects Senior Bonds may be issued to finance the Cost of Acquisition and Construction of Additional General Resolution Projects. Prior to the authentication and delivery of the first series of General Resolution Projects Senior Bonds for any Additional General Resolution Project, there must be delivered to the Trustee, among other documents:

(a) in the case of the first series of General Resolution Projects Senior Bonds for each Additional General Resolution Project, certified copies of Power Sales Contracts with each of the Participants relating to such Additional Project and certified copies of each Project Agreement relating thereto:

(b) an opinion of counsel to the effect that, among other things, the Participants are obligated under the Power Sales Contracts relating to such Additional Project in each Power Supply Year (as defined in such Power Sales Contracts) to make payments which, in the aggregate, are required, under any and all circumstances, to be sufficient, together with all other amounts available therefor, to pay 100 percent of the Annual Project Costs paid by MEAG Power during such Power Supply Year with respect to such Additional Project, and that the other provisions of each Power Sales Contract comply with the requirements of the General Resolution Projects Resolution; and

(c) an opinion of the Consulting Engineer stating, among other things, that MEAG Power can beneficially utilize the output and services of any generating facility included in such Additional Project to meet the long-term power and energy requirements of the Participants and that the cost of power and energy therefrom is reasonable in comparison to other sources which would reasonably be available to MEAG Power at the time of the estimated date of commercial operation of such generating facility or interest therein and that any transmission facilities included therein will be necessary within a reasonable time after the estimated date of commercial operation thereof to supply transmission capability to Participants required to be supplied pursuant to the Power Sales Contracts relating to such Additional Project.

One or more series of Additional General Resolution Projects Senior Bonds may be issued for an Additional General Resolution Project (1) to complete payment of the Cost of Acquisition and Construction thereof after delivery of the General Resolution Projects Senior Bonds of an issue authorized by a Supplemental Resolution referred to in (a) above for such Additional Project, or (2) to pay the Cost of Acquisition and Construction of Capital Improvements for such Additional General Resolution Project. Each series of Additional General Resolution Projects Senior Bonds for either such purpose may be authenticated and delivered by the Trustee only upon receipt by the Trustee of an opinion of counsel to the effect set forth in paragraph (b) above and, if no General Resolution Projects Senior Bonds have previously

been issued for such Capital Improvements, an opinion of the Consulting Engineer to the effect set forth in paragraph (c) above.

Additional General Resolution Projects Senior Bonds do not include Refunding General Resolution Projects Senior Bonds.

Refunding Senior Bonds

The Project One Resolution

One or more series of Refunding Project One Senior Bonds may be authenticated and delivered upon original issuance to refund all or a portion of the outstanding Project One Senior Bonds of one or more series. Refunding Project One Senior Bonds shall be issued in a principal amount sufficient, together with other monies available therefor, to accomplish such refunding and to make the deposits in the Funds and Accounts under the Project One Resolution required by the provisions of the supplemental resolution authorizing such Project One Senior Bonds.

Refunding Project One Senior Bonds of each series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee, in addition to the documents required by the Project One Resolution, of:

(a) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Project One Senior Bonds to be refunded on a redemption date specified in such instructions;

(b) If the Project One Senior Bonds to be refunded are not by their terms subject to redemption within the next succeeding 60 days, irrevocable instructions to the Trustee, satisfactory to it, to make due publication of the notice provided for in the Project One Resolution to the holders of the Project One Senior Bonds and coupons being refunded;

(c) Either (i) monies in an amount sufficient to effect payment at the applicable Redemption Price of the Project One Senior Bonds to be refunded, together with accrued interest on such Project One Senior Bonds to the redemption date, which monies shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective holders of the Project One Senior Bonds to be refunded, or (ii) Investment Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any monies, as shall be necessary to comply with the provisions of the Project One Resolution, which Investment Securities and monies shall be held in trust and used only as provided in the Project One Resolution; and

(d) A certificate of an Authorized Officer of MEAG Power setting forth (i) the Aggregate Debt Service for the then current and each future calendar year to and including the calendar year next preceding the date of the last maturity of any Project One Senior Bonds of any Series then Outstanding (A) with respect to the Project One Senior Bonds of all series outstanding immediately prior to the date of authentication and delivery of such Refunding Project One Senior Bonds, and (B) with respect to the Project One Senior Bonds of all series to be Outstanding immediately thereafter, and (ii) that the Aggregate Debt Service set forth for each calendar year pursuant to (B) above is no greater than that set forth for such calendar year pursuant to (A) above.

The proceeds, including accrued interest, of the Refunding Project One Senior Bonds of each series shall be applied simultaneously with the delivery of such Project One Senior Bonds for the purposes of making deposits in such Funds and Accounts under the Project One Resolution as shall be provided by the

supplemental resolution authorizing such series of Refunding Project One Senior Bonds shall be applied to the refunding purposes thereof in the manner provided in said supplemental resolution.

The General Resolution Projects Resolution

One or more series of Refunding General Resolution Projects Senior Bonds may be issued to refund all or a portion of the outstanding General Resolution Projects Senior Bonds of one or more series. The issuance of Refunding General Resolution Projects Senior Bonds to refund outstanding General Resolution Projects Senior Bonds is subject to the same conditions and requirements as set forth with respect to Refunding Senior Bonds for Project One.

Special Provisions Relating to Capital Appreciation Senior Bonds

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Senior Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Senior Bond if the principal of all Project One Senior Bonds is declared immediately due and payable following an Event of Default, as provided in the Project One Resolution, or (iii) computing the principal amount of Project One Senior Bonds held by the registered owner of a Capital Appreciation Senior Bond in giving to MEAG Power or the Trustee any notice, consent, request or demand pursuant to the Project One Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Senior Bond shall be deemed to be its Accreted Value.

The principal and interest portions of the Accreted Value of Capital Appreciation Senior Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Debt Service, Aggregate Debt Service and Accrued Aggregate Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value becomes so due, and the principal and interest portions of such Accreted Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

The foregoing provisions with respect to Capital Appreciation Senior Bonds in the Project One Resolution are substantially similar to the provisions with respect to Capital Appreciation Senior Bonds in the General Resolution Projects Resolution.

Trustee, Paying Agents

The Project One Resolution requires the appointment by MEAG Power of one or more Paying Agents (who may be the Trustee) for the Project One Senior Bonds of each series. The Trustee may at any time resign on 60 days' notice and may at any time be removed by the holders of a majority in principal amount of the Project One Senior Bonds then Outstanding. Successor Trustees may be appointed by the holders of a majority in principal amount of Project One Senior Bonds then outstanding, and failing such an appointment MEAG Power may appoint a successor to hold office until the Bondholders act. Any successor Trustee must be a bank or trust company or national banking association with its principal office in New York or Georgia having capital stock and surplus aggregating at least \$50,000,000 if there be such an entity willing to accept appointment.

The foregoing requirements by MEAG Power under the Project One Resolution are substantially similar to the requirements of MEAG Power under the General Resolution Projects Resolution.

Defeasance

The pledge of any Revenues and other monies and securities under the Project One Resolution and all covenants and other obligations of MEAG Power under the Project One Resolution will cease, terminate and be discharged and satisfied whenever all Project One Senior Bonds and coupons have been paid in full.

All or a portion of the Outstanding Project One Senior Bonds of a Series are deemed to have been paid and are not entitled to the lien, benefit or security of the Project One Resolution whenever the following conditions are met: (1) there have been deposited with the Trustee in trust either monies in an amount which will be sufficient, or Investment Securities, the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, also deposited, will be sufficient to pay when due the principal or redemption prices, if applicable, and interest due or to become due on such Project One Senior Bonds, (2) in the case of any Project One Senior Bonds to be redeemed prior to maturity, MEAG Power has given to the Trustee irrevocable instructions to give the notice of redemption therefor, (3) in the event such Project One Senior Bonds are not subject to redemption within the next succeeding 60 days, MEAG Power has given the Trustee irrevocable instructions to mail within five days of such deposit, a notice to the holders of such Project One Senior Bonds that the above deposit has been made with the Trustee and that such Bonds are deemed to be paid and stating the maturity or redemption date upon which monies are to be available to pay the principal or redemption price, if applicable, of such Project One Senior Bonds, and (4) MEAG Power shall cause such Project One Senior Bonds to be re-rated by all, or if rated by less than all, a minimum of two, of Moody's Investors Service, Standard & Poor's, and Fitch Ratings.

In the event Project One Subordinated Bonds are issued for the purpose of refunding less than all Outstanding Project One Senior Bonds of like maturity within a Series, such Outstanding Project One Senior Bonds shall be deemed to have been paid upon (a) selection by the Trustee of such Outstanding Project One Senior Bonds from among all Outstanding Project One Senior Bonds of such maturity, and, in the case of the selection of a portion of a maturity which is subject to Sinking Fund Installments, further selection by the Trustee from such portion of the particular Outstanding Project One Senior Bonds to be redeemed on each Sinking Fund Installment date designated by MEAG Power, which Outstanding Project One Senior Bonds, when deemed paid in accordance with this paragraph, shall be credited against such Sinking Fund Installments as shall be designated, and (b) compliance with the requirements of the provisions described in the preceding paragraph with respect to such Outstanding Project One Senior Bonds. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

The Trustee shall select at random, in such manner as the Trustee in its discretion may deem fair and appropriate, the particular Project One Senior Bonds or portions of Project One Senior Bonds of such maturity (in denominations of \$5,000) to be paid or redeemed. The portion of any Project One Senior Bond of a denomination of more than \$5,000 to be paid or redeemed shall be in the principal amount of \$5,000 or a multiple thereof. In selecting portions of such Project One Senior Bonds for payment or redemption, the Trustee shall treat each such Project One Senior Bond as representing that number of Project One Senior Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Project One Senior Bonds to be paid or redeemed in part by \$5,000. If applicable, in addition to the requirements in the notice to be given as described in clause (3) of the second preceding paragraph, the Trustee shall include in such notice (i) the letters and numbers or other distinguishing marks of such Project One Senior Bonds which are deemed paid, including, in the case of Outstanding Project One Senior Bonds which constitute a portion of a maturity which is subject to Sinking Fund Installments, the particular Outstanding Project One Senior Bonds selected for redemption on particular Sinking Fund Installment dates, and (ii) instructions to the holders of such Project One Senior Bonds to surrender the same at the office of the Bond Registrar to be exchanged for an equal aggregate principal amount of Project One Senior Bonds of the same maturity and Series, which Project One Senior Bonds shall be separately marked and identified and shall be deemed

a separate maturity from the remaining Project One Senior Bonds of said maturity and Series. In the event any holder of any Project One Senior Bond deemed paid as described in the preceding paragraph shall fail to present such Project One Senior Bond for exchange, such failure shall not prevent such Project One Senior Bond or portion thereof from being deemed paid and being deemed a separate maturity from the remaining Project One Senior Bonds of said maturity and Series.

The foregoing defeasance provisions under the Project One Resolution are substantially similar to the defeasance provisions under the General Resolution Projects Resolution.

Events of Default and Remedies

Events of Default specified in the Project One Resolution include failure to pay principal or redemption price of any Project One Senior Bond when due; failure to pay any interest installment on any Project One Senior Bond or the unsatisfied balance of any sinking fund installment thereon when due; failure to remedy a default for 60 days after written notice of a default in the observance or performance of any other covenants, agreements or conditions; and certain events of bankruptcy or insolvency. Upon the happening of any such Event of Default the Trustee or the holders of not less than 25 percent in principal amount of the Project One Senior Bonds then Outstanding may declare the principal of and accrued interest on such Project One Senior Bonds due and payable (subject to a rescission of such declaration upon the curing of such default before the Project One Senior Bonds have matured). The Project One Power Sales Contracts provide for payment in each year of amounts sufficient to pay scheduled debt service. However, any debt service due on Project One Senior Bonds by reason of acceleration is not payable under the Project One Power Sales Contracts in the year of acceleration, although any accelerated amounts will continue to become due in the respective years in which scheduled.

Upon the occurrence of any Event of Default which has not been remedied, MEAG Power will, if demanded by the Trustee, (1) account as a trustee of an express trust for all Revenues, monies, securities and funds pledged under the Project One Resolution and (2) pay over or cause to be paid over to the Trustee all assets held by MEAG Power in any fund or account under the Project One Resolution and, as received, all Revenues. The Trustee will apply all monies, securities, funds and Revenues received during the continuance of an Event of Default in the following order: (1) to payment of the reasonable and proper charges, expenses and liabilities of the Trustee and Paying Agents, (2) to the payment of Operating Expenses, and (3) to the payment of interest and principal or the redemption price of Project One Senior Bonds without preference or priority of interest over principal or principal over interest, unless the principal of all Project One Senior Bonds has not been declared due and payable, in which case first to the payment of interest and second to the payment of principal on those Project One Senior Bonds which have become due and payable in order of their due dates. In addition, any holders of Project One Senior Bonds or the Trustee will have the right as provided in the Act to apply in an appropriate proceeding for appointment of a receiver of Project One.

If an Event of Default has occurred and has not been remedied the Trustee may, or on request of the holders of not less than 25 percent in principal amount of Project One Senior Bonds outstanding must, take such steps by a suit or suits in equity or at law, whether for the specific performance of any covenant in the Project One Resolution or in aid of the execution of any power granted in the Project One Resolution, or for an accounting against MEAG Power, or in the enforcement of any other legal or equitable right, as the Trustee deems most effectual to enforce any of its rights or to perform any of its duties under the Project One Resolution. The Trustee may, and upon the request of the holders of a majority in principal amount of the Project One Senior Bonds then outstanding and upon being furnished with reasonable security and indemnity must, institute and prosecute proper actions to prevent any impairment of the security under the Project One Resolution or to preserve or protect the interests of the Trustee and of the Bondholders.

No Bondholder has any right to institute any suit, action or proceeding for the enforcement of any provision of the Project One Resolution or the execution of any trust under the Project One Resolution or

for any remedy under the Project One Resolution, unless (1) such Bondholder previously has given the Trustee written notice of the Event of Default, (2) the holders of at least 25 percent in principal amount of the Project One Senior Bonds then outstanding have filed a written request with the Trustee and have afforded the Trustee a reasonable opportunity to exercise its powers or institute such suit, action or proceeding, (3) there have been offered to the Trustee adequate security and indemnity against its costs, expenses and liability to be incurred and (4) the Trustee has refused to comply with such request within 60 days. There is nothing contained in the Project One Resolution or in the Project One Senior Bonds which affects or impairs MEAG Power's obligation to pay the Project One Senior Bonds and the interest thereon when due, or the right of any Bondholder to enforce such payment.

The holders of not less than a majority in principal amount of Project One Senior Bonds then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred upon the Trustee (subject to the Trustee's right to decline to follow such direction upon advice of counsel as to the unlawfulness thereof or upon its good faith determination that such action would involve the Trustee in personal liability or would be unjustly prejudicial to Bondholders not parties to such direction).

The foregoing events of default and remedies under the Project One Resolution are substantially similar to the events of default and remedies under the General Resolution Projects Resolution.

Definitions

The Project One Resolution

Accreted Value. As of any date of computation with respect to any Capital Appreciation Senior Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the January 1 or July 1 next preceding the date of computation or the date of computation if a January 1 or July 1, such interest to accrue at the interest rate per annum of the Capital Appreciation Senior Bond set forth in the supplemental resolution authorizing such Bonds, compounded on January 1 and July 1 of each year, plus, if such date of computation shall not be a January 1 or July 1, a portion of the difference between the Accreted Value as of the immediately preceding January 1 or July 1 (or the date of original issuance if the date of computation is prior to the first January 1 or July 1 succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding January 1 or July 1, calculated based upon an assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on the basis of a year of twelve 30-day months.

Accrued Aggregate Debt Service. As of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all series of Project One Senior Bonds, calculating accrued Debt Service with respect to each series at an amount equal to the sum of (1) interest on the Project One Senior Bonds of such series accrued and unpaid and to accrue to the end of the then current calendar month and (2) Principal Installments due and unpaid and that portion of the Principal Installment for such series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month.

Additional Facilities. Any of the following: (1) any major renewals, replacements, repairs, additions, betterments and improvements, necessary, in the opinion of the Consulting Engineer, to keep Project One in good operating condition or to prevent a loss of Revenues therefrom, (2) any major additions, improvements, repairs and modifications to Project One and any decommissioning or disposals of Project One required by any governmental agency having jurisdiction over Project One or for which MEAG Power is responsible by virtue of any obligation of MEAG Power arising out of any of the Project Agreements, or (3) reload fuel or additional fuel inventory for any generating unit of Project One to the extent that sufficient funds are not available to pay the cost thereof. However, Additional Facilities do not include additional

generating units or increases, if any, in MEAG Power's undivided interest in generating units forming a part of the Initial Facilities.

Aggregate Debt Service. For any period, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all series of Project One Senior Bonds.

Allocated Principal Amounts. With respect to each series of Project One Senior Bonds, other than Refunding Project One Senior Bonds, the respective portions of the aggregate principal amount of such series allocated by MEAG Power to each Project One Component being financed with the proceeds of such series so that the total of all such respective portions equals the aggregate principal amount of such series as set forth in a certificate.

Capital Appreciation Senior Bonds. Any Project One Senior Bonds issued under the Project One Resolution as to which interest is compounded semi-annually and payable only at the maturity or prior redemption of such Bonds.

Consulting Engineer. The independent engineer or engineering firm or corporation having nationwide and favorable reputation for skill and experience at the time retained by MEAG Power pursuant to the Project One Resolution who, if other than R.W. Beck, Inc., must be satisfactory to the Trustee.

Debt Service. For any period, as of any date of calculation and with respect to any series of Project One Senior Bonds, an amount equal to the sum of (1) interest accruing during such period with respect to such series (except interest to be paid from Project One Senior Bond proceeds as provided in the Project One Resolution) and (2) that portion of each Principal Installment for such series which would accrue during such period if such Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date (or, if there be no such preceding Principal Installment due date, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Project One Senior Bonds of such series, whichever is later).

Debt Service Reserve Requirement. As of any date of calculation, an amount equal to the greatest amount of the Aggregate Debt Service for the current or any future calendar year.

Financial Guaranty. One or more of an irrevocable and unconditional policy of insurance or surety bond in full force and effect issued by an insurance company or association duly authorized to do business in the State of New York and the State of Georgia the financial strength of which, except as otherwise provided in the Project One Resolution, is rated in the highest rating category by Moody's Investors Service, Standard & Poor's, Fitch Ratings and, if rated by A.M. Best & Company, A.M. Best & Company, and providing for the payment thereunder of monies when required pursuant to the Project One Resolution.

Initial Facilities. The undivided ownership interests acquired by MEAG Power in the generating units of the Plants, the transmission system facilities acquired and to be acquired and constructed by MEAG Power and working capital required by MEAG Power, all as described in the Annual Information Statement under "MEAG POWER – Bulk Power Supply Operations."

Initial Facilities Issue. Project One Senior Bonds in the aggregate principal amount of \$1,600,000,000 for the purpose of financing the Cost of Acquisition and Construction of the Initial Facilities.

Investment Securities. Any of the following securities, if and to the extent the same are at the time legal for investment of MEAG Power funds:

1. any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including

obligations of any of the Federal agencies set forth in clause (2) below to the extent unconditionally guaranteed by the United States of America;

2. obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation;

3. New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the United States of America; or Project Notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

4. direct and general obligations of any State within the United States, to the payment of the principal of and interest on which the full faith and credit of such State is pledged, provided that at the time of their purchase under the Project One Resolution such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;

5. certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee), provided that such certificates of deposit must be purchased directly from such a bank, trust company or national banking association and must be either (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by such securities as are described in clauses (1) through (4), above which have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and are lodged with the Trustee or any Federal Reserve Bank, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit. Additionally, the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured must furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit; and

6. any repurchase agreement with (a) any bank or trust company organized under the laws of any state of the United States, (b) any national banking association organized under the laws of the United States or (c) any government bond dealer recognized and supervised as a primary dealer by the Federal Reserve Bank of New York, secured by any one or more of the securities described in clauses (1), (2), or (3) above.

Project One. The Initial Facilities and all Additional Facilities.

Project One Components. Each of the components of the Initial Facilities and each of the Additional Facilities or each component thereof designated as a Project One Component in a Supplemental Resolution.

Revenues. (1) All revenues, income, rents and receipts derived from the ownership and operation of Project One, (2) the proceeds of any business interruption loss insurance, and (3) interest accrued on any monies or securities (other than in the Construction Fund) held pursuant to the Project One Resolution.

The General Resolution Projects Resolution

The definitions set forth above under the Project One Resolution for Accreted Value, Accrued Aggregate Debt Service, Aggregate Debt Service, Allocated Principal Amounts, Capital Appreciation Senior Bond, Consulting Engineer, Debt Service, Debt Service Reserve Requirement, Financial Guaranty, Investment Securities and Revenues are substantially similar to the same defined terms under the General Resolution Projects Resolution. The General Resolution Projects Resolution has the following additional defined terms:

Additional General Resolution Project. Any of the following if designated as an Additional General Resolution Project in a Supplemental Resolution: (i) MEAG Power's interest in any electric generating units and related transmission facilities or electric transmission system facilities, or any mine, well, pipeline, plant structure or other facility for the development, production, manufacture, transportation, storage, fabrication or processing of fossil or nuclear fuel of any kind or any facility or rights with respect to the supply of water, in each case for use, in whole or in part, in any of MEAG Power's generating plants, including, in any case, land, rights in land, structures, equipment, inventories of supplies, materials of equipment related thereto, or any one or more of the foregoing, together with any Capital Improvements authorized therefor; (ii) where MEAG Power will acquire electric power supply or transmission capability under arrangements whereby MEAG Power purchases rights to receive, or leases or otherwise acquires rights to facilities to enable it to receive, an electric power supply or transmission capability, MEAG Power's rights and interest under such arrangements; (iii) preliminary and developmental work, including engineering, legal and financial studies, in connection with the planning and development of power resources and the determination of the feasibility thereof; and (iv) working capital required by MEAG Power for providing bulk electric power and energy to the Participants in accordance with the provisions of the appropriate Power Sales Contracts; or any one or more of the foregoing, in each of the foregoing cases, together with all rights, interests and facilities of every kind related or incidental thereto or necessary or desirable to carry out such Project.

Annual Project Costs. With respect to any Additional General Resolution Project and any Power Supply Year, to the extent not paid as part of the Cost of Acquisition and Construction of such Project, all costs and expenses paid by MEAG Power during such Power Supply Year allocable to such Project.

Capital Improvements. With respect to any Additional General Resolution Project, any major renewals, replacements, repairs, additions, betterments, improvements, modifications and disposals of such Project the costs of which, pursuant to the Power Sales Contracts relating to such Project, MEAG Power is permitted to finance through the issuance of Additional General Resolution Projects Senior Bonds. In the case of Project Two, Project Three and Project Four, Capital Improvements may include any of the following: (1) any major renewals, replacements, repairs, additions, betterments and improvements, necessary, in the opinion of the Consulting Engineer, to keep the applicable Project in good operating condition or to prevent a loss of Revenues therefrom, (2) any major additions, improvements, repairs and modifications to the applicable Project and any retirements or disposals of the applicable Project required by any governmental agency having jurisdiction over such Project or for which MEAG Power is responsible by virtue of any obligation of MEAG Power arising out of any of the Project Agreements, or (3) additional fuel inventory for any generating unit of the applicable Project to the extent that sufficient funds are not available to pay the cost thereof. However, Capital Improvements for Project Two, Project Three and Project Four may not include additional generating units or increases, if any, in MEAG Power's undivided interest in generating units forming a part of the Initial Facilities for the applicable Project.

General Resolution Project. Project Two, Project Three, Project Four or any Additional General Resolution Project.

Initial Facilities for Project Four. The undivided interests acquired by MEAG Power in generating units and common facilities at Plant Vogtle and included in Project Four, together with working capital

required by MEAG Power in connection therewith, all as described in the Annual Information Statement under “MEAG POWER – Bulk Power Supply Operations.”

Initial Facilities for Project Three. The undivided interests acquired by MEAG Power in generating units and common facilities at Plant Scherer and included in Project Three, together with working capital required by MEAG Power in connection therewith, all as described in the Annual Information Statement under “MEAG POWER – Bulk Power Supply Operations.”

Initial Facilities for Project Two. The undivided interests acquired by MEAG Power in generating units and common facilities of Plant Scherer and Plant Wansley and included in Project Two, together with working capital required by MEAG Power in connection therewith, all as described in the Annual Information Statement under “MEAG POWER – Bulk Power Supply Operations.”

Initial Facilities Issue for Project Four. General Resolution Projects Senior Bonds in the aggregate principal amount of \$625,000,000 for the purpose of financing the Cost of Acquisition of the Initial Facilities for Project Four.

Initial Facilities Issue for Project Three. General Resolution Projects Senior Bonds in the aggregate principal amount of \$300,000,000 for the purpose of financing the Cost of Acquisition of the Initial Facilities for Project Three.

Initial Facilities Issue for Project Two. General Resolution Projects Senior Bonds in the aggregate principal amount of \$260,000,000 for the purpose of financing the Cost of Acquisition of the Initial Facilities for Project Two.

Power Sales Contract. With respect to Project Two, each Project Two Power Sales Contract, with respect to Project Three, each Project Three Power Sales Contract, with respect to Project Four, each Project Four Power Sales Contract, and, with respect to any Additional General Resolution Project, each contract entered into with a Participant relating to such Project, all as supplemented or amended from time to time in accordance with the General Resolution Projects Resolution, designated in the Supplemental Resolution authorizing the acquisition and construction of such Project as a “Power Sales Contract” under the General Resolution Projects Resolution, the term of which does not end earlier than the final maturity date of any General Resolution Projects Senior Bonds authorized to be issued for the purpose of financing the Cost of Acquisition and Construction of such project; *provided, however*, that the contracts for such Projects (a) must require payments by the Participants (either on a fixed percentage basis or pursuant to rates) which are sufficient, together with all other amounts available therefor, to pay, under any and all circumstances, 100 percent of the Annual Project Costs paid by MEAG Power during each Power Supply Year with respect to such Project; (b) must contain a rate covenant by the Participants to the same effect as the rate covenant in the Existing General Resolution Projects Power Sales Contracts; (c) must provide that, unless the payments required to be made by a Participant under its contract or provisions for such payments in any fiscal year shall have been made from the revenues of its electric system, the Participant will annually include in its general revenue or appropriation measure sums sufficient to satisfy the payments required to be made under such contract and, if such provision or appropriation is not made in such year, the chief fiscal officer of the Participant shall, in accordance with the Act, set up as an appropriation on the accounts of such Participant in such year the amounts required to satisfy the payments required to be made under such contract; and (d) must provide that the obligation of each Participant to make payments under its contract shall constitute a general obligation for the payment of which its full faith and credit are pledged and require such payments to be made whether or not such Project or any part thereof has been completed, is operating or operable or its output is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part.

Project Component. (i) With respect to Project Two, each of the components of the Initial Facilities for Project Two and each of the Capital Improvements of Project Two or each component thereof designated

as a Project Component in a Supplemental Resolution, (ii) with respect to Project Three, each of the components of the Initial Facilities for Project Three and each of the Capital Improvements of Project Three or each component thereof designated as a Project Component in a Supplemental Resolution, (iii) with respect to Project Four, each of the components of the Initial Facilities for Project Four and each of the Capital Improvements of Project Four or each component thereof designated as a Project Component in a Supplemental Resolution and (iv) with respect to any Additional General Resolution Project, each component thereof designated as a Project Component in a Supplemental Resolution and (v) with respect to the Capital Improvements of any Additional General Resolution Project, each component thereof designated as a Project Component in a Supplemental Resolution.

Project Four. The Initial Facilities for Project Four and Capital Improvements for Project Four.

Project Three. The Initial Facilities for Project Three and Capital Improvements for Project Three.

Project Two. The Initial Facilities for Project Two and Capital Improvements for Project Two.

**SUMMARY OF PROJECT ONE RESOLUTION
AND GENERAL RESOLUTION PROJECTS RESOLUTION,
AS AMENDED BY AMENDING RESOLUTIONS**

The following is a general summary of certain provisions of the Project One Resolution, as amended by the Amended and Restated Project One Resolution (as so amended, the “Amended Project One Resolution”) and the General Resolution Projects Resolution, as amended by the Amended and Restated General Resolution Projects Resolution (as so amended, the “Amended General Resolution Projects Resolution” and, together with the Amended Project One Resolution, the “Amended Resolutions”). A summary of the amendments to the Project One Resolution and the General Resolution Projects Resolution, respectively, that are set forth in the Amendatory Supplemental Resolutions is also included herein under the caption “Amendatory Supplemental Resolutions” below. Summaries of certain definitions are set forth in this APPENDIX H under the caption “Definitions.” Other terms defined in these resolutions for which summary definitions are not set forth are indicated by capitalization.

The amendment and restatement of the respective Resolutions provided for in the Amended and Restated Resolutions will not become effective until the earlier of (a) the date on which all bonds outstanding under the applicable Resolution at December 16, 2011 (the date of adoption of the Amended and Restated Resolutions) cease to be outstanding thereunder and (b) the filing with the Trustee of written consents thereto of the holders of at least two-thirds in principal amount of such Senior Bonds then outstanding.

The amendments to the respective Resolutions provided for in the Amendatory Supplemental Resolutions will not become effective until 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.

Except as otherwise described herein, the amendments contained in the Amending Resolutions, respectively, will apply to all Senior Bonds then outstanding under the applicable Resolution and will be binding upon the holders thereof.

Pledge Effected by the Amended Resolutions

The Trust Estate under the Amended Project One Resolution is pledged by the Amended Project One Resolution to payment of principal of and interest and redemption premium on Project One Senior Bonds of all series, subject to the provisions of the Amended Project One Resolution permitting application for other purposes. Amounts on deposit in any separate sub-account established in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Amended Project One Resolution, including the investments, if any, thereof, is pledged as additional security for the payment of principal or sinking fund Redemption Price, if any, of, and interest on, the Project One Senior Bonds of each Additionally Secured Series secured thereby, subject to the provisions of the Amended Project One Resolution permitting application for other purposes.

The Trust Estate under the Amended General Resolution Projects Resolution is pledged by the Amended General Resolution Projects Resolution to payment of principal of and interest and redemption premium on General Resolution Projects Senior Bonds of all series, subject to the provisions of the Amended General Resolution Projects Resolution permitting application for other purposes. Amounts on deposit in any separate sub-account established in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Amended General Resolution Projects Resolution, including the investments, if any, thereof, is pledged as additional security for the payment of principal or sinking fund Redemption Price, if any, of, and interest on, the General Resolution Projects Senior Bonds of each

Additionally Secured Series secured thereby, subject to the provisions of the Amended General Resolution Projects Resolution permitting application for other purposes.

Application of Revenues

For the application of Revenues, each of the Amended Resolutions establishes a Revenue and Operating Fund and a Reserve and Contingency Fund, held by MEAG Power, and a Debt Service Fund and a Subordinated Bond Fund, held by the Trustee.

With respect to the Amended Project One Resolution, the Trustee and MEAG Power may deposit moneys in such Funds in banks or trust companies (“Depositaries”). All moneys held under the Amended Project One Resolution by the Trustee or any Depositary must be either (1) (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by the lodging with the Trustee or any Federal Reserve Bank, as collateral security, Collateral Securities having a market value (exclusive of accrued interest) not less than the amount of such moneys, or (2) held in such other manner as may then be required by applicable laws and regulations; *provided, however*, that it is not necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys held in trust with them and set aside by them for the payment of the principal or Redemption Price of or interest on any Project One Senior Bonds, or for the Trustee or any Depositary to give security for any moneys which are represented by Investment Securities purchased as an investment of such moneys. The foregoing is the same for moneys held under the Amended General Resolution Projects Resolution.

All Revenues received under the Amended Project One Resolution are deposited promptly in the Project One Revenue and Operating Fund. Amounts in the Project One Revenue and Operating Fund are paid out from time to time for application therefrom as follows:

1. Amounts in the Revenue and Operating Fund shall be paid out from time to time for reasonable and necessary Operating Expenses.

2. No later than the last business day of each month, amounts shall be withdrawn from the Revenue and Operating Fund and deposited in the following Funds and Accounts in the following order in the amounts set forth below:

- (1) In the Debt Service Fund (i) for credit to the Debt Service Account, the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Debt Service; and (ii) for credit to each separate sub-account in the Debt Service Reserve Account, the amount, if any, required so that the balance in each such sub-account shall equal the Debt Service Reserve Requirement related thereto, including, without limitation, any amount required to reimburse the issuer of a Financial Guaranty in order to reinstate the maximum limits of such Financial Guaranty (or, if the amount on deposit in the Revenue and Operating Fund shall not be sufficient to make the deposits required to be made pursuant to this clause (ii) with respect to all of the separate sub-accounts in the Debt Service Reserve Account, then such amount on deposit in the Revenue and Operating Fund shall be applied ratably, in proportion to the amount necessary for deposit into each such sub-account); *provided, however*, that so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all outstanding Project One Senior Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Debt Service Fund (see “Debt Service Reserve Accounts – *Deposit of Financial Guaranty*” below for a discussion of the ability to deposit a Financial Guaranty in any separate sub-account in the Debt Service Reserve Account);

(2) In the Subordinated Bond Fund, such amounts as shall be required to pay principal or sinking fund installments of and interest on each issue of Project One Subordinated Bonds and reserves therefor, as required by the supplemental resolution authorizing such issue of Project One Subordinated Bonds; and

(3) In the Reserve and Contingency Fund for credit to (i) the Renewal and Replacement Account in said Fund the amount equal to (A) one-twelfth (or such greater fraction as may be appropriate if the period is less than twelve months) of the total amount provided in the then current Annual Budget to be deposited in said Account during the then current calendar year of (B) the amount equal to ten percent of the Debt Service with respect to all series of Project One Senior Bonds accruing during such month, whichever is greater; (ii) the Decommissioning Account in said Fund the amount equal to one-twelfth (or such greater fraction as may be appropriate if the period is less than twelve months) of the total amount provided in the then current Annual Budget to be deposited in said Account during the then current calendar year; and (iii) the Reserve Account in said Fund the amount, if any, necessary to make up, within a period not exceeding 24 months, any deficiency in the requirement of said Account as shall be set forth in the then current Annual Budget; *provided, however*, that such requirement shall at least equal one-half of one percent of the principal amount of all Project One Senior Bonds theretofore issued to finance the Cost of Acquisition and Construction of facilities of Project One that shall have been placed in commercial operation and shall not have been retired from service prior to the first day of such month;

provided, however, no amount in the Revenue and Operating Fund shall be applied to any purpose other than payment of Operating Expenses unless after such application the amount remaining in the Revenue and Operating Fund is at least equal to the "Working Capital Requirement for Operating Expenses." The term "Working Capital Requirement for Operating Expenses" is defined in the Amended Project One Resolution to mean such dollar amount as MEAG Power shall establish from time to time, which at any time shall not be less than the amount of Operating Expenses that are budgeted to accrue over the next succeeding 45 days. (Funds for decommissioning are being held apart from the Decommissioning Account in a separate trust pursuant to federal requirements. See the final paragraph under "MEAG POWER – Regulation – Nuclear Facilities" in the Annual Information Statement.)

Amounts in the Renewal and Replacement Account are applied to the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to Project One necessary, in the opinion of MEAG Power, to keep the same in good operating condition or to prevent a loss of revenues therefrom, or required by any governmental agency having jurisdiction over Project One or any part thereof or for which MEAG Power is responsible by virtue of any obligation of MEAG Power arising out of any contract to which MEAG Power is a party relating to ownership of Project One or any part thereof.

There is accumulated in the Decommissioning Account as provided by the Annual Budget a reserve for the retirement from service, decommissioning or disposal of the generation facilities of Project One. Amounts in such Account are applied as needed for such purposes.

Amounts in the Reserve Account are applied to the costs of major renewals, replacements, repairs, additions, betterments, and improvements with respect to Project One, to the extent amounts in the Renewal and Replacement Account are not sufficient therefor, and to the payment of extraordinary operation and maintenance costs, and contingencies.

If at any time the amount in the Debt Service Account is less than the amount required by the Amended Project One Resolution or the amount in any separate sub-account in the Debt Service

Reserve Account is less than the Debt Service Reserve Requirement related thereto, then MEAG Power, upon requisition by the Trustee, shall transfer from the Reserve and Contingency Fund (from Accounts therein in such order as MEAG Power shall determine) to the Trustee for deposit in the Debt Service Account or such separate sub-account(s) in the Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency (or, if the amount in the Reserve and Contingency Fund shall be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate sub-accounts in the Debt Service Reserve Account, then the amount in said Fund shall be applied first to make up the deficiency in the Debt Service Account, and any balance remaining shall be applied ratably to make up the deficiencies with respect to the separate sub-accounts in the Debt Service Reserve Account, in proportion to the deficiency in each such sub-account).

Amounts in the Reserve and Contingency Fund not required for any of the above purposes will be transferred to the Revenue and Operating Fund.

Subject to the provisions of subsections 1 and 2 above, amounts in the Revenue and Operating Fund may be applied as set forth in the following paragraph, *provided, however*, no such amount shall be so applied unless after such application the amount remaining in the Revenue and Operating Fund is at least equal to the "Working Capital Requirement for Fund Deposits." The term "Working Capital Requirement for Fund Deposits" is defined in the Amended Project One Resolution to mean such dollar amount as MEAG Power shall establish from time to time, which at any time shall not be less than the sum of (i) the Working Capital Requirement for Operating Expenses and (ii) the amount, as estimated by MEAG Power, required to be deposited during the next 30 days into the Debt Service Fund, the Subordinated Bond Fund and the Reserve and Contingency Fund. Application of amounts in the Revenue and Operating Fund shall include, without limitation, payment to an issuer of a Financial Guaranty of interest on amounts advanced under such Financial Guaranty.

Amounts in the Revenue and Operating Fund not required for the purposes set forth above shall upon determination of MEAG Power be applied to or set aside for any one or more of the following: (a) the purchase or redemption of any Project One Senior Bonds, and expenses in connection with the purchase or redemption of any Project One Senior Bonds or any reserves which MEAG Power determines shall be required for such purposes; (b) payments of principal or redemption price of and interest on any Project One Subordinated Bonds or any reserves which MEAG Power determines shall be required for such purposes; (c) payments into any separate account or accounts established in the Construction Fund for application to the purposes of such account; (d) improvements, extensions, betterments, renewals and replacements of any properties of Project One; (e) to reduce the cost of Project One power and energy to political subdivisions of the State of Georgia under the Project One Power Sales Contracts; and (f) any other lawful purposes of MEAG Power related to Project One; *provided, however*, any proceeds from the sale or exchange of any part of Project One deposited in the Revenue and Operating Fund pursuant to the second paragraph set forth under "Encumbrances; Disposition of Properties" herein, and any proceeds of any insurance paid on account of the damage or destruction of any useful portion of the Project deposited in the Revenue and Operating Fund pursuant to the provisions of the Amended Project One Resolution shall be used only for the purposes specified in clauses (a) to (d) above; and *provided, further*, that, subject to the provisions of the Amended Project One Resolution, amounts deposited in the Revenue and Operating Fund and required by the Amended Project One Resolution to be applied to the purchase or redemption of Project One Senior Bonds shall be applied to such purpose.

The Amended Project One Resolution provides that upon (a) any purchase or redemption with amounts in the Revenue and Operating Fund or (b) any defeasance of Project One Senior

Bonds of any series, maturity and interest rate for which Sinking Fund Installments shall have been established, *provided, however*, that in the case of any such defeasance, MEAG Power shall have given the Trustee irrevocable instructions to redeem such Project One Senior Bonds on or prior to the due date of the Sinking Fund Installment to be credited under this provision, there shall be credited toward such Sinking Fund Installment or Sinking Fund Installments thereafter to become due as MEAG Power shall select in its sole discretion the total principal amount of such Project One Senior Bonds so purchased, redeemed or defeased. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

MEAG Power may issue Project One Subordinated Bonds for the purposes set forth in the second preceding paragraph. Project One Subordinated Bonds will be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Bond Fund or the Revenue and Operating Fund as may from time to time be available therefor. Such pledge, however, will be subordinate in all respects to the pledge of the Trust Estate created by the Amended Project One Resolution as security for the Project One Senior Bonds.

All Revenues received under the Amended General Resolution Projects Resolution are deposited promptly in the General Resolution Projects Revenue and Operating Fund. Amounts in the General Resolution Projects Revenue and Operating Fund are paid monthly to the Funds held under the Amended General Resolution Projects Resolution and applied generally for the same purposes and requirements of the Existing General Resolution Projects as that described above for Project One under the Amended Project One Resolution, except as follows:

Revenues are applied to the General Resolution Projects Reserve and Contingency Fund, for credit to the sub-account established for each General Resolution Project in the Renewal and Replacement Account and the Reserve Account and for Project Four in the Decommissioning Account, the Reserve and Contingency Fund Requirement applicable to such sub-account for the applicable Project. For the sub-accounts established for Projects Two, Three and Four in the Renewal and Replacement Account, such Reserve and Contingency Fund Requirement is equal to (A) one-twelfth (or such greater fraction as may be appropriate if the period is less than twelve months) of the total amount provided in the then current Annual General Budget for the applicable Project to be deposited in said sub-account in said Account during the then current Power Supply Year or (B) the amount equal to ten percent of the Debt Service with respect to all series of General Resolution Projects Senior Bonds issued to finance the Cost of Acquisition and Construction of the applicable Project and accruing during such month, whichever is the greater. For the sub-accounts established for Projects Two, Three and Four in the Reserve Account, the Reserve and Contingency Fund Requirement is the amount, if any, necessary to make up, within a period of not exceeding 24 months, any deficiency in the requirements of said sub-account in said Account as shall be set forth in the then current Annual General Budget for the applicable Project; *provided, however*, that, for each Project, such requirement shall be at least equal one-half of one percent of the principal amount of all applicable General Resolution Projects Senior Bonds theretofore issued to finance the Cost of Acquisition and Construction of facilities of such Project that shall have been placed in commercial operation and shall not have been retired from service prior to the first day of such month. For the Decommissioning Account for Project Four, such Reserve and Contingency Fund Requirement is equal to one-twelfth (or such greater fraction as may be appropriate if the period is less than 12 months) of the total amount provided in the then current Annual General Budget to be deposited in said Account during the then current calendar year. (Funds for decommissioning are being held apart from the Decommissioning Account in a separate trust pursuant to federal

requirements. See the final paragraph under “MEAG POWER – Regulation – *Nuclear Facilities*” in the Annual Information Statement.)

Amounts in the sub-accounts established for Projects Two, Three and Four in the Renewal and Replacement Account are applied to the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to the applicable Project necessary, in the opinion of MEAG Power, to keep the same in good operating condition or to prevent a loss of Revenues therefrom, or required by any governmental agency having jurisdiction over such Project or any part thereof or for which MEAG Power is responsible by virtue of any obligation of MEAG Power arising out of any contract to which MEAG Power is a party relating to ownership of such Project or any part thereof.

Amounts in the sub-accounts established for Projects Two, Three and Four in the Reserve Account are applied to the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to the applicable Project, to the extent amounts in the applicable sub-account in the Renewal and Replacement Account are not sufficient therefor, and to the payment of extraordinary operation and maintenance costs, and contingencies.

Amounts accumulated in the sub-account established for Project Four in the Decommissioning Account as a reserve for the retirement from service, decommissioning or disposal of the generation facilities of Project Four are applied as needed for such purposes.

The Amended General Resolution Projects Resolution provides that amounts in the sub-accounts established for any Additional General Resolution Project in the Renewal and Replacement Account, the Decommissioning Account and the Reserve Account are to be applied in accordance with the supplemental resolution authorizing the acquisition and construction of such Additional General Resolution Project.

Amounts in the Revenue and Operating Fund not required for any of the above purposes shall upon determination of MEAG Power be applied to or set aside for any one or more of the following: (a) the purchase or redemption of any General Resolution Projects Senior Bonds, and expenses in connection therewith; (b) payment of principal or redemption price of and interest on any General Resolution Projects Subordinated Bonds or any reserves which MEAG Power determines shall be required for such purposes, (c) payments into any separate account or accounts established in any Project Account in the Construction Fund; (d) improvements, extensions, betterments, renewals and replacements of any properties of any General Resolution Project; (e) to reduce the cost to the Participants of power and energy from any General Resolution Project; and (f) any other lawful purposes of MEAG Power related to any General Resolution Project; *provided, however*, any proceeds from the sale or exchange of any part of any General Resolution Project deposited in the Revenue and Operating Fund pursuant to the second paragraph set forth under “Encumbrances; Disposition of Properties” herein, and any proceeds of any insurance paid on account of the damage or destruction of any useful portion of the Project deposited in the Revenue and Operating Fund pursuant to the provisions of the Amended General Resolution Projects Resolution shall be used only for the purposes specified in clauses (a) to (d) above; and *provided, further*, that, subject to the provisions of Amended General Resolution Projects Resolution, amounts deposited in the Revenue and Operating Fund and required by the Amended General Resolution Projects Resolution to be applied to the purchase or redemption of General Resolution Projects Senior Bonds shall be applied to such purpose.

MEAG Power may issue General Resolution Projects Subordinated Bonds for the purposes set forth in the preceding paragraph. General Resolution Projects Subordinated Bonds will be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Bond Fund or the Revenue and Operating Fund as may from time to time be available therefor. Such pledge,

however, will be subordinate in all respects to the pledge of the Trust Estate created by the Amended General Resolution Projects Resolution as security for the General Resolution Projects Senior Bonds.

Debt Service Reserve Accounts

General

Both Amended Resolutions create a separate sub-account in the Debt Service Reserve Account designated as the “Initial Sub-Account” (and referred to in the Annual Information Statement to which this APPENDIX H is attached as the “Common Reserve”), for the benefit of (1) all Senior Bonds outstanding on the Effective Date and (2) all Senior Bonds of any series issued after the Effective Date, but only to the extent that the supplemental resolution authorizing the Senior Bonds of such series specifies that such Senior Bonds will be an Additionally Secured Series secured thereby.

MEAG Power may, by supplemental resolution, create within the applicable Debt Service Reserve Account one or more additional sub-accounts (referred to in the Annual Information Statement to which this APPENDIX H is attached as a “Separate Reserve”), for the benefit of such series of Senior Bonds as may be specified in, or determined pursuant to, such supplemental resolution. In lieu of maintaining moneys or investments in any such sub-account, MEAG Power at any time may cause to be deposited into such sub-account for the benefit of the holders of the Senior Bonds of the Additionally Secured Series secured thereby a Financial Guaranty satisfying the requirements set forth in such supplemental resolution in an amount equal to the difference between the Debt Service Reserve Requirement for such sub-account and the sum of moneys or value of Investment Securities then on deposit therein, if any.

If on the final day of any month the amount in the Debt Service Account is less than the amount required to be in such Account, the Trustee will apply amounts from each separate sub-account in the Debt Service Reserve Account to the extent necessary to make good the deficiency that exists with respect to the Additionally Secured Series of the Senior Bonds secured thereby. If a Financial Guaranty has been deposited in any such separate sub-account in the Debt Service Reserve Account, amounts deposited therein not required to make good such deficiency will be applied, first, to reimburse the issuer of the Financial Guaranty for any unreimbursed drawings thereunder and then to fund such separate sub-account in the Debt Service Reserve Account to satisfy the Debt Service Reserve Requirement related thereto.

Whenever the moneys on deposit in any separate sub-account in the Debt Service Reserve Account exceeds the Debt Service Reserve Requirement related thereto, such excess shall be allocated and applied in the same manner as Revenues under the applicable Amended Resolution.

Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to pay in full all outstanding Senior Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the Debt Service Reserve Account will be transferred to the Debt Service Account. Unless otherwise required under the applicable Amended Resolution, so long as there is held in the Debt Service Fund an amount sufficient to pay in full all of the applicable outstanding Senior Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits will be required to be made into the Debt Service Reserve Account.

Deposit of Financial Guaranty

Both Amended Resolutions provide that in lieu of depositing moneys in any separate sub-account in the Debt Service Reserve Account, or in substitution for moneys previously deposited in any separate sub-account in the Debt Service Reserve Account, MEAG Power may provide the Trustee with a Financial Guaranty for deposit into such separate sub-account in the Debt Service Reserve Account. Any such

Financial Guaranty shall, together with the moneys and Investment Securities, if any, held in such separate sub-account in the Debt Service Reserve Account, be in an amount equal to the Debt Service Reserve Requirement related thereto and shall be payable or available to be drawn upon, as the case may be (upon the giving of notice of at least one business day pursuant to a demand for payment by the Trustee as required thereunder), on any date on which moneys will be required to be withdrawn from such separate sub-account in the Debt Service Reserve Account pursuant to the provisions of the applicable Amended Resolution. Any such Financial Guaranty shall have a term not less than the final maturity date of any Additionally Secured Series of Senior Bonds then outstanding under the terms of the applicable Amended Resolution secured thereby or shall provide that it may be drawn upon if, prior to the termination thereof, a substitute Financial Guaranty is not delivered to the Trustee pursuant to the applicable Amended Resolution. Following a drawing under a Financial Guaranty, MEAG Power shall be obligated to reimburse the issuer of such Financial Guaranty in order to reinstate the maximum limits of such Financial Guaranty, such reimbursement to be made from amounts to be deposited in such separate sub-account in the Debt Service Reserve Account from the Revenue and Operating Fund.

The Amended Project One Resolution provides that the financial strength of the issuer of the initial Financial Guaranty (the "Initial Surety") shall be rated on the date of deposit in a particular separate sub-account in the Debt Service Reserve Account in the highest rating category by Moody's Investors Service, Standard & Poor's, Fitch Ratings, and if rated by A.M. Best & Company, A.M. Best & Company. The financial strength of the issuer of any other Financial Guaranty shall be rated on the date of deposit in such separate sub-account in the Debt Service Reserve Account not less than that of the Initial Surety on such date. The foregoing provisions of the Amended Project One Resolution regarding the Financial Guaranty are substantially similar to those contained in the Amended General Resolution Projects Resolution except that Fitch Ratings is not mentioned as a rating agency. In the event the Initial Surety has ceased to provide a Financial Guaranty, the rating of the financial strength of the issuer of the Financial Guaranty which provides for the largest percentage of the Debt Service Reserve Requirement related to such separate sub-account shall be the minimum rating required for any Financial Guaranty on the date of deposit in such separate sub-account. In the event the rating of the financial strength of the issuer of a Financial Guaranty shall fall below (i) "Aa2" as rated by Moody's Investors Service, Inc., (ii) "AA" as rated by Standard & Poor's, (iii) "AA" as rated by Fitch Ratings, or (iv) if rated by A.M. Best & Company, "A+" as rated by A.M. Best & Company, MEAG Power will replace the Financial Guaranty with (a) a substitute Financial Guaranty issued by an issuer (1) which, if another Financial Guaranty is on deposit in such separate sub-account, satisfies the ratings requirements set forth in this paragraph, or (2) whose financial strength is rated in the highest rating category which can be obtained by MEAG Power, using MEAG Power's best efforts, at commercially reasonable rates (but in no event less than the ratings described in clauses (i), (ii), (iii) and (iv) of this sentence), or (b) cash.

Each of the Amended Resolutions provides that prior to providing the Trustee with a Financial Guaranty for deposit into any separate sub-account in the Debt Service Reserve Account, there shall be filed with MEAG Power an opinion of tax counsel to MEAG Power to the effect that such deposit will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any outstanding Senior Bonds of the Additionally Secured Series secured thereby.

In connection with furnishing a Financial Guaranty to the Trustee, MEAG Power shall also furnish to the Trustee (i) an opinion of counsel to the issuer of such Financial Guaranty, satisfactory to the Trustee, to the effect that such Financial Guaranty is a valid and binding obligation of the issuer thereof, enforceable in accordance with its terms, subject to usual bankruptcy exceptions, and (ii) a certificate of an Authorized Officer of MEAG Power to the effect that there has not occurred any Event of Default or any event which, with the giving of notice or the passage of time or both, would constitute an Event of Default. Upon receipt of such Financial Guaranty and the other items required by the applicable Amended Resolution, the Trustee shall, to the extent that amounts held in such separate sub-account in the Debt Service Reserve Account, taking into account any Financial Guaranty on deposit in such separate sub-account in the Debt Service

Reserve Account, are in excess of the Debt Service Reserve Requirement related thereto, transfer such moneys (or any investments held therein) to or upon the order of MEAG Power, as MEAG Power shall direct in writing.

Each Amended Resolution provides that the Trustee shall maintain adequate records, verified with the issuer of any Financial Guaranty, as to: the amounts available to be drawn under such Financial Guaranty at any given time, the amounts drawn by the Trustee thereunder and the amounts paid by the Trustee to such issuer with respect to any such drawings; *provided, however*, the Trustee shall not be responsible for maintaining records of any other amounts paid and owing by MEAG Power to the issuer of any such Financial Guaranty with respect to any reimbursement agreement between such parties except for drawings under such Financial Guaranty. In the event that (i) cash and (ii) a Financial Guaranty are on deposit in a particular separate sub-account in the Debt Service Reserve Account, the Trustee shall first use such cash to make any required deposit to the Debt Service Account prior to drawing on such Financial Guaranty.

In the event more than one Financial Guaranty is on deposit in any particular separate sub-account in the Debt Service Reserve Account, any drawings thereunder and payments made in the reinstatement thereof shall be on a pro-rata basis.

Notwithstanding anything in the applicable Amended Resolution to the contrary, each Amended Resolution provides that there shall be no optional redemption of the Senior Bonds of an Additionally Secured Series by MEAG Power unless all amounts owed to the issuer of any Financial Guaranty securing the Senior Bonds of such Additionally Secured Series have been paid in full.

For purposes of determining the amount on deposit in any particular separate sub-account in the Debt Service Reserve Account, the amount available to be drawn under any Financial Guaranty deposited thereto shall be deemed to be on deposit therein.

Construction Funds

The Amended Project One Resolution establishes a Construction Fund, held by the Trustee, into which are paid amounts required by the provisions of the Amended Project One Resolution and any supplemental resolution and, at the option of MEAG Power, any moneys received for or in connection with Project One by MEAG Power, unless required to be otherwise applied as provided in the Amended Project One Resolution. In addition, proceeds of insurance for physical loss or damage to Project One, or of contractors' performance bonds, pertaining to the period of construction will be paid into the Construction Fund.

The Trustee pays to MEAG Power, upon its requisitions therefor, from the Construction Fund amounts in payment of the Cost of Acquisition and Construction of Project One. Upon completion of the Initial Facilities or any Additional Facilities, any amount remaining not required to complete payment of the Cost of Acquisition and Construction will be deposited in each separate sub-account in the Debt Service Reserve Account in the Debt Service Fund to the extent necessary to make the amount in each such sub-account equal to the Debt Service Reserve Requirement related thereto (or, if the amount of such excess shall be less than the amount necessary to make up the deficiencies with respect to all of the separate sub-accounts in the Debt Service Reserve Account, then the amount of such excess shall be applied ratably to make up the deficiencies with respect to each separate sub-account in the Debt Service Reserve Account, in proportion to the deficiency in each such sub-account), and any balance will be either (i) paid to MEAG Power to be deposited in the Revenue and Operating Fund for application to the retirement of Bonds for purchase or redemption or (ii) paid to MEAG Power to be deposited in the Decommissioning Account or the Reserve Account in the Reserve and Contingency Fund, as MEAG Power determines. To the extent that other moneys are not available therefor, amounts in the Construction Fund will be applied to the payment of principal of and interest on Project One Senior Bonds when due.

The Amended General Resolution Projects Resolution establishes a Construction Fund, held by the Trustee. The Amended General Resolution Projects Resolution establishes a separate Project Account for each Project into which will be paid amounts required by the provisions of the Amended General Resolution Projects Resolution and any supplemental resolution and, at the option of MEAG Power, any moneys received for in connection with such Project by MEAG Power, unless required to be otherwise applied as provided in the Amended General Resolution Projects Resolution. In addition, proceeds of insurance for physical loss or damage to any General Resolution Project, or of contractors' performance bonds, pertaining to the period of construction will be paid into the appropriate Project Account in the Construction Fund.

The Trustee will pay to MEAG Power, upon its requisitions therefor, from the Project Account established for each General Resolution Project in the Construction Fund amounts in payment of the Cost of Acquisition and Construction of such Project. Upon completion of any General Resolution Project, any amount remaining in the Project Account established therefor not required to complete payment of the Cost of Acquisition and Construction thereof will be deposited in each separate sub-account in the Debt Service Reserve Account in the Debt Service Fund to the extent necessary to make the amount in each such sub-account equal to the Debt Service Reserve Requirement related thereto (or, if the amount of such excess shall be less than the amount necessary to make up the deficiencies with respect to all of the separate sub-accounts in the Debt Service Reserve Account, then the amount of such excess shall be applied ratably to make up the deficiencies with respect to each separate sub-account in the Debt Service Reserve Account, in proportion to the deficiency in each such sub-account), and any balance will be deposited either (i) in the Revenue and Operating Fund and applied to the retirement of, first, General Resolution Projects Senior Bonds issued with respect to such Project and, thereafter, any other General Resolution Projects Senior Bonds, or (ii) in the appropriate sub-accounts in the Decommissioning Account or the Reserve Account in the Reserve and Contingency Fund, or (iii) in Project Accounts for other General Resolution Projects, as MEAG Power shall determine. To the extent that other moneys are not available therefor, amounts in the Construction Fund will be applied to the payment of principal of and interest on General Resolution Projects Senior Bonds when due.

Environmental Facilities Reserve Accounts

The Amended Project One Resolution establishes an Environmental Facilities Reserve Account, held by MEAG Power, into which are paid certain amounts accumulated by MEAG Power (including amounts collected from the Participants) to pay the cost of or to provide reserves for, among other things, (a) extraordinary operating and maintenance costs of Project One, (b) the prevention or correction of any unusual loss or damage to keep the generating facilities of Project One in good operating condition or to prevent a loss of revenue therefrom and (c) certain specified major renewals, replacements, repairs, additions, betterments and improvements to Project One. Without limiting the generality of the foregoing, amounts in the Environmental Facilities Reserve Account may be applied by MEAG Power to any lawful purpose of MEAG Power related to MEAG Power's interests in the Coal Units (as defined in "CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Capital Improvements Program" in the Annual Information Statement) included in Project One, including the payment of debt service on any Project One Senior Bonds or Project One Subordinated Bonds issued with respect thereto when due.

The Environmental Facilities Reserve Account shall not be or be deemed to be a Fund established by the Amended Project One Resolution, and shall not be subject to the pledge and assignment of the Amended Project One Resolution in favor of the holders of the Project One Senior Bonds. If and to the extent that MEAG Power determines that it is advantageous to do so, MEAG Power may pledge the Environmental Facilities Reserve Account to secure any of its obligations to any party relating to any transaction in respect of its interests in the Coal Units included in Project One.

The Amended General Resolution Projects Resolution establishes Environmental Facilities Reserve Accounts with respect to Project Two and Project Three, held by MEAG Power, into which are paid certain amounts accumulated by MEAG Power (including amounts collected from the Participants) to

pay the cost of or to provide reserves for, among other things, (a) extraordinary operating and maintenance costs of the applicable Project, (b) the prevention or correction of any unusual loss or damage to keep the generating facilities of the applicable Project in good operating condition or to prevent a loss of revenue therefrom and (c) certain specified major renewals, replacements, repairs, additions, betterments and improvements to the applicable Project. Without limiting the generality of the foregoing, amounts in each Environmental Facilities Reserve Account may be applied by MEAG Power to any lawful purpose of MEAG Power related to MEAG Power's interests in the Coal Units included in the applicable Project, including the payment of debt service on any General Resolution Projects Senior Bonds or General Resolution Projects Subordinated Bonds issued with respect thereto when due.

The Environmental Facilities Reserve Accounts shall not be or be deemed to be a Fund established by the Amended General Resolution Projects Resolution, and shall not be subject to the pledge and assignment of the Amended General Resolution Projects Resolution in favor of the holders of the General Resolution Projects Senior Bonds. If and to the extent that MEAG Power determines that it is advantageous to do so, MEAG Power may pledge an Environmental Facilities Reserve Account to secure any of its obligations to any party relating to any transaction in respect of its interests in the Coal Units included in the applicable Project.

Certain Conditions to Issuance of Senior Bonds

The Amended Project One Resolution

Debt Service Reserve. The issuance of any series of Project One Senior Bonds that will be an Additionally Secured Series is conditioned upon the deposit in the separate sub-account in the Debt Service Reserve Account designated therefor of the amount, if any, necessary to make the amount on deposit in such sub-account equal the Debt Service Reserve Requirement related thereto calculated immediately after delivery of such series of Project One Senior Bonds; *provided, however*, that a supplemental resolution establishing a separate sub-account in the Debt Service Reserve Account may provide that, in lieu of maintaining all or a portion of the moneys or investments required to be maintained in such separate sub-account, there may be credited to said sub-account at any time a Financial Guaranty satisfying the requirements set forth in such supplemental resolution.

No Default. Additional Project One Senior Bonds may be issued only if MEAG Power certifies that it is not in default under any of the provisions of the Amended Project One Resolution.

Limitations on the Types of Project One Senior Bonds Issued. In the event that any Project One Senior Bonds authenticated and delivered upon original issuance prior to December 16, 2011 remain outstanding, then no series of Project One Senior Bonds shall contain Option Bonds or Variable Rate Bonds, and no Principal Installment for a series of Project One Senior Bonds initially shall be a Refundable Principal Installment, unless the Project One Senior Bonds of such series shall not be additionally secured by the Initial Sub-Account in the Debt Service Reserve Account.

The Amended General Resolution Projects Resolution

The following conditions, among other things, apply to the issuance of all General Resolution Projects Senior Bonds. Other conditions applicable to issuance of Additional General Resolution Projects Senior Bonds only are set forth under "Additional Senior Bonds" below.

Debt Service Reserve. The issuance of any series of General Resolution Projects Senior Bonds that will be an Additionally Secured Series is conditioned upon the deposit in the separate sub-account in the Debt Service Reserve Account designated therefor of the amount, if any, necessary to make the amount on deposit in such sub-account equal the Debt Service Reserve Requirement related thereto calculated immediately after delivery of such series of General Resolution Projects Senior Bonds; *provided, however*,

that a supplemental resolution establishing a separate sub-account in the Debt Service Reserve Account may provide that, in lieu of maintaining all or a portion of the moneys or investments required to be maintained in such separate sub-account, there may be credited to said sub-account at any time a Financial Guaranty satisfying the requirements set forth in such supplemental resolution.

No Default. Each series of General Resolution Projects Senior Bonds may be issued only if MEAG Power certifies that it is not in default under any of the provisions of the Amended General Resolution Projects Resolution.

Limitations on the Types of General Resolution Projects Senior Bonds Issued. In the event that any General Resolution Projects Senior Bonds authenticated and delivered upon original issuance prior to December 16, 2011 remain outstanding, then no series of General Resolution Projects Senior Bonds shall contain Option Bonds or Variable Rate Bonds, and no Principal Installment for a series of General Resolution Projects Senior Bonds initially shall be a Refundable Principal Installment, unless the General Resolution Projects Senior Bonds of such series shall not be additionally secured by the Initial Sub-Account in the Debt Service Reserve Account.

Investment of Certain Funds and Accounts

The Amended Project One Resolution provides that moneys held in the Funds and Accounts established thereunder shall be invested and reinvested to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds and Accounts. The Trustee shall make all such investments of moneys held by it in accordance with written instructions received from any Authorized Officer.

Net interest earned on any moneys or investments in such Funds or Accounts, other than the Construction Fund, are paid into the Revenue and Operating Fund. Interest on moneys or investments in the Construction Fund are held in such Fund.

The foregoing provisions of the Amended Project One Resolution are substantially similar to those contained in the Amended General Resolution Projects Resolution. Also, in the case of the Amended General Resolution Projects Resolution, net interest earned on any moneys or investments in such Funds or Accounts, other than the Debt Service Account and the Debt Service Reserve Account and the Construction Fund, will be paid into the Revenue and Operating Fund. Interest on moneys or investments in any Project Account in the Construction Fund are held in such Project Account. Interest on moneys or investments in the Debt Service Account or the Debt Service Reserve Account which MEAG Power determines is allocable to any facilities of a Project are paid into the Revenue and Operating Fund.

Encumbrances; Disposition of Properties

MEAG Power covenants in the Amended Project One Resolution that it will not issue bonds or other evidences of indebtedness, other than Project One Senior Bonds, payable out of or secured by a pledge of the Trust Estate established thereunder or any separate sub-account in the Debt Service Reserve Account in the Debt Service Fund established thereunder nor will it create any lien or charge thereon; *provided, however*, that nothing contained in the Amended Project One Resolution shall prevent MEAG Power from issuing, if and to the extent permitted by the Act, (1) bond anticipation notes, (2) evidences of indebtedness (a) payable out of moneys in the Construction Fund as part of the Cost of Acquisition and Construction of Project One or (b) payable out of, or secured by a pledge of, Revenues to be received after the discharge of the pledge of the Trust Estate provided in the Amended Project One Resolution, or (3) Project One Subordinated Bonds.

MEAG Power covenants in the Amended Project One Resolution that it will not sell, lease, mortgage or otherwise dispose of any part of Project One, except for sales or exchanges for not less than

fair market value of property or facilities if MEAG Power determines that such sale or exchange of such property or facilities (1) is desirable in the conduct of the business of MEAG Power relating to Project One and (2) will not materially impair the ability of MEAG Power to comply with the rate covenant described under “Rate Covenant” below. The proceeds of any such transaction not used to acquire other property are deposited in the Revenue and Operating Fund.

MEAG Power covenants in the Amended Project One Resolution that it will not lease or make contracts or grant licenses for the operation or use of, or grant easements or any other rights with respect to, any part of Project One, which would (1) impede or restrict the operation of Project One by MEAG Power or its agents or (2) impair or adversely affect the rights or security of Bondholders under the Amended Project One Resolution. If the depreciated cost of the subject property exceeds \$500,000, an Authorized Officer of MEAG Power must certify that the proposed action of MEAG Power does not result in a breach of the above-mentioned conditions. Any payments to MEAG Power in connection with any such transaction constitute Revenues.

The foregoing covenants of MEAG Power with respect to Project One are substantially similar to the corresponding covenants of MEAG Power under the Amended General Resolution Projects Resolution.

Rate Covenant

MEAG Power covenants in the Amended 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 so that Revenues, together with other available funds, are at least sufficient to provide funds in each year for the payment of the sum of (1) Operating Expenses during such year, (2) Debt Service on all series of Project One Senior Bonds for such year; *provided, however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from the calculation of such Debt Service, but only to the extent that MEAG Power intends to pay such Principal Installment from sources other than Revenues, (3) any amount to be paid into each separate sub-account in the Debt Service Reserve Account for such year, (4) the amount to be paid into the Reserve and Contingency Fund for such year, and (5) all other charges or liens payable out of Revenues during such year and all amounts payable on Project One Subordinated Bonds.

The foregoing covenant of MEAG Power with respect to Project One is substantially similar to the corresponding covenant of MEAG Power under the Amended General Resolution Projects Resolution with respect to any General Resolution Project.

Covenants with Respect to Power Sales Contracts and Project Agreements

MEAG Power covenants in the Amended Project One Resolution that it will collect and deposit in the Revenue and Operating Fund amounts received under the Project One Power Sales Contracts or payable to it pursuant to any other contract for the sale of power, energy, or other services from any part of Project One. In addition, MEAG Power will enforce the Project One Power Sales Contracts and the Project Agreements, will duly perform its covenants and agreements thereunder, and will not consent to any amendment to or otherwise take any action in connection with any Project One Power Sales Contract or Project Agreement which would impair or adversely affect the rights of MEAG Power thereunder or the rights or security of Project One Bondholders or, in the case of any Project One Power Sales Contract, would reduce payments required thereunder.

The foregoing covenants of MEAG Power with respect to Project One are substantially similar to the corresponding covenants of MEAG Power under the Amended General Resolution Projects Resolution with respect to any General Resolution Project.

Annual Budget

MEAG Power covenants in the Amended Project One Resolution that it will file with the Trustee an Annual Budget for Project One each calendar year. The Annual Budget includes appropriations for the estimated Operating Expenses for such year and the estimated amount to be deposited during such year in the Reserve and Contingency Fund. MEAG Power may at any time adopt an amended Annual Budget for the remainder of the then current calendar year which will be filed promptly with the Trustee.

The foregoing practices by MEAG Power with respect to Project One are substantially similar to the practices by MEAG Power under the Amended General Resolution Projects Resolution with respect to each General Resolution Project.

Insurance

MEAG Power covenants in the Amended Project One Resolution that it will keep the properties of Project One which are of an insurable nature and of the character usually insured by those operating properties similar to Project One insured against loss or damage by fire and from other causes customarily insured against and in such amounts as are usually obtained. MEAG Power also covenants in the Amended Project One Resolution that it will maintain adequate insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to Project One. Insurance against business interruption loss is maintained whenever, in the judgment of MEAG Power, such insurance is obtainable at commercially reasonable rates.

The foregoing practices by MEAG Power with respect to Project One are substantially similar to the practices by MEAG Power under the Amended General Resolution Projects Resolution with respect to each General Resolution Project.

Accounts and Reports

MEAG Power covenants in the Amended Project One Resolution that it will keep proper and separate books of record and account relating to Project One and the funds and accounts established by the Amended Project One Resolution and relating to costs and charges under the Project One Power Sales Contracts and the Project Agreements. Such books, together with all other books and papers of MEAG Power relating to Project One, are at all times subject to the inspection of the Trustee and the holders of not less than five percent in principal amount of Project One Senior Bonds then outstanding.

MEAG Power covenants in the Amended Project One Resolution that it will file annually with the Trustee an annual report, accompanied by an accountant's certificate (Report of Independent Auditors), of the financial position of Project One at the end of the year, statements of Revenues and Operating Expenses and a statement of receipts and disbursements with respect to each fund and account established by the Amended Project One Resolution.

The reports, statements and other documents required to be furnished to the Trustee pursuant to provisions of the Amended Project One Resolution are available for inspection of Bondholders at the office of the Trustee and will be mailed to each Bondholder who files a written request therefor with MEAG Power.

The foregoing practices by MEAG Power with respect to Project One are substantially similar to the practices by MEAG Power under the Amended General Resolution Projects Resolution with respect to each General Resolution Project.

Amendments and Supplemental Resolutions

For a description of the amendments to the following provisions proposed to be made by the Amendatory Supplemental Resolutions, see “Amendatory Supplemental Resolutions” below.

Any of the provisions of the Amended Project One Resolution may be amended by MEAG Power by a supplemental resolution, upon the consent of the holders of at least two-thirds in principal amount in each case of (1) all Project One Senior Bonds then outstanding, and (2) if less than all of the series of outstanding Project One Senior Bonds are affected, the Project One Senior Bonds of each affected series, and (3) if the amendment changes the terms of any sinking fund installment, the Project One Senior Bonds of the series and maturity for which such sinking fund installment was established; excluding, in each case, from such consent, and from the outstanding Project One Senior Bonds, the Project One Senior Bonds of any specified series and maturity if such amendment by its terms will not take effect so long as any such Project One Senior Bonds remain outstanding. Any such amendment may not permit a change in the terms of redemption or maturity or any installment of interest or make any reduction in principal, redemption price or interest without the consent of each affected holder, or reduce the percentages of consents required for a further amendment.

MEAG Power may adopt (without the consent of any holders of the Project One Senior Bonds) supplemental resolutions to close the Amended Project One Resolution against, or impose limitations upon, issuance of Project One Senior Bonds or other evidences of indebtedness; to authorize Project One Senior Bonds; to authorize Project One Subordinated Bonds; to provide for the issuance, execution, delivery, authentication, payment, registration, transfer and exchange of Project One Senior Bonds in bearer or coupon form or in uncertificated form; to add to the restrictions contained in the Amended Project One Resolution; to add to the covenants of MEAG Power contained in the Amended Project One Resolution; to confirm any pledge under the Amended Project One Resolution of Revenues or other moneys; or to cure any ambiguity, supply any omission, or to cure or correct any defect in the Amended Project One Resolution or to insert provisions clarifying matters or questions arising under the Amended Project One Resolution; and, if and to the extent authorized in a supplemental resolution authorizing an Additionally Secured Series of Bonds, to specify the qualifications of any provider of a Financial Guaranty for credit to the particular sub-account in the Debt Service Reserve Account securing the Project One Senior Bonds of such Additionally Secured Series.

The foregoing amendments and supplemental resolutions permitted by MEAG Power under the Amended Project One Resolution are substantially similar to the amendments and supplemental resolutions permitted by MEAG Power under the Amended General Resolution Projects Resolution, except that under the Amended General Resolution Projects Resolution MEAG Power may authorize Additional General Resolution Projects.

Additional Senior Bonds

The Amended Project One Resolution

After delivery of the Project One Senior Bonds of the Initial Facilities Issue, one or more series of Additional Project One Senior Bonds may be issued if and to the extent necessary as shown in a certificate of an Authorized Officer of MEAG Power for the purpose of paying the cost of Acquisition and Construction of the Initial Facilities. Additional Project One Senior Bonds may also be issued for the purpose of paying all or any portion of the Cost of Acquisition and Construction of any Additional Facilities provided, among other things, that, for major renewals and repairs, a certificate of an Authorized Officer of MEAG Power is received stating that MEAG Power has determined that such Additional Facilities are necessary to keep Project One in good operating condition or to prevent loss of Revenues therefrom. Additional Project One Senior Bonds do not include Refunding Project One Senior Bonds.

The Amended General Resolution Projects Resolution

Additional General Resolution Projects Senior Bonds for the Existing General Resolution Projects. After delivery of the General Resolution Projects Senior Bonds of the Initial Facilities Issue for Project Two, the Initial Facilities Issue for Project Three and the Initial Facilities Issue for Project Four, one or more series of additional General Resolution Projects Senior Bonds may be issued if and to the extent necessary as shown in a certificate of an Authorized Officer of MEAG Power for the purpose of paying the Cost of Acquisition and Construction of the Initial Facilities for Project Two, the Initial Facilities for Project Three or the Initial Facilities for Project Four. One or more series of Additional General Resolution Projects Senior Bonds may also be issued for the purpose of paying all or any portion of the Cost of Acquisition and Construction of any Capital Improvements for the Existing General Resolution Projects provided, among other things, that, for major renewals and repairs, a certificate of an Authorized Officer of MEAG Power is received stating that MEAG Power has determined that such Capital Improvements are necessary to keep such Project in good operating condition or to prevent loss of Revenues therefrom. Such Additional General Resolution Projects Senior Bonds do not include Refunding General Resolution Projects Senior Bonds.

Additional General Resolution Projects Senior Bonds for Additional General Resolution Projects. One or more series of Additional General Resolution Projects Senior Bonds may be issued to finance the Cost of Acquisition and Construction of Additional General Resolution Projects. Prior to the authentication and delivery of the first series of General Resolution Projects Senior Bonds for any Additional General Resolution Project, there must be delivered to the Trustee, among other documents:

(a) in the case of the first series of General Resolution Projects Senior Bonds for each Additional General Resolution Project, certified copies of Power Sales Contracts with each of the Participants relating to such Additional Project and certified copies of each Project Agreement relating thereto;

(b) an opinion of counsel to the effect that, among other things, the Participants are obligated under the Power Sales Contracts relating to such Additional Project in each Power Supply Year (as defined in such Power Sales Contracts) to make payments which, in the aggregate, are required, under any and all circumstances, to be sufficient, together with all other amounts available therefor, to pay 100 percent of the Annual Project Costs paid by MEAG Power during such Power Supply Year with respect to such Additional Project, and that the other provisions of each Power Sales Contract comply with the requirements of the Amended General Resolution Projects Resolution; and

(c) a certificate of an Authorized Officer of MEAG Power stating, among other things, that MEAG Power can beneficially utilize the output and services of any generating facility included in such Additional Project to meet the long-term power and energy requirements of the Participants and that the cost of power and energy therefrom is reasonable in comparison to other sources which would reasonably be available to MEAG Power at the time of the estimated date of commercial operation of such generating facility or interest therein and that any transmission facilities included therein will be necessary within a reasonable time after the estimated date of commercial operation thereof to supply transmission capability to Participants required to be supplied pursuant to the Power Sales Contracts relating to such Additional Project.

One or more series of Additional General Resolution Projects Senior Bonds may be issued for an Additional General Resolution Project (1) to complete payment of the Cost of Acquisition and Construction thereof after delivery of the General Resolution Projects Senior Bonds of an issue authorized by a supplemental resolution referred to in (a) above for such Additional Project, or (2) to pay the Cost of Acquisition and Construction of Capital Improvements for such Additional General Resolution Project. Each series of Additional General Resolution Projects Senior Bonds for either such purpose may be authenticated and delivered by the Trustee only upon receipt by the Trustee of an opinion of counsel to the

effect set forth in paragraph (b) above and, if no General Resolution Projects Senior Bonds have previously been issued for such Capital Improvements, a certificate of an Authorized Officer of MEAG Power to the effect set forth in paragraph (c) above. Such Additional General Resolution Projects Senior Bonds do not include Refunding General Resolution Projects Senior Bonds.

Refunding Senior Bonds

The Amended Project One Resolution

One or more series of Refunding Project One Senior Bonds may be authenticated and delivered upon original issuance to refund all or a portion of the outstanding Project One Senior Bonds of one or more series. Refunding Project One Senior Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds and Accounts under the Amended Project One Resolution required by the provisions of the supplemental resolution authorizing such Project One Senior Bonds.

Refunding Project One Senior Bonds of each series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee, in addition to the documents required by the Amended Project One Resolution, of:

(a) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Project One Senior Bonds to be refunded on a redemption date specified in such instructions;

(b) If the Project One Senior Bonds to be refunded are not by their terms subject to redemption within the next succeeding 60 days, irrevocable instructions to the Trustee, satisfactory to it, to give notice of defeasance provided for in the Amended Project One Resolution to the holders of the Project One Senior Bonds being refunded; and

(c) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Project One Senior Bonds to be refunded, together with accrued interest on such Project One Senior Bonds to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective holders of the Project One Senior Bonds to be refunded, or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of the Amended Project One Resolution, which Defeasance Securities and moneys shall be held in trust and used only as provided in the Amended Project One Resolution.

The proceeds, including accrued interest, of the Refunding Project One Senior Bonds of each series shall be applied simultaneously with the delivery of such Project One Senior Bonds for the purposes of making deposits in such Funds and Accounts under the Amended Project One Resolution as shall be provided by the supplemental resolution authorizing such series of Refunding Project One Senior Bonds and shall be applied to the refunding purposes thereof in the manner provided in said supplemental resolution.

The Amended General Resolution Projects Resolution

One or more series of Refunding General Resolution Projects Senior Bonds may be issued to refund all or a portion of the outstanding General Resolution Projects Senior Bonds of one or more series. The issuance of Refunding General Resolution Projects Senior Bonds to refund outstanding General Resolution Projects Senior Bonds is subject to the same conditions and requirements as set forth with respect to Refunding Senior Bonds for Project One.

Special Provisions Relating to Capital Appreciation Senior Bonds

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Senior Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Senior Bond if the principal of all Project One Senior Bonds is declared immediately due and payable following an Event of Default, as provided in the Amended Project One Resolution, or (iii) computing the principal amount of Project One Senior Bonds held by the holder of a Capital Appreciation Senior Bond in giving to MEAG Power or the Trustee any notice, consent, request or demand pursuant to the Amended Project One Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Senior Bond shall be deemed to be its Accreted Value.

The principal and interest portions of the Accreted Value of Capital Appreciation Senior Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Debt Service, Aggregate Debt Service, Accrued Aggregate Debt Service and Adjusted Aggregate Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value becomes so due, and the principal and interest portions of such Accreted Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

The foregoing provisions with respect to Capital Appreciation Senior Bonds in the Amended Project One Resolution are substantially similar to the provisions with respect to Capital Appreciation Senior Bonds in the Amended General Resolution Projects Resolution.

Trustee, Paying Agents

The Amended Project One Resolution requires the appointment by MEAG Power of one or more Paying Agents (who may be the Trustee) for the Project One Senior Bonds of each series. The Trustee may at any time resign on 60 days' written notice to MEAG Power and the holders of the Project One Senior Bonds and may at any time be removed by the holders of a majority in principal amount of the Project One Senior Bonds then outstanding. In addition, so long as no Event of Default, or event which with the passage of time or the giving of notice, or both, will become an Event of Default, shall have occurred and be continuing under the Amended Project One Resolution, MEAG Power may remove the Trustee at any time, with or without cause, by a certificate of an Authorized Officer of MEAG Power filed with the Trustee. If the Trustee has been removed by MEAG Power, then MEAG Power shall have the exclusive right to appoint a successor Trustee. In any other case, a successor Trustee may be appointed by the holders of a majority in principal amount of Project One Senior Bonds then outstanding. If, however, within 30 days of the date on which the Trustee mailed notice of its resignation or became incapable of acting as trustee under the Amended Project One Resolution, the Bondholders have not appointed a successor Trustee, MEAG Power, subject to the provisions of the Amended Project One Resolution, shall have the exclusive right to appoint such successor. Any successor Trustee must be a bank or trust company or national banking association with its principal office in New York or Georgia having capital stock and surplus aggregating at least \$50,000,000 if there be such an entity willing to accept appointment.

The foregoing requirements by MEAG Power under the Amended Project One Resolution are substantially similar to the requirements of MEAG Power under the Amended General Resolution Projects Resolution.

Defeasance

The pledge of the Trust Estate and each separate sub-account in the Debt Service Reserve Account in the Debt Service Fund established under the Amended Project One Resolution and all covenants and other obligations of MEAG Power under the Amended Project One Resolution will cease, terminate and be discharged and satisfied whenever all Project One Senior Bonds have been paid in full.

All or a portion of the outstanding Project One Senior Bonds of a series are deemed to have been paid and are not entitled to the lien, benefit or security of the Amended Project One Resolution whenever the following conditions are met: (1) there have been deposited with the Trustee in trust either moneys in an amount which will be sufficient, or Defeasance Securities, the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, also deposited, will be sufficient to pay when due the principal or redemption price, if applicable, and interest due or to become due on such Project One Senior Bonds, (2) in the case of any Project One Senior Bonds to be redeemed prior to maturity, MEAG Power has given to the Trustee irrevocable instructions to give the notice of redemption therefor, (3) in the event such Project One Senior Bonds are not subject to redemption within the next succeeding 60 days, MEAG Power has given the Trustee irrevocable instructions to mail within five days of such deposit, a notice to the holders of such Project One Senior Bonds that the above deposit has been made with the Trustee and that such Bonds are deemed to be paid and stating the maturity or redemption date upon which moneys are to be available to pay the principal or redemption price, if applicable, of such Project One Senior Bonds, and (4) MEAG Power shall cause such Project One Senior Bonds to be re-rated by all, or if rated by less than all, a minimum of two, of Moody's Investors Service, Standard & Poor's, and Fitch Ratings.

Option Bonds are deemed to have been paid and are not entitled to the lien, benefit or security of the Amended Project One Resolution only if, in addition to satisfying the conditions of clauses (2) and (3) of the preceding paragraph there has been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the holders of such Bonds upon the exercise of any options provided to the holders of such Bonds.

For purposes of determining whether Variable Rate Bonds are deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the Amended Project One Resolution, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum interest rate with respect thereto.

The foregoing defeasance provisions under the Amended Project One Resolution are substantially similar to the defeasance provisions under the Amended General Resolution Projects Resolution.

Events of Default and Remedies

Events of Default specified in the Amended Project One Resolution include failure to pay principal or redemption price of any Project One Senior Bond when due; failure to pay any interest installment on any Project One Senior Bond or the unsatisfied balance of any sinking fund installment thereon when due; failure to remedy a default for 60 days after written notice of a default in the observance or performance of any other covenants, agreements or conditions; and certain events of bankruptcy or insolvency. Upon the happening of any such Event of Default the Trustee or the holders of not less than 25 percent in principal amount of the Project One Senior Bonds then outstanding may declare the principal of and accrued interest on such Project One Senior Bonds due and payable (subject to a rescission of such declaration upon the curing of such default before the Project One Senior Bonds have matured). The Project One Power Sales Contracts provide for payment in each year of amounts sufficient to pay scheduled debt service. However, any debt service due on Project One Senior Bonds by reason of acceleration is not payable under the Project One Power Sales Contracts in the year of acceleration, although any accelerated amounts will continue to become due in the respective years in which scheduled.

Upon the occurrence of any Event of Default which has not been remedied, MEAG Power will, if demanded by the Trustee, (1) account as a trustee of an express trust for all Revenues, moneys, securities and funds pledged under the Amended Project One Resolution and (2) pay over or cause to be paid over to the Trustee all assets held by MEAG Power in any fund or account under the Amended Project One

Resolution and, as received, all Revenues. The Trustee will apply all moneys, securities, funds and Revenues received during the continuance of an Event of Default (other than amounts on deposit in any separate sub-account in the Debt Service Reserve Account in the Debt Service Fund) as follows and in the following order: (1) to payment of the reasonable and proper charges, expenses and liabilities of the Trustee and Paying Agents, (2) to the payment of Operating Expenses, and (3) to the payment of interest and principal or the redemption price of Project One Senior Bonds without preference or priority of interest over principal or principal over interest, unless the principal of all Project One Senior Bonds has not been declared due and payable, in which case first to the payment of interest and second to the payment of principal on those Project One Senior Bonds which have become due and payable in order of their due dates. Following such application of moneys, securities, funds and Revenues, the Trustee will apply all amounts on deposit in each separate sub-account in the Debt Service Reserve Account in the Debt Service Fund to the payment of interest and principal or the sinking fund redemption price of Project One Senior Bonds of each Additionally Secured Series secured by such separate sub-account without preference or priority of interest over principal or principal over interest, unless the principal of all Project One Senior Bonds of each Additionally Secured Series secured by such separate sub-account has not been declared due and payable, in which case first to the payment of interest and second to the payment of principal on those Project One Senior Bonds of each such Additionally Secured Series which have become due and payable in order of their due dates. In addition, any holders of Project One Senior Bonds or the Trustee will have the right as provided in the Act to apply in an appropriate proceeding for appointment of a receiver of Project One.

If an Event of Default has occurred and has not been remedied the Trustee may, or on request of the holders of not less than 25 percent in principal amount of Project One Senior Bonds outstanding must, take such steps by a suit or suits in equity or at law, whether for the specific performance of any covenant in the Amended Project One Resolution or in aid of the execution of any power granted in the Amended Project One Resolution, or for an accounting against MEAG Power, or in the enforcement of any other legal or equitable right, as the Trustee deems most effectual to enforce any of its rights or to perform any of its duties under the Amended Project One Resolution. The Trustee may, and upon the request of the holders of a majority in principal amount of the Project One Senior Bonds then outstanding and upon being furnished with reasonable security and indemnity must, institute and prosecute proper actions to prevent any impairment of the security under the Amended Project One Resolution or to preserve or protect the interests of the Trustee and of the Bondholders.

No Bondholder has any right to institute any suit, action or proceeding for the enforcement of any provision of the Amended Project One Resolution or the execution of any trust under the Amended Project One Resolution or for any remedy under the Amended Project One Resolution, unless (1) such Bondholder previously has given the Trustee written notice of the Event of Default, (2) the holders of at least 25 percent in principal amount of the Project One Senior Bonds then outstanding have filed a written request with the Trustee and have afforded the Trustee a reasonable opportunity to exercise its powers or institute such suit, action or proceeding, (3) there have been offered to the Trustee adequate security and indemnity against its costs, expenses and liability to be incurred and (4) the Trustee has refused to comply with such request within 60 days. There is nothing contained in the Amended Project One Resolution or in the Project One Senior Bonds which affects or impairs MEAG Power's obligation to pay the Project One Senior Bonds and the interest thereon when due, or the right of any Bondholder to enforce such payment.

The holders of not less than a majority in principal amount of Project One Senior Bonds then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred upon the Trustee (subject to the Trustee's right to decline to follow such direction upon advice of counsel as to the unlawfulness thereof or upon its good faith determination that such action would involve the Trustee in personal liability or would be unjustly prejudicial to Bondholders not parties to such direction).

The foregoing events of default and remedies under the Amended Project One Resolution are substantially similar to the events of default and remedies under the Amended General Resolution Projects Resolution.

Definitions

The Amended Project One Resolution

Accreted Value. As of any date of computation with respect to any Capital Appreciation Senior Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the supplemental resolution authorizing such Capital Appreciation Senior Bond on which interest on such Bond is to be compounded (hereinafter, a “Periodic Compounding Date”) next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Senior Bonds set forth in the supplemental resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the supplemental resolution authorizing such Capital Appreciation Senior Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Accrued Aggregate Debt Service. As of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all series of Project One Senior Bonds, calculating accrued Debt Service with respect to each series at an amount equal to the sum of (1) interest on the Project One Senior Bonds of such series accrued and unpaid and to accrue to the end of the then current calendar month and (2) Principal Installments due and unpaid and that portion of the Principal Installment for such series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month; *provided, however*, that (x) there shall be excluded from the calculation of Accrued Aggregate Debt Service any Principal Installments which are Refundable Principal Installments and (y) with respect to Variable Rate Bonds, interest on such Variable Rate Bonds shall be calculated at the actual rate or rates borne thereby during the period for which such calculation is made.

Additional Facilities. Any of the following: (1) any major renewals, replacements, repairs, additions, betterments and improvements, necessary, in the opinion of MEAG Power, to keep Project One in good operating condition or to prevent a loss of Revenues therefrom, (2) any major additions, improvements, repairs and modifications to Project One and any decommissioning or disposals of Project One required by any governmental agency having jurisdiction over Project One or for which MEAG Power is responsible by virtue of any obligation of MEAG Power arising out of any of the Project Agreements, or (3) reload fuel or additional fuel inventory for any generating unit of Project One to the extent that sufficient funds are not available to pay the cost thereof. However, Additional Facilities do not include additional generating units or increases, if any, in MEAG Power’s undivided interest in generating units forming a part of the Initial Facilities.

Additionally Secured Series. All series of Project One Senior Bonds outstanding on the Effective Date and any series of Project One Senior Bonds issued after the Effective Date for which the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Project One Senior Bonds of such series shall be secured, in addition to the pledge of the Trust Estate created by the Amended Project One Resolution in favor of all of the Project One Senior Bonds, by amounts on deposit in a separate sub-account to be designated therefor in the Debt Service Reserve Account in the Debt Service Fund.

Adjusted Aggregate Debt Service. For any period shall mean, as of any date of calculation, the Aggregate Debt Service for such period except that if any Refundable Principal Installment for any series of Project One Senior Bonds is included in Aggregate Debt Service for such period, Adjusted Aggregate Debt Service shall mean Aggregate Debt Service determined as if each such Refundable Principal Installment had been payable, over a period extending from the due date of such Principal Installment through the later of (x) the 25th anniversary of the issuance of such series of Project One Senior Bonds or (y) the 10th anniversary of the due date of such Refundable Principal Installment, in installments which would have required equal annual payments of principal and interest over such period. Interest deemed payable in any calendar year after the actual due date of any Refundable Principal Installment of any series of Project One Senior Bonds shall be calculated at such rate of interest as MEAG Power, or a banking or financial institution selected by MEAG Power, determines would be a reasonable estimate of the rate of interest that would be borne on Project One Senior Bonds maturing at the times determined in accordance with the provisions of the preceding sentence.

Aggregate Debt Service. For any period, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all series of Project One Senior Bonds.

Capital Appreciation Senior Bonds. Any Project One Senior Bonds issued under the Amended Project One Resolution as to which interest is compounded periodically on dates that are specified in the supplemental resolution authorizing such Capital Appreciation Senior Bonds and payable only at the maturity or prior redemption of such Project One Senior Bonds.

Collateral Securities. Any of the following securities, if and to the extent the same are at the time legal for investment of MEAG Power's funds:

1. any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in clause (2) below to the extent unconditionally guaranteed by the United States of America;
2. obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation;
3. New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the United States of America; or Project Notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America; and
4. direct and general obligations of any State within the United States, to the payment of the principal of and interest on which the full faith and credit of such State is pledged, provided that at the time of their purchase under the Amended Project One Resolution such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency.

Debt Service. For any period, as of any date of calculation and with respect to any series of Project One Senior Bonds, an amount equal to the sum of (1) interest accruing during such period with respect to such series (except interest to be paid from Project One Senior Bond proceeds as provided in the Amended Project One Resolution) and (2) that portion of each Principal Installment for such series which would accrue during such period if such Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date (or, if there be no such preceding Principal Installment due date,

from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Project One Senior Bonds of such series, whichever is later). Such interest and Principal Installments for such series shall be calculated on the assumptions that:

1. no Project One Senior Bonds of such series (except for Option Bonds actually tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) outstanding at the date of calculation will cease to be outstanding except by reason of the payment of each Principal Installment on the due date thereof;
2. the principal amount of Option Bonds tendered for payment before the stated maturity thereof and paid, or to be paid, from Revenues, shall be deemed to accrue on the date required to be paid pursuant to such tender; and
3. Variable Rate Bonds will bear interest at the rate or rates which were assumed by MEAG Power in the Annual Budget for the applicable year to be borne by Variable Rate Bonds during such year.

Debt Service Reserve Requirement. With respect to the Initial Sub-Account in the Debt Service Reserve Account in the Debt Service Fund, as of any date of calculation, an amount equal to the greatest amount of the Aggregate Debt Service on the Project One Senior Bonds of each Additionally Secured Series secured thereby for the then current or any future calendar year. With respect to each additional sub-account, if any, in the Debt Service Reserve Account in the Debt Service Fund established after the Effective Date, the amount specified in the supplemental resolution pursuant to which such sub-account is established.

Defeasance Securities. Any of the following securities, if and to the extent the same are at the time legal for investment of MEAG Power's funds:

1. any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in clause (2) below to the extent unconditionally guaranteed by the United States of America;
2. obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation; and
3. any other security designated in a supplemental resolution as a Defeasance Security for purposes of defeasing the Project One Senior Bonds authorized by such supplemental resolution; *provided, however*, that the provisions of this clause (3) shall not apply to any Project One Senior Bonds issued prior to the Effective Date.

Effective Date. The date on which the amendments to the Project One Resolution contained in the Amended and Restated Project One Resolution shall become effective.

Financial Guaranty. (1) In the case of the Initial Sub-Account in the Debt Service Reserve Account, one or more of an irrevocable and unconditional policy of insurance or surety bond in full force and effect issued by an insurance company or association duly authorized to do business in the State of New York and the State of Georgia the financial strength of which, except as otherwise provided in the Amended Project One Resolution, is rated in the highest rating category by Moody's Investors Service, Standard & Poor's, Fitch Ratings and, if rated by A.M. Best & Company, A.M. Best & Company, and providing for the payment thereunder of moneys when required pursuant to the Amended Project One

Resolution; and (2) in the case of any sub-account in the Debt Service Reserve Account other than the Initial Sub-Account, a surety bond, an insurance policy, a letter of credit or any other similar obligation, or any combination thereof, of the type specified in the supplemental resolution establishing such sub-account.

Initial Facilities. The undivided ownership interests acquired by MEAG Power in the generating units of the Plants, the transmission system facilities acquired and to be acquired and constructed by MEAG Power as part of Project One and working capital required by MEAG Power, all as described in the Annual Information Statement under “MEAG POWER – Bulk Power Supply Operations.”

Investment Securities. Any securities, obligations or investments permitted for investment of MEAG Power’s funds from time to time by O.C.G.A. Sections 36-80-3, 36-82-7, 36-83-4 and 50-17-2, as from time to time amended, or any successor provisions thereto, or additional provisions of Georgia law from time to time enacted regarding the investment of funds of MEAG Power, in each case, upon written notice to the Trustee by MEAG Power of the amendment of existing provisions or the adoption of successor or additional provisions.

Option Bonds. Any Project One Senior Bonds which by their terms may be tendered by and at the option of the holder thereof for payment by MEAG Power prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the holder thereof.

Principal Installment. As of any date of calculation and with respect to any series, so long as any Project One Senior Bonds thereof are outstanding, (i) the principal amount of Project One Senior Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such series due (or so tendered for payment and paid, or to be so paid) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for Project One Senior Bonds of such series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Project One Senior Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Project One Senior Bonds of such series, the sum of such principal amount of Project One Senior Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Project One. The Initial Facilities and all Additional Facilities.

Refundable Principal Installment. Any Principal Installment for any series of Project One Senior Bonds which MEAG Power intends to pay with moneys which are not Revenues; *provided, however*, that such intent shall have been expressed in the supplemental resolution authorizing such series of Project One Senior Bonds; and *provided, further*, that any such Principal Installment shall be a Refundable Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such earlier time as MEAG Power no longer intends to pay such Principal Installment with moneys which are not Revenues.

Revenues. (1) All revenues, income, rents and receipts derived from the ownership and operation of Project One, (2) the proceeds of any business interruption loss insurance, and (3) interest accrued on any moneys or securities (other than in the Construction Fund) held pursuant to the Amended Project One Resolution.

Trust Estate. (1) The proceeds of sale of the Project One Senior Bonds, (2) the Revenues, and (3) all Funds established by the Amended Project One Resolution (other than the Debt Service Reserve Account in the Debt Service Fund), including the investments, if any, thereof.

Variable Rate Bonds. As of any date of determination, any Project One Senior Bond on which the interest rate borne thereby may vary during any part of its remaining term.

The Amended General Resolution Projects Resolution

The definitions set forth above under the Amended Project One Resolution for Accreted Value, Accrued Aggregate Debt Service, Additionally Secured Series, Adjusted Aggregate Debt Service, Aggregate Debt Service, Capital Appreciation Senior Bonds, Collateral Securities, Debt Service, Debt Service Reserve Requirement, Defeasance Securities, Effective Date, Financial Guaranty, Investment Securities, Option Bonds, Principal Installment, Refundable Principal Installment, Revenues, Trust Estate and Variable Rate Bonds are substantially similar to the same defined terms under the Amended General Resolution Projects Resolution. The Amended General Resolution Projects Resolution has the following additional defined terms:

Additional General Resolution Project. Any of the following if designated as an Additional General Resolution Project in a supplemental resolution: (i) MEAG Power's interest in any electric generating units and related transmission facilities or electric transmission system facilities, or any mine, well, pipeline, plant structure or other facility for the development, production, manufacture, transportation, storage, fabrication or processing of fossil or nuclear fuel of any kind or any facility or rights with respect to the supply of water, in each case for use, in whole or in part, in any of MEAG Power's generating plants, including, in any case, land, rights in land, structures, equipment, inventories of supplies, materials of equipment related thereto, or any one or more of the foregoing, together with any Capital Improvements authorized therefor; (ii) where MEAG Power will acquire electric power supply or transmission capability under arrangements whereby MEAG Power purchases rights to receive, or leases or otherwise acquires rights to facilities to enable it to receive, an electric power supply or transmission capability, MEAG Power's rights and interest under such arrangements; (iii) preliminary and developmental work, including engineering, legal and financial studies, in connection with the planning and development of power resources and the determination of the feasibility thereof; and (iv) working capital required by MEAG Power for providing bulk electric power and energy to the Participants in accordance with the provisions of the appropriate Power Sales Contracts; or any one or more of the foregoing, in each of the foregoing cases, together with all rights, interests and facilities of every kind related or incidental thereto or necessary or desirable to carry out such Project.

Annual Project Costs. With respect to any Additional General Resolution Project and any Power Supply Year, to the extent not paid as part of the Cost of Acquisition and Construction of such Project, all costs and expenses paid by MEAG Power during such Power Supply Year allocable to such Project.

Capital Improvements. With respect to any Additional General Resolution Project, any major renewals, replacements, repairs, additions, betterments, improvements, modifications and disposals of such Project the costs of which, pursuant to the Power Sales Contracts relating to such Project, MEAG Power is permitted to finance through the issuance of Additional General Resolution Projects Senior Bonds. In the case of Project Two, Project Three and Project Four, Capital Improvements may include any of the following: (1) any major renewals, replacements, repairs, additions, betterments and improvements, necessary, in the opinion of MEAG Power, to keep the applicable Project in good operating condition or to prevent a loss of Revenues therefrom, (2) any major additions, improvements, repairs and modifications to the applicable Project and any retirements or disposals of the applicable Project required by any governmental agency having jurisdiction over such Project or for which MEAG Power is responsible by virtue of any obligation of MEAG Power arising out of any of the Project Agreements, or (3) additional fuel inventory for any generating unit of the applicable Project to the extent that sufficient funds are not available to pay the cost thereof. However, Capital Improvements for Project Two, Project Three and Project Four may not include additional generating units or increases, if any, in MEAG Power's undivided interest in generating units forming a part of the Initial Facilities for the applicable Project.

General Resolution Project. Project Two, Project Three, Project Four or any Additional General Resolution Project.

Initial Facilities for Project Four. The undivided interests acquired by MEAG Power in generating units and common facilities at Plant Vogtle and included in Project Four, together with working capital required by MEAG Power in connection therewith, all as described in the Annual Information Statement under “MEAG POWER – Bulk Power Supply Operations.”

Initial Facilities for Project Three. The undivided interests acquired by MEAG Power in generating units and common facilities at Plant Scherer and included in Project Three, together with working capital required by MEAG Power in connection therewith, all as described in the Annual Information Statement under “MEAG POWER – Bulk Power Supply Operations.”

Initial Facilities for Project Two. The undivided interests acquired by MEAG Power in generating units and common facilities of Plant Scherer and Plant Wansley and included in Project Two, together with working capital required by MEAG Power in connection therewith, all as described in the Annual Information Statement under “MEAG POWER – Bulk Power Supply Operations.”

Power Sales Contract. With respect to Project Two, each Project Two Power Sales Contract, with respect to Project Three, each Project Three Power Sales Contract, with respect to Project Four, each Project Four Power Sales Contract, and, with respect to any Additional General Resolution Project, each contract entered into with a Participant relating to such Project, all as supplemented or amended from time to time in accordance with the Amended General Resolution Projects Resolution, designated in the supplemental resolution authorizing the acquisition and construction of such Project as a “Power Sales Contract” under the Amended General Resolution Projects Resolution, the term of which does not end earlier than the final maturity date of any General Resolution Projects Senior Bonds authorized to be issued for the purpose of financing the Cost of Acquisition and Construction of such project; *provided, however*, that the contracts for such Projects (a) must require payments by the Participants (either on a fixed percentage basis or pursuant to rates) which are sufficient, together with all other amounts available therefor, to pay, under any and all circumstances, 100 percent of the Annual Project Costs paid by MEAG Power during each Power Supply Year with respect to such Project; (b) must contain a rate covenant by the Participants to the same effect as the rate covenant in the Existing General Resolution Projects Power Sales Contracts; (c) must provide that, unless the payments required to be made by a Participant under its contract or provisions for such payments in any fiscal year shall have been made from the revenues of its electric system, the Participant will annually include in its general revenue or appropriation measure sums sufficient to satisfy the payments required to be made under such contract and, if such provision or appropriation is not made in such year, the chief fiscal officer of the Participant shall, in accordance with the Act, set up as an appropriation on the accounts of such Participant in such year the amounts required to satisfy the payments required to be made under such contract; and (d) must provide that the obligation of each Participant to make payments under its contract shall constitute a general obligation for the payment of which its full faith and credit are pledged and require such payments to be made whether or not such Project or any part thereof has been completed, is operating or operable or its output is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part.

Project Four. The Initial Facilities for Project Four and Capital Improvements for Project Four.

Project Three. The Initial Facilities for Project Three and Capital Improvements for Project Three.

Project Two. The Initial Facilities for Project Two and Capital Improvements for Project Two.

Amendatory Supplemental Resolutions

General

The Amendatory Supplemental Resolutions provide for the making of certain additional amendments to the Amended Project One Resolution and Amended General Resolution Projects Resolution. Such amendments will not become effective until the date on which all Senior Bonds outstanding under the Project One Resolution or the General Resolution Projects Resolution, as applicable, at December 16, 2011 (the date of adoption of the Amendatory Supplemental Resolutions) cease to be outstanding thereunder. At such time as such amendments become effective, they will apply to all applicable Senior Bonds then outstanding.

Redemption of Senior Bonds

Each Amendatory Supplemental Resolution amends the provisions of the applicable Amended Resolution relating to the redemption of Senior Bonds to allow MEAG Power to reserve the right to revoke any notice of redemption given at the election or direction of MEAG Power, and to provide that the obligation of MEAG Power to redeem any Senior Bonds called for redemption at the election or direction of MEAG Power will be conditioned upon sufficient moneys being available therefor.

Future Amendments to the Resolutions

Each Amendatory Supplemental Resolution also provides that the provisions of the applicable Amended Resolution relating to the future amendment thereof will be amended (1) to allow the Trustee to consent to any modification to or amendment of the Amended Resolution which it determines will not have a material adverse effect on the interests of the holders of the applicable Senior Bonds, (2) in the case of any amendment that currently would require the consent of the holders of at least two-thirds in principal amount of all applicable Senior Bonds outstanding, to reduce such requirement to the holders of at least a majority in principal amount of the Senior Bonds then outstanding that are affected by the amendment and (3) to permit, in connection with the initial issuance of the Senior Bonds of any series, such Senior Bonds to be deemed to have consented to any particular amendment to such Amended Resolution, such that the holders of such Senior Bonds will not have the right to revoke such consent.

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**SUMMARY OF PROJECT ONE SUBORDINATED RESOLUTION
AND GENERAL RESOLUTION PROJECTS SUBORDINATED RESOLUTION**

The following is a general summary of certain provisions of the Project One Subordinated Resolution and the General Resolution Projects Subordinated Resolution. Summaries of certain definitions contained in such resolutions and in the Project One Resolution and the General Resolution Projects Resolution are also set forth at the end of this APPENDIX I and under APPENDIX G, "SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Definitions." Other terms defined in these resolutions for which summary definitions are not set forth are indicated by capitalization. The Project One Subordinated Resolution is supplemental to the Project One Resolution and the General Resolution Projects Subordinated Resolution is supplemental to the General Resolution Projects Resolution.

As described in the Annual Information Statement, on December 16, 2011, MEAG Power adopted the Amending Resolutions for the purpose of making certain amendments to the Project One Resolution and the General Resolution Projects Resolution, respectively. The Amended and Restated Resolutions contain amendments to certain provisions of the applicable Resolution that will become effective upon the earlier to occur of (a) the date on which all Senior Bonds Outstanding under (and as defined in) the applicable Resolution at December 16, 2011 (the date of adoption of the Amended and Restated Resolutions) cease to be Outstanding thereunder and (b) the filing with the Trustee of written consents thereto of the Holders (as defined in the Resolutions) of at least two-thirds in principal amount of such Senior Bonds then Outstanding. Upon the effectiveness of the respective Amended and Restated Resolutions, as applicable, all references in this APPENDIX I to APPENDIX G, "SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION" shall instead refer to APPENDIX H, "SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION, AS AMENDED BY AMENDING RESOLUTIONS."

Except as noted below, the descriptions herein of the provisions of the Project One Subordinated Resolution also apply to provisions of the General Resolution Projects Subordinated Resolution.

Construction Account; Subordinated Bond Fund

The Project One Subordinated Resolution establishes a Construction Account within the Construction Fund under the Project One Resolution. This Account and the Subordinated Bond Fund established under the Project One Resolution are held by the Trustee.

Amounts in the Construction Account representing proceeds of Project One Subordinated Bonds issued in anticipation of Project One Senior Bonds are to be applied by the Trustee, upon requisition by MEAG Power, to the payment of Cost of Acquisition and Construction of Project One. Amounts therein representing proceeds of other Project One Subordinated Bonds are to be applied to the purpose for which such Project One Subordinated Bonds are issued. See "Additional Subordinated Bonds; Conditions to Issuance" below.

MEAG Power has agreed to make payments into the Subordinated Bond Fund at such times and in such amounts as necessary to provide for payment of the principal of and premium, if any, and interest on Project One Subordinated Bonds in full when due. Subject to the pledge of any funds of MEAG Power to other indebtedness, payments are to be made from any available funds, including proceeds of refunding Project One Subordinated Bonds or other indebtedness, proceeds of Project One Senior Bonds and amounts in the Revenue and Operating Fund established under the Project One Resolution, including Revenues derived under the Project One Power Sales Contracts. Under the terms of the Project One Resolution,

amounts in such Revenue and Operating Fund at any time may be deposited in the Subordinated Bond Fund and used to pay debt service on Project One Subordinated Bonds only to the extent such amounts are not then needed to make payments of Operating Expenses or required payments into the Debt Service Fund established under the Project One Resolution. See APPENDIX G, "SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Application of Revenues."

The foregoing description of the Construction Account, the Subordinated Bond Fund and the application of funds thereunder under the Project One Subordinated Resolution are substantially applicable to the separate Project Accounts, the Subordinated Bond Fund and the application of funds thereunder under the General Resolution Projects Subordinated Resolution except that the General Resolution Projects Subordinated Resolution establishes separate Project Accounts for each General Resolution Project instead of one Construction Account and the amounts in each Project Account are applied to the purposes as set forth in the Supplemental Resolution relating to such Project.

Additional Subordinated Bonds; Conditions to Issuance

Under the Project One Resolution, MEAG Power may issue Project One Subordinated Bonds for any lawful purpose of MEAG Power including, without limitation, payment of principal or redemption price of and interest on any Project One Subordinated Bonds or any reserves which MEAG Power determines shall be required for such purposes; payments into any separate account or accounts established in the Construction Fund; and improvements, extensions, betterments, renewals and replacements of any properties of Project One. Each series of Project One Subordinated Bonds will be secured on a parity with all other series of Project One Subordinated Bonds by the pledge under the Project One Subordinated Resolution of the Subordinated Bond Fund and investments, if any, thereof.

The principal amount of Project One Subordinated Bonds which may be issued under the Project One Subordinated Resolution is limited under the Act to the extent that at any time the principal amount of outstanding Project One Subordinated Bonds which are bond anticipation notes plus the principal amount of any other Project One bond anticipation notes may not exceed the principal amount of validated but unissued Project One Senior Bonds. Prior to issuing any Project One Subordinated Bonds which are not bond anticipation notes, MEAG Power must obtain a validation judgment for such Project One Subordinated Bonds in accordance with the Act.

MEAG Power may not issue any additional series of Project One Subordinated Bonds if thereafter the principal amount of Project One Subordinated Bonds outstanding (excluding Project One Subordinated Bonds to be retired with the proceeds of the additional series) would be greater than 30 percent of the total Project One indebtedness of MEAG Power to be outstanding unless MEAG Power delivers to the Trustee an opinion of the Consulting Engineer to the effect that, for each calendar year in the period beginning with the year in which the additional series of Project One Subordinated Bonds is to be issued and ending on the later of the fifth full calendar year thereafter or the first full calendar year in which no interest on Project One Senior Bonds or Project One Subordinated Bonds then to be outstanding is to be paid from proceeds of Project One Senior Bonds or Project One Subordinated Bonds, estimated Revenues after payment of operating expenses will be at least equal to estimated Adjusted Aggregate Debt Service. In the case of Project One Subordinated Bonds consisting of Commercial Paper Notes, however, such an opinion need not be delivered if an opinion has been delivered within the preceding twelve months and, after giving effect to the issuance of the Commercial Paper Notes, the Adjusted Aggregate Debt Service in any calendar year will not be greater than the amounts estimated for such year in such opinion. For purposes of estimating Revenues, the Consulting Engineer may make its estimates based upon (a) Revenues to result from sales of power and energy, pursuant to the Power Sales Contracts, the Project Agreements, other contracts then existing between MEAG Power and its Participants relating to Project One or the provision by MEAG Power of Bulk Power Supply, and then existing tariffs filed by or contracts with other utilities in accordance with the terms thereof, based upon charges then in effect and such revisions thereto as the Consulting

Engineer may estimate will be required in order that MEAG Power will be able to comply with the requirements of the Project One Resolution; *provided, however*, that, in the case of any such assumed increases in charges, there shall be delivered to the Trustee by MEAG Power a certificate setting forth a determination of MEAG Power which recognizes that such increased charges will be necessary to produce the Revenues estimated by the Consulting Engineer; and (b) Revenues to result from assumed sales of power and energy for which no contract is in effect on the date such opinion is delivered; *provided, however*, that the amount of such Revenues estimated pursuant to this clause (b) for any calendar year shall not exceed 20 percent of the total Revenues estimated by the Consulting Engineer for such calendar year.

Except in the case of Project One Subordinated Bonds being issued to refund outstanding Project One Subordinated Bonds, each series of Project One Subordinated Bonds may be issued only if MEAG Power certifies that no event of default then exists under the Project One Resolution or the Project One Subordinated Resolution.

The foregoing description of conditions to the issuance of additional Project One Subordinated Bonds is also applicable for the issuance of additional General Resolution Projects Subordinated Bonds, except that MEAG Power may issue Additional General Resolution Projects Subordinated Bonds for Additional General Resolution Projects.

Special Provisions Relating to Capital Appreciation Subordinated Bonds

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Subordinated Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Subordinated Bond if the principal of all Project One Subordinated Bonds is declared immediately due and payable following an Event of Default, as provided in the Project One Subordinated Resolution, or (iii) computing the principal amount of Project One Subordinated Bonds held by the registered owner of a Capital Appreciation Subordinated Bond in giving to MEAG Power or the Trustee any notice, consent, request or demand pursuant to the Project One Subordinated Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Subordinated Bond shall be deemed to be its Accreted Value.

The principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under (a) the definition of Aggregate Debt Service and (b) any definition contained in any supplemental resolution that, by its terms, provides that this paragraph shall apply thereto, but only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value becomes so due, and the principal and interest portions of such Accreted Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

The foregoing provisions with respect to Capital Appreciation Subordinated Bonds in the Project One Subordinated Resolution are substantially similar to the provisions with respect to Capital Appreciation Subordinated Bonds in the General Resolution Projects Subordinated Resolution.

Investment of Construction Account and Subordinated Bond Fund

For information concerning investments of the Construction Account and the Subordinated Bond Fund, see APPENDIX G, "SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Investment of Certain Funds and Accounts."

Creation of Liens

Under the Project One Subordinated Resolution, MEAG Power has agreed that it will not issue bonds, notes or other evidences of indebtedness, other than Project One Subordinated Bonds and Project

One Senior Bonds, which are secured by a pledge of the Subordinated Bond Fund unless such pledge is subordinate to the pledge of the Subordinated Bond Fund under the Project One Subordinated Resolution. MEAG Power will not create or permit to exist any lien or charge on the Subordinated Bond Fund, other than the pledge thereof under the Project One Resolution and under the Project One Subordinated Resolution, unless such lien or charge is subordinate to the pledge thereof under the Project One Subordinated Resolution. In addition, except as described in the next sentence, MEAG Power has agreed that it will not create or permit to exist any lien or charge 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 or charge. MEAG Power may create a lien or charge 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. See “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program” in the Annual Information Statement. For a description of related covenants in the Project One Resolution, see APPENDIX G, “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Encumbrances; Disposition of Properties.”

The covenant described in the two sentences preceding the foregoing cross references is not contained in the General Resolution Projects Subordinated Resolution.

Other Covenants

For information with respect to certain covenants in the Project One Resolution and the General Resolution Projects Resolution which inure to the benefit of Project One Subordinated Bondholders and General Resolution Projects Subordinated Bondholders, respectively, see the subsections “Rate Covenant”, “Covenants with Respect to Power Sales Contracts and Project Agreements”, “Annual Budget”, “Insurance” and “Accounts and Reports” under “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION” in APPENDIX G.

Amendments and Supplemental Resolutions

The Project One Subordinated Resolution and the rights and obligations of MEAG Power and of the holders of the Project One Subordinated Bonds may be amended by a Supplemental Resolution with the written consent of a majority in principal amount in each case of (i) all Project One Subordinated Bonds then outstanding, and (ii) in case less than all of the series of outstanding Project One Subordinated Bonds are affected, the Project One Subordinated Bonds of each series so affected, and (iii) in case the modification or amendment changes the terms of any sinking fund installment, the Project One Subordinated Bonds of the particular series and maturity entitled to the benefit of a sinking fund. No such modification or amendment may (A) permit a change in the terms of redemption or maturity or any installment of interest or a reduction in the principal, redemption price or rate of interest thereon without consent of each affected holder, or (B) reduce the percentages or otherwise affect the classes of Project One Subordinated Bonds the consent of the holders of which is required to effect any such modification or amendment.

The Project One Subordinated Resolution provides that the consent of the holder of any Project One Subordinated Bond that is subject to purchase at the option of such holder with respect to any modification or amendment referred to in this paragraph shall be deemed to be given on the date of adoption of the applicable Supplemental Resolution provided that, among other things, such amendment does not become applicable to such Project One Subordinated Bond until a future date by which the holder thereof has had notice of the changes and the opportunity to tender such Project One Subordinated Bond for purchase.

The Project One Subordinated Resolution may be amended, with the consent of the Trustee but without the consent of Project One Subordinated Bondholders, (i) to cure any ambiguity, omission, defect

or inconsistent provision in the Project One Subordinated Resolution; (ii) to insert provisions clarifying the Project One Subordinated Resolution; or (iii) to make any other modification or amendment of the Project One Subordinated Resolution which the Trustee, in its sole discretion, determines will not have a material adverse effect on the interest of Project One Subordinated Bondholders.

Without the consent of the Project One Subordinated Bondholders or the Trustee, MEAG Power may adopt a Supplemental Resolution which (i) closes the Project One Subordinated Resolution against, or provides additional conditions to, the issuance of Project One Subordinated Bonds; (ii) adds covenants and agreements of MEAG Power; (iii) adds limitations and restrictions to be observed by MEAG Power; (iv) authorizes Project One Subordinated Bonds of an additional series; (v) confirms any security interest, pledge or assignment of the Revenues or of any other monies, securities or funds; and (vi) modifies any provisions effective after all Project One Subordinated Bonds of each series outstanding as of the date of the adoption of such Supplemental Resolution cease to be outstanding.

The foregoing description of amendments and Supplemental Resolutions with respect to the Project One Subordinated Resolution is also applicable for amendments and Supplemental Resolutions with respect to the General Resolution Projects Subordinated Resolution, except that MEAG Power may, effective upon filing with the Trustee, adopt Supplemental Resolutions to authorize the acquisition and construction of Additional General Resolution Projects.

Defeasance

The pledge of monies and securities under the Project One Subordinated Resolution and all covenants and other obligations of MEAG Power under the Project One Subordinated Resolution will cease, terminate and be discharged and satisfied whenever all Project One Subordinated Bonds have been paid in full. Project One Subordinated Bonds are deemed to have been paid and are not entitled to the lien, benefit or security of the Project One Subordinated Resolution whenever the following conditions are met: (1) there have been deposited with any Paying Agent and set aside in trust either monies in an amount which will be sufficient or securities described in clause (1) of the definition of “Investment Securities” under “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Definitions” in APPENDIX G which are not subject to redemption prior to maturity other than at the option of the holder thereof, the principal of and the interest on which when due, will provide monies which, together with other monies, if any, also deposited, will be sufficient to pay when due the principal or redemption prices, if applicable, and interest due or to become due on such Project One Subordinated Bonds, (2) in the case of Project One Subordinated Bonds to be redeemed prior to maturity, MEAG Power has given to the Trustee irrevocable instructions to publish the notice of redemption therefor, and (3) in the event such Project One Subordinated Bonds are not subject to redemption within the next succeeding 60 days, MEAG Power has given the Trustee irrevocable instructions to publish, as soon as practicable, a notice to the holders of such Project One Subordinated Bonds that the above deposit has been made and that such Project One Subordinated Bonds are deemed to be paid and stating the maturity or redemption date upon which monies are to be available to pay the principal or redemption price, if applicable, of such Project One Subordinated Bonds.

Events of Default

Events of Default specified in the Project One Subordinated Resolution include any Event of Default specified in the Project One Resolution, failure to pay principal or interest on any Project One Subordinated Bond when due, and failure to remedy a default for 60 days after written notice of default in the performance of any covenant in the Project One Subordinated Resolution. Events of Default under the Project One Resolution include failure to pay when due principal of and interest on Project One Senior Bonds, failure to remedy a default for 60 days after notice of default in the performance of any covenant in such Project One Resolution and certain events of bankruptcy or insolvency. Upon the happening of any Event of Default under the Project One Subordinated Resolution, if the Project One Senior Bonds shall

have become immediately due and payable, the Project One Subordinated Bonds shall become immediately due and payable. The Project One Power Sales Contracts provide for payment in each year of amounts sufficient to pay scheduled debt service. However, any debt service due on the Project One Subordinated Bonds by reason of acceleration is not payable under the Project One Power Sales Contracts in the year of acceleration, although any accelerated amount will continue to become due in the respective years in which scheduled. The acceleration of the Project One Subordinated Bonds shall be subject to rescission upon the curing of all defaults.

Following an Event of Default under the Project One Subordinated Resolution which has not been remedied, MEAG Power, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all monies, securities and funds pledged or held under the Project One Subordinated Resolution as security for the Project One Subordinated Bonds. The Trustee may proceed, and upon written request of the holders of not less than 25 percent in principal amount of the Project One Subordinated Bonds outstanding under the Project One Subordinated Resolution shall proceed, to protect and enforce its rights and the rights of the holders of the Project One Subordinated Bonds forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant in the Project One Subordinated Resolution or in aid of any power therein granted, or for an accounting against MEAG Power, or in the enforcement of any other legal or equitable right. The holders of not less than a majority in principal amount of the Project One Subordinated Bonds outstanding under the Project One Subordinated Resolution may direct the time, method and place of any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred upon the Trustee (subject to the Trustee's right to decline to follow such direction upon advice of counsel as to the unlawfulness thereof or upon its own good faith determination that such action would involve the Trustee in personal liability or be unjustly prejudicial to holders of Project One Subordinated Bonds not parties to such direction). However, the Trustee shall not be required to follow any such direction which conflicts with any direction of holders of Project One Senior Bonds.

All monies, securities and funds held or received by the Trustee with respect to Project One Subordinated Bonds are to be applied, first, to the payment of reasonable and proper charges of the Trustee and other fiduciaries, second, to the payment of operating expenses, third, to the payment of debt service then due on Project One Senior Bonds and, fourth, to the payment of principal and interest then due on Project One Subordinated Bonds, without preference as to principal over interest or interest over principal or any Project One Subordinated Bond over any other Project One Subordinated Bond.

The holder of any Project One Subordinated Bond issued under the Project One Subordinated Resolution shall not have any right to institute any suit, action or proceeding for the enforcement of any provision of the Project One Subordinated Resolution unless such Project One Subordinated Bondholder shall have previously given the Trustee written notice of the Event of Default, the holders of at least 25 percent in principal amount of Project One Subordinated Bonds then outstanding shall have filed a written request with the Trustee and have afforded the Trustee a reasonable opportunity to exercise its powers or institute such suit, action or proceeding, adequate security and indemnity against the Trustee's costs and liability shall have been offered and the Trustee shall have refused to comply with such request within 60 days. Nothing in the Project One Subordinated Resolution affects or impairs MEAG Power's obligation to pay the Project One Subordinated Bonds and interest thereon when due or the right of any Project One Subordinated Bondholder to enforce such payment.

Definitions

Accreted Value, as of any date of computation with respect to any Capital Appreciation Subordinated Bond, means an amount equal to the principal amount of such Subordinated Bond plus the interest accrued on such Subordinated Bond from the date of original issuance of such Subordinated Bond to the January 1 or July 1 next preceding the date of computation or the date of computation if a January 1 or July 1, such interest to accrue at the interest rate per annum of the Capital Appreciation Subordinated Bond set forth in the supplemental resolution authorizing such Subordinated Bonds, compounded on

January 1 and July 1 of each year, plus, if such date of computation shall not be a January 1 or July 1, a portion of the difference between the Accreted Value as of the immediately preceding January 1 or July 1 (or the date of original issuance if the date of computation is prior to the first January 1 or July 1 succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding January 1 or July 1, calculated based upon an assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on the basis of a year of twelve 30-day months.

Adjusted Aggregate Debt Service, as of any date of calculation and for any period, means the sum of Aggregate Debt Service on Project One Senior Bonds and Aggregate Debt Service on Project One Subordinated Bonds for such period except that (1) if any Refundable Principal Installment for any Project One Subordinated Bonds (other than a Commercial Paper Note) is included in Aggregate Debt Service on Project One Subordinated Bonds for such period, Adjusted Aggregate Debt Service will be calculated on the assumption that such Refundable Principal Installment will be paid with proceeds of a series of Project One Senior Bonds having level debt service based on interest rates estimated by MEAG Power and Principal Installments extending from the actual due date of the Refundable Principal Installment through the later of ten years thereafter or the 25th anniversary of the issuance of such Project One Subordinated Bond, and (2) if debt service for any Commercial Paper Note is included in Aggregate Debt Service on Project One Subordinated Bonds, Adjusted Aggregate Debt Service will be calculated on the assumption that such debt service will be paid from the sources specified in the commercial paper payment plan required to be filed by MEAG Power with respect to Commercial Paper Notes at or prior to the issuance thereof.

Aggregate Debt Service, when used with respect to Project One Senior Bonds, has the meaning given to such term in the Project One Resolution and, when used with respect to Project One Subordinated Bonds, means, for any period and as of any date of calculation, the sum of the amounts of principal of and interest on Project One Subordinated Bonds of all series due and payable during such period, excluding interest to be paid with proceeds of Project One Subordinated Bonds, Project One Senior Bonds or other evidences of indebtedness.

Capital Appreciation Subordinated Bonds means any Project One Subordinated Bonds issued under the Project One Subordinated Resolution as to which interest is compounded semi-annually and payable only at the maturity or prior redemption of such Bonds.

Commercial Paper Note means any Project One Subordinated Bond which has a maturity date which is not more than 365 days after the date of issuance thereof and is designated by MEAG Power as a Commercial Paper Note.

Refundable Principal Installment means any Principal Installment for any series of Project One Subordinated Bonds (other than Commercial Paper Notes) which MEAG Power intends to pay with monies which are not Revenues.

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SUMMARY OF COMBINED CYCLE POWER SALES CONTRACTS

The following is a description of certain of the provisions of the CC Contracts. All of the CC Contracts between MEAG Power and each CC Participant are identical in all material respects. 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 fifth paragraph under “INTRODUCTORY STATEMENT – The Participants” in the Annual Information Statement). Each of the Additional CC Contracts will continue in full force and effect until the termination of the CC Contracts with the Initial Participants. Capitalized terms not otherwise defined herein or defined in the Annual Information Statement shall be as defined in the CC Contracts.

Combined Cycle Obligation Shares

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

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

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

Embedded Simple Cycle Debt Related Costs

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

for the CC Bonds, but excluding any amounts related to Bonds issued for payment of Costs of Acquisition and Construction of the CC Project and (ii) amounts constituting Financing Costs related to the Embedded Simple Cycle Costs.

Acquisition and Construction of the CC Project

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

Annual Budgets

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

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

CC Participants' Obligations to Pay

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

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

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

Remedies

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

Sale or Exchange of Power and Energy

MEAG Power is obligated to deliver to each CC Participant such of its Combined Cycle Obligation Share of the output and services of the CC Project as the CC Participant requires in order to serve the supplemental requirements of such CC Participant, unless MEAG Power determines that it is more economical to supply such amounts from other sources. MEAG Power will operate each generating facility to achieve the best operating economics for such facility in accordance with Prudent Utility Practice, and may sell such of the output to others as it determines to be economically appropriate. Further, MEAG Power may use the generating facilities to enter into, among other transactions, (a) capacity sales and swaps, (b) energy sales and swaps, and (c) financial swaps and hedges, when such transactions are reasonably expected to economically benefit the CC Participants. The proceeds derived from any of such transactions will be credited *pro rata* to each CC Participant's obligation to pay its share of Combined Cycle Project Annual Costs. The proceeds from the sale or other transactions involving the assets acquired as a result of the Embedded Simple Cycle Costs will be credited to the CC Participants' obligation to pay Embedded

Simple Cycle Debt Related Costs or, in the event that a CC Participant has satisfied such obligation, as a direct payment to such CC Participant, in the proportion of the CC Participant's respective Embedded Simple Cycle Obligation Share for other than Embedded Simple Cycle Debt Related Costs.

Termination or Amendment

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

SUMMARY OF COMBINED CYCLE PROJECT BOND RESOLUTION

The following is a general summary of certain provisions of the CC Bond Resolution pursuant to which the CC Bonds are issued. Summaries of certain definitions are set forth at the end of this APPENDIX K. Other terms defined in the CC Bond Resolution for which summary definitions are not set forth are indicated by capitalization.

Application of Revenues

Revenues under the CC Bond Resolution are pledged to the payment of principal and Redemption Price of and interest on CC Bonds of all Series, subject to the provisions of the CC Bond Resolution permitting application for other purposes. For the application of Revenues, the CC Bond Resolution establishes a Revenue and Operating Fund (which has separate subaccounts on MEAG Power's books for Revenues received from each CC Participant) and the Reserve and Contingency Fund, held by MEAG Power and a Debt Service Fund, held by the Trustee.

The Trustee and MEAG Power may deposit monies in such Funds with certain Banks, which include, trust companies, national banking associations and federal or domestic branches or agencies of foreign banks ("Depositories"). All monies held under the CC Bond Resolution by the Trustee or any Depository must be either (1) (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by lodging with the Trustee, as collateral security, Investment Securities having a market value (exclusive of accrued interest) not less than the amount of such monies, or (2) held in such other manner as may then be required by applicable laws and regulations; *provided, however*, that it is not necessary for the Trustee or any Paying Agent to give security for the deposit of any monies held in trust with them and set aside by them for the payment of the principal or Redemption Price of or interest on any CC Bonds, or for the Trustee or any Depository to give security for any monies which are represented by Investment Securities purchased as an investment of such monies.

All Revenues received under the CC Bond Resolution are deposited, as soon as practicable after the receipt thereof, in the Revenue and Operating Fund. Amounts in the Revenue and Operating Fund are paid out from time to time for application therefrom as follows:

1. Amounts in the Revenue and Operating Fund attributable to each CC Participant shall be paid out from time to time for such CC Participant's share of reasonable and necessary Operating Expenses.

2. No later than the last business day of each month, MEAG Power shall withdraw from amounts in the Revenue and Operating Fund attributable to each CC Participant and deposit in the following Funds and Accounts in the following order of priority the amounts set forth below:

- (1) ***In the Debt Service Fund***, for credit to a separate subaccount in the Debt Service Account, the amount, if any, required so that the balance in said subaccount attributable to such CC Participant shall equal such CC Participant's share (determined as provided in the CC Contracts) of the Accrued Aggregate Debt Service; *provided, however*, that, for the purposes of computing the amount on deposit in said subaccount, there shall be excluded the amount, if any, set aside in said subaccount and attributable to such CC Participant from the proceeds of Bonds or other evidences of indebtedness less that amount of such proceeds to be applied in accordance with the CC Bond Resolution to interest accrued and unpaid and to accrue on CC Bonds to the last day of the then current calendar month;

(2) ***In the Debt Service Fund***, for credit to a separate subaccount in the Debt Service Account, such CC Participant's share (determined as aforesaid) of the amount coming due in such month on Parity Obligations (other than Reimbursement Obligations);

(3) ***In the Debt Service Fund***, for credit to each separate sub-subaccount established for such CC Participant in each separate subaccount in the Debt Service Reserve Account, the amount, if any, required so that the balance in each such sub-subaccount shall equal the Debt Service Reserve Requirement related thereto as of the last day of the then current month; *provided, however*, that so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding CC Bonds and Parity Obligations in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Debt Service Fund; and *provided, further*, that any deficiency in any such separate sub-subaccount of such CC Participant attributable to a withdrawal of amounts therefrom pursuant to the CC Bond Resolution shall be cured by depositing into such sub-subaccount each month during the next succeeding six months an amount equal to one-sixth (1/6th) of the amount of the withdrawal; and *provided, further*, that any other deficiency in any such sub-subaccount shall be cured by depositing into such sub-subaccount each month during the next succeeding twelve months an amount equal to one-twelfth (1/12th) of the amount of the deficiency, except that, if a new valuation of Investment Securities held in such sub-subaccount is made pursuant to the CC Bond Resolution during the period that such deposits are required, then the obligation of MEAG Power to make deposits during the balance of such period on the basis of the preceding valuation shall be discharged and the deposits, if any, required to be made for the balance of such period shall be determined under this proviso on the basis of the new valuation.

The Trustee shall pay out of the appropriate subaccounts in the Debt Service Account in the Debt Service Fund to the respective Paying Agents on a timely basis (i) the amount required for the interest payable on each interest payment date; (ii) the amount required for the Principal Installments payable on the due dates therefor; and (iii) the amount required for the payment of interest on the CC Bonds then to be redeemed. The Trustee shall also pay out of the appropriate subaccounts in the Debt Service Account the accrued interest included in the purchase price of CC Bonds purchased for retirement and, from the appropriate subaccounts in the Debt Service Account, amounts due in respect of any Parity Obligation.

Amounts accumulated in the Debt Service Account with respect to any Sinking Fund Installment may be applied on or prior to the 40th day preceding the due date of such Sinking Fund Installment, to (i) the purchase of CC Bonds of the Series and maturity and interest rate within each maturity for which such Sinking Fund Installment was established, or (ii) the redemption at the applicable sinking fund Redemption Price of such CC Bonds, if then redeemable by their terms. All purchases of any CC Bonds shall be made at prices not exceeding the applicable sinking fund Redemption Price of such CC Bonds plus accrued interest.

As soon as practicable after the 40th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption on such due date CC Bonds of the Series and maturity and interest rate within each maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. On or before such redemption date, the amount required for the CC Bonds called for redemption shall be paid out of the Debt Service Account and applied to such redemption.

In the event of the refunding or defeasance of any CC Bonds, all or any portion of the amounts accumulated in the Debt Service Account may be withdrawn and deposited with the Trustee for the payment of the principal or Redemption Price, if applicable, and interest on the CC Bonds being refunded; *provided, however*, that such withdrawal shall not be made unless pursuant to the CC Bond Resolution (a) immediately thereafter the CC Bonds being refunded shall be deemed to have been paid, and (b) the amount remaining in the Debt Service Account, after giving effect to the issuance of any obligations being issued to refund such CC Bonds and the disposition of the proceeds thereof, shall not be less than the requirement of such Account.

The CC Bond Resolution provides that there may be established in the Debt Service Reserve Account in the Debt Service Fund one or more separate subaccounts, each of which subaccounts shall be for the benefit and security of one or more Series of CC Bonds, as provided in the Supplemental Resolution establishing each such subaccount. There shall be established within each such separate subaccount a separate sub-subaccount with respect to each CC Participant other than a Prepaid CC Participant with respect to such Series of CC Bonds.

If on any day on which the principal or sinking fund Redemption Price of or interest on CC Bonds shall be due the amount on deposit in the Debt Service Account shall be less than the amount required therein pursuant to the CC Bond Resolution, the Trustee shall apply amounts from each applicable separate sub-subaccount in each separate subaccount in the Debt Service Reserve Account, in proportion to the respective Debt Service Reserve Requirements applicable thereto, to make good the deficiency that exists with respect to the CC Bonds secured thereby; *provided, however*, that in the case of any such deficiency in the Debt Service Account that is due to a failure by one or more CC Participants to make required payments under their respective CC Contracts, the amount applied from such separate subaccount shall be derived solely from the sub-subaccount(s) therein relating to such CC Participant(s).

If on the last day of any calendar year the balance of moneys and securities on deposit in any sub-subaccount in any subaccount in the Debt Service Reserve Account established with respect to a particular CC Participant shall exceed the Debt Service Reserve Requirement applicable thereto, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such sub-subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount, all or a portion of the amount of such excess shall be transferred to the Revenue and Operating Fund, if and to the extent such amount is required to satisfy the Working Capital Requirement, and the balance, if any, of such excess shall be transferred to the subaccount in the Bond Retirement Account in the Debt Service Fund established with respect to such CC Participant.

Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to pay in full all Outstanding CC Bonds and Parity Obligations in accordance with their terms, the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Any provision of the CC Bond Resolution to the contrary notwithstanding, so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding CC Bonds and Parity Obligations in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Debt Service Reserve Account.

Upon any Defeasance Payment by a CC Participant that results in the amount in its sub-subaccount being in excess of the Debt Service Reserve Requirement applicable thereto, such excess shall be transferred to the subaccount in the Bond Retirement Account in the Debt Service Fund established with respect to such CC Participant; *provided, however*, that if such Defeasance Payment shall result in such CC Participant being a Prepaid CC Participant, then such excess shall be transferred to such CC Participant.

In the event of the refunding or defeasance of any CC Bonds with respect to which a subaccount has been established in the Debt Service Reserve Account, the Trustee shall, upon the direction of an Authorized Officer of MEAG Power, withdraw from the separate sub-subaccounts in the separate subaccount in the Debt Service Reserve Account established for the benefit of such CC Bonds (in proportion to the amounts required to be on deposit in such sub-subaccounts) all or any portion of the amounts accumulated therein and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if applicable, and interest on the CC Bonds being refunded or defeased; *provided, however*, that such withdrawal shall not be made unless (a) immediately thereafter the CC Bonds being refunded or defeased shall be deemed to have been paid, and (b) the amount remaining in such separate sub-subaccounts in the separate subaccount in the Debt Service Reserve Account, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such sub-subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount, and after giving effect to the issuance of any obligations being issued to refund such CC Bonds and the disposition of the proceeds thereof, shall not be less than the Debt Service Reserve Requirement related thereto. In the event of such refunding or defeasance, MEAG Power may also direct the Trustee to withdraw from such separate sub-subaccounts in the separate subaccount in the Debt Service Reserve Account (in proportion to the amounts required to be on deposit in such sub-subaccounts) all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the CC Bond Resolution; *provided, however*, that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied.

To the extent and in the manner so authorized in the Supplemental Resolution establishing any subaccount in the Debt Service Reserve Account, in lieu of depositing moneys in each sub-subaccount in such subaccount, or in substitution for moneys previously deposited in any such sub-subaccount, MEAG Power may provide the Trustee with a policy of insurance, surety bond, letter of credit or similar instrument for deposit in such sub-subaccount or such amount may be provided from Revenues or otherwise.

(4) ***In the Reserve and Contingency Fund***, an amount equal to such CC Participant's Share of one-twelfth (or such greater fraction as may be appropriate if the period is less than twelve months) of the difference between (i) the greater of (a) the total amount provided in the then current Combined Cycle Project Annual Budget to be deposited in such Fund during the then current calendar year or (b) an amount equal to ten percent of the assumed depreciation of the CC Project during the then current calendar year, which assumed depreciation shall be determined on a straight-line basis by dividing the total Cost of Acquisition and Construction of the CC Project (exclusive of any capitalized interest or other allowance for funds used during construction of the CC Project) by 35 and the amount, if any, to be deposited in the Segregated Reserve and Contingency Fund during such month; *provided, however*, that no such deposit shall be required to be made until the month following the month in which the commercial operation date (as determined by MEAG Power) of the first generating facility of the CC Project.

Amounts in the Reserve and Contingency Fund are applied to the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to the CC Project necessary, in the opinion of an Authorized Officer of MEAG Power, to keep the same in good operating condition or to prevent a loss of revenues therefrom, or required by any governmental agency having jurisdiction over the CC Project or any part thereof or for which MEAG Power is responsible by virtue of any obligation of MEAG Power arising out of any contract to which MEAG Power is a party relating to ownership of the CC Project or any part thereof.

If on the last day of any calendar year the amount in the Reserve and Contingency Fund exceeds the Reserve and Contingency Fund Requirement, all or a portion of the amount of such excess will be transferred to the Revenue and Operating Fund, if and to the extent such amount is required to satisfy the Working Capital Requirement (as described below) and the balance, if any, of such excess will be transferred to such subaccount(s) in the Bond Retirement Account in the Debt Service Fund as an Authorized Officer of MEAG Power determines.

Subject to (A) the provisions of items 1 and 2 above, and (B) the maintenance of Working Capital by MEAG Power in the Revenue and Operating Fund and the Segregated Revenue and Operating Fund, proportionately, in an aggregate amount equal to or greater than the Working Capital Requirement, amounts in the Revenue and Operating Fund may be applied as set forth in the immediately following paragraph. The term "Working Capital" means as of any date an amount equal to (1) the excess of current assets over the current liabilities of the CC Project as of such date minus (2) the amount then on deposit in the Debt Service Account in the Debt Service Fund; and the term "Working Capital Requirement" means such dollar amount as MEAG Power shall establish from time to time, which at any time shall be not less than MEAG Power's budgeted Operating Expenses for the next succeeding 45 days.

Amounts in the Revenue and Operating Fund not required for the purposes set forth above may upon determination of MEAG Power be applied to or set aside for any one or more of the following: (a) the purchase or redemption of any CC Bonds or any reserves required for such purposes; (b) payments into the Construction Fund for application to the purposes of such fund; (c) improvements, extensions, betterments, renewals and replacements of any properties of the CC Project; (d) to reduce the cost of CC Project power and energy to the CC Participants under the CC Contracts; and (e) any other lawful purposes of MEAG Power related to the CC Project; *provided, however*, any proceeds of any insurance paid on account of the damage or destruction of any useful portion of the CC Project deposited in the Revenue and Operating Fund shall be used only for the purposes specified in clauses (a) to (c), inclusive, described immediately above, and *provided, further*, that, subject to the provisions of CC Bond Resolution, amounts deposited in the Revenue and Operating Fund and required by the CC Bond Resolution to be applied to the purchase or redemption of CC Bonds shall be applied to such purpose.

Upon any purchase or redemption of CC Bonds of any Series, maturity and interest rate for which Sinking Fund Installments shall have been established, other than any such purchase or redemption funded from amounts accumulated in the Debt Service Account as provided for in the CC Bond Resolution, there shall be credited toward such Sinking Fund Installment or Sinking Fund Installments thereafter to become due as MEAG Power shall select in its sole discretion the total principal amount of such CC Bonds so purchased or redeemed. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

Initial Subaccount in the Debt Service Reserve Account

Pursuant to the Second Supplemental CT Bond Resolution, MEAG Power has established a separate subaccount in the Debt Service Reserve Account in the Debt Service Fund entitled the “Initial Subaccount.” The 2010A CC Bonds and the 2012A CC Bonds are secured by amounts on deposit in the Initial Subaccount, including the investments, if any, thereof, which amounts are pledged to, and a security interest in the same is granted to, the Trustee, as additional security for the payment of the principal or sinking fund Redemption Price, if any, of and interest on such CC Bonds, subject to the provisions of the CC Bond Resolution permitting application for other purposes. The Initial Subaccount in the Debt Service Reserve Account may, at the option of MEAG Power, secure additional CC Bonds of any Series hereafter issued.

The CC Bond Resolution requires MEAG Power to deposit and maintain in each separate sub-subaccount in the Initial Subaccount in the Debt Service Reserve Account moneys, Investment Securities and/or reserve fund credit instruments (hereinafter defined) in an amount equal to the Debt Service Reserve Requirement for each such sub-subaccount. The Debt Service Reserve Requirement for each sub-subaccount in the Initial Subaccount is defined in the Second Supplemental CT Bond Resolution to mean, at any time, an amount equal to the sum of the maximum amounts of 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 Defeasance Payment, 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 Defeasance Payment, and shall 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 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 shall be redetermined as of the date of such refunding, and shall 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 provides that in lieu of maintaining moneys or investments in any sub-subaccount the Initial Subaccount in the Debt Service Reserve Account, MEAG Power at any time may cause to be deposited therein for the benefit of the Holders of the CC Bonds secured thereby an irrevocable surety bond, insurance policy or letter of credit satisfying the conditions set forth therein (a “reserve fund credit instrument”), in an amount equal to the difference between the Debt Service Reserve Requirement for any such sub-subaccount and the sums of money or value of Investment Securities then on deposit in such sub-subaccount, if any; *provided, however*, that nothing contained in the Second Supplemental CT Bond Resolution or in the CC Bond Resolution shall prevent MEAG Power from obtaining a single reserve fund credit instrument (otherwise complying with the requirements of this paragraph) for deposit to the credit of more than one separate sub-subaccount in the Initial Subaccount. The following is a summary of the provisions of the Second Supplemental CT Bond Resolution relating to the deposit of reserve fund credit instruments to the sub-subaccounts in the Initial Subaccount:

- (a) A surety bond or insurance policy issued by an insurance company licensed or otherwise qualified to do business in the State of Georgia may be deposited in any sub-subaccount

in the Initial Subaccount if the claims-paying ability of the issuer thereof is rated “AAA” by Standard & Poor’s, a subsidiary of The McGraw-Hill Companies, Inc. (hereinafter referred to as “S&P”) and “Aaa” by Moody’s Investors Service (hereinafter referred to as “Moody’s”).

(b) An unconditional irrevocable letter of credit issued by a Bank may be deposited in any sub-subaccount in the Initial Subaccount if the senior, unsecured long-term debt of the issuer thereof is rated at least “AA” by S&P and “Aa2” by Moody’s, and if such letter of credit shall be payable in one or more draws upon presentation by the Trustee of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the CC Bonds that are additionally secured by the Initial Subaccount (the “Initial Subaccount Additionally Secured CC Bonds”). The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify MEAG Power and the Trustee, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(c) If such notice indicates that the expiration date shall not be extended, MEAG Power shall deposit in each such sub-subaccount in the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit therein, together with any other qualifying reserve fund credit instruments, to equal the Debt Service Reserve Requirement therefor, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is replaced by a reserve fund credit instrument meeting the requirements in either of clauses (a) or (b) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The Trustee shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or each such sub-subaccount in the Initial Subaccount is fully funded in its required amount.

(d) The use of any reserve fund credit instrument pursuant to this paragraph shall be subject to receipt of an opinion of counsel acceptable to an authorized officer of MEAG Power and the Trustee and in form and substance satisfactory to such authorized officer and the Trustee as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors’ rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to an authorized officer of MEAG Power and the Trustee. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to an authorized officer of MEAG Power and the Trustee and in form and substance satisfactory to such authorized officer and the Trustee to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against MEAG Power.

(e) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of debt service on the CC Bonds. In addition, the right of the issuer of a reserve fund credit instrument to payment or reimbursement for claims or draws under such reserve fund credit instrument and to payment or reimbursement of its fees and expenses shall be prior to the cash replenishment of each such sub-subaccount in the Initial Subaccount.

(f) The reserve fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If (i) such revolving reinstatement feature is suspended or terminated or (ii) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below a S&P

“AAA” or a Moody’s “Aaa” or (iii) the rating of the issuer of the letter of credit falls below a S&P “AA”, MEAG Power shall either (X) deposit into each such sub-subaccount in the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in each such sub-subaccount to equal the Debt Service Reserve Requirement therefor, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in either of clauses (a) or (b) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below “A” or (2) the rating of the issuer of the letter of credit falls below “A” or (3) the issuer of the reserve fund credit instrument defaults in its payment obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, MEAG Power shall either (X) deposit into each such sub-subaccount in the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit therein to equal to Debt Service Reserve Requirement therefor, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in either of clauses (a) or (b) above within six months of such occurrence.

(g) Where applicable, the amount available for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Investment Securities deposited in each such sub-subaccount in the Initial Subaccount pursuant to clause (X) of the final sentence of the preceding clause (f).

(h) In the event that a reserve fund credit instrument shall be deposited into any sub-subaccount in the Initial Subaccount as aforesaid, any amounts owed by MEAG Power to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the CC Bond Resolution for purposes of the covenant described under the caption “Rate Covenant” below.

(i) The Trustee shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide notice to the issuer of the reserve fund credit instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the reserve fund credit instrument) prior to each interest payment date for the Initial Subaccount Additionally Secured CC Bonds.

(j) Cash on deposit in any sub-subaccount in the Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in any sub-subaccount in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a *pro rata* basis, calculated by reference to the maximum amounts available thereunder.

Construction Fund

The CC Bond Resolution establishes a Construction Fund, held by the Trustee, into which are paid (a) amounts required by the provisions of the CC Bond Resolution and any Supplemental Resolution and (b) all revenues, income, rents and receipts derived by MEAG Power from or attributable to the sale of any Pre-Commercial Generation, and at the option of MEAG Power, any monies received for or in connection with the CC Project by MEAG Power, unless required to be otherwise applied as provided in the CC Bond Resolution. Amounts in the Construction Fund will be applied to (a) the Cost of Acquisition and Construction of the CC Project and the Embedded Simple Cycle Costs and (b) to the payment of the costs of the production of Pre-Commercial Generation, in each such case, in the manner provided in the CC Bond Resolution. In addition, proceeds of insurance for physical loss or damage to the CC Project, or of

contractors' performance bonds pertaining to the period of construction will be paid into the Construction Fund.

The Trustee will pay to MEAG Power, upon its requisitions therefor, from the Construction Fund amounts in payment of the Cost of Acquisition and Construction of the CC Project, the Embedded Simple Cycle Costs and the costs of the production of Pre-Commercial Generation. Amounts credited to the Construction Fund in excess of the amounts required for purposes thereof will be transferred to the appropriate subaccount(s) in the Bond Retirement Account in the Debt Service Fund (as MEAG Power may determine) or to the extent requested by MEAG Power deposited in the Revenue and Operating Fund. To the extent that other monies are not available therefor, amounts in the Construction Fund will be applied to the payment of principal of and interest on the CC Bonds and Parity Obligations when due.

Debt Service Fund – Bond Retirement Account

Pursuant to the CC Bond Resolution, there is established within the Bond Retirement Account in the Debt Service Fund a separate sub-subaccount with respect to each CC Participant other than a Prepaid CC Participant.

Amounts accumulated in each subaccount in the Bond Retirement Account shall be applied by the Trustee to the redemption, at the applicable redemption price, of such CC Bonds as are specified by an authorized officer of MEAG Power or to the purchase in the open market of such CC Bonds as shall be specified by an authorized officer of MEAG Power.

Segregated Funds

Each CC Participant has the right under its CC Contract to prepay all or any portion of the amounts owed by it in respect of its interest in the output of the CC Project and its share of the Embedded Simple Cycle Costs by either (a) prior to the issuance of a particular Series of CC Bonds to finance the Cost of Acquisition and Construction and/or the Embedded Simple Cycle Costs, paying to MEAG Power an amount (referred to as such CC Participant's "Capital Contribution") equal to all or any portion of the Non-Financing Portion of the Cost of Acquisition and Construction and Embedded Simple Cycle Costs otherwise to be financed that is allocable to it for this purpose in accordance with its CC Contract, thereby reducing the principal amount of CC Bonds that MEAG Power is required to issue, or (b) from time to time while CC Bonds are Outstanding, paying to MEAG Power an amount, which may be in the form of moneys or Defeasance Securities that comply with the provisions of the CC Bond Resolution, or both (a "Defeasance Payment"), sufficient to provide for the defeasance of CC Bonds.

So long as no CC Participant makes a Capital Contribution or Defeasance Payment as described in the immediately preceding paragraph with respect to any Series of CC Bonds, all amounts paid by each CC Participant pursuant to its CC Contract shall be deposited in the Revenue and Operating Fund and applied as described under "Application of Revenues" above. In the event any CC Participant makes a Capital Contribution or Defeasance Payment as described in the immediately preceding paragraph, however, thereafter MEAG Power shall divide each payment by such CC Participant under its CC Contract in respect of Combined Cycle Project Annual Costs and/or Embedded Simple Cycle Debt Related Costs into two portions, with one portion (the "Non-Pledged Portion") to be deposited in the Segregated Revenue and Operating Fund referred to below and the balance to be deposited in the Revenue and Operating Fund. MEAG Power shall determine the Non-Pledged Portion as follows:

- (1) MEAG Power shall first subtract from each such payment the sum of (a) the amount, if any, billed by MEAG Power to the CC Participant for the month to which such payment relates in respect of the CC Participant's Combined Cycle Obligation Share of Debt Related Costs (as such terms are defined in the CC Contracts) and (b) the amount, if any, billed by MEAG Power to the CC Participant for such month in respect of the CC Participant's Embedded Simple Cycle

Obligation Share (as such term is defined in the CC Contracts) of Embedded Simple Cycle Debt Related Costs;

(2) the balance of such payment remaining after such subtraction shall be multiplied by the fraction set forth in the definition of “Non-Pledged Portion” contained in the CC Contracts (*i.e.*, a fraction (i) the numerator of which is the sum of all Capital Contributions made by the CC Participant plus the principal amount of all CC Bonds defeased with prepayments made by the CC Participant pursuant to each Attachment A to its CC Contract and (ii) the denominator of which is the sum of all Capital Contributions made by the CC Participant plus the principal amount of CC Bonds issued to finance Costs of Acquisition and Construction or the Embedded Simple Cycle Costs allocable to the CC Participant as set forth on each Attachment A to its CC Contract); and

(3) the amount determined pursuant to the foregoing clause (2) shall constitute the Non-Pledged Portion of such payment.

MEAG Power shall hold and establish (i) a Segregated Construction Fund, (ii) a Segregated Revenue and Operating Fund and (iii) a Segregated Reserve and Contingency Fund to account for Capital Contributions and the Non-Pledged Portion of payments by CC Participants.

Capital Contributions by CC Participants shall be deposited in the Segregated Construction Fund and shall be applied by MEAG Power, on a *pro rata* basis (in proportion to the amounts on deposit in the Construction Fund and the Segregated Construction Fund) with amounts in the Construction Fund, to pay the Non-Financing Portion of the Cost of Acquisition and Construction of the CC Project and Embedded Simple Cycle Costs in accordance with the requisition procedures set forth in the CC Bond Resolution applicable to payments from the Construction Fund.

The Non-Pledged Portion of each payment made by a CC Participant that has made a Capital Contribution or a Defeasance Payment shall be deposited in a subaccount established for such CC Participant in the Segregated Revenue and Operating Fund and the balance of such payment made by such CC Participant, if any, shall be deposited in the Revenue and Operating Fund. The amounts deposited in the Segregated Revenue and Operating Fund shall not be applied to the payment of any amounts included in the Combined Cycle Debt Service Component of Combined Cycle Project Annual Costs or the Embedded Simple Cycle Debt Service Component of Embedded Simple Cycle Debt Related Costs but, on a *pro rata* basis (in proportion to the amounts on deposit in the Revenue and Operating Fund and the Segregated Revenue and Operating Fund), shall be applied to the payment of other amounts payable from the Revenue and Operating Fund which are not included in the Combined Cycle Debt Service Component of Combined Cycle Project Annual Costs or the Embedded Simple Cycle Debt Service Component of Embedded Simple Cycle Debt Related Costs. From the amounts deposited in the Segregated Revenue and Operating Fund there shall be deposited in the Segregated Reserve and Contingency Fund amounts that correspond to required deposits in the Reserve and Contingency Fund for application, on a *pro rata* basis (in proportion to the amounts on deposit in the Reserve and Contingency Fund and the Segregated Reserve and Contingency Fund) with amounts in the Reserve and Contingency Fund, to the cost items to be paid with amounts in the Reserve and Contingency Fund which are not included in the Combined Cycle Debt Service Component of Combined Cycle Project Annual Costs or the Embedded Simple Cycle Debt Service Component of Embedded Simple Cycle Debt Related Costs, and the amounts so deposited to the Segregated Reserve and Contingency Fund shall be credited to subaccounts established therein for each such CC Participant. Any balance of moneys and securities in a CC Participant’s subaccount in the Segregated Reserve and Contingency Fund which is in excess of such CC Participant’s allocable portion of the Segregated Reserve and Contingency Requirement, shall, at the end of each calendar year, be transferred to the subaccount established for such CC Participant in the Segregated Revenue and Operating Fund and applied as a credit against amounts that would otherwise be payable by such CC Participant pursuant to its CC Contract over the balance of the next succeeding calendar year.

The CC Bond Resolution provides that the amounts in the Segregated Revenue and Operating Fund and the Segregated Reserve and Contingency Fund are essential for the funding of the applicable capital and operating costs of the CC Project and accordingly are to be deposited in the Segregated Funds and applied as described herein; *provided, however*, that neither such Funds nor the moneys or Investment Securities therein are available to make payments on the CC Bonds or included in the Trust Estate or otherwise pledged to secure the CC Bonds.

Issuance of CC Bonds

General

MEAG Power may issue CC Bonds of each Series under the CC Bond Resolution provided that it satisfies the following conditions, among others:

(a) MEAG Power provides to the Trustee the amount, if any, specified in the Supplemental Resolution authorizing the additional CC Bonds of such Series for deposit in the Debt Service Account in the Debt Service Fund for the payment of interest on CC Bonds and the amounts, if any, specified in such Supplemental Resolution for deposit in each sub-subaccount in the separate subaccount in the Debt Service Reserve Account in the Debt Service Fund designated therefor so that the amount on deposit in each such sub-subaccount shall equal the Debt Service Reserve Requirement designated therefor calculated immediately after the authentication and delivery of such Series of CC Bonds; *provided, however*, that a Supplemental Resolution establishing a separate subaccount in the Debt Service Reserve Account in the Debt Service Fund may provide that, in lieu of the deposit of all or a part of such amounts to each sub-subaccount in such separate subaccount in the Debt Service Reserve Account in the Debt Service Fund, there may be credited to each said sub-subaccount an irrevocable surety bond, an insurance policy, a letter of credit or any other similar obligation, or any combination thereof, of the type specified therein, or such amount may be deposited thereafter from Revenues or otherwise, in such manner as may be specified therein;

(b) Except in the case of Refunding CC Bonds, MEAG Power must certify that either (i) no Event of Default has occurred and is continuing under the CC Bond Resolution or (ii) the application of the proceeds of the sale of such Series of CC Bonds as required by the Supplemental Resolution authorizing such Series of CC Bonds will cure any such Event of Default; and

(c) In the case of each Series of CC Bonds any portion of the proceeds of which is to be deposited in the Debt Service Account in the Debt Service Fund (other than any accrued interest that is to be applied to the payment of interest on CC Bonds on the interest payment date next following the date of issuance of such CC Bonds), MEAG Power must provide a certification setting forth the then estimated application of such proceeds so deposited for the payment of interest on any particular Series of CC Bonds, whether or not such Series of CC Bonds is then Outstanding, or then being issued, or to be issued thereafter.

CC Bonds Other than Refunding CC Bonds

One or more Series of CC Bonds may be issued at any time for the purpose of paying all or a portion of the Cost of Acquisition and Construction of the CC Project and/or the Embedded Simple Cycle Costs.

Refunding CC Bonds

Refunding CC Bonds may be authenticated and delivered upon original issuance to refund all or any portion of any Outstanding CC Bonds. Refunding CC Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the

deposits in the Funds and Accounts under the CC Bond Resolution required by the provisions of the Supplemental Resolution authorizing such Refunding CC Bonds.

Refunding CC Bonds of each Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee, in addition to the documents required by CC Bond Resolution, of:

(a) Instructions to the Trustee, satisfactory to it, to give due notice of redemption of any of the refunded CC Bonds (or portions thereof) to be redeemed on a redemption date or dates specified in such instructions;

(b) If the CC Bonds (or portions thereof) to be refunded do not mature and are not by their terms subject to redemption within the next succeeding 60 days, instructions to the Trustee, satisfactory to it, to give the notice provided for in the CC Bond Resolution to the Holders of the CC Bonds (or portions thereof) being refunded; and

(c) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the CC Bonds (or portions thereof) to be redeemed and at the principal amount of the CC Bonds (or portions thereof) not to be redeemed, together with accrued interest on such CC Bonds (or portions thereof) to the redemption date or maturity date, as applicable, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the CC Bonds (or portions thereof) to be refunded, or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of the CC Bond Resolution, which Defeasance Securities and moneys shall be held in trust and used only as provided in the CC Bond Resolution.

The proceeds, including accrued interest, of the Refunding CC Bonds of each Series shall be applied simultaneously with the delivery of such CC Bonds for the purposes of making deposits in such Funds and Accounts under the CC Bond Resolution as shall be provided by the Supplemental Resolution authorizing such Series of Refunding CC Bonds and shall be applied to the refunding purposes thereof in the manner provided in said Supplemental Resolution.

Credit Facilities, Liquidity Facilities and Qualified Hedging Contracts

Subject to the terms of the CC Bond Resolution, MEAG Power may include such provisions in a Supplemental Resolution authorizing the issuance of a Series of CC Bonds secured by a Credit Facility or supported by a Liquidity Facility as MEAG Power deems appropriate, and no such provisions shall be deemed to constitute an amendment to the CC Bond Resolution requiring consent of the Trustee or any Bondholders.

The provisions of such Supplemental Resolution may provide (i) that so long as a Credit Facility is in full force and effect, and payment on the Credit Facility is not in default, then, in all such events, the issuer of the Credit Facility shall be deemed to be the sole Holder of the Outstanding CC Bonds the payment of which such Credit Facility secures when the approval, consent or action of the Holders of such CC Bonds is required or may be exercised under the CC Bond Resolution, or, in the alternative, that the approval, consent or action of the issuer of the Credit Facility shall be required in addition to the approval, consent or action of the applicable percentage of the Holders of the Outstanding CC Bonds under the CC Bond Resolution, and following the occurrence of an Event of Default; and (ii) that in the event that the principal or Redemption Price, if applicable, and interest due on any Outstanding CC Bonds shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of MEAG Power to the Holders of such CC Bonds shall continue to exist and such issuer of the Credit Facility shall be subrogated to the rights of such Holders in accordance with the terms of such Credit Facility.

MEAG Power may secure such Credit Facility or such Liquidity Facility by an agreement providing for the purchase of the CC Bonds supported thereby with such adjustments to the rate of interest, method of determining interest, maturity or redemption provisions as specified by MEAG Power in the applicable Supplemental Resolution. MEAG Power may also agree to reimburse directly such issuer for amounts paid under the terms of such Credit Facility or Liquidity Facility (together with interest thereon, the “Reimbursement Obligation”); *provided, however*, that no Reimbursement Obligation shall be created, for purposes of the CC Bond Resolution, until amounts are paid under such Credit Facility or Liquidity Facility. Any such Reimbursement Obligation, which may include interest calculated at a rate higher than the interest rate on the related CC Bond, shall 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.

Except as otherwise provided in a Supplemental Resolution authorizing Reimbursement Obligations, for the purposes of (i) receiving payment of a Reimbursement Obligation, whether at maturity, upon redemption or if the principal of all CC Bonds is declared immediately due and payable following the occurrence of an Event of Default, or (ii) computing the principal amount of CC Bonds held by the Holder of a Reimbursement Obligation in giving to MEAG Power or the Trustee any notice, consent, request or demand pursuant to the CC Bond Resolution for any purpose whatsoever, the principal amount of a Reimbursement Obligation shall be deemed to be the actual principal amount that MEAG Power shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, MEAG Power in connection with the CC Bonds to which such Reimbursement Obligation relates, less any prior repayments thereof.

MEAG Power may enter into Qualified Hedging Contracts and any obligation to pay any amount thereunder shall be payable from and may be secured by a pledge of, and a lien on, such amounts accumulated in the Debt Service Account in the Debt Service Fund with respect thereto.

Commercial Paper Notes

Commercial Paper Notes may be issued from time to time 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. The Trustee shall authenticate and deliver Commercial Paper Notes to MEAG Power or upon its order, but only upon satisfaction of the following conditions, in addition to the conditions specified in the CC Bond Resolution with respect to the issuance of additional CC Bonds:

(a) If so required by the Supplemental Resolution the Trustee shall have received a Credit Facility with respect to such Commercial Paper Notes or a Liquidity Facility with respect to such Commercial Paper Notes containing such terms and conditions, including with respect to reimbursement, as shall be approved by the MEAG Power Board; and

(b) The Trustee shall have received a certificate of an authorized officer of MEAG Power setting forth the Commercial Paper Payment Plan with respect to such Commercial Paper Notes. Such certificate shall be amended from time to time by a new certificate of an authorized officer of MEAG Power to reflect changes, if any, in the expectations of MEAG Power with respect to the sources of funds to be utilized to pay principal of and interest on such Commercial Paper Notes.

Special Provisions Relating to Capital Appreciation CC Bonds

The principal and interest portions of the Accreted Value of Capital Appreciation CC Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Debt Service, Accrued Aggregate Debt Service and Aggregate Debt Service only from and after the date (the “Calculation Date”) which is one year prior to the date on which such Accreted Value becomes due, and

the principal and interest portions of such Accreted Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date (calculated, unless otherwise specified in the Supplemental Resolution authorizing such Capital Appreciation CC Bonds, on the basis of a 360-day year consisting of twelve 30-day months).

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation CC Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation CC Bond if the principal of all Bonds is declared immediately due and payable following the occurrence of an Event of Default, as provided in the CC Bond Resolution or (iii) computing the principal amount of Bonds held by the Holder of Capital Appreciation CC Bond in giving to MEAG Power or the Trustee any notice, consent, request or demand pursuant to the CC Bond Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation CC Bond shall be deemed to be its then current Accreted Value.

Certain Provisions Relating to the CC Participants

In the event that MEAG Power shall issue any Series of CC Bonds and either (a) the Bonds of such Series are not rated in one of the top three Rating Categories by a Rating Agency or (b) the Bonds of such Series are not supported in whole by a Credit Facility, at or prior to the date of issuance of the CC Bonds of such Series, MEAG Power shall provide to the Trustee evidence acceptable to it that each CC Participant meets the Minimum CC Participant Credit Requirement. The term "Minimum CC Participant Credit Requirement" means that one of the following is true: (a) such CC Participant has an outstanding uninsured and unguaranteed general obligation or revenue bond issue payable from the revenues of its electric distribution system that is rated in one of the top three Rating Categories by a Rating Agency, (b) such CC Participant's unenhanced obligations under its CC Contract have been rated by a Rating Agency in one of the top three Rating Categories by a Rating Agency or (c) such CC Participant's obligations under its CC Contract have been guaranteed, insured or otherwise supported by a CC Participant Credit Enhancement in favor of MEAG Power issued by a Bank, insurance company or other financial institution that has outstanding an unsecured, uninsured and unguaranteed debt issue rated in one of the top three Rating Categories by a Rating Agency.

From and after the date, if any, on which each CC Participant (other than any Prepaid CC Participant) is required to meet the Minimum CC Participant Credit Requirement, as described above, MEAG Power shall promptly advise the Trustee and each provider of a Credit Facility at any time when it has actual knowledge that a CC Participant is not in compliance with the Minimum CC Participant Credit Requirement and, to the extent it is reasonably able to do so, shall cause such CC Participant to take such steps as are necessary to bring about compliance.

Investment of Certain Funds and Accounts

Moneys held in the Funds and Accounts established pursuant to the CC Bond Resolution shall be invested and reinvested to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds and Accounts. The Trustee shall make all such investments of moneys held by it in accordance with instructions received from any authorized officer of MEAG Power.

Interest earned on any moneys or investments in any Fund or Account (net of (a) that which represents a return of accrued interest paid in connection with the purchase of any investment and (b) profit or loss realized from the liquidation of any investment) shall be paid into the Revenue and Operating Fund except that such net interest earned on any moneys or investments in (a) the Construction Fund shall be held in such Fund for the purposes thereof; (b) a separate subaccount in the Bond Retirement Account in the Debt Service Fund shall be held in such subaccount for the purposes thereof; (c) any sub-subaccount in any subaccount of the Debt Service Reserve Account in the Debt Service Fund shall be held in such sub-subaccount until the end of each calendar year at which time such net interest shall be retained therein

to the extent necessary to satisfy the applicable Debt Service Reserve Requirement and the balance shall be applied in the same manner as other excess moneys in the Debt Service Reserve Account; (d) the Reserve and Contingency Fund shall be held in such Fund until the end of each calendar year at which time such net interest shall be retained therein to the extent necessary to satisfy the Reserve and Contingency Fund Requirement and the balance shall be applied in the same manner as other excess moneys in the Reserve and Contingency Fund; (e) each subaccount in the Segregated Revenue and Operating Fund shall be held in such subaccount for the purposes thereof; (f) the Segregated Construction Fund shall be held in such Fund for the purposes thereof; and (g) each subaccount in the Segregated Reserve and Contingency Fund shall be held in such subaccount until the end of each calendar year at which time such net interest shall be retained therein to the extent necessary to satisfy the portion of the Segregated Reserve and Contingency Fund Requirement allocable to the CC Participant for whom such subaccount was established and the balance shall be transferred to the subaccount established for such CC Participant in the Revenue and Operating Fund and applied as set forth in the CC Resolution.

Encumbrances; Disposition of Properties

MEAG Power covenants in the CC Bond Resolution that it will not issue bonds or other evidences of indebtedness of similar nature, other than the CC Bonds, payable out of or secured by a pledge of the Trust Estate or any subaccount in the Debt Service Reserve Account in the Debt Service Fund and will not create any lien or charge thereon; *provided, however*, that nothing contained in the CC Bond Resolution shall prevent MEAG Power from issuing, if and to the extent permitted by the Act, (1) bond anticipation notes, (2) evidences of indebtedness (a) payable out of monies in the Construction Fund as part of the Cost of Acquisition and Construction of the CC Project and/or the Embedded Simple Cycle Costs or (b) payable out of, or secured by a pledge of, Revenues to be received after the discharge of the pledge of Revenues provided in the CC Bond Resolution shall be discharged and satisfied or (3) Parity Obligations.

MEAG Power has covenanted that no part of the CC Project shall be sold, leased, mortgaged or otherwise disposed of, except as follows:

(A) MEAG Power may sell or exchange at any time and from time to time any property or facilities constituting part of the CC Project if it shall determine that such sale or exchange of such property or facilities (i) will not impair the ability of MEAG Power to comply during the current or any future year with the rate covenant described under "Rate Covenant" below and (b) is in the best interests of MEAG Power and the CC Participants; and

(B) MEAG Power may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the CC Project; *provided, however*, that any such lease, contract, license, arrangement, easement or right (a) does not impede the operation by MEAG Power or its agent of the CC Project and (b) does not in any manner impair or adversely affect the rights or security of the Bondholders under the CC Bond Resolution.

Any payments received by MEAG Power under or in connection with any such sale, exchange, lease, contract, license, arrangement, easement or right in respect of the CC Project or any part thereof may be applied for any lawful purpose of MEAG Power relating to the CC Project including, but not limited to, the acquisition or construction of other property necessary or desirable for the operation of the CC Project or the retirement of CC Bonds.

Rate Covenant

MEAG Power covenants 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 so that Revenues, together with other available funds, are at least sufficient to provide funds in each calendar year for the

payment of the sum of (1) Operating Expenses during such calendar year, (2) Aggregate Debt Service for such calendar year, (3) any amount to be paid into the Debt Service Reserve Account for such calendar year, (4) the amount to be paid into the Reserve and Contingency Fund for such calendar year, and (5) all other charges or liens payable out of Revenues during such calendar year.

Covenants with Respect to CC Contracts

MEAG Power covenants in the CC Bond Resolution, subject to the provisions in the CC Bond Resolution relating to Segregated Funds, that it will collect and deposit in the Revenue and Operating Fund amounts received under the CC Contracts and attributable to the Combined Cycle Project, to Combined Cycle Project Annual Costs (as defined in the CC Contracts) or to Embedded Simple Cycle Costs or payable to it pursuant to any other contract for the sale of power, energy, or other services from any part of the CC Project. In addition, MEAG Power will enforce the CC Contracts, will duly perform its covenants and agreements thereunder, and will not consent to any amendment to or otherwise take any action in connection with any CC Contract which would impair or adversely affect the rights of MEAG Power thereunder or the rights or security of Bondholders (determined without regard to any Credit Facility provided with respect to any CC Bonds) or would reduce payments required thereunder.

Combined Cycle Project Annual Budget

MEAG Power covenants in the CC Bond Resolution that it will file with the Trustee a Combined Cycle Project Annual Budget for the Combined Cycle Project each calendar year. The Combined Cycle Project Annual Budget includes estimated Revenues and Operating Expenses and appropriations for the estimated Operating Expenses for such year and the estimated amount to be deposited during such year in the Reserve and Contingency Fund. MEAG Power may at any time adopt an amended Annual Budget for the remainder of the then current calendar year which will be filed promptly with the Trustee. In the event that Segregated Funds have been established, the Combined Cycle Project Budget shall set forth information for such Funds similar to that described in this paragraph.

Insurance

MEAG Power covenants in the CC Bond Resolution that it will keep the properties of the CC Project which are of an insurable nature and of the character usually insured by those operating properties similar to the CC Project insured against loss or damage by fire and from other causes customarily insured against and in such amounts as are usually obtained. MEAG Power also covenants in the CC Bond Resolution that it will maintain adequate insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the CC Project. Insurance against business interruption loss is maintained whenever, in the judgment of MEAG Power, such insurance is obtainable at commercially reasonable rates.

Accounts and Reports

MEAG Power covenants in the CC Bond Resolution that it will keep proper and separate books of record and account relating to the CC Project and the funds and accounts established by the CC Bond Resolution and relating to costs and charges under the CC Contracts. Such books, together with all other books and papers of MEAG Power relating to the CC Project, are at all times subject to the inspection of the Trustee and the Holders of not less than five percent in principal amount of CC Bonds then outstanding.

MEAG Power covenants in the CC Bond Resolution that it will file annually with the Trustee an annual report, accompanied by an accountant's certificate (Report of Independent Auditors), of the financial position of the CC Project at the end of the year, statements of Revenues and Operating Expenses, a statement of receipts and disbursements with respect to funds and accounts established by the CC Bond

Resolution, and a statement as to the existence of any default under the provisions of the CC Bond Resolution.

The reports, statements and other documents required to be furnished to the Trustee pursuant to provisions of the CC Bond Resolution are available for inspection of Bondholders at the office of the Trustee and will be mailed to each Bondholder who files a written request therefor with MEAG Power.

Amendments and Supplemental Resolutions

Any of the provisions of the CC Bond Resolution may be amended or modified by MEAG Power by a Supplemental Resolution, upon the consent of the holders of at least a majority in principal amount in each case of (1) all CC Bonds then outstanding that are affected by such modification or amendment, and (2) if the amendment changes the terms of any Sinking Fund Installment, the CC Bonds of the Series and maturity for which such Sinking Fund Installment was established; excluding, in each case, from such consent, and from the outstanding CC Bonds, the CC Bonds of any specified Series and maturity if such amendment by its terms will not take effect so long as any such CC Bonds remain outstanding. Any such amendment may not permit a change in the terms of redemption or maturity or any installment of interest or make any reduction in principal, redemption price or interest without the consent of each affected holder, or reduce the percentages of consents required for a further amendment.

MEAG Power may adopt (without the consent of any holders of the CC Bonds) Supplemental Resolutions to cure any ambiguity or to correct any defect in the CC Bond Resolution; to close the CC Bond Resolution against, or impose limitations upon, issuance of CC Bonds or other evidences of indebtedness; to authorize Bonds; to authorize Subordinated CC Bonds, Parity Obligations or Subordinated Obligations; to add to the restrictions contained in the CC Bond Resolution; to add to the covenants of MEAG Power contained in the CC Bond Resolution; or to confirm any pledge under the CC Bond Resolution of Revenues or other monies.

In addition, the CC Bond Resolution provides that, upon the consent of the Trustee, the CC Bond Resolution may be amended (i) to insert such provisions clarifying matters or questions arising under the CC Bond Resolution as are necessary or desirable and will not have a material adverse effect on the interests of the Bondholders; or (ii) to make any other modification or amendment of the CC Bond Resolution which the Trustee shall in its sole discretion determine will not have a material adverse effect on the interests of the Bondholders. The Supplemental CC Bond Resolution No. 2 provides that no such amendment will become effective unless the Bond Insurer also consents thereto.

Trustee and Paying Agents

The CC Bond Resolution requires the appointment by MEAG Power of one or more Paying Agents (who may be the Trustee) for the CC Bonds of each Series. The Trustee may at any time resign on 60 days' notice and may at any time be removed by the holders of a majority in principal amount of the CC Bonds then Outstanding. A successor Trustee may be appointed by the holders of a majority in principal amount of CC Bonds then outstanding, and failing such an appointment MEAG Power may appoint a successor to hold office until the Bondholders act. Any successor Trustee must be a Bank with its principal office in New York or Georgia having capital stock and surplus aggregating at least \$100,000,000 if there be such an entity willing to accept appointment.

Defeasance

The pledge of any Revenues and other monies and securities under the CC Bond Resolution and all covenants and other obligations of MEAG Power under the CC Bond Resolution will cease, terminate and be discharged and satisfied whenever all CC Bonds and coupons have been paid in full.

Bonds (or portions thereof) are deemed to have been paid and are not entitled to the lien, benefit or security of the CC Bond Resolution whenever the following conditions are met: (1) there have been deposited with the Trustee in trust either monies in an amount which will be sufficient, or Defeasance Securities, the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, also deposited, will be sufficient to pay when due the principal or redemption prices, if applicable, and interest due or to become due on such CC Bonds, (2) in the case of any CC Bonds to be redeemed prior to maturity, MEAG Power has given to the Trustee instructions to give the notice of redemption therefor, and (3) in the event such CC Bonds are not to be redeemed or paid at maturity within the next succeeding 60 days, MEAG Power has given the Trustee instructions to give as soon as practicable, a notice to the holders of such CC Bonds that the above deposit has been made with the Trustee and that such CC Bonds are deemed to be paid and stating the maturity or redemption date upon which monies are to be available to pay the principal or redemption price, if applicable, of such CC Bonds.

Events of Default and Remedies

Events of Default specified in the CC Bond Resolution include failure to pay principal or redemption price of any CC Bond when due; failure to pay any interest installment on any CC Bond or the unsatisfied balance of any Sinking Fund Installment thereon when due; failure to remedy a default for 60 days after written notice of a default in the observance or performance of any other covenants, agreements or conditions; and certain events of bankruptcy or insolvency. Upon the happening of any such Event of Default the Trustee or the holders of not less than 25 percent in principal amount of the CC Bonds then Outstanding may declare the principal of and accrued interest on such CC Bonds due and payable (subject to a rescission of such declaration upon the curing of such default before the CC Bonds have matured).

Upon the occurrence of any Event of Default which has not been remedied, MEAG Power will, if demanded by the Trustee, (1) account as a trustee of an express trust for all Revenues, monies, securities and funds pledged under the CC Bond Resolution and (2) pay over or cause to be paid over to the Trustee all assets held by MEAG Power in any fund or account under the CC Bond Resolution and, as received, all Revenues. The Trustee will apply all monies, securities, funds and Revenues received during the continuance of an Event of Default in the following order: (1) to payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries, (2) to the payment of Operating Expenses, and (3) to the payment of interest and principal or the redemption price of CC Bonds without preference or priority of interest over principal or principal over interest, unless the principal of all CC Bonds has not been declared due and payable, in which case first to the payment of interest and second to the payment of principal on those CC Bonds which have become due and payable in order of their due dates. In addition, any holders of CC Bonds or the Trustee will have the right as provided in the Act to apply in an appropriate proceeding for appointment of a receiver of the CC Project.

If an Event of Default has occurred and has not been remedied the Trustee may, or on request of the holders of not less than 25 percent in principal amount of CC Bonds outstanding must, take such steps by a suit or suits in equity or at law, whether for the specific performance of any covenant in the CC Bond Resolution or in aid of the execution of any power granted in the CC Bond Resolution, or for an accounting against MEAG Power, or in the enforcement of any other legal or equitable right, as the Trustee deems most effectual to enforce any of its rights or to perform any of its duties under the CC Bond Resolution. The Trustee may, and upon the request of the holders of a majority in principal amount of the CC Bonds then outstanding and upon being furnished with reasonable security and indemnity must, institute and prosecute proper actions to prevent any impairment of the security under the CC Bond Resolution or to preserve or protect the interests of the Trustee and of the Bondholders.

No Bondholder has any right to institute any suit, action or proceeding for the enforcement of any provision of the CC Bond Resolution or the execution of any trust under the CC Bond Resolution or for any remedy under the CC Bond Resolution, unless (1) such Bondholder previously has given the Trustee written notice of the Event of Default, (2) the holders of at least 25 percent in principal amount of the CC

Bonds then outstanding have filed a written request with the Trustee and have afforded the Trustee a reasonable opportunity to exercise its powers or institute such suit, action or proceeding, (3) there have been offered to the Trustee adequate security and indemnity against its costs, expenses and liability to be incurred and (4) the Trustee has refused to comply with such request within 60 days. There is nothing contained in the CC Bond Resolution or in the CC Bonds which affects or impairs MEAG Power's obligation to pay the CC Bonds and the interest thereon when due, or the right of any Bondholder to enforce such payment.

The holders of not less than a majority in principal amount of CC Bonds then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred upon the Trustee (subject to the Trustee's right to decline to follow such direction upon advice of counsel as to the unlawfulness thereof or upon its good faith determination that such action would involve the Trustee in personal liability or would be unjustly prejudicial to Bondholders not parties to such direction).

Definitions

Accreted Value shall mean, as of any date of computation with respect to any Capital Appreciation CC Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the supplemental resolution authorizing such Capital Appreciation CC Bond on which interest on such Bond is to be compounded (hereinafter, a Periodic Compounding Date) next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation CC Bonds set forth in the supplemental resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the supplemental resolution authorizing such Capital Appreciation CC Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Accrued Aggregate Debt Service means, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series of CC Bonds and all Parity Reimbursement Obligations, calculating the accrued Debt Service with respect to each Series and each Parity Reimbursement Obligation at an amount equal to the sum of (i) interest on the CC Bonds of such Series or such Parity Reimbursement Obligation accrued and unpaid and to accrue to the end of the then current calendar month and (ii) Principal Installments of the CC Bonds of such Series or such Parity Reimbursement Obligation due and unpaid and that portion of the Principal Installment thereof next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month.

Aggregate Debt Service for any period shall mean, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all series of Bonds and all Parity Obligations.

Capital Appreciation CC Bonds shall mean any CC Bonds issued under the CC Resolution as to which interest is (i) compounded periodically on dates that are specified in the supplemental resolution authorizing such Capital Appreciation CC Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the CC Resolution or the supplemental resolution authorizing such Capital Appreciation CC Bonds.

CC Participant Credit Enhancement shall mean, with respect to any CC Participant, any letter of credit, financial guaranty, surety bond, insurance policy or similar instrument delivered to MEAG Power by such Participant pursuant to the CC Bond Resolution in support of such CC Participant's payment obligations under its CC Contract.

Combined Cycle Debt Service Component shall mean that portion of Combined Cycle Project Annual Costs (as defined in the CC Contracts) consisting of amounts required to be paid into any Fund established under the CC Bond Resolution for the purpose of providing funds for the payment of CC Bonds or Parity Obligations.

Commercial Paper Note shall mean any note that has a maturity date not more than 270 days after the date of issuance thereof and that is issued by MEAG Power pursuant to a Supplemental Resolution that designates such note as a Commercial Paper Note.

Commercial Paper Payment Plan shall mean, with respect to any Commercial Paper Notes issued under a Supplemental Resolution and as of any time, the then current Commercial Paper Payment Plan for such notes contained in a certificate of an authorized officer of MEAG Power setting forth the sources of funds expected to be utilized by MEAG Power to pay the principal of and interest on such Commercial Paper Notes.

Credit Facility shall mean, with respect to any CC Bonds, any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a Credit Provider pursuant to which such Credit Provider becomes unconditionally obligated to pay when due, to the extent not paid by MEAG Power or otherwise, the principal of and interest on such CC Bonds.

Credit Provider shall mean any Bank, insurance company or other institution that has issued or provided a Credit Facility.

Debt Service means for any period, as of any date of calculation, the sum of (i) with respect to the CC Bonds of any Series, an amount equal to the sum of (a) interest accruing during such period on CC Bonds of such Series, except to the extent that such interest is to be paid from deposits in the Debt Service Account in the Debt Service Fund made from proceeds of CC Bonds or other evidences of indebtedness of MEAG Power (including amounts transferred thereto from the Construction Fund) and (b) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, if (x) there shall be no such preceding Principal Installment due date or (y) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then from a date one year preceding the due date of such Principal Installment or from the date of issuance of the CC Bonds of such Series, whichever date is later), (ii) with respect to each Reimbursement Obligation, an amount equal to the sum of (a) interest accruing during such period on such Reimbursement Obligation and (b) that portion of each Principal Installment for such Reimbursement Obligation which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Reimbursement Obligation (or, if (x) there shall be no such preceding Principal Installment due date or (y) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then from a date one year preceding the due date of such Principal Installment or from the date of incurrence of such Reimbursement Obligation, whichever date is later) and (iii) with respect to each Parity Obligation (other than any Reimbursement Obligation), an amount equal to the sum of all amounts owed thereunder by MEAG Power during such period.

Debt Service Reserve Requirement shall mean, with respect to the sub-subaccount established for each CC Participant, other than a Prepaid CC Participant, in the separate subaccount, if any, established for a Series of CC Bonds in the Debt Service Reserve Account in the Debt Service Fund, the amount specified

in the Supplemental Resolution establishing such sub-subaccount as being required to be maintained on deposit therein.

Defeasance Security shall mean:

(a) any bond or other obligation which as to principal and interest constitutes a direct obligation of, or is unconditionally guaranteed by, the United States of America,

(b) any obligation of any state or political subdivision of a state or of any agency or instrumentality of any state or political subdivision (a "Municipal Bond") which Municipal Bond is fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the holder of the Municipal Bond, and which Municipal Bond is rated in the highest Rating Category by at least two Rating Agencies, *provided, however*, that such Municipal Bond shall have been the subject of a report of a nationally recognized independent certified accountant or other nationally recognized verification agent verifying that the moneys and obligations so segregated are sufficient to pay the principal of and premium, if any, and interest on the Municipal Bond,

(c) any certificate of deposit, whether negotiable or nonnegotiable, fully secured as to principal and interest by bonds or other obligations of the character described in (a) above,

(d) any certificate that evidences ownership of the right to payments of principal and/or interest on obligations described in either of clause (a) or (b) above of this definition, *provided, however*, that such obligations shall be held in trust by a Bank authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000 and

(e) any other security designated in a Supplemental Resolution as a Defeasance Security for purposes of defeasing the CC Bonds authorized by such Supplemental Resolution.

Embedded Simple Cycle Costs shall have the meaning assigned to such term in the CC Contracts.

Embedded Simple Cycle Debt Service Component shall mean that portion of Embedded Simple Cycle Debt Related Costs (as defined in the CC Contracts) consisting of amounts required to be paid into any Fund established under the CC Bond Resolution for the purpose of providing funds for the payment of CC Bonds or Parity Obligations.

Hedging Contract Obligation shall mean MEAG Power's obligation to pay any amount under any Qualified Hedging Contract that may be secured by a pledge of, and a lien on, amounts accumulated in the Debt Service Account in the Debt Service Fund with respect thereto.

Investment Securities shall mean and include any securities, obligations or investments that, at the time, are legal for investment of MEAG Power's funds.

Liquidity Facility means, with respect to any CC Bonds, any letter of credit, standby bond purchase agreement, line of credit or similar instrument issued by a Liquidity Provider pursuant to which such Liquidity Provider becomes obligated to fund when due, to the extent not paid by MEAG Power or otherwise, the purchase price of such CC Bonds due upon tender thereof or, in the case of Commercial Paper Notes, the principal of and interest thereon when due.

Liquidity Provider shall mean any Bank, insurance company or other institution that has issued or provided a Liquidity Facility.

Non-Financing Portion of the Cost of Acquisition and Construction shall mean the Cost of Acquisition and Construction of the CC Project excluding interest on CC Bonds issued or to be issued to finance such Cost of Acquisition and Construction, amounts required to be deposited in any subaccount in the Debt Service Reserve Account in the Debt Service Fund and all other financing costs to be financed by the issuance of CC Bonds, Parity Obligations, Subordinated CC Bonds or Subordinated Obligations.

Parity Obligation means any Commercial Paper Notes, Reimbursement Obligation or Hedging Contract Obligation. Any Parity Obligation shall specify, to the extent applicable, the interest and principal components of, or the scheduled payments corresponding to interest under, such Parity Obligation.

Prepaid CC Participant shall mean a CC Participant to which, as a result of its making one or more Capital Contributions or Defeasance Payments, or both, none of the principal of or interest on CC Bonds or Parity Obligations is allocable.

Qualified Hedging Contract shall mean, to the extent from time to time permitted by law, any financial arrangement (i) which is entered into by MEAG Power with an entity that is a Qualified Hedging Contract Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; an interest rate swap, including a forward rate or future rate swap; asset, index, price or market linked transaction or agreement; other exchange or rate protection transaction agreement; agreement for the future delivery or price management of Fuel or other commodities; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, executed by MEAG Power for the purpose of moderating interest rate or commodity price fluctuations or otherwise, and (iii) which has been designated in writing to the Trustee by an authorized officer of MEAG Power as a Qualified Hedging Contract (which writing shall specify, in the case of a Qualified Hedging Contract that is entered into in connection with any CC Bonds, the CC Bonds with respect to which such Qualified Hedging Contract is entered into).

Qualified Hedging Contract Provider shall mean an entity whose senior unsecured long-term debt obligations, financial program rating, counterparty rating or claims paying ability is rated, or whose payment obligations under a financial arrangement of the type referred in clause (ii) of the definition of Qualified Hedging Contract are guaranteed or insured by an entity whose senior unsecured long-term obligations, financial program rating, counterparty rating or claims paying ability is rated, on the date a Qualified Hedging Contract is entered into, either (i) at least as high as the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Hedging Contract Provider, but in no event lower than any Rating Category designated by each such Rating Agency for the CC Bonds, or (ii) at any such lower Rating Categories which each such Rating Agency indicates in writing to MEAG Power and the Trustee will not, by itself, result in a reduction or withdrawal of its rating on the Outstanding CC Bonds that is in effect prior to entering into such Qualified Hedging Contract and which is an authorized counterparty pursuant to MEAG Power's investment policy as from time to time approved by the MEAG Power Board.

Reimbursement Obligation shall mean an agreement by MEAG Power with the issuer of a Credit Facility or Liquidity Facility to reimburse directly such issuer for amounts paid under the terms of such Credit Facility or Liquidity Facility (together with interest thereon).

Reserve and Contingency Fund Requirement shall mean, as of any date, (a) until such time, if any, as any CC Participant makes a Capital Contribution or Defeasance Payment, an amount equal to \$6,000,000 or such larger amount as may be established by the MEAG Power Board and certified to the Trustee by an authorized officer of MEAG Power (such amount being referred to herein as the Applicable Amount) and (b) from and after such time, if any, as any CC Participant makes a Capital Contribution or Defeasance Payment, the product of (i) the Applicable Amount and (ii) a fraction (X) the numerator of which is the

sum of all Capital Contributions made by all CC Participants plus the principal amount of all Bonds defeased with Defeasance Payments made by all CC Participants and (Y) the denominator of which is the sum of all Capital Contributions made by all CC Participants plus the principal amount of Bonds issued to finance Costs of Acquisition and Construction or the Embedded Simple Cycle Costs allocable to all CC Participants.

Revenues means (i) 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 shall not include any such revenues income, rents or receipts derived by MEAG Power from or attributable to the sale of any Pre-Commercial Generation, (ii) the proceeds of any insurance covering business interruption loss relating to the CC Project and (iii) 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.

Segregated Reserve and Contingency Fund Requirement shall mean, as of any date on or after which any CC Participant makes a Capital Contribution or Defeasance Payment, the difference between (i) the Applicable Amount (as defined in the definition of Reserve and Contingency Fund Requirement) and (ii) the amount determined pursuant clause (b) of said definition of Reserve and Contingency Fund Requirement.

Variable Rate CC Bonds shall mean, as of any date of determination, any CC Bond on which the interest rate borne thereby may vary during any part of its remaining term.

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SUMMARY OF VOGTLE UNITS 3&4 PPAs

The following is a description of certain of the provisions of (i) the Project J PPA, executed between MEAG Power and JEA relating to Project J and (ii) the Project P PPA, executed between MEAG Power and PowerSouth relating to Project P.

Capitalized terms not otherwise defined in this APPENDIX L or defined in the Annual Information Statement shall be as defined in the Project J PPA or the Project P PPA, as applicable.

PROJECT J PPA

The Project J PPA will continue to be in full force and effect until (1) the twentieth anniversary of the commercial operation date of the second unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation (the “Second Commercial Operation Date”) or (2) MEAG Power’s and JEA’s obligations under the Project J PPA have been fully performed and satisfied, whichever event occurs later, but in no event shall the term of the Project J PPA exceed 50 years from December 31, 2014, the execution date of the Amended and Restated Project J PPA.

Obligation Share

For a period of twenty years, commencing on the commercial operation date of the first unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation (the “First Commercial Operation Date”), 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 the first unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation which are purchased by MEAG Power from the Project J Entity. Separately, for a period of twenty years, commencing on the Second Commercial Operation Date, 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 the second unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation which are purchased by MEAG Power from the Project J Entity. During each such twenty-year period, JEA is obligated to pay to MEAG Power its Obligation Share (which is defined in the Project J PPA to be 100%) of the Project J Annual Costs (as defined below) attributable to the applicable unit. JEA shall have no right to dispatch or schedule the operation of the Project J Entity’s Ownership Interest or any facility thereof.

Project J Annual Budgets

MEAG Power is required to adopt an annual budget for Project J (a “Project J Annual Budget”) for each Power Supply Year (as defined in the Project J PPA), containing estimates of annual costs of the Project J Entity’s Ownership Interest (the “Project J Annual Costs”) and all revenues, income or other funds to be applied to such Project J Annual Costs, including the costs of Debt Service (as defined below). To the extent not paid as part of the Costs of Acquisition and Construction, the Project J Annual Costs are all costs and expenses of MEAG Power or the Project J Entity allocable to Project J paid by MEAG Power or the Project J Entity, as applicable, during a given Power Supply Year, including fixed and other costs.

1. *Fixed costs* include: (a) taxes or payments in lieu thereof attributable to the Project J Entity’s Ownership Interest and/or Project J; (b) amounts required for renewals and replacements, attributable to the Project J Entity’s Ownership Interest, or payment or deposit of such amounts into any reserve fund or account; (c) amounts to be set aside for the retirement from service or

disposal of facilities of the Project J Entity's Ownership Interest; *provided, however*, that JEA's responsibility for such amounts that are incurred during and estimated to be incurred after the term of the Project J PPA shall not exceed 50 percent of the total amount of such costs; (d) amounts that MEAG Power or the Project J Entity is required under the Project J Bond Resolution or the Project J Federal Loan Documents to pay or deposit into any fund or account established by the Project J Bond Resolution or the Project J Federal Loan Documents for the payment of Debt Service on the Project J Bonds or the Project J DOE Guaranteed Loan, as applicable; (e) any other amounts that MEAG Power or the Project J Entity is required, under the Project J Bond Resolution or the Project J Federal Loan Documents, as applicable, to pay or deposit during any Power Supply Year into any other fund or account established by or outside of the Project J Bond Resolution or the Project J Federal Loan Documents, as applicable; *provided, however*, in the event MEAG Power or the Project J Entity utilizes letter of credit agreements or other financing instruments to finance such payments or deposits, the related financing costs shall also be included within the definition of "fixed costs"; (f) amounts for payment or deposit into any fund or account outside of the pledge of the Project J Bond Resolution or the Project J Federal Loan Documents attributable to costs or reserves of Project J, including such amounts established by MEAG Power in the Project J Annual Budget to provide reasonable reserves for the payment of the Project J Entity's share of costs required pursuant to either the Vogtle Units 3&4 Ownership Agreement or the Vogtle Operating Agreement; *provided, however*, in the event MEAG Power or the Project J Entity utilizes letter of credit agreements or other financing instruments to finance such payments or deposits, the related financing costs shall also be included within the definition of "fixed costs"; (g) amounts for payment of Additional Costs (as such term is defined in the Vogtle Units 3&4 Development Agreement) attributable to the Project J Entity's Ownership Interest incurred during any Power Supply Year; and (h) without duplication, all fixed costs required to be paid by the Project J Entity (whether to DOE, as operating expenses or otherwise) in the Project J Federal Loan Documents other than such costs and expenses set forth in the following paragraph.

2. *Other costs* include: (a) costs of producing and delivering Capacity and Energy (as defined in the Project J PPA) from the Project J Entity's Ownership Interest to JEA and (b) except to the extent funded by the Project J Bonds (as defined herein) or reserves held by MEAG Power or the Project J Entity, amounts required to pay the costs of or to provide reserves for (i) extraordinary operating and maintenance costs attributable to Project J, (ii) any major renewals, replacements, repairs, additions, betterments and improvements to Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, in the opinion of MEAG Power or the Project J Entity, necessary to keep the facilities of the Project J Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom; *provided, however*, in the event MEAG Power or the Project J Entity utilizes letter of credit agreements or other financing instruments to finance such major renewals, replacements, repairs, additions, betterments and improvements, the related financing costs shall also be included within the definition of "other costs"; (iii) any major additions, improvements, repairs or modifications to, or retirements or disposals of, Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 required by any governmental agency having jurisdiction over Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 or for which the Project J Entity otherwise is responsible to the extent that MEAG Power or the Project J Entity is not reimbursed therefor from the proceeds of insurance or funds for such payments are not available to MEAG Power or to the Project J Entity therefor from any funds or accounts established by MEAG Power or by or on behalf of the Project J Entity, or funds for such payment are not provided or to be provided by the issuance of the Project J Bonds, which expenditures, to the extent they are capital expenditures, shall be treated as capital costs under the Project J PPA; *provided, however*, in the event MEAG Power or the Project J Entity utilizes letter of credit agreements or other financing instruments to finance such major additions, improvements, repairs or modifications to, or retirements or disposals of, Project J, the related financing costs shall also be included within the definition of "other costs"; and (iv) without duplication, all amounts

required to be paid by the Project J Entity (whether to DOE, as operating expenses or otherwise) in the Project J Federal Loan Documents other than fixed costs set forth in the preceding paragraph.

3. *Debt Service* means with respect to any period, the aggregate of the amounts required by the Project J Bond Resolution or the Project J Federal Loan Documents to be paid by MEAG Power or the Project J Entity, respectively, during said period into any fund or funds created by the Project J Bond Resolution or any account or accounts required by the Project J Federal Loan Documents, as applicable, for the sole purpose of paying (a) the principal (including the sinking fund or equivalent payment installments) of, and premium, if any, and interest on, Project J Bonds or the Project J DOE Guaranteed Loan, as applicable, and all other amounts due with respect to the Project J DOE Guaranteed Loan and (b) any payments on Qualified Hedging Contracts (as defined in the Project J PPA), including any swap premium or swap termination payment, or Reimbursement Obligations (as defined in the Project J PPA), relating to the Project J Bonds or the Project J DOE Guaranteed Loan from time to time outstanding as the same shall become due; *provided, however*, that Debt Service will not include any acceleration of the maturity of the Project J Bonds or the Project J DOE Guaranteed Loan, including any redemption of any Project J Bonds or any prepayment of Project J Advances prior to maturity at the election of MEAG Power or the Project J Entity, respectively, or any acceleration resulting from the exercise of remedies by the holders of any Project J Bonds or any trustee acting on behalf of such holders or by the Project J DOE Secured Parties, respectively; and, *provided, further*, that in the case of any swap premium or swap termination payment, the amount of such swap premium or swap termination payment included in Debt Service shall be only the portion of such swap premium or swap termination payment that, in the opinion of a mutually agreed-upon nationally-recognized independent financial advisor experienced in interest rate swaps or similar measures, is allocable to the term of the Project J PPA.

MEAG Power is expressly authorized to bill, in accordance with the terms of the Project J PPA, some or all of the Debt Service costs which are payable during construction and prior to the commercial operation date of any facility.

MEAG Power is authorized to amend the Project J Annual Budget upon 30 days' notice to JEA to adjust its rates and charges as required to meet Project J's costs. In addition, MEAG Power is required to prepare and submit to JEA a reasonable best estimate of its Project J Annual Budget from October 1 of the year before that Power Supply Year to September 30 of the Power Supply Year based on MEAG Power's current revenue requirement projections.

MEAG Power will submit and JEA will be obligated to pay, a monthly billing statement based upon the Project J Annual Budget. At the end of each Power Supply Year, MEAG Power will determine if the aggregate amounts collected from JEA's billing statements, together with any other income, was in the proper amount. Any excess amounts collected will, at JEA's election, either be credited to JEA's billing statements for the remaining month or months of the Power Supply Year next succeeding the Power Supply Year for which such adjustment was made or paid directly to JEA. Any deficiencies in collections will be added to JEA's billing statements in equal installments over the remaining month or months of the Power Supply Year next succeeding the Power Supply Year for which such adjustment was made. MEAG Power may, at its election, establish a policy for making monthly, quarterly or semi-annual retroactive adjustments to JEA's billings to account for variances between the billed amounts and the actual costs incurred during the respective period to avoid large cumulative adjustments at the end of each Power Supply Year.

In any Power Supply Year during the term of the Project J PPA in which MEAG Power directly or indirectly receives a payment or credit in exchange for the allocation to any person of a Production Tax Credit (as defined in the Project J PPA) relating to the Project J Entity's Ownership Interest, MEAG Power shall, at the end of such Power Supply Year, pay to JEA or credit JEA's billing statement for the remaining

month or months of the Power Supply Year next succeeding the Power Supply Year for which such adjustment was determined to have been necessary, 50 percent of any such payment or credit. MEAG Power shall also sell all pre-commercial generation at fair market value and shall pay all resulting funds into Project J's construction fund.

JEA's Payment Obligations

General

As more fully described below, the Project J PPA provides, in general, that, subject to certain limitations, for the initial twenty years of commercial operation of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, respectively, JEA will be responsible for all of MEAG Power's or the Project J Entity's costs relating to Project J, including Debt Service on obligations issued to finance Project J and Debt Service of the Project J DOE Guaranteed Loan. The Project J PPA also provides that amounts owed by JEA under the Project J PPA will constitute a Contract Debt, which is payable from revenues of JEA's Electric System as a Cost of Operation and Maintenance.

JEA's payment obligations under the Project J PPA (other than its obligation to pay its Additional Compensation Obligation) are payable whether or not the Project J Entity's Ownership Interest is completed or is operating or operable, and whether or not the output of the Project J Entity's Ownership Interest is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction, whether by offset or otherwise, and shall not be conditioned upon the performance or non-performance by any party of any agreement for any cause whatsoever.

In February of each calendar year during the term of the Project J PPA following each of Plant Vogtle Unit No. 3's and Plant Vogtle Unit No. 4's commercial operation date, JEA's billing statements will include additional charges referred to herein as JEA's "Additional Compensation Obligation" which will be calculated as set forth in the Project J PPA. JEA shall only be required to pay its Additional Compensation Obligation if the Project J Entity's Ownership Interest is operating and JEA is not responsible for paying such amounts when output is suspended, interrupted or terminated.

All payments made by JEA attributable to Project J or the Project J Annual Costs (other than JEA's Additional Compensation Obligation), and any or all rights to collection or enforcement of such payments, are to be pledged as security for Project J Bonds and the Project J DOE Secured Obligations.

For a description of the Project J Participants' general payment obligations under the Project J Power Sales Contracts, see "SUMMARY OF VOGTLE UNITS 3&4 POWER SALES CONTRACTS – Vogtle Units 3&4 Participants' Obligations to Pay – *Payment Obligations of Project J Participants Under the Project J Power Sales Contracts*" in APPENDIX M to the Annual Information Statement.

Project J Annual Costs

Obligation to Pay Project J Annual Costs Other Than Debt Service. JEA's obligation to pay its Obligation Share of the Project J Annual Costs (other than Debt Service) with respect to the first unit of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 to achieve commercial operation shall commence on the First Commercial Operation Date and JEA's obligation to pay its Obligation Share of the Project J Annual Costs (other than Debt Service) with respect to the second unit of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 to achieve commercial operation shall commence on the Second Commercial Operation Date. Notwithstanding the foregoing, but subject to other provisions of the Project J PPA relating to the payment of Debt Service, JEA's obligation to pay the Project J Annual Costs will commence simultaneously with the commencement of the obligation of the Project M Participants to pay their

respective shares of Project M's annual costs under the Project M Power Sales Contracts, which obligation may commence prior to the First Commercial Operation Date. Notwithstanding the foregoing, if it becomes practically or economically infeasible for MEAG Power to issue Project J Bonds due to a JEA Market Disruption (as defined in the Project J PPA), but it is practically and economically feasible for MEAG Power to issue Project M Bonds, MEAG Power may commence billing JEA for the Project J Annual Costs without simultaneously billing the Project M Participants for their respective shares of Project M's annual costs.

Notwithstanding the foregoing and any other provision of the Project J PPA relating to the billing and payment of Project J Annual Costs, in the event that MEAG Power shall 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 and 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 due dates (whether through the issuance of other Project J Bonds (including, in the case of Project J BANs, Project J Take-Out Bonds) or otherwise), JEA shall be obligated to pay to MEAG Power 50 percent of the amount of such shortfall, which amount shall be payable on or before the due date of such principal and/or interest, whether before or after the applicable commercial operation date. In furtherance of the foregoing, MEAG Power agrees that (i) it will provide periodic notice to JEA as to MEAG Power's expected ability to refund the principal of any Project J BANs or Project J Take-Out Bonds on or prior to the respective due dates thereof, not less than 90 and 30 days prior to such respective due dates and (ii) if, at any time prior to the respective due dates of the principal of such Project J BANs or Project J Take-Out Bonds, it shall determine that neither it nor the Project J Entity will be able to borrow funds in an amount sufficient to refund such principal, it promptly will provide notice to JEA as to such determination; *provided, however*, that MEAG Power's failure to provide any such notice to JEA shall not affect JEA's obligation as stated in the preceding sentence, which obligation shall be absolute and unconditional.

In the event that JEA shall pay to MEAG Power any amount in respect of the principal of Project J BANs and/or Project J Take-Out Bonds as provided in the preceding paragraph, MEAG Power agrees 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 J, it shall include in such borrowing an amount sufficient to reimburse JEA and the Project J Participants for all amounts paid by them in respect of such principal that theretofore have not been reimbursed by MEAG Power, but without interest thereon; *provided, however*, that MEAG Power shall not be so obligated if, in its sole judgment, the cost of borrowing funds for the purpose of such reimbursement shall be prohibitive.

In the case of any such Project J BANs and/or Project J Take-Out Bonds that were issued to finance or refinance Costs of Acquisition and Construction and Financing Costs of "capital improvements," as such term is defined in the Project J PPA, for Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 following the commercial operation date thereof, in the event that any amounts paid by JEA in respect of the principal thereof theretofore have not been reimbursed by MEAG Power, at the end of the term of the Project J PPA, JEA shall be entitled to a payment from MEAG Power calculated as set forth in the Project J PPA.

Obligation to Pay 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 (hereinafter referred to as "Project J Post-COD Capital Improvements Bonds"), (y) refunding Project J Bonds and (z) with respect to Project J BANs and Project J Take-Out Bonds (JEA's obligation in respect of the payment of Debt Service on which is governed by the provisions below), JEA's obligation to pay (i) the interest component of Debt Service of each Series of Project J Bonds and 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 shall commence

and (ii) the principal component of Debt Service of each Series of Project J Bonds and each Project J Advance attributable to 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 shall commence.

Notwithstanding the foregoing and any other provision of the Project J PPA, in the event that MEAG Power shall issue Project J Bonds of any Series (i) that bear interest at variable rates and are subject to tender for purchase at the option of the holders thereof or (ii) in the form of short-term obligations that are intended to be rolled-over at maturity and, as a result of market conditions, (x) such Project J Bonds that bear interest at variable rates cannot be remarketed and either are tendered to MEAG Power for payment or must be termed-out in advance of their scheduled amortization dates (determined as set forth in the Project J PPA) and/or (y) such Project J Bonds in the form of short-term obligations cannot be rolled-over and must either be paid at maturity or termed-out in advance of their scheduled amortization dates (determined as set forth in the Project J PPA), then JEA shall be responsible for paying the principal of such Project J Bonds when due. The Project J PPA limits the aggregate principal amount of Project J Bonds described in this paragraph to be outstanding at any time, together with the aggregate principal amount of Project J BANs and Project J Take-Out Bonds outstanding at such time, to not exceed \$75,000,000 unless agreed to in writing by MEAG Power and JEA from time to time.

In the event that JEA shall pay to MEAG Power any amount in respect of the principal of Project J Bonds as provided in the preceding paragraph, MEAG Power agrees 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 J, it shall include in such borrowing an amount sufficient to reimburse JEA for all amounts paid by it in respect of such principal that theretofore have not been reimbursed by MEAG Power, but without interest thereon; *provided, however*, that MEAG Power shall not be so obligated if, in its commercially reasonable judgment, the cost of borrowing funds for the purpose of such reimbursement shall be prohibitive.

In the event that MEAG Power and the Project J Entity do not, for any reason, borrow funds sufficient to reimburse JEA as provided in the preceding paragraph, at the end of the term of the Project J PPA, JEA shall be refunded the portion of such principal so paid and not theretofore reimbursed in excess of the amount thereof that would have been payable by JEA had such Project J Bonds been paid in accordance with their scheduled amortization (determined as aforesaid); *provided, however*, that if all or any portion of the proceeds of such Project J Bonds was used to fund a Non-amortized Project J Reserve Fund (including the Project J Nuclear Fuel Construction Fund-Revolving Account), then, at the end of the term of the Project J PPA, JEA shall be refunded the entirety of such principal so paid and not theretofore reimbursed with respect to such Project J Bonds that funded such Non-amortized Project J Reserve Fund(s).

In the case of Project J Post-COD Capital Improvements Bonds, JEA's obligation to pay (i) the interest component of Debt Service of each such Series of Project J Post-COD Capital Improvements Bonds attributable to Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable, shall commence on the day following the date to which all interest is capitalized on the Project J Post-COD Capital Improvements Bonds of such Series and (ii) the principal component of Debt Service of each such Series of Project J Post-COD Capital Improvements Bonds attributable to Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable, shall commence on the date that is one year prior to the first due date of the principal installment of Debt Service of such Project J Post-COD Capital Improvements Bonds and, in either such case, shall continue to the last day on which JEA is entitled to its Obligation Share of the output of such unit pursuant to the terms of the Project J PPA. In the event of a delay in the in-service date of the capital improvements for which the Project J Post-COD Capital Improvement Bonds of such Series are issued under the Project J PPA, MEAG Power shall issue additional Project J Post-COD Capital Improvement Bonds to provide funds to capitalize interest on all such Project J Post-COD Capital Improvement Bonds until the actual in-service date of the capital improvements; *provided, however*, that in the event that MEAG

Power determines it is practicably or economically infeasible for MEAG Power to issue such additional Project J Post-COD Capital Improvement Bonds at any time during the period between the estimated in-service date and the actual in-service date of the capital improvements, then MEAG Power shall not be required to issue such additional Project J Post-COD Capital Improvement Bonds and JEA's obligation to pay interest on all such Project J Post-COD Capital Improvement Bonds shall commence on the day following the date to which all interest is capitalized on the Project J Post-COD Capital Improvement Bonds of such Series.

In the case of refunding Project J Bonds, JEA's obligation to pay (i) the interest component of Debt Service of each Series of such refunding Project J Bonds shall continue only for the same number of months for which JEA would have been obligated to pay the interest component of Debt Service on the Project J Bonds and/or the portion of the principal of the Project J DOE Guaranteed Loan refunded or repaid (the "Refunded Project J Debt") thereby had such Refunded Project J Debt not been so refunded or repaid and (ii) the principal component of Debt Service of each such Series of refunding Project J Bonds shall continue only for the same number of months for which JEA would have been obligated to pay the principal component of Debt Service on the Refunded Project J Debt had such Refunded Project J Debt not been so refunded or repaid.

"Series" is defined in the Project J PPA to mean any or all Project J Bonds issued upon original issuance on a particular date, as determined by an Authorized Officer of MEAG Power on or prior to the date of issuance thereof, whether or not such Project J Bonds constitute a separate "Series" of Bonds for purposes of (and as defined in) the Project J Bond Resolution. In the event that the Project J Bonds of any such Series shall constitute two or more separate "Series" of Project J Bonds for purposes of (and as defined in) the Project J Bond Resolution, the Project J Bonds of such Series may be aggregated for the purpose of establishing level monthly Debt Service pursuant to the Project J PPA.

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 and Plant Vogtle Unit No. 4, MEAG Power may commence billing and JEA will be responsible for the payment of the principal component of Debt Service on the Project J Bonds of any Series or of Debt Service of the Project J DOE Guaranteed Loan related to the delayed unit or units prior to the commercial operation date of such unit or units. JEA will be obligated to pay its Obligation Share of such principal component of Debt Service on the Project J Bonds of such Series and on the Project J DOE Guaranteed Loan relating to such unit or units commencing on the date that is (x) one year prior to the first due date of the principal component of such Debt Service of the Project J Bonds of such Series and (y) three months prior to the first due date of the principal component of Debt Service of the Project J DOE Guaranteed Loan, as applicable; *provided, however*, in the event that MEAG Power determines it is practicably or economically infeasible for MEAG Power to limit billing under the circumstances described above to the principal component relating to the Project J Bonds or to the Project J DOE Guaranteed Loan, as applicable, or both, MEAG Power may bill the entirety of such Debt Service on such Project J Bonds or the portion of the principal of the Project J DOE Guaranteed Loan related to such unit or units. Except in the case of Project J Post-COD Capital Improvement Bonds, refunding Project J Bonds or the Project J BANs and Project J Take-Out Bonds (JEA's obligation in respect of the payment of Debt Service on which is governed by the provisions of the Project J PPA), JEA's obligation to pay (x) the interest component of Debt Service of each such Series of Project J Bonds and of the Project J DOE Guaranteed Loan attributable to Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable, shall be included as part of the Project J Annual Costs only for a period of 240 months from and including the month in which such obligation shall commence and (y) the principal component of Debt Service of each such Series of Project J Bonds and of the Project J DOE Guaranteed Loan attributable to such unit, which MEAG Power is required to structure

in accordance with the Project J PPA, shall be included as part of the Project J Annual Costs only for a period of 240 months from and including the month in which such obligation shall commence.

In the event that either or both of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 is cancelled or terminated pursuant to the Plant Vogtle Units 3&4 Development Agreement prior to the commercial operation date of such unit or units, JEA will be obligated to pay (1) 50 percent of its Obligation Share of the Costs of Acquisition and Construction relating to such unit or units (other than any such costs that have been paid with the proceeds of Project J Bonds or Project J Advances) and (2) its Obligation Share of the Project J Annual Costs relating to such unit or units for a period of twenty years from the date MEAG Power commences billing of such annual costs to JEA and the billing of the Project M Annual Costs relating to such unit or units to the Project M Participants; *provided, however*, that except in (1) the case of refunding Project J Bonds and (2) with respect to Project J BANs and Project J Take-Out Bonds (JEA's obligation in respect to the payment of the Debt Service is governed by the applicable provisions in the Project J PPA), JEA's obligation to pay (x) the interest component of Debt Service of each Series of Project J Bonds and of the Project J DOE Guaranteed Loan attributable to such unit shall be included as part of the Project J Annual Costs only for a period of 240 months from and including the month in which such obligation shall commence and (y) the principal component of Debt Service of each such Series of Project J Bonds and the Project J DOE Guaranteed Loan attributable to such unit, which MEAG Power is required to structure in accordance with the Project J PPA, shall be included as part of the Project J Annual Costs only for a period of 240 months from and including the month in which such obligation shall commence.

In the event that either or both of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 is cancelled or terminated pursuant to the Vogtle Units 3&4 Development Agreement after the commercial operation date of such unit or units, JEA will be obligated to pay its Obligation Share of the Project J Annual Costs relating to the cancelled unit or units for a period of twenty years following the commercial operation date of the applicable unit; *provided, however*, that in the event that MEAG Power commences billing JEA a Debt Service component relating to such unit prior to the commercial operation date, except in the case of Project J Post-COD Capital Improvements Bonds (which only are to be issued following the commercial operation date of the applicable unit) and refunding Project J Bonds, JEA's obligation to pay (x) the interest component of Debt Service of each such Series of Project J Bonds and/or the Project J DOE Guaranteed Loan attributable to such unit shall continue only for a period of 240 months from and including the month in which such obligation shall commence and (y) the principal component of Debt Service of each such Series of Project J Bonds and/or the Project J DOE Guaranteed Loan attributable to such unit shall continue only for a period of 240 months from and including the month in which such obligation shall commence.

In the case of Project J Post-COD Capital Improvements Bonds, JEA's obligation to pay the interest and principal components of Debt Service of each such Series of Project J Bonds attributable to each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 shall continue only until the last day on which JEA is entitled to its Obligation Share of the output of each such unit pursuant to the terms of the Project J PPA.

In the case of refunding Project J Bonds, JEA's obligation to pay (x) the interest component of Debt Service of each Series of such refunding Project J Bonds shall be included as part of Project J Annual Costs for only the same number of months for which JEA would have been obligated to pay the interest component of Debt Service on the Refunded Project J Debt refunded or repaid thereby had such Refunded Project J Debt not been so refunded or repaid and (y) the principal component of Debt Service of each such Series of refunding Project J Bonds shall be included as part of the Project J Annual Costs for only the same number of months for which JEA would have been obligated to pay the principal component of Debt Service on the Refunded Project J Debt had such Refunded Project J Debt not been so refunded or repaid.

In the case of the Project J BANs and Project J Take-Out Bonds, JEA's obligation in respect to the payment of Debt Service shall be governed by the applicable provisions of the Project J PPA.

If either of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 is cancelled or terminated pursuant to the Vogtle Units 3&4 Development Agreement during the term of the Project J PPA, and MEAG Power directly or indirectly sells all or a portion of its interest in such cancelled or terminated unit, its nuclear fuel, equipment and related facilities through a sale of such assets or a sale of its ownership interest in the Project J Entity, then MEAG Power has agreed to distribute to JEA, or credit JEA's billing statement, 50 percent of the net proceeds allocated to the Project J Entity's Ownership Interest, if any, actually paid to and received by MEAG Power or the Project J Entity, as applicable, *provided*, that MEAG Power similarly distributes or credits any such net proceeds to any or all of the Vogtle Units 3&4 Participants (as such term is defined in the Annual Information Statement) and provided further that the proceeds of such sale or disposition of interest (a) to the extent received by MEAG Power, shall be subject to the lien of the Project J Bond Resolution and (b) to the extent received by the Project J Entity, shall be subject to the security interest and lien of the Project J DOE Secured Parties on MEAG Power's ownership interest in the Project J Entity and on the Project J Entity's undivided ownership interest in Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable, described in the Project J PPA and may be applied first as a prepayment of the Project J DOE Guaranteed Loan or otherwise applied pursuant to the Project J Federal Loan Documents prior to any distribution thereof by the Project J Entity to MEAG Power.

Nature of JEA's Obligations

For a discussion of the nature of JEA's obligations under the Project J PPA, see "CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Security for MEAG Power's Project J Bonds – *The Project J PPA*" in the Annual Information Statement.

Rate Covenant of JEA

JEA has covenanted 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.

Capital Costs

Except as described herein, MEAG Power will finance or cause the Project J Entity to finance capital costs attributable to the Project J Entity's Ownership Interest and incurred by the Project J Entity during the term of the Project J PPA with proceeds of Project J Bonds or Project J Advances, as applicable. During any period when (1) MEAG Power determines that it is infeasible for (x) MEAG Power to issue Project J Bonds and Project M Bonds, (y) the Project J Entity to satisfy the conditions of making a Project J Advance and (z) the Project M Entity (if applicable) to satisfy the conditions to making of a Project M Advance to finance capital costs attributable to the Project M Entity's Ownership Interest and Project M or (2) MEAG Power determines it is infeasible for (x) MEAG Power to issue Project J Bonds and (y) the Project J Entity to satisfy the conditions to the making of a Project J Advance to finance capital costs related to the Project J Entity's Ownership Interest, in both such cases, due to a JEA Market Disruption but it is feasible to issue Project M Bonds attributable to Project M or for the Project M Entity (if applicable) to satisfy the conditions to making of a Project M Advance to finance capital costs attributable to Project M, and MEAG Power or the Project J Entity incurs capital costs during the term of the Project J PPA, then in either such event, MEAG Power or the Project J Entity shall finance such capital costs from a reserve fund maintained for the payment of renewals and replacements. Any portion of such capital costs attributable to the Project J Entity's Ownership Interest that cannot be financed by such reserve fund will be billed to JEA (including such costs incurred by the Project J Entity and billed to MEAG Power); *provided, however*, MEAG Power will not bill JEA for any capital costs incurred prior to the First Commercial Operation Date.

In the event that JEA shall pay to MEAG Power any amount in respect of its Obligation Share of such capital costs as provided in the preceding paragraph, MEAG Power agrees that on the first date thereafter on which it or the Project J Entity is able to borrow funds to pay such capital costs, it shall include in such borrowing an amount sufficient to reimburse JEA for all amounts paid by it in respect of such capital costs that theretofore have not been reimbursed by MEAG Power, but without interest thereon; *provided, however*, that MEAG Power shall not be so obligated if, in its commercially reasonable judgment, the cost of borrowing funds for the purpose of such reimbursement shall be prohibitive.

In the event that any such costs theretofore have not been reimbursed by MEAG Power, JEA is entitled to a payment from MEAG Power in accordance with the terms of the Project J PPA upon the expiration of the term of the Project J PPA. In the event JEA shall pay any amounts in respect of Debt Service on Project J Post-COD Capital Improvement Bonds prior to the actual in-service date of the capital improvements financed through the issuance of such Project J Post-COD Capital Improvement Bonds, then, upon expiration of the term of the Project J PPA, JEA is entitled to a payment from MEAG Power in an amount equal to such amounts in respect of Debt Service paid prior to the actual in-service date.

Certain Interest Expenses

During any period when (1) MEAG Power determines that it is infeasible for (x) MEAG Power to issue Project J Bonds and Project M Bonds, (y) the Project J Entity to satisfy the conditions to the making of a Project J Advance and (z) the Project M Entity (if applicable) to satisfy the conditions to the making of a Project M Advance to finance capital costs attributable to the Project M Entity's Ownership Interest and Project M, or (2) MEAG Power determines that it is infeasible for (x) MEAG Power to issue Project J Bonds and (y) the Project J Entity to satisfy the conditions to the making of a Project J Advance to finance capital costs attributable to the Project J Entity's Ownership Interest, in both such cases, due to a JEA Market Disruption but it is feasible to issue Project M Bonds or for the Project M Entity (if applicable) to satisfy the conditions to the making of a Project M Advance to finance interest costs attributable to either of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 incurred by MEAG Power prior to the applicable commercial operation date, then JEA shall pay such interest costs that could not be financed for Project J (the "Capitalized Interest") through the commercial operation date of the applicable unit.

In the event that JEA shall pay to MEAG Power any amount in respect of its Obligation Share of such annual Power Supply Year Capitalized Interest costs as provided in the preceding paragraph, MEAG Power agrees that on the first date thereafter on which it or the Project J Entity is able to borrow funds to pay such Capitalized Interest, it shall include in such borrowing an amount sufficient to reimburse JEA for all amounts paid by it in respect of such annual Power Supply Year Capitalized Interest costs that theretofore have not been reimbursed by MEAG Power, but without interest thereon; *provided, however*, that MEAG Power shall not be so obligated if, in its commercially reasonable judgment, the cost of borrowing funds for the purpose of such reimbursement shall be prohibitive.

In the event that any such costs theretofore have not been reimbursed by MEAG Power upon the expiration of the term of the Project J PPA, JEA is entitled to a payment from MEAG Power in accordance with the terms of the Project J PPA.

Reserve Funds

The Project J PPA provides for two types of reserve funds: Non-amortized Reserve Funds and Amortized Reserve Funds. In the event that (i) MEAG Power determines that it is infeasible for (x) MEAG Power to issue Project J Bonds and Project M Bonds, (y) the Project J Entity to satisfy the conditions to making a Project J Advance and (z) the Project M Entity (if applicable) to satisfy the conditions to the making of a Project M Advance to finance such reserves or (2) MEAG Power determines it is infeasible for

(x) MEAG Power to issue Project J Bonds and (y) the Project J Entity to satisfy the conditions to the making of a Project J Advance to finance such reserves, in both such cases, due to a JEA Market Disruption, but it is feasible for MEAG Power to issue Project M Bonds or for the Project M Entity (if applicable) to satisfy the conditions to making of a Project M Advance to finance such reserve funds for Project M, MEAG Power may utilize revenues derived from either year end distributions or billings to JEA under the Project J PPA to finance such reserve funds (other than reserve funds held by or on behalf of the Project J Entity that are financed using the proceeds of the Project J Advances), but only so long as MEAG Power is also utilizing revenues derived from either year end distributions or billings to the Project M Participants under the Project M Power Sales Contracts to also finance such reserve funds of Project M, unless the billing was necessitated by a JEA Market Disruption.

In the event that JEA shall pay to MEAG Power any amount in respect of its Obligation Share of such reserve funds as provided in the preceding paragraph, MEAG Power agrees that on the first date thereafter on which it or the Project J Entity is able to borrow funds to finance such reserve funds, it shall include in such borrowing an amount sufficient to reimburse JEA for all amounts paid by it in respect of such reserve funds that theretofore have not been reimbursed by MEAG Power, but without interest thereon; *provided, however*, that MEAG Power shall not be so obligated if, in its commercially reasonable judgment, the cost of borrowing funds for the purpose of such reimbursement shall be prohibitive.

Funds added to either type of reserve fund by JEA to either initially fund or increase the funding of such reserve funds (but not to replenish such reserve funds) and which were not used during the term of the Project J PPA, will be reimbursed to JEA at the end of the term of the Project J PPA.

For any “Non-amortized Reserve Fund” created under the Project J Bond Resolution, the Project J Power Sales Contracts or the Project J DOE Accounts Agreement, JEA will pay its Obligation Share of any interest on the Project J Bonds and/or the Project J DOE Guaranteed Loan, as applicable, that financed such Non-amortized Reserve Funds during each Power Supply Year during the term of the Project J PPA, offset by any interest earned on such funds during the Power Supply Year that are not required under the Project J Bond Resolution and/or the Project J Federal Loan Documents, as applicable, to be retained in such funds. Except as provided in the Project J PPA, JEA is not entitled to any reimbursement upon the end of the term of the Project J PPA with respect to such funds.

For any “Amortized Reserve Fund” created under the Project J Bond Resolution, the Project J Power Sales Contracts or the Project J DOE Accounts Agreement, JEA will pay for both principal and interest on the Project J Bonds and/or the Project J DOE Guaranteed Loan, as applicable, that financed such Amortized Reserve Fund during each Power Supply Year during the term of the Project J PPA, offset by any interest earned on such funds during the Power Supply Year that are not required under the Project J Bond Resolution and/or the Project J DOE Accounts Agreement, as applicable, to be retained in such funds. Upon the end of the term of the Project J PPA, MEAG Power shall reimburse JEA the total amount of principal payments made by JEA on the Project J Bonds or the Project J DOE Guaranteed Loan relating to such funds.

MEAG Power has agreed that all moneys held in funds and accounts established pursuant to the Project J Bond Resolution or in Project J Accounts (as defined in the Project J DOE Accounts Agreement) established by the Project J DOE Accounts Agreement shall be invested and reinvested to the fullest extent practicable in Investment Securities (as defined in the Project J Bond Resolution) or Permitted Investments (as defined in the Project J DOE Accounts Agreement), as applicable, which shall mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such funds and accounts or Project J Accounts, as applicable. Interest earned on any moneys and investments in the funds and accounts will be paid into a revenue fund, subject to specific exceptions set forth in the Project J Bond Resolution. Interest earned on any monies or investments in any Project J Account established

pursuant to the Project J DOE Accounts Agreement (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) shall be applied pursuant to the Project J DOE Accounts Agreement, and any amounts thereof distributed to MEAG Power by the Project J Entity shall be paid into the Revenue Fund.

Allocation of Costs Among the Vogtle Units 3&4 Projects

With the exception of MEAG Power's administrative and general expenses and as provided in the following sentence, MEAG Power has agreed to allocate all costs and other expenses incurred or payable by it directly, or indirectly through the Project J Entity, the Project P Entity and/or the Project M Entity, as applicable, in connection with its interest in Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, other than Debt Service and other debt-related and financing costs and expenses, among Project J, Project P and Project M in proportion to the respective number of MWs constituting each such project. In the case of any costs related to the Project J DOE Guaranteed Loan and any DOE-guaranteed loans obtained by the Project M Entity and/or the Project P Entity, other than debt service, MEAG Power shall allocate such costs based upon a fraction the numerator of which is the FFB Credit Facility Commitment (as defined in the Project J DOE Loan Guarantee Agreement) and the denominator of which is the sum of such FFB Credit Facility Commitment and the FFB credit facility commitments of the Project M Entity and/or the Project P Entity.

Issuance of Project J Bonds and Making of Project J Advances

The Project J PPA provides that MEAG Power may issue and sell Project J Bonds and may cause the Project J Entity to draw upon the Project J DOE Guaranteed Loan in accordance with the provisions of the Project J Bond Resolution and the Project J Federal Loan Documents, respectively, to finance, or refinance by refunding outstanding Project J Bonds or provide funds for contribution to the Project J Entity to repay Project J Advances, any Costs of Acquisition and Construction and Financing Costs associated with Project J. Such Project J Bonds and the Project J DOE Guaranteed Loan may be secured by assignment of all payments attributable to Project J or the Project J Annual Costs, as such payments may be increased and extended due to the issuance of such Project J Bonds or the making of additional Project J Advances. Project J Bonds may be issued and such Project J Advances may be made in amounts sufficient to cover such costs in full and to provide such reserves as may be reasonably determined by MEAG Power or by the Project J Entity to be desirable.

MEAG Power has agreed to structure the Project J Bonds and each Project J Advance within certain parameters. To the extent a Series of Project J Bonds is issued by MEAG Power or a Project J Advance is made by the Project P Entity to finance costs attributable to both Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, the principal of such Series or such Project J Advance will be allocated between Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4. Except for Project J Post-COD Capital Improvements Bonds and the refunding Project J Bonds, the principal of a Series of Project J Bonds or the principal of the Project J Advance will be assumed to amortize to result in level monthly Debt Service with respect to such principal over a period of 40 years. The assumed period of 40 years during which such amortization shall occur with respect to a particular Series or Project J Advance (or portion thereof allocated to a particular unit) shall commence (x) in the case of the Project J Bonds of such Series, not earlier than twelve months, nor later than 36 months, following the estimated commercial operation date of the applicable unit to which such principal of such Project J Bonds of such Series relates and (y) in the case of such Project J Advance, on the day of the third month preceding the date on which the first quarterly principal installment on such Project J Advance is due that corresponds numerically to the day on which such principal installment is due (or, if there is no such corresponding day in the third preceding month, on the last day of the third preceding month), with such Debt Service being calculated, for the entire 40-year amortization period. In the event that all of the Project J Bonds of such Series or all of the principal of such Project J Advance allocated to a particular applicable unit shall bear interest at fixed rates during the entirety of the period beginning on the

Assumed Completion Date applicable to Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable (December 31, 2018, in the case of the first unit of Vogtle Units 3&4 to achieve commercial operation, and December 31, 2019, in the case of the second unit of Vogtle Units 3&4 to achieve commercial operation), and ending on (a) in the case of the first unit of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, December 31, 2038 and (b) in the case of the second unit of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, December 31, 2039, at such actual fixed rates of interest, and (ii) in the event that any portion of the Project J Bonds of such Series or any portion of such Project J Advance allocated to Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 shall not bear interest at fixed rates during the entirety of the period beginning on the Assumed Completion Date applicable to Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 and ending (a) in the case of the first unit of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, December 31, 2038 and (b) in the case of the second unit of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, December 31, 2039, (X) in the case of the portion of such Project J Bonds of such Series or the portion of such Project J Advance that bear interest at fixed rates during the entirety of such period, at such actual fixed rates of interest and (Y) in the case of the portion of such Project J Bonds of such Series or any portion of such Project J Advance that do not bear interest at fixed rates during the entirety of such period, at an assumed rate of interest of one percent (1%) per annum.

Notwithstanding anything in the Project J PPA to the contrary, the aggregate principal amount of Project J Advances that do not bear interest at fixed rates during the entirety of the period beginning on the Assumed Completion Date applicable to Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 and ending on (a) in the case of the first unit of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, December 31, 2038 and (b) in the case of the second unit of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, December 31, 2039 made as permitted by the Project J PPA shall be limited in total to no more than \$250,000,000, or such greater amount as shall be agreed to in writing by MEAG Power and JEA from time to time.

The amounts and due dates of all installments of principal coming due during the first 20 years of the amortization of the principal of the Project J Bonds of such Series or of the principal of such Project J Advance (or, in the event that the Project J Bonds of such Series are to be issued or such Project J Advance is to be made to finance Costs of Acquisition and Construction and Financing Costs of both Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, of all installments of principal coming due during the first 20 years of the amortization of the principal of the Project J Bonds of such Series or of the principal of such Project J Advance allocated to each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4) determined pursuant to the paragraph above shall be the actual amounts and due dates of the first 20 years of the amortization of the principal of the Project J Bonds of such Series or of the principal of such Project J Advance (or of the principal of the Project J Bonds of such Series or of the principal of such Project J Advance allocated to each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 as aforesaid).

MEAG Power and the Project J Entity shall have the sole discretion to determine the actual amount(s) and due date(s) of the amount of the principal of the Project J Bonds of such Series or the principal of such Project J Advance (or, in the event that the Project J Bonds of such Series are to be issued or such Project J Advance is to be made to finance or refinance Costs of Acquisition and Construction and Financing Costs of both Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, of the amount of the principal of the Project J Bonds of such Series or the principal of such Project J Advance allocated to each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4) remaining after the establishment of the principal installments provided for in the preceding paragraph. Without limiting the generality of the foregoing, MEAG Power and the Project J Entity shall have the sole discretion to cause such remaining amount(s) of principal to be due (X) on the same dates and in the same amounts as shall be determined pursuant to the second paragraph of this section, or (Y) on such other date(s) and in such other amount(s) as MEAG Power (or the Project J Entity, at the direction of MEAG Power) shall determine.

The Project J PPA provides that MEAG Power may also issue Project J Post-COD Capital Improvements Bonds, which, if issued, would not be subject to the bond structure of Project J Bonds, to finance any Costs of Acquisition and Construction and Financing Costs of (i) any major renewals, replacements, repairs, additions, or improvements to Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 necessary, in the opinion of MEAG Power to keep the Project J Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom, including spent fuel storage facilities or (ii) any major additions, improvements, repairs, or modifications required by any governmental authority having jurisdiction over Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 for which MEAG Power (or the Project J Entity) shall be responsible arising out of any contract to which MEAG Power (or the Project J Entity) may be a party relating to ownership of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 or any facility thereof, including such applicable Plant Vogtle Unit No. 3 Project Agreement or Plant Vogtle Unit No. 4 Project Agreement.

In the case of Project J Post-COD Capital Improvements Bonds, the principal of any Series of Project J Post-COD Capital Improvements Bonds will be allocated to each capital improvement item (or group of capital improvement items having comparable estimated useful lives) and such principal shall be assumed to be amortized in such a manner as will result in level monthly Debt Service with respect to such principal over the assumed period commencing on January 1 of the second calendar year following the year in which the in-service date of the capital improvements (or group of capital improvements) is estimated to occur and ending on the earlier of (x) the expiration of the term of the applicable unit's combined construction and operating license, or (y) the end of the estimated economic useful life of the capital improvement item (or group of capital improvement items). For Project J Bonds bearing interest at fixed rates for the entire term thereof, debt service will reflect the actual fixed interest rates. For any portion of the Project J Bonds not bearing interest at the fixed rates for the entire term thereof, the debt service will reflect (x) in the case of the Project J Bonds of such Series that bear interest at fixed rates for the entire term thereof, the actual fixed rates of interest thereon and (y) in the case of the Project J Bonds of such Series that do not bear interest at fixed rates for the entire term thereof, an assumed rate of interest of one percent (1%) per annum.

The amounts coming due on or before January 1 of the calendar year following the last day on which JEA is entitled to its Obligation Share of the output of the Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable, will be the actual amounts and due dates of each such installment of the principal of the Project J Post-COD Capital Improvements Bonds of such Series. However, MEAG Power will have the sole discretion to determine the actual amounts and due dates for the remaining installments of principal related to the applicable Series of Project J Post-COD Capital Improvements Bonds.

The Project J PPA also provides that MEAG Power may issue refunding Project J Bonds to refund Project J Bonds or to provide funds for contribution to the Project J Entity to repay Project J Advances, which, if issued, would not be subject to the debt service structure of Project J Bonds, but the Debt Service on each such Series of refunding Project J Bonds shall be structured in a manner consistent with the principles governing the issuance of Project J Bonds and the making of Project J Advances under the Project J PPA, so as to equitably apportion the savings or dissavings, as applicable, resulting from the issuance of such refunding Project J Bonds both during the term of the Project J PPA and during the period that the Project J Participants are obligated to pay Debt Service on such refunding Project J Bonds under the Project J Power Sales Contracts.

In particular, in the case of refunding Project J Bonds allocable to a particular unit that bear interest at fixed rates for the entire term thereof that are to be issued to refund Project J Bonds or prepay a portion of the principal of the Project J DOE Guaranteed Loan that do not bear interest at fixed rates during the entirety of the period beginning on the Assumed Completion Date applicable to such unit and ending on (a) in the case of the first unit of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, December 31, 2038

and (b) in the case of the second unit of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, December 31, 2039, the Debt Service on the refunding Project J Bonds is structured so as to result in level monthly Debt Service over the period from and including the month following the month in which the refunding Project J Bonds are issued to and including the month in which JEA's obligation to pay the principal component of Debt Service on the refunded Project J Bonds or the prepaid portion of the principal of the Project J DOE Guaranteed Loan, as applicable, would have ended, had the refunded Project J Bonds or the prepaid portion of the principal of the Project J DOE Guaranteed Loan, as applicable, not been so refunded or prepaid, determined in the manner provided in the Project J PPA.

In the case of refunding Project J Bonds to be issued to achieve Debt Service savings on Project J Bonds or the Project J DOE Guaranteed Loan, the issuance of such refunding Project J Bonds shall result in (x) no cash flow dissavings in any year during the period from and including the year in which the refunding Project J Bonds are issued to and including the year preceding the final maturity date of the refunded Project J Bonds or the prepaid portion of the principal of the Project J DOE Guaranteed Loan, as applicable, and (y) the weighted average life of the refunding Project J Bonds shall not exceed the remaining weighted average life of the refunded Project J Bonds or the prepaid portion of the principal of the Project J DOE Guaranteed Loan, as applicable, calculating such remaining weighted average life of the refunded Project J Bonds or the prepaid portion of the principal of the Project J DOE Guaranteed Loan, as applicable, immediately prior to the issuance of the refunding Project J Bonds.

In the case of refunding Project J Bonds to be issued to extend the maturity of (x) any Project J Bonds any principal installment for which constitutes a Refundable Principal Installment (as defined in the Project J Bond Resolution) or (y) any "bullet" maturity of any Project J Advance that bears interest at a fixed rate for the entire term thereof and that was made to finance cost overruns (which, for purposes of this paragraph, shall be either (i) costs in excess of the construction budget for Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 as in effect as of the date of execution of the Project J DOE Loan Guarantee Agreement or (ii) costs resulting from a delay in the actual commercial operation date of either or both Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4) from the Assumed Completion Date thereof, the final maturity date of the refunding Project J Bonds shall be not later than the latest date on which the principal of the refunded Project J Bonds or repaid Project J Advance, as the case may be, was permitted to mature in accordance with its 40-year amortization period determined under the Project J PPA, and the Debt Service on the refunding Project J Bonds shall be structured so as to result in level monthly Debt Service over the period from and including the month in which the maturity date of the refunded Project J Bonds or repaid Project J Advance, as the case may be, was to occur to and including the month preceding the final maturity date of the refunding Project J Bonds, determined in the manner provided in the Project J PPA.

In addition to funds required for Costs of Acquisition and Construction and Financing Costs, and certain reserve requirements related thereto, MEAG Power may issue Project J Bonds in amounts sufficient to provide for the Debt Service Reserve Requirement (as defined in the Project J PPA) under the Project J Bond Resolution, capitalized interest relating to Project J Bonds of any Series and amounts that MEAG Power determines are necessary to fund any Amortized Reserve Funds and/or Non-amortized Reserve Funds under the Project J Bond Resolution. MEAG Power shall structure any Project J Bonds issued or Project J Advances made to fund Non-amortized Reserve Funds in a manner whereby (i) any payments of the principal components of such Project J Bonds or such Project J Advances shall occur after the term of the Project J PPA, and (ii) JEA will not be required to pay its Obligation Share of the principal components of such Project J Bonds or of such Project J Advances.

In addition, JEA acknowledges and agrees that certain amounts held under the Project J DOE Accounts Agreement may be applied only to the prepayment of the Project J DOE Guaranteed Loan (hereinafter referred as a "Project J DOE debt retirement"), and that, as a result of such application, it may

not be possible to maintain level Debt Service over the term of the Project J PPA and the term of the Project J Power Sales Contracts. In any such circumstance, MEAG Power agrees that it shall use its best efforts to maintain level Debt Service as aforesaid, but if, despite its best efforts, it is unable to do so, it will use its best efforts to equitably apportion the Debt Service savings resulting from the Project J DOE debt retirement both during the term of Project J PPA and during the period that the Project J Participants are obligated to pay Debt Service on the Project J Bonds and the Project J DOE Guaranteed Loan under the Project J Power Sales Contracts and, in such event, MEAG Power will reduce such elements of the Project J Annual Costs as are necessary and appropriate to reflect such Project J DOE debt retirement.

MEAG Power agrees that if, at the end of the term of the Project J PPA, any amounts that are intended for the prepayment of the Project J DOE Guaranteed Loan but were not applied to prepayment and remain on deposit in any such account under the Project J DOE Accounts Agreement, MEAG Power shall pay (from a source other than a Project J DOE Accounts Agreement account) JEA an amount with respect to each of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 equal to the principal amount of Project J Advances that matured during the term of the Project J PPA that would have been prepaid if such amounts had been applied to Project J DOE debt retirement on the respective dates that such amounts were received by the Project J Entity, on a level debt service basis, using an assumed interest rate per annum of four percent (4%), but without interest thereon.

If, as a result of any Project J DOE debt retirement as provided in the preceding paragraph, MEAG Power shall be unable to maintain level Debt Service both during the term of the Project J PPA and during the period that the Project J Participants are obligated to pay Debt Service on the Project J Bonds and the Project J DOE Guaranteed Loan under the Project J Power Sales Contracts, or to equitably apportion the Debt Service savings resulting from such Project J DOE debt retirement, in either case, despite MEAG Power's best efforts, unless the MEAG Power and JEA agree that no such adjustment shall be necessary, MEAG Power shall determine, in accordance with the following procedures, whether the amount of Debt Service paid by JEA with respect to each unit after giving effect to such Project J DOE debt retirement is greater or less than the amount of Debt Service that JEA would have paid with respect to such unit had such Project J DOE debt retirement been structured on a level debt service basis (each, a "Project J Assumed Level Debt Service Debt Retirement"), using an interest rate per annum equal to (i) if the amounts applied to such Project J DOE debt retirement were derived, directly or indirectly, from assets of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 that were acquired or constructed as part of the original construction of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, four percent (4%) and (ii) if the amounts applied to such Project J DOE debt retirement were derived, directly or indirectly, from assets of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 that were acquired or constructed subsequent to the commercial operation date of the units, the weighted average yield to maturity of the applicable Project J Advance(s) made or Project J Bonds issued to finance the acquisition and construction of such assets.

If the amounts applied to such Project J DOE debt retirement were derived, directly or indirectly, from assets of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 that were acquired or constructed as part of the original construction of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, at the end of the term of the Project J PPA, MEAG Power shall calculate the sum of the amounts, determined on an annual basis, commencing with the year in which the amounts were received, equal to the difference between (x) the amount of Debt Service that JEA actually paid during each year during the term of the Project J PPA with respect to each of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 after giving effect to such Project J DOE debt retirement and (y) the amount of Debt Service that JEA would have paid during such year with respect to such unit, taking into account such applicable Project J Assumed Level Debt Service Debt Retirement, in each such case, future valued to the date on which the term of the Project J PPA shall end, using an interest rate per annum of four percent (4%).

If the amounts applied to such Project J DOE debt retirement were derived, directly or indirectly, from assets of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 that were acquired or constructed subsequent to the commercial operation date of the applicable units, at the end of the term of the Project J PPA, MEAG Power shall calculate the sum of the amounts, determined on an annual basis, commencing with the year in which the amounts were received, equal to the difference between (x) the amount of Debt Service that JEA actually paid during each year during the term of the Project J PPA with respect to each unit after giving effect to such Project J DOE debt retirement and (y) the amount of Debt Service that JEA would have paid during such year with respect to unit, taking into account such applicable Project J Assumed Level Debt Service Debt Retirement, in each such case, future valued from the date(s) on which the applicable Project J Advance(s) were made or Project J Bonds issued to finance the acquisition and construction of such assets, using an assumed interest rate per annum equal to the actual weighted average yield to maturity of such applicable Project J Advance(s) and/or Project J Bonds.

In the case of any determination pursuant to either of the two preceding paragraphs, MEAG Power shall calculate (x) the aggregate amount of Debt Service that JEA actually paid during each year during the term of the Project J PPA with respect to each of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 after giving effect to such Project J DOE debt retirement, future valued as aforesaid, and (y) the aggregate amount of Debt Service that JEA would have paid during each year during the term of the Project J PPA with respect to such unit, taking into account such applicable Project J Assumed Level Debt Service Debt Retirement, future valued as aforesaid, and, at the end of the term of the Project J PPA, (i) if the amount determined pursuant to (x) above shall be greater than the amount determined pursuant to (y) above, MEAG Power shall pay JEA the amount of the difference between (x) and (y), without interest thereon and (ii) if the amount determined pursuant to (x) above shall be less than the amount determined pursuant to (y) above, JEA shall pay MEAG Power the amount of the difference between (x) and (y), without interest thereon.

Issuance of Project J BANs and Project J Take-Out Bonds

The Project J PPA also provides that MEAG Power may issue Project J BANs to finance or refinance the payment of a portion of the Costs of Acquisition and Construction and Financing Costs, MEAG Power shall be authorized to issue such Project J BANs on such terms and conditions as MEAG Power, in its sole judgment, shall determine; *provided, however*, that in the case of any Project J BANs to be issued prior to the commercial operation date of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, MEAG Power shall fund, from the proceeds of such Project J BANs, all interest to accrue thereon through the maturity date thereof.

In addition to any assignment of all payments attributable to Project J or the Project J Annual Costs to be made in accordance with or pursuant to the provisions of the Project J PPA and the Project J Power Sales Contracts, as such payments may be increased and extended by reason of the issuance of any Project J BANs, as permitted by the Project J PPA, such Project J BANs may be secured by an assignment of proceeds of other Project J Bonds (including Project J Take-Out Bonds) to be issued to refund such Project J BANs.

In the event that MEAG Power shall issue Project J BANs as provided under this caption but shall not borrow (whether through the issuance of Project J Bonds satisfying the structuring requirements set forth in the Project J PPA or otherwise), on or before the maturity date of such Project J BANs, funds in an amount sufficient to pay such Project J BANs on the maturity date thereof, MEAG Power shall be authorized to issue Project J Take-Out Bonds in an aggregate principal amount not to exceed the sum of (i) the principal amount of such Project J BANs and (ii) MEAG Power's costs and expenses in connection with the issuance of the Project J Take-Out Bonds, on such terms and conditions as MEAG Power, in its sole judgment, shall determine; *provided, however*, that the Project J Take-Out Bonds shall be payable as

to principal in ten equal semi-annual installments, commencing on the first business day of the sixth month following the date of issuance thereof and on the first business day of each sixth month thereafter.

Adjustment of Project J Costs

In the event the proceeds derived from the sale of any Project J Bonds (including by reimbursement from the Project J Entity to MEAG Power of proceeds of Project J Bonds previously issued and applied for Costs of Acquisition and Construction and Financing Costs) exceed the aggregate amount required for the purposes for which such Project J Bonds were issued, the amount of such excess shall be timely used during the term of the Project J PPA to make up any deficiency then existing in any fund or account under the Project J Bond Resolution in the manner therein provided, and any balance shall be timely used during the term of the Project J PPA (a) to retire by purchase, redemption or defeasance Project J Bonds in advance of maturity or (b) to retire by prepayment Project J Advances in advance of maturity, in each such case, in a manner consistent with the principles governing their issuance of Project J Bonds and the making of Project J Advances under the Project J PPA, so as to equitably apportion the Debt Service savings resulting from the retirement of such Project J Bonds or Project J Advances both during the term of the Project J PPA and during the period that the Project J Participants are obligated to pay Debt Service on the Project J Bonds and the Project J DOE Guaranteed Loan under the Project J Power Sales Contracts, and in such event MEAG Power will reduce such elements of the Project J Annual Costs as are necessary and appropriate to reflect such accelerated retirement or prepayment or redemption.

JEA agrees that certain amounts held under the Project J DOE Accounts Agreement may be applied only to the prepayment of the Project J DOE Guaranteed Loan (referred to in the remainder of this caption as a "Project J DOE debt retirement"), and that, as a result of such application, it may not be possible to maintain level Debt Service over the term of the Project J PPA and the term of the Project J Power Sales Contracts. In any such circumstance, MEAG Power agrees that it shall use its best efforts to maintain level Debt Service as aforesaid, but if, despite its best efforts, it is unable to do so, it will use its best efforts to equitably apportion the Debt Service savings resulting from the Project J DOE debt retirement both during the term of the Project J PPA and during the period that the Project J Participants are obligated to pay Debt Service on the Project J Bonds and the Project J DOE Guaranteed Loan under the Project J Power Sales Contracts and, in such event, MEAG Power will reduce such elements of the Project J Annual Costs as are necessary and appropriate to reflect such Project J DOE debt retirement.

MEAG Power agrees that if, at the end of the term of the Project J PPA, any amounts that are intended for the prepayment of the Project J DOE Guaranteed Loan but were not applied to prepayment and remain on deposit in any such account under the Project J DOE Accounts Agreement, MEAG Power shall pay (from a source other than the applicable DOE Accounts Agreement account) JEA an amount with respect to each unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 equal to the principal amount of Project J Advances that matured during the term of the Project J PPA that would have been prepaid if such amounts had been applied to Project J DOE debt retirement on the respective dates that such amounts were received by the Project J Entity, on a level debt service basis, using an assumed interest rate per annum of four percent (4%), but without interest thereon.

If, as a result of any Project J DOE debt retirement as provided in the second preceding paragraph, MEAG Power shall be unable to maintain level Project J Debt Service both during the term of the Project J PPA and during the period that the Project J Participants are obligated to pay Debt Service on the Project J Bonds and the Project J DOE Guaranteed Loan under the Project J Power Sales Contracts, or to equitably apportion the Debt Service savings resulting from such Project J DOE debt retirement, in either case, despite MEAG Power's best efforts, unless MEAG Power and JEA agree that no such adjustment shall be necessary, MEAG Power shall determine, in accordance with the following procedures, whether the amount of Debt Service paid by JEA with respect to each unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No.

4 after giving effect to such Project J DOE debt retirement is greater or less than the amount of Debt Service that JEA would have paid with respect to Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, as applicable, had such Project J DOE debt retirement been structured on a level debt service basis (each, a “Project J Assumed Level Debt Service Debt Retirement”), using an interest rate per annum equal to (i) if the amounts applied to such Project J DOE debt retirement were derived, directly or indirectly, from assets of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 that were acquired or constructed as part of the original construction of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, four percent (4%) and (ii) if the amounts applied to such Project J DOE debt retirement were derived, directly or indirectly, from assets of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 that were acquired or constructed subsequent to the commercial operation date of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, the weighted average yield to maturity of the applicable Project J Advance(s) made or Project J Bonds issued to finance the acquisition and construction of such assets:

- 1) If the amounts applied to such Project J DOE debt retirement were derived, directly or indirectly, from assets of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 that were acquired or constructed as part of the original construction of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, at the end of the term of this Project J PPA, MEAG Power shall calculate the sum of the amounts, determined on an annual basis, commencing with the year in which the amounts were received, equal to the difference between (x) the amount of Debt Service that JEA actually paid during each year during the term of the Project J PPA with respect to each of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 after giving effect to such Project J DOE debt retirement and (Y) the amount of Debt Service that JEA would have paid during such year with respect to the applicable unit, taking into account such applicable Assumed Level Debt Service Debt Retirement, in each such case, future valued to the date on which the term of the Project J PPA shall end, using an interest rate per annum of four percent (4%).
- 2) If the amounts applied to such Project J DOE debt retirement were derived, directly or indirectly, from assets of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 that were acquired or constructed subsequent to the commercial operation date of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable, at the end of the term of the Project J PPA, MEAG Power shall calculate the sum of the amounts, determined on an annual basis, commencing with the year in which the amounts were received, equal to the difference between (x) the amount of Debt Service that JEA actually paid during each year during the term of the Project J PPA with respect to each of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 after giving effect to such Project J DOE debt retirement and (y) the amount of Debt Service that JEA would have paid during such year with respect to Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable, taking into account such applicable Assumed Level Debt Service Debt Retirement, in each such case, future valued from the date(s) on which the applicable Project J Advance(s) were made or Project J Bonds issued to finance the acquisition and construction of such assets, using an assumed interest rate per annum equal to the actual weighted average yield to maturity of such applicable Project J Advance(s) and/or Project J Bonds.
- 3) In the case of any determination pursuant to either (1) or (2) above, MEAG Power shall calculate (x) the aggregate amount of Debt Service that JEA actually paid during each year during the term of the Project J PPA with respect to each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 after giving effect to such Project J DOE debt retirement, future valued as aforesaid, and (y) the aggregate amount of Debt Service that JEA would have paid during each year during the term of the Project J PPA with respect to Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, as applicable, taking into account such applicable Assumed Level Debt Service Debt Retirement, future valued as aforesaid, and, at the end of the term of the Project J PPA, (i) if the amount determined pursuant to (x) above shall be greater than the amount

determined pursuant to (y) above, MEAG Power shall pay JEA the amount of the difference between (x) and (y), without interest thereon and (ii) if the amount determined pursuant to (x) above shall be less than the amount determined pursuant to (y) above, JEA shall pay MEAG Power the amount of the difference between (x) and (y), without interest thereon.

Remedies

Failure by JEA to make any payment due under the Project J PPA will constitute a default thereunder. In such event, MEAG Power shall provide written notice of such default to JEA prior to invoking any of the remedies discussed below. MEAG Power may enforce payment by action at law or equity and may, upon 60 days' written notice to JEA, discontinue providing services to JEA under the Project J PPA. If the default continues for a period in excess of one hundred and eighty (180) days, MEAG Power may permanently discontinue providing service to JEA. In the event of such default, JEA shall not be relieved of its liability for payment of any amounts required to be made under the Project J PPA; *provided, however*, that if MEAG Power discontinues providing service to JEA, MEAG Power will apply the net proceeds from any sale to a third-party of all or a portion of the output of the Project J Entity's Ownership Interest to which JEA was previously entitled, to mitigate JEA's payment obligations in the manner permitted by the Project J Bond Resolution and the Project J Federal Loan Documents.

JEA's failure to comply with any other covenant, agreement, representation, warranty or obligation of the Project J PPA shall also constitute a default. In response to such default, MEAG Power may bring suit, action or proceeding in law or equity to enforce such covenant, agreement, representation, warranty or obligation, but MEAG Power may not discontinue providing service as a result of a default of JEA other than a non-payment default.

MEAG Power's failure to comply with any covenant, agreement, representation, warranty or obligation of the Project J PPA or the Project J Power Purchase Agreement shall also constitute a default and JEA may bring suit, action or proceeding in law or equity to enforce such covenant, agreement, representation, warranty or obligation but nothing in the Project J PPA or the Project J Power Purchase Agreement shall be construed to permit JEA to terminate, rescind, void or otherwise abandon its obligations to MEAG Power under the Project J PPA as a result of such default.

Termination or Amendment

The Project J PPA may not be terminated by either party under any circumstances and may not be amended, modified or otherwise altered in any manner except as permitted in the Project J PPA. So long as any Project J Bonds or the Project J DOE Guaranteed Loan, respectively, are outstanding or until adequate provisions for payment thereof have been made in accordance with the provisions of the Project J Bond Resolution and the Project J Federal Loan Documents, respectively, and no undisbursed commitments remain available under the Project J Federal Loan Documents, the Project J PPA shall not be amended, modified or otherwise altered in any manner that would (i) reduce the payments pledged as security for Debt Service on the Project J Bonds and as security for the Project J DOE Secured Obligations, or extend the time for such payments, (ii) adversely impact, in the opinion of a nationally recognized tax counsel retained by MEAG Power, (a) the exclusion from gross income for federal income tax purposes of the interest on the Project J Bonds of any Series the interest on which is intended to be so excluded or (b) the eligibility of MEAG Power to receive cash subsidy payments from the United States Treasury equal to a portion of the interest payable on any Build America Bonds or (iii) in any manner impair or adversely affect the rights of the owners from time to time of the Project J Bonds or the rights of the Project J DOE Secured Parties pursuant to the Project J Federal Loan Documents.

PROJECT PPA

The Project P PPA will continue to be in full force and effect until (1) the twentieth anniversary of the commercial operation date of the second unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation (the “Second Commercial Operation Date”) or (2) MEAG Power’s and PowerSouth’s obligations under the Project P PPA have been fully performed and satisfied, whichever event occurs later, but in no event shall the term of the Project P PPA exceed 50 years from December 31, 2014, the execution date of the Amended and Restated Project P PPA.

Obligation Share

For a period of twenty years, commencing on the commercial operation date of the first unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation (the “First Commercial Operation Date”), 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 the first unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation which are purchased by MEAG Power from the Project P Entity. Separately, for a period of twenty years, commencing on the Second Commercial Operation Date, 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 the second unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation which are purchased by MEAG Power from the Project P Entity. During each such twenty-year period, PowerSouth is obligated to pay to MEAG Power its Obligation Share (which is defined in the Project P PPA to be 100%) of the Project P Annual Costs (as defined below) attributable to the applicable unit. PowerSouth shall have no right to dispatch or schedule the operation of the Project P Entity’s Ownership Interest or any facility thereof.

Project P Annual Budgets

MEAG Power is required to adopt an annual budget for Project P (a “Project P Annual Budget”) for each Power Supply Year (as defined in the Project P PPA), containing estimates of annual costs of the Project P Entity’s Ownership Interest (the “Project P Annual Costs”) and all revenues, income or other funds to be applied to such Project P Annual Costs, including the costs of Debt Service (as defined below). To the extent not paid as part of the Costs of Acquisition and Construction and Financing Costs, the Project P Annual Costs are all costs and expenses of MEAG Power or the Project P Entity allocable to Project P incurred by MEAG Power or the Project P Entity during a given Power Supply Year, including fixed and other costs.

1. *Fixed costs* include: (a) taxes or payments in lieu thereof attributable to the Project P Entity’s Ownership Interest and/or Project P; (b) amounts required for renewals and replacements, attributable to the Project P Entity’s Ownership Interest, or payment or deposit of such amounts into any reserve fund or account; (c) amounts to be set aside for the retirement from service or disposal of facilities of the Project P Entity’s Ownership Interest; *provided, however*, that PowerSouth has no responsibility for payments of any such set aside in amounts after the term of the Project P PPA nor shall PowerSouth be entitled to any reimbursements as a result of any recalculation of such set aside amounts that may occur after the term of the Project P PPA; (d) amounts that MEAG Power or the Project P Entity is required under the Project P Bond Resolution or the Project P Federal Loan Documents to pay or deposit into any fund or account established by the Project P Bond Resolution or the Project P Federal Loan Documents for the payment of Debt Service on the Project P Bonds or the Project P DOE Guaranteed Loan, as applicable; (e) any other amounts that MEAG Power or the Project P Entity is required, under the Project P Bond Resolution or the Project P Federal Loan Documents, as applicable, to pay or deposit during any Power Supply

Year into any other fund or account established by or outside of the Project P Bond Resolution or the Project P Federal Loan Documents, as applicable; *provided, however*, in the event MEAG Power or the Project P Entity utilizes letter of credit agreements or other financing instruments to finance such payments or deposits, the related financing costs shall also be included within the definition of “fixed costs”; (f) amounts for payment or deposit into any fund or account outside of the pledge of the Project P Bond Resolution or the Project P Federal Loan Documents attributable to costs or reserves of Project P, including such amounts established by MEAG Power in the Project P Annual Budget to provide reasonable reserves for the payment of the Project P Entity’s share of costs required pursuant to either the Vogtle Units 3&4 Ownership Agreement or the Vogtle Operating Agreement; *provided, however*, in the event MEAG Power or the Project P Entity utilizes letter of credit agreements or other financing instruments to finance such payments or deposits, the related financing costs shall also be included within the definition of “fixed costs”; (g) amounts for payment of Additional Costs (as such term is defined in the Vogtle Units 3&4 Development Agreement) attributable to the Project P Entity’s Ownership Interest incurred during any Power Supply Year; and (h) without duplication, all fixed costs required to be paid by the Project P Entity (whether to DOE, as operating expenses or otherwise) in the Project P Federal Loan Documents other than such costs and expenses set forth in the following paragraph.

2. *Other costs* include: (a) costs of producing and delivering Capacity and Energy (as defined in the Project P PPA) from the Project P Entity’s Ownership Interest to PowerSouth and (b) amounts required to pay the costs of or to provide reserves for (i) extraordinary operating and maintenance costs attributable to Project P, (ii) any major renewals, replacements, repairs, additions, betterments and improvements to Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, in the opinion of MEAG Power or the Project P Entity, necessary to keep the facilities of the Project P Entity’s Ownership Interest in good operating condition or to prevent a loss of revenues therefrom; *provided, however*, in the event MEAG Power or the Project P Entity utilizes letter of credit agreements or other financing instruments to finance such major renewals, replacements, repairs, additions, betterments and improvements, the related financing costs shall also be included within the definition of “other costs”; (iii) any major additions, improvements, repairs or modifications to, or retirements or disposals of, Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 required by any governmental agency having jurisdiction over Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 or for which the Project P Entity otherwise is responsible to the extent that MEAG Power or the Project P Entity is not reimbursed therefor from the proceeds of insurance or funds for such payments are not available to MEAG Power or to the Project P Entity therefor from any funds or accounts established by MEAG Power or by or on behalf of the Project P Entity, or funds for such payment are not provided or to be provided by the issuance of the Project P Bonds, which expenditures, to the extent they are capital expenditures, shall be treated as capital costs under the Project P PPA; *provided, however*, in the event MEAG Power or the Project P Entity utilizes letter of credit agreements or other financing instruments to finance such major additions, improvements, repairs or modifications to, or retirements or disposals of, Project P, the related financing costs shall also be included within the definition of “other costs”; and (iv) without duplication, all amounts required to be paid by the Project P Entity (whether to DOE, as operating expenses or otherwise) in the Project P Federal Loan Documents other than fixed costs set forth in the previous paragraph.
3. *Debt Service* means with respect to any period, the aggregate of the amounts required by the Project P Bond Resolution or the Project P Federal Loan Documents to be paid by MEAG Power or the Project P Entity, respectively, during said period into any fund or funds created by the Project P Bond Resolution or any account or accounts required by the Project P Federal Loan Documents, as applicable, for the sole purpose of paying (a) the principal (including the sinking fund or equivalent payment installments) of, and premium, if any, and interest on, Project P Bonds or the Project P DOE Guaranteed Loan, as applicable, and all other amounts due with respect to the Project P DOE Guaranteed Loan and (b) any payments on Qualified Hedging Contracts (as defined in the Project

P PPA), including any swap premium or swap termination payment, or Reimbursement Obligations (as defined in the Project P PPA), relating to the Project P Bonds or the Project P DOE Guaranteed Loan from time to time outstanding as the same shall become due; *provided, however*, that Debt Service will not include any acceleration of the maturity of the Project P Bonds or the Project P DOE Guaranteed Loan.

MEAG Power is authorized to amend the Project P Annual Budget upon 30 days' notice to PowerSouth to adjust its rates and charges as required to meet Project P's costs. In addition, MEAG Power is required to prepare and submit to PowerSouth a reasonable best estimate of its Project P Annual Budget from October 1 of the year before that Power Supply Year to September 30 of the Power Supply Year based on MEAG Power's current revenue requirement projections, such estimate to be delivered to PowerSouth within 30 days after preparation thereof.

MEAG Power will submit and PowerSouth will be obligated to pay, a monthly billing statement based upon the Project P Annual Budget. At the end of each Power Supply Year, MEAG Power will determine if the aggregate amounts collected from PowerSouth's billing statements, together with any other income, was in the proper amount. Any excess amounts collected will, at PowerSouth's election, either be credited to PowerSouth's billing statements for the remaining month or months of the Power Supply Year next succeeding the Power Supply Year for which such adjustment was made or paid directly to PowerSouth. Any deficiencies in collections will be added to PowerSouth's billing statements in equal installments over the remaining month or months of the Power Supply Year next succeeding the Power Supply Year for which such adjustment was made. MEAG Power may, at its election, establish a policy for making monthly, quarterly or semi-annual retroactive adjustments to PowerSouth's billings to account for variances between the billed amounts and the actual costs incurred during the respective period to avoid large cumulative adjustments at the end of each Power Supply Year.

In the event the proceeds derived from the sale of any Project P Bonds (including by reimbursement from the Project P Entity to MEAG Power of proceeds of the Project P Bonds previously issued and applied for Costs of Acquisition and Construction and Financing Costs) exceed the amount required for the purposes for which such Project P Bonds were issued, such excess shall be timely allocated during the term of the Project P PPA to make up for any deficiency then existing in any fund or account established under the Project P Bond Resolution. If excess funds still remain, such funds shall be used (a) to retire Project P Bonds in advance of maturity by purchase, redemption or defeasance or (b) to retire by prepayment Project P Advances in advance of maturity, in each such case, in a manner consistent with the principles governing the issuance under the Project P PPA of Project P Bonds and the making of Project P Advances, so as to equitably apportion the Debt Service savings resulting from the retirement of such Project P Bonds or Project P Advances both during the term of the Project P PPA and during the period that the Project P Participants are obligated to pay Debt Service on the Project P Bonds and the Project P DOE Guaranteed Loan under the Project P Power Sales Contracts and, in such event, MEAG Power will reduce such elements of the Project P Annual Costs as are necessary and appropriate to reflect such accelerated retirement or prepayment or redemption.

PowerSouth's Payment Obligations

General

As more fully described below, the Project P PPA provides, in general, that, subject to certain limitations, for the initial twenty years of commercial operation of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, respectively, PowerSouth will be responsible for all of MEAG Power's or the Project P Entity's costs relating to Project P, including Debt Service on obligations issued to finance Project P and Debt Service of the Project P DOE Guaranteed Loan. The Project P PPA also provides that amounts owed by PowerSouth under the Project P PPA will be paid by PowerSouth as a cost of purchased power and

energy for PowerSouth's electric utility system and otherwise as an expense of operation and maintenance thereof.

PowerSouth's payment obligations under the Project P PPA are payable whether or not the Project P Entity's Ownership Interest is completed or is operating or operable, and whether or not the output of the Project P Entity's Ownership Interest is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction, whether by offset or otherwise, and shall not be conditioned upon the performance or non-performance by any party of any agreement for any cause whatsoever.

In February of each calendar year during the term of the Project P PPA following each of Plant Vogtle Unit No. 3's and Plant Vogtle Unit No. 4's commercial operation date, PowerSouth's billing statements will include additional charges referred to herein as PowerSouth's "Additional Compensation Obligation" which will be calculated as set forth in the Project P PPA. PowerSouth's Additional Compensation Obligation shall apply only to energy associated with the portion of Project P comprising up to, but not to exceed, 4.5372 percent of the output of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4.

All payments made by PowerSouth attributable to Project P or the Project P Annual Costs (other than PowerSouth's Additional Compensation Obligation), and any or all rights to collection or enforcement of such payments, are to be pledged as security for Project P Bonds and the Project P DOE Secured Obligations.

For a description of the Project P Participants' general payment obligations under the Project P Power Sales Contracts, see "SUMMARY OF VOGTLE UNITS 3&4 POWER SALES CONTRACTS – Vogtle Units 3&4 Participants' Obligations to Pay – *Payment Obligations of Project P Participants Under the Project P Power Sales Contracts*" in APPENDIX M to the Annual Information Statement.

Project P Annual Costs

Obligation to Pay Project P Annual Costs Other Than Debt Service. PowerSouth's obligation to pay its Obligation Share of the Project P Annual Costs (other than Debt Service) with respect to the first unit of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 to achieve commercial operation shall commence on the First Commercial Operation Date and PowerSouth's obligation to pay its Obligation Share of the Project P Annual Costs (other than Debt Service) with respect to the second unit of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 to achieve commercial operation shall commence on the Second Commercial Operation Date. Notwithstanding the foregoing, but subject to other provisions of the Project P PPA relating to the payment of Debt Service, PowerSouth's obligation to pay the Project P Annual Costs will commence simultaneously with the commencement of the obligation of the Project M Participants to pay their respective shares of Project M's annual costs under the Project M Power Sales Contracts, which obligation may commence prior to the First Commercial Operation Date. Notwithstanding the foregoing, if it becomes practically or economically infeasible for MEAG Power to issue Project P Bonds due to a PowerSouth Market Disruption, MEAG Power may commence billing PowerSouth for the Project P Annual Costs without simultaneously billing the Project M Participants for their respective shares of Project M's annual costs.

Notwithstanding the foregoing and any other provision of the Project P PPA relating to the billing and payment of Project P Annual Costs, in the event that MEAG Power shall not have sufficient funds to pay in full the principal of or interest on any Project P BANs when due (including as a result of the inability of MEAG Power and the Project P Entity, for any reason, to borrow funds in an amount sufficient to refund any Project P BANs at or prior to their respective maturity dates (whether through the issuance of other Project P Bonds (including other Project P BANs) or otherwise), PowerSouth shall be obligated to pay to MEAG Power 50 percent of the amount of such shortfall, which amount shall be payable on or before the

due date of such principal and/or interest, whether before or after the applicable commercial operation date. In furtherance of the foregoing, MEAG Power agrees that (i) it will provide periodic notice to PowerSouth as to MEAG Power's expected ability to refund any maturing Project P BANs, not less than 90 and 30 days prior to the stated maturity date of such maturing Project P BANs and (ii) if, at any time prior to the stated maturity date of any maturing Project P BANs, it shall determine that neither it nor the Project P Entity will be able to borrow funds in an amount sufficient to refund such Project P BANs, it promptly will provide notice to PowerSouth as to such determination; *provided, however*, that MEAG Power's failure to provide any such notice to PowerSouth shall not affect PowerSouth's obligation as stated in the preceding sentence, which obligation shall be absolute and unconditional.

In the event that PowerSouth shall pay to MEAG Power any amount in respect of the principal of maturing Project P BANs as provided in the preceding paragraph, MEAG Power agrees 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 shall include in such borrowing an amount sufficient to reimburse PowerSouth and the Project P Participants for all amounts paid by them in respect of such principal that theretofore have not been reimbursed by MEAG Power, but without interest thereon; *provided, however*, that MEAG Power shall not be so obligated if, in its sole judgment, the cost of borrowing funds for the purpose of such reimbursement shall be prohibitive.

In the case of any such Project P BANs that were issued to finance or refinance Costs of Acquisition and Construction and Financing Costs of "capital improvements," as such term is defined in the Project P PPA, for either Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 following the commercial operation date thereof, in the event that any amounts paid by PowerSouth in respect of the principal thereof theretofore have not been reimbursed by MEAG Power, promptly following the day that is the twentieth anniversary of the Second Commercial Operation Date or the date on which PowerSouth's remaining obligations under the Project P PPA shall have been fully performed and satisfied, whichever occurs later (the "True-Up Settlement Date"), PowerSouth shall be entitled to a payment from MEAG Power calculated as set forth in the Project P PPA.

Obligation to Pay Debt Service. Except in the case of (x) Project P 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 and Financing Costs of capital improvements to Plant Vogtle Unit No. 3 and/or Plant Vogtle Unit No. 4, as applicable (hereinafter referred to as "Project P Post-COD Capital Improvements Bonds"), (y) refunding Project P Bonds and (z) Project P BANs (PowerSouth's obligation in respect of the payment of Debt Service on which is governed by the applicable provisions of the Project P PPA), PowerSouth's obligation to pay (i) the interest component of Debt Service of each Series of Project P Bonds and each Project P Advance attributable to 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 shall commence and (ii) the principal component of Debt Service of each Series of Project P Bonds and each Project P Advance attributable to 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 shall commence.

Notwithstanding the foregoing and any other provision of the Project P PPA, in the event that MEAG Power shall issue Project P Bonds of any Series (i) that bear interest at variable rates and are subject to tender for purchase at the option of the holders thereof or (ii) in the form of short-term obligations that are intended to be rolled-over at maturity and, as a result of market conditions, (x) such Project P Bonds that bear interest at variable rates cannot be remarketed and either are tendered to MEAG Power for payment or must be termed-out in advance of their scheduled amortization dates (determined as set forth in the Project P PPA) and/or (y) such Project P Bonds in the form of short-term obligations cannot be rolled-over and must either be paid at maturity or termed-out in advance of their scheduled amortization dates (determined as aforesaid), then PowerSouth shall be responsible for paying the principal of such Project P Bonds when due.

In the event that PowerSouth shall pay to MEAG Power any amount in respect of the principal of Project P Bonds as provided in the preceding paragraph, MEAG Power agrees 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 shall include in such borrowing an amount sufficient to reimburse PowerSouth for all amounts paid by it in respect of such principal that theretofore have not been reimbursed by MEAG Power, but without interest thereon; *provided, however*, that MEAG Power shall not be so obligated if, in its commercially reasonable judgment, the cost of borrowing funds for the purpose of such reimbursement shall be prohibitive.

In the event that MEAG Power and the Project P Entity do not, for any reason, borrow funds sufficient to reimburse PowerSouth as provided in the preceding paragraph, promptly following the True-Up Settlement Date, PowerSouth shall be refunded the portion of such principal so paid and not theretofore reimbursed in excess of the amount thereof that would have been payable by PowerSouth had such Project P Bonds been paid in accordance with their scheduled amortization (determined as aforesaid); *provided, however*, that if all or any portion of the proceeds of such Project P Bonds was used to fund a Non-amortized Reserve Fund, then, promptly following the True-Up Settlement Date, PowerSouth shall be refunded the entirety of such principal so paid and not theretofore reimbursed with respect to such Project P Bonds that funded such Non-amortized Reserve Fund(s).

In the case of Project P Post-COD Capital Improvements Bonds, PowerSouth's obligation to pay (i) the interest component of Debt Service of each such Series of Project P Post-COD Capital Improvements Bonds attributable to Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable, shall commence on the day following the date to which all interest is capitalized on the Project P Post-COD Capital Improvements Bonds of such Series and (ii) the principal component of Debt Service of each such Series of Project P Post-COD Capital Improvements Bonds attributable to Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable, shall commence on the date that is one year prior to the first due date of the principal installment of Debt Service of such Project P Post-COD Capital Improvements Bonds and, in either such case, shall continue to the last day on which PowerSouth is entitled to its Obligation Share of the output of such unit pursuant to the terms of the Project P PPA. In the event of a delay in the in-service date of the capital improvements for which the Project P Post-COD Capital Improvement Bonds of such Series are issued under the Project P PPA, MEAG Power shall issue additional Project P Post-COD Capital Improvement Bonds to provide funds to capitalize interest on all such Project P Post-COD Capital Improvement Bonds until the actual in-service date of the capital improvements; *provided, however*, that in the event that MEAG Power determines it is practicably or economically infeasible for MEAG Power to issue such additional Project P Post-COD Capital Improvement Bonds at any time during the period between the estimated in-service date and the actual in-service date of the capital improvements, then MEAG Power shall not be required to issue such additional Project P Post-COD Capital Improvement Bonds and PowerSouth's obligation to pay interest on all such Project P Post-COD Capital Improvement Bonds shall commence on the day following the date to which all interest is capitalized on the Project P Post-COD Capital Improvement Bonds of such Series.

In the case of refunding Project P Bonds, PowerSouth's obligation to pay (i) the interest component of Debt Service of each Series of such refunding Project P Bonds shall continue only for the same number of months for which PowerSouth would have been obligated to pay the interest component of Debt Service on the Project P Bonds and/or the portion of the principal of the Project P DOE Guaranteed Loan refunded or repaid (the "Refunded Project P Debt") thereby had such Refunded Project P Debt not been so refunded or repaid and (ii) the principal component of Debt Service of each such Series of refunding Project P Bonds shall continue only for the same number of months for which PowerSouth would have been obligated to pay the principal component of Debt Service on the Refunded Project P Debt had such Refunded Project P Debt not been so refunded or repaid.

“Series” is defined in the Project P PPA to mean any or all Project P Bonds issued upon original issuance on a particular date, as determined by an Authorized Officer of MEAG Power on or prior to the date of issuance thereof, whether or not such Project P Bonds constitute a separate “Series” of Bonds for purposes of (and as defined in) the Project P Bond Resolution. In the event that the Project P Bonds of any such Series shall constitute two or more separate “Series” of Project P Bonds for purposes of (and as defined in) the Project P Bond Resolution, the Project P Bonds of such Series may be aggregated for the purpose of establishing level monthly Debt Service pursuant to the Project P PPA.

PowerSouth’s Payment Obligations in the Event of Project P 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 and Plant Vogtle Unit No. 4, MEAG Power may commence billing and PowerSouth will be responsible for the payment of the principal component of Debt Service on the Project P Bonds of any Series or of Debt Service of the Project P DOE Guaranteed Loan related to the delayed unit or units prior to the commercial operation date of such unit or units. PowerSouth will be obligated to pay its Obligation Share of such principal component of Debt Service on the Project P Bonds of such Series and on the Project P DOE Guaranteed Loan relating to such unit or units commencing on the date that is (x) one year prior to the first due date of the principal component of Debt Service of the Project P Bonds of such Series and (y) three (3) months prior to the first due date of the principal component of Debt Service of the Project P DOE Guaranteed Loan, as applicable, related to such unit or units; *provided, however*, in the event that MEAG Power determines it is practicably or economically infeasible for MEAG Power to limit billing under the circumstances described above to the principal component relating to the Project P Bonds or to the Project P DOE Guaranteed Loan, as applicable, or both, MEAG Power may bill the entirety of such Debt Service on such Project P Bonds or the portion of the principal of the Project P DOE Guaranteed Loan related to such unit or units. Except in the case of refunding Project P Bonds and with respect to Project P BANs (PowerSouth’s obligation in respect of the payment of Debt Service on which is governed by the applicable provisions of the Project P PPA), PowerSouth’s obligation to pay (x) the interest component of Debt Service of each such Series of Project P Bonds and of the Project P DOE Guaranteed Loan attributable to Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable, shall be included as part of the Project P Annual Costs only for a period of 240 months from and including the month in which such obligation shall commence and (y) the principal component of Debt Service of each such Series of Project P Bonds and of the Project P DOE Guaranteed Loan attributable to such unit shall be included as part of the Project P Annual Costs only for a period of 240 months from and including the month in which such obligation shall commence.

In the case of refunding Project P Bonds, PowerSouth’s obligation to pay (1) the interest component of Debt Service of each Series of such refunding Project P Bonds shall be included as part of the Project P Annual Costs only for the same number of months for which PowerSouth would have been obligated to pay the interest component of Debt Service on the Refunded Project P Bonds and/or the portion of the principal of the Project P DOE Guaranteed Loan refunded or repaid thereby (the “Refunded Project P Debt”) had such Refunded Project P Debt not been so refunded or repaid and (2) the principal component of Debt Service of each such Series of refunding Project P Bonds shall be included as part of the Project P Annual Costs only for the same number of months for which PowerSouth would have been obligated to pay the principal component of Debt Service on the Refunded Project P Debt had such Refunded Project P Debt not been so refunded or repaid.

In the event that either or both of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 is cancelled or terminated pursuant to the Plant Vogtle Units 3&4 Development Agreement prior to the commercial operation date of such unit or units, PowerSouth will be obligated to pay (1) 50 percent of its Obligation Share of the Costs of Acquisition and Construction and Financing Costs relating to such unit or units (other than any such costs that have been paid with the proceeds of the Project P Bonds or Project P Advances) and (2) its Obligation Share of the Project P Annual Costs relating to such unit or units for a period of

twenty years from the date MEAG Power commences billing of such annual costs to PowerSouth and the billing of the Project M Annual Costs relating to such units or units to the Project M Participants; *provided, however*, that except in the case of refunding Project P Bonds and with respect to Project P BANs (PowerSouth's obligation in respect of the payment of Debt Service on which is governed by the applicable provisions of the Project P PPA), PowerSouth's obligation to pay (x) the interest component of Debt Service of each Series of Project P Bonds and of the Project P DOE Guaranteed Loan attributable to such unit shall be included as part of the Project P Annual Costs only for a period of 240 months from and including the month in which such obligation shall commence and (y) the principal component of Debt Service of each such Series of Project P Bonds and of the Project P DOE Guaranteed Loan attributable to such unit shall be included as part of the Project P Annual Costs only for a period of 240 months from and including the month in which such obligation shall commence.

In the case of refunding Project P Bonds, PowerSouth's obligation to pay (x) the interest component of Debt Service of each Series of such refunding Project P Bonds shall continue only for the same number of months for which PowerSouth would have been obligated to pay the interest component of Debt Service on the Refunded Project P Debt refunded or repaid thereby had such Refunded Project P Debt not been so refunded or repaid and (2) the principal component of Debt Service of each such Series of refunding Project P Bonds shall continue only for the same number of months for which PowerSouth would have been obligated to pay the principal component of Debt Service on the Refunded Project P Debt had such Refunded Project P Debt not been so refunded or repaid.

In the event that either or both of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 is cancelled or terminated pursuant to the Vogtle Units 3&4 Development Agreement after the commercial operation date of such unit or units, PowerSouth will be obligated to pay its Obligation Share of the Project P Annual Costs relating to the cancelled unit or units for a period of twenty years following the commercial operation date of the applicable unit; *provided, however*, that in the event that MEAG Power commences billing PowerSouth a Debt Service component relating to such unit prior to the commercial operation date, except in the case of Project P Post-COD Capital Improvements Bonds (which only are to be issued following the commercial operation date of the applicable unit) and refunding Project P Bonds, PowerSouth's obligation to pay (x) the interest component of Debt Service of each such Series of Project P Bonds and/or the Project P DOE Guaranteed Loan attributable to such unit shall continue only for a period of 240 months from and including the month in which such obligation shall commence and (y) the principal component of Debt Service of each such Series of Project P Bonds and/or the Project P DOE Guaranteed Loan attributable to such unit shall continue only for a period of 240 months from and including the month in which such obligation shall commence.

In the case of Project P Post-COD Capital Improvements Bonds, PowerSouth's obligation to pay the interest and principal components of Debt Service of each such Series of Project P Bonds attributable to each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 shall continue only until the last day on which PowerSouth is entitled to its Obligation Share of the output of each such unit pursuant to the terms of the Project P PPA.

In the case of refunding Project P Bonds, PowerSouth's obligation to pay (x) the interest component of Debt Service of each Series of such refunding Project P Bonds shall be included as part of Project P Annual Costs for only the same number of months for which PowerSouth would have been obligated to pay the interest component of Debt Service on the Refunded Project P Debt refunded or repaid thereby had such Refunded Project P Debt not been so refunded or repaid and (y) the principal component of Debt Service of each such Series of refunding Project P Bonds shall be included as part of the Project P Annual Costs for only the same number of months for which PowerSouth would have been obligated to pay the principal component of Debt Service on the Refunded Project P Debt had such Refunded Project P Debt not been so refunded or repaid.

If either of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 is cancelled or terminated pursuant to the Vogtle Units 3&4 Development Agreement during the term of the Project P PPA, and MEAG Power directly or indirectly sells all or a portion of its interest in such cancelled or terminated unit, its nuclear fuel, equipment and related facilities through a sale of such assets or a sale of ownership interest in the Project P Entity, then MEAG Power has agreed to distribute to PowerSouth, or credit PowerSouth's billing statement, 50 percent of its Obligation Share of the net proceeds allocated to the Project P Entity's Ownership Interest, if any, actually paid to and received by MEAG Power or the Project P Entity, as applicable, *provided*, that the proceeds of such sale or disposition (a) to the extent received by MEAG Power, shall be subject to the lien of the Project P Bond Resolution and (b) to the extent received by the Project P Entity, shall be subject to the security interest and lien of the Project P DOE Secured Parties described in the Project P PPA and may be applied first as a prepayment of the Project P DOE Guaranteed Loan or otherwise applied pursuant to the Project P Federal Loan Documents prior to any distribution thereof by the Project P Entity to MEAG Power.

Nature of PowerSouth's Obligations

For a discussion of the nature of PowerSouth's obligations under the Project P PPA, see "CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Security for MEAG Power's Project P Bonds – *The Project P PPA*" in the Annual Information Statement.

Rate Covenant of PowerSouth

PowerSouth has covenanted 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.

Capital Costs

Except as described herein, MEAG Power will finance or cause the Project P Entity to finance capital costs incurred by the Project P Entity during the term of the Project P PPA with proceeds of Project P Bonds or Project P Advances, as applicable, and to bill PowerSouth for its Obligation Share of such costs pursuant to the provisions of the Project P PPA. During any period when MEAG Power determines that it is infeasible for MEAG Power to issue Project P Bonds or the Project P Entity to satisfy the conditions to making a Project P Advance to pay such capital costs, MEAG Power or the Project P Entity shall finance such capital costs from a reserve fund maintained for the payment of renewals and replacements; *provided, however*, that for any portion of such capital costs attributable to the Project P Entity's Ownership Interest that cannot be financed by such a reserve fund, MEAG Power shall bill PowerSouth its Obligation Share of such costs (including such costs incurred by the Project P Entity and billed to MEAG Power) pursuant to the provisions of the Project P PPA and *provided, further* that MEAG Power shall not bill PowerSouth its Obligation Share of such capital costs prior to the First Commercial Operation Date.

In the event that PowerSouth shall pay to MEAG Power any amount in respect of its Obligation Share of such capital costs as provided in the preceding paragraph, MEAG Power agrees that on the first date thereafter on which it or the Project P Entity is able to borrow funds to pay such capital costs, it shall include in such borrowing an amount sufficient to reimburse PowerSouth for all amounts paid by it in respect of such capital costs that theretofore have not been reimbursed by MEAG Power, but without interest thereon; *provided, however*, that MEAG Power shall not be so obligated if, in its commercially reasonable judgment, the cost of borrowing funds for the purpose of such reimbursement shall be prohibitive.

Any portion of such capital costs attributable to Project P that cannot be financed by such reserve fund will be billed to PowerSouth; *provided, however*, MEAG Power will not bill PowerSouth for any capital costs incurred prior to the First Commercial Operation Date. In such event, PowerSouth is entitled to a payment from MEAG Power in accordance with the terms of the Project P PPA promptly following the True-Up Settlement Date. In the event PowerSouth shall pay any amounts in respect of Debt Service on Project P Post-COD Capital Improvement Bonds prior to the actual in-service date of the capital improvements financed through the issuance of such Project P Post-COD Capital Improvement Bonds, then, promptly following the True-Up Settlement Date, PowerSouth is entitled to a payment from MEAG Power in an amount equal to such amounts in respect of Debt Service paid prior to the actual in-service date.

Reserve Funds

The Project P PPA provides for two types of reserve funds: Non-amortized Reserve Funds and Amortized Reserve Funds. In the event that MEAG Power determines that it is infeasible to issue Project P Bonds and Project M Bonds or for the Project P Entity to satisfy the conditions to the making of a Project P Advance and for the Project M Entity (if applicable) to satisfy the conditions to the making of a Project M Advance, to finance such reserve funds, MEAG Power may utilize revenues derived from either year end distributions or billings to PowerSouth under the Project P PPA to finance such reserve funds (other than reserve funds held by or on behalf of the Project P Entity that are financed using the proceeds of Project P Advances). Funds added to either type of reserve fund by PowerSouth to either initially fund or increase the funding of such reserve funds (other than reserve funds held by or on behalf of the Project P Entity that are financed using the proceeds of Project P Advances).

In the event that PowerSouth shall pay to MEAG Power any amount to finance such reserve funds as provided in the preceding paragraph, MEAG Power agrees that on the first date thereafter on which it or the Project P Entity is able to borrow funds to finance such reserve funds, it shall include in such borrowing an amount sufficient to reimburse PowerSouth for all amounts paid by it in respect of such reserve funds that theretofore have not been reimbursed by MEAG Power, but without interest thereon; *provided, however*, that MEAG Power shall not be so obligated if, in its commercially reasonable judgment, the cost of borrowing funds for the purpose of such reimbursement shall be prohibitive.

For any “Non-amortized Reserve Fund” created under the Project P Bond Resolution, the Project P Power Sales Contracts or the Project P DOE Accounts Agreement, PowerSouth will pay its Obligation Share of any interest on the Project P Bonds and/or the Project P DOE Guaranteed Loan, as applicable, that financed such Non-amortized Reserve Funds during each Power Supply Year during the term of the Project P PPA, offset by PowerSouth’s Obligation Share of any interest earned on such funds during the Power Supply Year that are not required under the Project P Bond Resolution and/or the Federal Loan Documents, as applicable, to be retained in such funds. Except as provided in the Project P PPA, PowerSouth is not entitled to any reimbursement following the True-Up Settlement Date with respect to such funds.

For any “Amortized Reserve Fund” created under the Project P Bond Resolution, the Project P Power Sales Contracts or the Project P DOE Accounts Agreement, PowerSouth will pay its Obligation Share of both principal and interest on the Project P Bonds and/or the Project P DOE Guaranteed Loan, as applicable, that financed such Amortized Reserve Fund during each Power Supply Year during the term of the Project P PPA, offset by its Obligation Share of any interest earned on such funds during the Power Supply Year that are not required under the Project P Bond Resolution and/or the Project P Federal Loan Documents, as applicable, to be retained in such funds. Promptly following the True-Up Settlement Date, MEAG Power shall reimburse PowerSouth the total amount of principal payments made by PowerSouth on the Project P Bonds or the Project P DOE Guaranteed Loan relating to such funds.

MEAG Power has agreed that all moneys held in funds and accounts established pursuant to the Project P Bond Resolution or in the Project P Accounts (as that term is defined in the Project P DOE Accounts Agreement) established pursuant to the Project P DOE Accounts Agreement shall be invested and reinvested to the fullest extent practicable in Investment Securities (as defined in the Project P Bond Resolution) or Permitted Investments (as that term is defined in the Project P DOE Accounts Agreement), as applicable, which shall mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such funds and accounts or Project P Accounts, as applicable. Interest earned on any monies or investments in any Project P Account established pursuant to the Project P DOE Accounts Agreement (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) shall be applied pursuant to the Project P DOE Accounts Agreement, and any amounts thereof distributed to MEAG Power by the Project P Entity shall be paid into the Revenue Fund.

Allocation of Costs Among the Vogtle Units 3&4 Projects

With the exception of MEAG Power's administrative and general expenses and as provided in the following sentence, MEAG Power has agreed to allocate all costs and other expenses incurred or payable by it directly, or indirectly through the Project P Entity, the Project J Entity and/or the Project M Entity, as applicable, in connection with its interest in Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, other than Debt Service and other debt-related and financing costs and expenses, among Project P, Project J and Project M in proportion to the respective number of MWs constituting each such project. In the case of any costs related to the Project P DOE Guaranteed Loan and any DOE-guaranteed loans obtained by the Project M Entity and/or the Project J Entity, other than debt service, MEAG Power shall allocate such costs based upon a fraction the numerator of which is the FFB Credit Facility Commitment (as defined in the Project P DOE Loan Guarantee Agreement) and the denominator of which is the sum of such FFB Credit Facility Commitment and the FFB credit facility commitments of the Project M Entity and/or the Project J Entity.

Issuance of Project P Bonds and Making of Project P Advances

The Project P PPA provides that MEAG Power may issue and sell Project P Bonds and may cause the Project P Entity to draw upon the Project P DOE Guaranteed Loan in accordance with the provisions of the Project P Bond Resolution and the Project P Federal Loan Documents, respectively, to finance, or refinance by refunding outstanding Project P Bonds or provide funds for contribution to the Project P Entity to repay Project P Advances, any Costs of Acquisition and Construction and Financing Costs associated with Project P. Such Project P Bonds and the Project P DOE Guaranteed Loan may be secured by assignment of all payments attributable to Project P or the Project P Annual Costs, as such payments may be increased and extended due to the issuance of such Project P Bonds or the making of additional Project P Advances. Project P Bonds may be issued and such Project P Advances may be made in amounts sufficient to cover such costs in full and to provide such reserves as may be reasonably determined by MEAG Power or by the Project P Entity to be desirable.

MEAG Power has agreed to structure the Project P Bonds and each Project P Advance within certain parameters. To the extent a Series of Project P Bonds is issued by MEAG Power or a Project P Advance is made by the Project P Entity to finance costs attributable to both Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, the principal of such Series and/or the principal of such Project P Advances will be allocated between Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4. Except for Project P Post-COD Capital Improvements Bonds, refunding Project P Bonds, Project P BANs, Project P Bonds issued and Project P Advances to fund Non-amortized reserve funds, where the Project P Federal Loan Documents otherwise provide, where Project P Advances the debt service on which, if levelized, could prevent the Project P Entity from utilizing fully the FFB lending commitment and where the procedure for resolving disputes otherwise provides under the Project P PPA, the principal of a Series of Project P Bonds or the principal of such Project P Advance will be assumed to amortize to result in level monthly Debt Service with respect to such principal over a period of 40 years. The assumed period of 40 years during which such

amortization shall occur with respect to a particular Series of Project P Bonds or Project P Advance (or the portion thereof allocated to a particular unit) shall commence (x) in the case of the Project P Bonds of such Series, not earlier than twelve months, nor later than 36 months, following the estimated commercial operation date of the applicable unit to which such principal of such Project P Bonds of such Series relates and (y) in the case of such Project P Advance, on the day of the third month preceding the date on which the first quarterly principal installment on such Project P Advance is due that corresponds numerically to the day on which such principal installment is due (or, if there is no such corresponding day in the third preceding month, on the last day of the third preceding month), such Debt Service being calculated, for the entire 40-year amortization period, (i) in the event that all of the Project P Bonds of such Series or all of the principal of such Project P Advance allocated to a particular unit shall bear interest at fixed rates during the entirety of the period beginning on the Assumed Completion Date applicable to such unit (December 31, 2018, in the case of the first unit of Vogtle Units 3&4 to achieve commercial operation, and December 31, 2019, in the case of the second unit of Vogtle Units 3&4 to achieve commercial operation) and ending on (a) in the case of the first unit of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, December 31, 2038 and (b) in the case of the second unit of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable, December 31, 2039, at such actual fixed rates of interest, and (ii) in the event that any portion of the Project P Bonds of such Series or any portion of such Project P Advance allocated to such unit shall not bear interest at fixed rates during the entirety of the period beginning on the Assumed Completion Date applicable to such unit and ending on (a) in the case of the first unit of, as applicable, Plant Vogtle Unit No. 3 or the Plant Vogtle Unit No. 4, December 31, 2038 and (b) in the case of the second unit of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable, December 31, 2039, (X) in the case of the portion of such Project P Bonds of such Series or the portion of such Project P Advance that bear interest at fixed rates during the entirety of such period, at such actual fixed rates of interest and (Y) in the case of the portion of such Project P Bonds of such Series or any portion of such Project P Advance that do not bear interest at fixed rates during the entirety of such period, at an assumed rate of interest of one percent (1%) per annum.

The amounts and due dates of all installments of principal coming due during the first 20 years of the amortization of the principal of the Project P Bonds of such Series or of the principal of such Project P Advance (or, in the event that the Project P Bonds of such Series are to be issued or such Advance is to be made to finance Costs of Acquisition and Construction and Financing Costs of both Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, of all installments of principal coming due during the first 20 years of the amortization of the principal of the Project P Bonds of such Series or of the principal of such Project P Advance allocated to each unit) determined pursuant to the paragraph above shall be the actual amounts and due dates of the first 20 years of the amortization of the principal of the Project P Bonds of such Series or of the principal of such Project P Advance (or of the principal of the Project P Bonds of such Series or of the principal of such Project P Advance allocated to each Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 as aforesaid).

MEAG Power and the Project P Entity shall have the sole discretion to determine the actual amount(s) and due date(s) of the amount of the principal of the Project P Bonds of such Series or the principal of such Project P Advance (or, in the event that the Project P Bonds of such Series are to be issued or such Project P Advance is to be made to finance or refinance Costs of Acquisition and Construction and Financing Costs of both Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, of the amount of the principal of the Project P Bonds of such Series or the principal of such Project P Advance allocated to each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4) remaining after the establishment of the principal installments provided for in the preceding paragraph. MEAG Power and the Project P Entity shall have the sole discretion to cause such remaining amount(s) of principal to be due (x) on the dates and in the amounts as shall be determined pursuant to the second paragraph of this section, or (y) on such other date(s) and in such other amount(s) as MEAG Power (or the Project P Entity, at the direction of MEAG Power) shall determine.

The Project P PPA provides that MEAG Power may also issue Project P Post-COD Capital Improvements Bonds, which, if issued, would not be subject to the bond structure of Project P Bonds, to finance any Costs of Acquisition and Construction and Financing Costs of (i) any major renewals, replacements, repairs, additions, or improvements to such unit necessary, in the opinion of MEAG Power to keep the Project P Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom, including spent fuel storage facilities and (ii) any major additions, improvements, repairs, or modifications required by any governmental authority having jurisdiction over Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 or for which MEAG Power (or the Project P Entity) shall be responsible arising out of any contract to which MEAG Power (or the Project P Entity) may be a party relating to ownership of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 or any facility thereof, including the Plant Vogtle Unit No. 3 Project Agreement and the Plant Vogtle Unit No. 4 Project Agreement shall not be subject to the debt service structure described in three paragraphs above, but MEAG Power has agreed to structure such Project P Post-COD Capital Improvements Bonds in accordance with the following parameters:

In the case of Project P Post-COD Capital Improvements Bonds, the principal of any Series of Project P Post-COD Capital Improvements Bonds will be allocated to each capital improvement item (or group of capital improvement items having comparable estimated useful lives) and such principal shall be assumed to be amortized in such a manner as will result in level monthly Debt Service with respect to such principal over the assumed period commencing January 1 of the second calendar year following the year in which the year in which the in-service date of the capital improvements (or group of capital improvements) is estimated to occur and shall end on the earlier of (x) the expiration of the term of the applicable units combined construction and operating license, or (y) the end of the estimated economic useful life of the capital improvement item (or group of capital improvement items), as estimated at the time of the pricing of the Project P Post-COD Capital Improvements Bonds of such Series, with such Debt Service being calculated (i) in the event that all of the Project P Post-COD Capital Improvements Bonds of such Series shall bear interest at fixed rates for the entire term thereof, at the actual fixed rates of interest thereon, and (ii) in the event that any portion of the Project P Post-COD Capital Improvements Bonds of such Series shall not bear interest at fixed rates for the entire term thereof, (X) in the case of the Project P Post-COD Capital Improvements Bonds of such Series that bear interest at fixed rates for the entire term thereof, at the actual fixed rates of interest thereon and (Y) in the case of the Project P Post-COD Capital Improvements Bonds of such Series that do not bear interest at fixed rates for the entire term thereof, at an assumed rate of interest of one percent (1%) per annum.

The amounts coming due on or before January 1 of the calendar year following the last day on which PowerSouth is entitled to its Obligation Share of the output of the Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable, will be the actual amounts and due dates of each such installment of the principal of the Project P Post-COD Capital Improvements Bonds of such Series. However, MEAG Power will have the sole discretion to determine the actual amounts and due dates for the remaining installments of principal related to the applicable Series of Project P Post-COD Capital Improvements Bonds.

The Project P PPA also provides that MEAG Power may issue refunding Project P Bonds to refund Project P Bonds, or to provide funds for contribution to the Project P Entity to repay Project P Advances, which if issued in accordance with the provisions of the Project P PPA to refund Project P Bonds or to provide funds for contribution to the Project P Entity to repay Project P Advances shall not be subject to the debt service structure described in second third and fourth paragraphs under this caption, but the Debt Service on each such Series of refunding Project P Bonds shall be structured in a manner consistent with the principles governing the issuance of Project P Bonds and the making of Project P Advances under the Project P PPA, so as to equitably apportion the savings or dissavings, as applicable, resulting from the issuance of such refunding Project P Bonds both during the term of the Project P PPA and during the period that the Project P Participants are obligated to pay Debt Service on such refunding Project P Bonds under the Project P Power Sales Contracts.

In particular, in the case of refunding Project P Bonds allocable to a particular unit that bear interest at fixed rates for the entire term thereof that are to be issued to refund Project P Bonds or prepay a portion of the principal of the Project P DOE Guaranteed Loan that do not bear interest at fixed rates during the entirety of the period beginning on the Assumed Completion Date applicable to such unit and ending on (a) in the case of the first unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, as applicable, December 31, 2038 and (b) in the case of the second unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, as applicable, December 31, 2039, the Debt Service on the refunding Project P Bonds is structured so as to result in level monthly Debt Service over the period from and including the month following the month in which the refunding Project P Bonds are issued to and including the month in which PowerSouth's obligation to pay the principal component of Debt Service on the refunded Project P Bonds or the prepaid portion of the principal of the Project P DOE Guaranteed Loan, as applicable, would have ended, had the refunded Project P Bonds or the prepaid portion of the principal of the Project P DOE Guaranteed Loan, as applicable, not been so refunded or prepaid, determined in the manner provided in the Project P PPA.

In the case of refunding Project P Bonds to be issued to achieve Debt Service savings on Project P Bonds or the Project P DOE Guaranteed Loan, the issuance of such refunding Project P Bonds shall result in (x) no cash flow dissavings in any year during the period from and including the year in which the refunding Project P Bonds are issued to and including the year preceding the final maturity date of the refunded Project P Bonds or the prepaid portion of the principal of the Project P DOE Guaranteed Loan, as applicable, and (y) the weighted average life of the refunding Project P Bonds shall not exceed the remaining weighted average life of the refunded Project P Bonds or the prepaid portion of the principal of the Project P DOE Guaranteed Loan, as applicable, calculating such remaining weighted average life of the refunded Project P Bonds or the prepaid portion of the principal of the Project P DOE Guaranteed Loan, as applicable, immediately prior to the issuance of the refunding Project P Bonds.

In the case of refunding Project P Bonds to be issued to extend the maturity of (x) any Project P Bonds any principal installment for which constitutes a Refundable Principal Installment (as defined in the Project P Bond Resolution) or (y) any "bullet" maturity of any Project P Advance that bears interest at a fixed rate for the entire term thereof and that was made to finance cost overruns (which, for purposes of this paragraph), shall be either (i) costs in excess of the construction budget for Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 as in effect as of the date of execution of the Project P DOE Loan Guarantee Agreement or (ii) costs resulting from a delay in the actual commercial operation date of either or both Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4) from the Assumed Completion Date thereof, the final maturity date of the refunding Project P Bonds shall be not later than the latest date on which the principal of the refunded Project P Bonds or repaid Project P Advance, as the case may be, was permitted to mature in accordance with its 40-year amortization period determined under the Project P PPA, and the Debt Service on the refunding Project P Bonds shall be structured so as to result in level monthly Debt Service over the period from and including the month in which the maturity date of the refunded Project P Bonds or repaid Project P Advance, as the case may be, was to occur to and including the month preceding the final maturity date of the refunding Project P Bonds, determined in the manner provided in the Project P PPA.

The Project P PPA permits MEAG Power to issue Project P BANs. Project P BANs are Project P Bonds that are issued to finance or refinance the Costs of Acquisition and Construction and Financing Costs of Project P on an interim basis prior to the issuance of other Project P Bonds. MEAG Power is authorized to issue such Project P BANs on such terms and on such conditions as, in its sole judgment, it shall determine. In addition to the amount of proceeds of the Project P BANs of a particular issue to be applied to the payment of Costs of Acquisition and Construction and Financing Costs, the Project P BANs of such issue shall be sized so as to provide such amount of capitalized interest on the Project P BANs of any issue as MEAG Power shall determine is reasonably necessary. In addition to any assignment of all payments attributable to Project P or Project P's Annual Costs to be made in accordance with or pursuant to the provisions of the Project P PPA or the Project P Power Sales Contracts, as such payments may be increased

and extended by reason of the issuance of any Project P BANs, such Project P BANs may be secured by an assignment of proceeds of other Project P Bonds (including other Project P BANs) to be issued to refund such Project P BANs.

In addition to funds required for Costs of Acquisition and Construction and Financing Costs, and certain reserve requirements related thereto, MEAG Power may issue Project P Bonds in amounts sufficient to provide for the Debt Service Reserve Requirement under the Project P Bond Resolution, capitalized interest relating to Project P Bonds of any Series and amounts that MEAG Power determines are necessary to fund any Amortized Reserve Funds and/or Non-amortized Reserve Funds under the Project P Bond Resolution. However Project P Bonds issued to fund Non-amortized Reserve Funds are not subject to the structuring requirements of the Project P PPA.

MEAG Power has agreed to consult with PowerSouth regarding the mix of fixed and variable interest rates to be borne by a Series of Project P Bonds prior to issuance, but retains ultimate discretion as to such mix of interest rates.

Adjustment of Project P Costs

In the event the proceeds derived from the sale of any Project P Bonds (including by reimbursement from the Project P Entity to MEAG Power of proceeds of Project P Bonds previously issued and applied for Costs of Acquisition and Construction and Financing Costs) exceed the aggregate amount required for the purposes for which such Project P Bonds were issued, the amount of such excess shall be timely used during the term of the Project P PPA to make up any deficiency then existing in any fund or account under the Project P Bond Resolution in the manner therein provided, and any balance shall be timely used during the term of the Project P PPA (a) to retire by purchase, redemption or defeasance Project P Bonds in advance of maturity or (b) to retire by prepayment Project P Advances in a manner, in each case, consistent with the principles governing their issuance under the Project P PPA and the making of Project P Advances, so as to equitably apportion the Debt Service savings resulting from the retirement of such Project P Bonds or Project P Advances both during the term of the Project P PPA and during the period that the Project P Participants are obligated to pay Debt Service on the Project P Bonds and the Project P DOE Guaranteed Loan under the Project P Power Sales Contracts and in such event MEAG Power will reduce such elements of the Project P Annual Costs as are necessary and appropriate to reflect such accelerated retirement or prepayment or redemption.

PowerSouth agrees that certain amounts held under the Project P DOE Accounts Agreement may be applied only to the prepayment of the Project P DOE Guaranteed Loan (referred to in the remainder of this caption as a "Project P DOE debt retirement"), and that, as a result of such application, it may not be possible to maintain level Debt Service over the term of the Project P PPA and the term of the Project P Power Sales Contracts. In any such circumstance, MEAG Power agrees that it shall use its best efforts to maintain level Debt Service as aforesaid, but if, despite its best efforts, it is unable to do so, it will use its best efforts to equitably apportion the Debt Service savings resulting from the Project P DOE debt retirement both during the term of the Project P PPA and during the period that the Project P Participants are obligated to pay Debt Service on the Project P Bonds and the Project P DOE Guaranteed Loan under the Project P Power Sales Contracts and, in such event, MEAG Power will reduce such elements of the Project P Annual Costs as are necessary and appropriate to reflect such Project P DOE debt retirement.

MEAG Power agrees that if, at the end of the term of the Project P PPA, any amounts that are intended for the prepayment of the Project P DOE Guaranteed Loan but were not applied to prepayment and remain on deposit in any such account under the Project P DOE Accounts Agreement, MEAG Power shall pay (from a source other than the applicable DOE Accounts Agreement account) PowerSouth an amount with respect to each unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 equal to the principal amount of Project P Advances that matured during the term of the Project P PPA that would have

been prepaid if such amounts had been applied to Project P DOE debt retirement on the respective dates that such amounts were received by the Project P Entity, on a level debt service basis, using an assumed interest rate per annum of four percent (4%), but without interest thereon.

If, as a result of any Project P DOE debt retirement as provided in the second preceding paragraph, MEAG Power shall be unable to maintain level Project P Debt Service both during the term of the Project P PPA and during the period that the Project P Participants are obligated to pay Debt Service on the Project P Bonds and the Project P DOE Guaranteed Loan under the Project P Power Sales Contracts, or to equitably apportion the Debt Service savings resulting from such Project P DOE debt retirement, in either case, despite MEAG Power's best efforts, unless MEAG Power and PowerSouth agree that no such adjustment shall be necessary, MEAG Power shall determine, in accordance with the following procedures, whether the amount of Debt Service paid by PowerSouth with respect to each unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 after giving effect to such Project P DOE debt retirement is greater or less than the amount of Debt Service that PowerSouth would have paid with respect to Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, as applicable, had such Project P DOE debt retirement been structured on a level debt service basis (each, a "Project P Assumed Level Debt Service Debt Retirement"), using an interest rate per annum equal to (i) if the amounts applied to such Project P DOE debt retirement were derived, directly or indirectly, from assets of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 that were acquired or constructed as part of the original construction of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, four percent (4%) and (ii) if the amounts applied to such Project P DOE debt retirement were derived, directly or indirectly, from assets of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 that were acquired or constructed subsequent to the commercial operation date of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, the weighted average yield to maturity of the applicable Project P Advance(s) made or Project P Bonds issued to finance the acquisition and construction of such assets:

- 1) If the amounts applied to such Project P DOE debt retirement were derived, directly or indirectly, from assets of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 that were acquired or constructed as part of the original construction of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, at the end of the term of this Project P PPA, MEAG Power shall calculate the sum of the amounts, determined on an annual basis, commencing with the year in which the amounts were received, equal to the difference between (x) the amount of Debt Service that PowerSouth actually paid during each year during the term of the Project P PPA with respect to each of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 after giving effect to such Project P DOE debt retirement and (Y) the amount of Debt Service that PowerSouth would have paid during such year with respect to the applicable unit, taking into account such applicable Assumed Level Debt Service Debt Retirement, in each such case, future valued to the date on which the term of the Project P PPA shall end, using an interest rate per annum of four percent (4%).
- 2) If the amounts applied to such Project P DOE debt retirement were derived, directly or indirectly, from assets of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 that were acquired or constructed subsequent to the commercial operation date of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable, at the end of the term of the Project P PPA, MEAG Power shall calculate the sum of the amounts, determined on an annual basis, commencing with the year in which the amounts were received, equal to the difference between (x) the amount of Debt Service that PowerSouth actually paid during each year during the term of the Project P PPA with respect to each of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 after giving effect to such Project P DOE debt retirement and (y) the amount of Debt Service that PowerSouth would have paid during such year with respect to Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, as applicable, taking into account such applicable Assumed Level Debt Service Debt Retirement, in each such case, future valued from the date(s) on which the applicable Project P Advance(s) were made or Project P Bonds issued to finance the acquisition

and construction of such assets, using an assumed interest rate per annum equal to the actual weighted average yield to maturity of such applicable Project P Advance(s) and/or Project P Bonds.

- 3) In the case of any determination pursuant to either (1) or (2) above, MEAG Power shall calculate (x) the aggregate amount of Debt Service that PowerSouth actually paid during each year during the term of the Project P PPA with respect to each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 after giving effect to such Project P DOE debt retirement, future valued as aforesaid, and (y) the aggregate amount of Debt Service that PowerSouth would have paid during each year during the term of the Project P PPA with respect to Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, as applicable, taking into account such applicable Assumed Level Debt Service Debt Retirement, future valued as aforesaid, and, at the end of the term of the Project P PPA, (i) if the amount determined pursuant to (x) above shall be greater than the amount determined pursuant to (y) above, MEAG Power shall pay PowerSouth the amount of the difference between (x) and (y), without interest thereon and (ii) if the amount determined pursuant to (x) above shall be less than the amount determined pursuant to (y) above, PowerSouth shall pay MEAG Power the amount of the difference between (x) and (y), without interest thereon.

Remedies

Failure by PowerSouth to make any payment due under the Project P PPA will constitute a default thereunder. MEAG Power may enforce payment by action at law or equity and may, upon 60 days' written notice to PowerSouth, discontinue providing services to PowerSouth under the Project P PPA. If the default continues for a period in excess of one hundred and eighty (180) days, MEAG Power may permanently discontinue providing service to PowerSouth. In the event of such default, PowerSouth shall not be relieved of its liability for payment of any amounts required to be made under the Project P PPA; *provided, however*, that if MEAG Power discontinues providing service to PowerSouth, MEAG Power will apply the net proceeds from any sale to a third-party of all or a portion of the output of the Project P Entity's Ownership Interest to which PowerSouth was previously entitled, to mitigate PowerSouth's payment obligations in the manner permitted by the Project P Bond Resolution and the Project P Federal Loan Documents.

PowerSouth's failure to comply with any other covenant, agreement, representation, warranty or obligation of the Project P PPA shall also constitute a default. In response to such default, MEAG Power may bring suit, action or proceeding in law or equity to enforce such covenant, agreement, representation, warranty or obligation, but MEAG Power may not discontinue providing service as a result of a default of PowerSouth other than a non-payment default.

MEAG Power's failure to comply with any covenant, agreement, representation, warranty or obligation of the Project P PPA or the Project P Power Purchase Agreement shall also constitute a default and PowerSouth may bring suit, action or proceeding in law or equity to enforce such covenant, agreement, representation, warranty or obligation but nothing in the Project P PPA or the Project P Power Purchase Agreement shall be construed to permit PowerSouth to terminate, rescind, void or otherwise abandon its obligations to MEAG Power under the Project P PPA or the Project P Power Purchase Agreement as a result of such default.

Termination or Amendment

The Project P PPA may not be terminated by either party under any circumstances and may not be amended, modified or otherwise altered in any manner except as provided in the Project P PPA. So long as any Project P Bonds or the Project P DOE Secured Obligations are outstanding or until adequate provisions for payment thereof have been made in accordance with the provisions of the Project P Bond Resolution

and the Project P Federal Loan Documents, respectively, and no undisbursed commitments remain available under the Project P Federal Loan Documents, the Project P PPA shall not be amended, modified or otherwise altered in any manner that would reduce the payments pledged as security for Debt Service on the Project P Bonds and as security for the Project P DOE Secured Obligations, or extend the time for such payments, adversely impact or in any manner impair or adversely affect the rights of the owners from time to time of the Project P Bonds or the rights of the Project P DOE Secured Parties pursuant to the Project P Federal Loan Documents.

SUMMARY OF VOGTLE UNITS 3&4 POWER SALES CONTRACTS

The following is a description of certain of the provisions of (1) the Project M Power Sales Contracts executed between MEAG Power and the Project M Participants relating to the Project M, (2) the Project J Power Sales Contracts executed between MEAG Power and the Project J Participants relating to Project and (3) the Project P Power Sales Contracts executed between MEAG Power and the Project P Participants relating to Project P (the Project M Power Sales Contracts, the Project J Power Sales Contracts and the Project P Power Sales Contracts are referred to collectively herein as the “Vogtle Units 3&4 Power Sales Contracts”).

Each of the Vogtle Units 3&4 Power Sales Contracts will continue to be in full force and effect until such time as all of the indebtedness issued under the applicable Vogtle Units 3&4 Bond Resolution or advanced under the applicable Federal Loan Documents has been paid or provision has been made for their payment and all obligations of the applicable Vogtle Units 3&4 Project Entity under the applicable Vogtle Units 3&4 Project Federal Loan Documents have been satisfied and all lending commitments thereunder have been terminated or until such time as the applicable Vogtle Units 3&4 Project is retired from service or disposed of by MEAG Power or by the applicable Vogtle Units 3&4 Project Entity, whichever is later, but in no event longer than 50 years from December 31, 2014, the execution date of the Amended and Restated Vogtle Units 3&4 Power Sales Contracts (unless extended either through amendment or replacement with another contract; see the fifth paragraph under “INTRODUCTORY STATEMENT – The Participants” in the Annual Information Statement).

The Vogtle Units 3&4 Power Sales Contracts are identical in all material respects except as indicated below. Capitalized terms not otherwise defined in this APPENDIX M or defined in the Annual Information Statement shall be as defined in the applicable Vogtle Units 3&4 Power Sales Contracts.

Obligation Shares

Each Vogtle Units 3&4 Participant’s Obligation Share with respect to a particular Vogtle Units 3&4 Project is a percentage set forth in its Vogtle Units 3&4 Power Sales Contract relating to such Project that determines both (a) the percentage share of output and services, which include capacity and energy, of such Vogtle Units 3&4 Project Entity’s Ownership Interest to which such Vogtle Units 3&4 Participant is entitled and (b) the percentage of such Project’s annual costs that such Vogtle Units 3&4 Participant is obligated to pay.

Pursuant to the terms of the Project M Power Sales Contracts, MEAG Power is obligated to provide, and each Project M Participant is obligated to take from MEAG Power, its Obligation Share of the output and services, which include capacity and energy, of the Project M Entity’s Ownership Interest for the entire term of its Project M Power Sales Contract.

Pursuant to the terms of the Project J Power Sales Contracts and the Project P Power Sales Contracts, respectively, each Project J Participant and Project P Participant shall be entitled to and is obligated to take, its Obligation Share of the output and services of the Project J Entity’s Ownership Interest and Project P Entity’s Ownership Interest, respectively, commencing at 12:01 AM, Eastern Prevailing Time, on the day after the twentieth anniversary of the commercial operation date of the second unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation (the “Second Commercial Operation Date”), for a period not to exceed 50 years from December 31, 2014 (such period is referred to herein as the “Final Term”).

None of the Project J Participants or the Project P Participants is entitled to receive its Obligation Share of output and services from the Project J Entity’s Ownership Interest or the Project P Entity’s

Ownership Interest, as applicable, during the period between the commercial operation date of the first unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation (the “First Commercial Operation Date”) and the twentieth anniversary of the Second Commercial Operation Date (such period is referred to herein as the “Initial Term”); *provided, however*, that each Project J Participant and Project P Participant is entitled to receive its Obligation Share of the output and services, which include capacity and energy, of the portion of the first unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation that is included in Project J and Project P, respectively, during the period commencing on the twentieth anniversary of the First Commercial Operation Date and continuing through the remainder of the Initial Term.

See “THE PARTICIPANTS – Obligation Shares of the Participants – Vogtle Units 3&4 Projects” in the Annual Information Statement for a schedule that sets forth the Vogtle Units 3&4 Participants’ respective Obligation Shares.

Annual Budgets

MEAG Power is required to adopt an annual budget with respect to each Vogtle Units 3&4 Project (each, an “Annual Budget”) for each Power Supply Year during the term of the applicable Vogtle Units 3&4 Power Sales Contracts containing estimates of such annual costs of the applicable Vogtle Units 3&4 Project Entity’s Ownership Interest (the “Annual Costs”) and all revenues, income or other funds to be applied to each Vogtle Units 3&4 Project’s Annual Costs, including the costs of Debt Service (as hereinafter defined). To the extent not paid as part of the Costs of Acquisition and Construction, the Annual Costs for a particular Vogtle Units 3&4 Project are all costs and expenses of MEAG Power or the applicable Vogtle Units 3&4 Project Entity, allocable to such Vogtle Units 3&4 Project Entity’s Ownership Interest incurred by MEAG Power or the applicable Vogtle Units 3&4 Project Entity’s Ownership Interest during a given Power Supply Year, including fixed and other costs.

1. *Fixed costs*, with respect to each Vogtle Units 3&4 Project all fixed costs allocable to the applicable Vogtle Units 3&4 Project incurred by MEAG Power or the applicable Vogtle Units 3&4 Project Entity including: (a) taxes or payments in lieu thereof attributable to the applicable Vogtle Units 3&4 Project Entity’s Ownership Interest and/or such Vogtle Units 3&4 Project; (b) amounts required for renewals and replacements, attributable to the applicable Vogtle Units 3&4 Project Entity’s Ownership Interest or reserves therefor established for the applicable Vogtle Units 3&4 Project; (c) amounts to be set aside by MEAG Power or the applicable Vogtle Units 3&4 Project Entity for the retirement from service or disposal of facilities of the applicable Vogtle Units 3&4 Project Entity’s Ownership Interest; (d) amounts paid by MEAG Power or the applicable Vogtle Units 3&4 Project Entity, for the purchase of generating capacity reserves for the applicable Vogtle Units 3&4 Project Entity’s Ownership Interest; (e) amounts that MEAG Power or the applicable Vogtle Units 3&4 Project Entity is required under the applicable bond resolution or the applicable Federal Loan Documents to pay or deposit into any fund or account established by such bond resolution or the applicable Federal Loan Documents for the payment of Debt Service on the applicable bonds or the applicable DOE Guaranteed Loan, as applicable, and any reserve requirements for the applicable bonds or the applicable DOE Guaranteed Loan, as applicable; (f) any other amounts that MEAG Power or applicable Vogtle Units 3&4 Project Entity is required, under the applicable bond resolution or the applicable Federal Loan Documents, as applicable, to pay or deposit during the Power Supply Year into any other fund or account established by or outside of such bond resolution or the applicable Federal Loan Documents, as applicable; (g) amounts for payment or deposit into any fund or account outside of the pledge of the applicable bond resolution or the applicable Federal Loan Documents attributable to costs or reserves of such Vogtle Units 3&4 Project, including such amounts established by MEAG Power in the applicable Vogtle Units 3&4 Project’s Annual Budget to provide reasonable reserves for the payment of the applicable Vogtle Units 3&4 Project Entity’s share of costs required pursuant to either the Vogtle

Units 3&4 Ownership Agreement or the Vogtle Operating Agreement; and (h) amounts for payment of Additional Costs (as such term is defined in the Vogtle Units 3&4 Development Agreement) attributable to the applicable Vogtle Units 3&4 Project Entity's Ownership Interest incurred during any Power Supply Year; and (i) without duplication, all fixed costs required to be paid by the applicable Vogtle Units 3&4 Project Entity (whether to DOE, as operating expenses or otherwise) in the applicable Federal Loan Documents other than such costs and expenses set forth in clause (2) below.

Each of the Project J Power Sales Contracts and the Project P Power Sales Contracts also provides that fixed costs will also include amounts for the payment of any obligation that MEAG Power incurs under the Project J PPA or the Project P PPA, as applicable, including monetary judgments obtained by JEA or PowerSouth, as applicable, against MEAG Power.

2. *Other costs*, with respect to each Vogtle Units 3&4 Project, include: (a) all costs of producing and delivering electric power and energy from the applicable Vogtle Units 3&4 Project Entity's Ownership Interest to the applicable Vogtle Units 3&4 Participants and (b) amounts required to pay the costs of or to provide reserves for (i) extraordinary operating and maintenance costs attributable to the such Vogtle Units 3&4 Project, (ii) any major renewals, replacements, repairs, additions, betterments and improvements necessary, in the opinion of MEAG Power or the applicable Vogtle Units 3&4 Project Entity to keep the facilities of the applicable Vogtle Units 3&4 Project Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom; and (iii) any major additions, improvements, repairs or modifications to, or retirements or disposals of, any facility required by any governmental agency having jurisdiction over Plant Vogtle Units 3&4 Project or for which the applicable Vogtle Units 3&4 Project Entity otherwise is responsible to the extent that the applicable Vogtle Units 3&4 Project Entity is not reimbursed therefor from the proceeds of insurance or funds for such payments are not available to MEAG Power or the applicable Vogtle Units 3&4 Project Entity therefor from any funds or accounts established by MEAG Power or by or on behalf of the applicable Vogtle Units 3&4 Project Entity or funds for such payment are not provided or to be provided by the issuance of bonds; and (iv) without duplication, all amounts required to be paid by the applicable Vogtle Units 3&4 Project Entity (whether to DOE, as operating expenses or otherwise) in the applicable Federal Loan Documents other than the fixed costs set forth in clause (1) above.
3. *Debt Service*, with respect to each Vogtle Units 3&4 Project, means, with respect to any period, the aggregate of the amounts required by the applicable bond resolution and the applicable Federal Loan Documents to be paid by MEAG Power or the applicable Vogtle Units 3&4 Project Entity, as applicable, during said period into any fund or funds created by such bond resolution or any account or accounts required by the applicable Federal Loan Documents, as applicable, for the sole purpose of paying (a) the principal (including the sinking fund or equivalent payment installments) of, and premium, if any, and interest on, applicable bonds or the applicable DOE Guaranteed Loan, as applicable, and all other amounts due with respect to the applicable DOE Guaranteed Loan, and (b) any payments on Qualified Hedging Contracts, including any swap premium or swap termination payment, or Reimbursement Obligations, relating to the applicable bonds or the applicable DOE Guaranteed Loan from time to time outstanding as the same become due; *provided, however*, that Debt Service will not include any acceleration of the maturity of the applicable bonds or the applicable DOE Guaranteed Loan. MEAG Power is expressly authorized to bill some or all of the Debt Service costs which are payable during construction and prior to the applicable commercial operation date of any facility.

MEAG Power is authorized to amend each applicable Vogtle Units 3&4 Project's Annual Budget upon 30 days' notice to the applicable Vogtle Units 3&4 Participants and to adjust its rates and charges to meet each applicable Vogtle Units 3&4 Project's costs. MEAG Power will submit, and each applicable

Vogle Units 3&4 Participant will be obligated to pay, a monthly billing statement based upon the applicable Vogle Units 3&4 Project's Annual Budget for the applicable Vogle Units 3&4 Project. At the end of each Power Supply Year, MEAG Power will determine if the aggregate amounts collected from the billing statements are in the proper amount. Any excess amounts collected will, at MEAG Power's discretion, either be paid to the applicable Vogle Units 3&4 Participants or appropriately credited to the such Vogle Units 3&4 Participants on their monthly billing statements for the remaining month or months of the Power Supply Year next succeeding the Power Supply Year for which such adjustment was determined to have been necessary. Each Vogle Units 3&4 Power Sales Contract provides that MEAG Power shall have the discretion, subject to the concurrence of a sufficient number of Vogle Units 3&4 Participants whose total Obligation Shares in the applicable Vogle Units 3&4 Project exceed 66 2/3 percent, to apply any excess amounts (as set forth above) received, or portion thereof, towards the purchase, redemption or defeasance of bonds relating to such Vogle Units 3&4 Project in advance of such bonds' maturity or retiring by prepayment applicable Advances, in each case; *provided, however*, that pursuant to the terms of the Project J Power Sales Contracts and the Project P Power Sales Contracts, MEAG Power shall only have such discretion after the end of the term of the Project J PPA and Project P PPA, respectively. MEAG Power will reduce such elements of the applicable Vogle Units 3&4 Project's Annual Costs to reflect any such accelerated retirement or prepayment or redemption. Any deficiencies in collections are recovered by adding the amount of such deficiency to the applicable Vogle Units 3&4 Participants' billing statements in equal installments over the remaining month or months of the Power Supply Year next succeeding the Power Supply Year for which such adjustment was determined to have been necessary. MEAG Power may, at its election, establish a policy for making monthly, quarterly or semi-annual retroactive adjustments to the Vogle Units 3&4 Participants' billings to account for variances between the billed amounts and the actual costs incurred during the respective period to avoid large cumulative adjustments at the end of each Power Supply Year.

Each of the Project J Power Sales Contracts and the Project P Power Sales Contracts provides that, in the event that JEA or PowerSouth, as applicable, makes any additional compensation payment that either JEA or PowerSouth, as applicable, is committed to make pursuant to the applicable Project J PPA or Project P PPA, such payment will be placed by MEAG Power in a reserve fund for the purpose of either reducing the Project J Participants' or Project P Participants' Obligation Shares, as applicable, of "other costs" (as defined above) following the Initial Term or satisfying any payment obligations of such Vogle Units 3&4 Participants incurred during the Initial Term, as the case may be. Such funds will be allocated among the applicable Vogle Units 3&4 Participants on a *pro rata* basis reflecting each Vogle Units 3&4 Participants' Obligation Shares in the applicable Vogle Units 3&4 Project and shall not be included in the pledge in favor of the holders of the related bonds or the pledge in favor of the applicable DOE Secured Parties to secure the payment of the applicable DOE Secured Obligations.

Vogle Units 3&4 Participants' Obligations to Pay

General

Each Vogle Units 3&4 Participant is obligated to establish, maintain and collect rates and charges for the electric service of its electric distribution system so as to provide revenues sufficient, together with available electric distribution system reserves, to enable such Vogle Units 3&4 Participant to (1) pay MEAG Power all amounts payable under its Vogle Units 3&4 Power Sales Contract, (2) pay all other amounts payable from, and all lawful charges against or liens on, the revenues of its electric distribution system and (3) operate and maintain its electric distribution system in a sound, businesslike manner.

The Vogle Units 3&4 Power Sales Contracts provide that each Vogle Units 3&4 Participant is obligated to pay for its Obligation Share of the applicable Vogle Units 3&4 Project's Annual Costs, as well as the Costs of Acquisition and Construction of such Vogle Units 3&4 Project, whether or not such Vogle Units 3&4 Ownership Interest is completed, operating or operable, and whether or not its output is

suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, and such payments are unconditional.

With respect to each Vogtle Units 3&4 Project, all payments made by the Vogtle Units 3&4 Participants pursuant to the Vogtle Units 3&4 Power Sales Contracts attributable to such Vogtle Units 3&4 Project or such Vogtle Units 3&4 Project's Annuals Costs are to be pledged as security for such Vogtle Units 3&4 Project's bonds and the applicable DOE Guaranteed Loan.

If payment is not made from the revenues of the electric system of a Vogtle Units 3&4 Participant or from other funds thereof, such Vogtle Units 3&4 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 Vogtle Units 3&4 Power Sales Contract, whether or not electric power and energy shall actually be received by such Vogtle Units 3&4 Participant. If any such provision or appropriation is not made for a fiscal year, then the chief fiscal officer of such Vogtle Units 3&4 Participant is required, in accordance with the provisions of the Act, to set up as an appropriation on the accounts of such Vogtle Units 3&4 Participant the amounts required to pay its obligations under its Vogtle Units 3&4 Power Sales Contract, and such appropriation will have the same legal status as if the Vogtle Units 3&4 Participant had included the amount of the appropriation in its general revenue or appropriation measure. In the event a Vogtle Units 3&4 Participant fails to pay all amounts due under its Vogtle Units 3&4 Power Sales Contract, MEAG Power's remedies under each Vogtle Units 3&4 Power Sales Contract include specific performance to compel such Vogtle Units 3&4 Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder.

For further information with respect to the obligations of the Vogtle Units 3&4 Participants under the Vogtle Units 3&4 Power Sales Contracts, see "CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Security for MEAG Power's Project M Bonds," "– Security for MEAG Power's Project J Bonds" and "– Security for MEAG Power's Project P Bonds" in the Annual Information Statement.

***Payment Obligations of Project J Participants
Under the Project J Power Sales Contracts***

To the extent not paid by JEA under the terms of the Project J PPA, during the entirety of the Initial Term, each Project J Participant is unconditionally obligated to pay its Obligation Share of (1) the Project J Annual Costs, other than Debt Service, subject to certain exceptions described below and (2) any Costs of Acquisition and Construction that become due and owing prior to or during the Initial Term to the extent that such costs are not required to be paid for by JEA in accordance with the terms of the Project J PPA.

JEA is obligated to pay Debt Service (as defined in the Project J PPA) during the Initial Term as specified in the Project J PPA. However, there are circumstances in which JEA's obligation to pay Debt Service terminates prior to the end of the Initial Term. In these circumstances, and in any other circumstances which may arise where JEA is no longer obligated to pay Debt Service during the Initial Term, the Project J Participants will be obligated to pay their respective Obligation Shares of Debt Service (as defined in the Project J Power Sales Contracts). Additionally, there are circumstances under which JEA's obligation to pay other Project J Annual Costs and Costs of Acquisition and Construction may terminate prior to the end of the Initial Term. Similarly, in these circumstances, the Project J Participants will be obligated to pay their respective Obligation Shares of Project J Annual Costs and Costs of Acquisition and Construction. For a discussion of JEA's payment obligations and the circumstances in which such obligations may terminate prior to the end of the Initial Term, 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 L to the Annual Information Statement.

For a description of JEA's general payment obligations under the Project J PPA, see "SUMMARY OF VOGTLE UNITS 3&4 PPAs – Project J PPA – JEA's Payment Obligations" in APPENDIX L to the Annual Information Statement.

***Payment Obligations of Project P Participants
Under the Project P Power Sales Contracts***

To the extent not paid by PowerSouth under the terms of the Project P PPA, during the entirety of the Initial Term, each Project P Participant is unconditionally obligated to pay its Obligation Share of (1) the Project P Annual Costs, other than Debt Service, subject to certain exceptions described below and (2) any Costs of Acquisition and Construction that become due and owing prior to or during the Initial Term to the extent that such costs are not required to be paid for by PowerSouth in accordance with the terms of the Project P PPA.

PowerSouth is obligated to pay Debt Service (as defined in the Project P PPA) during the Initial Term as specified in the Project P PPA. However, there are circumstances in which PowerSouth's obligation to pay Debt Service terminates prior to the end of the Initial Term. In these circumstances, and in any other circumstances which may arise where PowerSouth is no longer obligated to pay Debt Service during the Initial Term, the Project P Participants will be obligated to pay their respective Obligation Shares of Debt Service (as defined in the Project P Power Sales Contracts). Additionally, there are circumstances under which PowerSouth's obligation to pay other Project P Annual Costs and Costs of Acquisition and Construction may terminate prior to the end of the Initial Term. Similarly, in these circumstances, the Project P Participants will be obligated to pay their respective Obligation Shares of Project P Annual Costs and Costs of Acquisition and Construction. For a discussion of PowerSouth's payment obligations and the circumstances in which such obligations may terminate prior to the end of the Initial Term, see "SUMMARY OF VOGTLE UNITS 3&4 PPAs – Project P PPA – PowerSouth's Payment Obligations – PowerSouth's Payment Obligations in the event of Project P Delay or Termination" in APPENDIX L to the Annual Information Statement.

For a description of PowerSouth's general payment obligations under the Project P PPA, see "SUMMARY OF VOGTLE UNITS 3&4 PPAs – Project P PPA – PowerSouth's Payment Obligations" in APPENDIX L to the Annual Information Statement.

Remedies

Failure by a Vogtle Units 3&4 Participant to make any payment due under a Vogtle Units 3&4 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 Vogtle Units 3&4 Participant, cease and discontinue providing services to such Vogtle Units 3&4 Participant under such Vogtle Units 3&4 Power Sales Contract. If the default continues for more than 180 days or if a non-defaulting Vogtle Units 3&4 Participant exercises a right of first refusal to purchase a *pro rata* share of such defaulting Vogtle Units 3&4 Participant's Obligation Share of the output and services of the applicable Vogtle Units 3&4 Project Entity's Ownership Interest whichever occurs first, MEAG Power may permanently discontinue providing service from such Vogtle Units 3&4 Project to the defaulting Vogtle Units 3&4 Participant. Each Vogtle Units 3&4 Participant expressly waives any claim to interest payments recovered by MEAG Power as a result of a default under its Vogtle Units 3&4 Power Sales Contracts. The Vogtle Units 3&4 Power Sales Contracts also provide that in the event of default in any payment by a Vogtle Units 3&4 Participant, such Vogtle Units 3&4 Participant must provide for the assessment and collection of an annual tax sufficient to make payments due under the applicable Vogtle Units 3&4 Power Sales Contract in each year over the remainder of the term of the applicable Vogtle Units 3&4 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 Vogtle Units 3&4 Participant under a Vogtle Units 3&4 Power Sales Contract and discontinuation of such Vogtle Units 3&4 Participant's service from the related Vogtle Units 3&4 Project, MEAG Power shall first offer to transfer a *pro rata* portion of the defaulting Vogtle Units 3&4 Participant's Obligation Share to all other non-defaulting Vogtle Units 3&4 Participants in such Vogtle Units 3&4 Project. Any such portion of the defaulting Vogtle Units 3&4 Participant's Obligation Share which is declined by the non-defaulting Vogtle Units 3&4 Participants will be reoffered *pro rata* to the non-defaulting Vogtle Units 3&4 Participants in such Vogtle Units 3&4 Project which have accepted in full the first offer. Such reoffering will be repeated until such defaulting Vogtle Units 3&4 Participant's Obligation Share has been reallocated in full or until all non-defaulting Vogtle Units 3&4 Participants in such Vogtle Units 3&4 Project have declined to take any additional portion of such defaulting Vogtle Units 3&4 Participant's Obligation Share. If less than all of the defaulting Vogtle Units 3&4 Participant's Obligation Share is accepted by the non-defaulting Vogtle Units 3&4 Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Vogtle Units 3&4 Participant's Obligation Share for the remaining term of the associated Vogtle Units 3&4 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 applicable Vogtle Units 3&4 Project's bonds or the security for such Vogtle Units 3&4 Project's bonds and the applicable DOE Secured Obligation.

If less than all of the defaulting Vogtle Units 3&4 Participant's Obligation Share for a particular Vogtle Units 3&4 Project is transferred to non-defaulting Vogtle Units 3&4 Participants in such Vogtle Units 3&4 Project or otherwise sold, MEAG Power shall transfer the remaining portion of such defaulting Vogtle Units 3&4 Participant's Obligation Share, on a *pro rata* basis (based on the respective original Obligation Shares of the Vogtle Units 3&4 Participants in such Project) to all other non-defaulting Vogtle Units 3&4 Participants in such Vogtle Units 3&4 Project; *provided, however*, that no Vogtle Units 3&4 Participant may, as a result of such transfer, have an Obligation Share in excess of 130 percent of its Obligation Share established on the effective date of the applicable Vogtle Units 3&4 Power Sales Contracts. After such transfer, each non-defaulting Vogtle Units 3&4 Participant shall be obligated to pay for its increased Obligation Share. In the event that less than all of the defaulting Vogtle Units 3&4 Participant's Obligation Share has been sold or transferred to non-defaulting Vogtle Units 3&4 Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Vogtle Units 3&4 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, however*, that such sale may not adversely affect the tax exempt status of the applicable Vogtle Units 3&4 Project's bonds that are intended to be exempt. The defaulting Vogtle Units 3&4 Participant shall remain liable under the applicable Vogtle Units 3&4 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 Vogtle Units 3&4 Participant's Obligation Share that has been sold or transferred.

Sale or Exchange of Power and Energy

In the event that all or any portion of a Vogtle Units 3&4 Participant's Obligation Share of the applicable Vogtle Units 3&4 Project Entity's Ownership Interest, is in excess of such Vogtle Units 3&4 Participant's needs, MEAG Power, when so requested by such Vogtle Units 3&4 Participant, may sell and transfer for any period of time such excess on the terms and conditions proposed by the selling Vogtle Units 3&4 Participant. Such excess must first be offered to the non-selling Vogtle Units 3&4 Participants in such Vogtle Units 3&4 Project on terms that may require, at the option of the selling party, such non-selling Vogtle Units 3&4 Participants to purchase the excess in its entirety. In the event that the non-selling Vogtle Units 3&4 Participants in such Vogtle Units 3&4 Project elect not to purchase the entire amount of such excess, MEAG Power may dispose of such excess by sale to other utilities on the terms and conditions proposed by the selling Vogtle Units 3&4 Participant. If all or any portion of the excess is sold, the selling Vogtle Units 3&4 Participant's Obligation Share will not be reduced and the selling Vogtle Units 3&4 Participant will remain liable to MEAG Power to pay the full amount of its billing statement as if such sale

had not been made; *provided, however*, that such liability will be discharged to the extent that MEAG Power receives payment for such excess output and services from the purchaser or purchasers thereof.

Additional Transactions

MEAG Power may utilize its rights to output and services of each applicable Vogtle Units 3&4 Project Entity's Ownership Interest when the Vogtle Units 3&4 Participants in such applicable Vogtle Units 3&4 Project are entitled to output and services from the facilities, and may enter into transactions with others, in accordance with Prudent Utility Practice, when such transactions are reasonably expected to result in economic benefits to the applicable Vogtle Units 3&4 Participants. Such transactions include, but are not limited to, capacity sales and swaps, energy sales and swaps, financial swaps, hedges and risk management contracts and reliability exchanges with other utilities. Each Vogtle Units 3&4 Participant shall receive a credit of its Obligation Share of the proceeds of all such transactions relating to the Vogtle Units 3&4 Projects for which it is a participant, as applicable.

Amendment of the Vogtle Units 3&4 Power Sales Contracts

The Vogtle Units 3&4 Power Sales Contracts may not be amended, modified or otherwise altered in any manner except as permitted by the applicable Vogtle Units 3&4 Power Sales Contract. Each Vogtle Units 3&4 Power Sales Contract provides that so long as any of the applicable Vogtle Units 3&4 Project's bonds or the applicable DOE Secured Obligations are outstanding or until adequate provisions for their payment have been made in accordance with the applicable bond resolution and the applicable Federal Loan Documents, as applicable, and no undisbursed commitments remain available under the applicable Federal Loan Documents, the applicable Vogtle Units 3&4 Power Sales Contracts will not be amended, modified or otherwise altered in any manner that would reduce the amount of, or extend the time of, payments pledged as security for the Debt Service on all applicable Vogtle Units 3&4 Project's bonds and as security for the applicable DOE Secured Obligations, extend the time of such payments or adversely impact the tax exempt status of such applicable bonds or adversely affect the rights of the owners of the such applicable bonds or the rights of the applicable DOE Secured Parties pursuant to the applicable Federal Loan Documents or, in the case of the Project J Power Sales Contracts and the Project P Power Sales Contracts, adversely affect the rights of JEA or PowerSouth, respectively.

SUMMARY OF VOGTLE UNITS 3&4 PROJECT AGREEMENTS

General

GPC, OPC, Dalton and the Vogtle Units 3&4 Project Entities (collectively, the “Co-Owners”) and MEAG Power are parties to: (1) a Vogtle Units 3&4 Development Agreement, (2) a Vogtle Units 3&4 Ownership Agreement, (3) a Vogtle Operating Agreement and (4) a Nuclear Managing Board Agreement (each defined herein and collectively referred to as the “Vogtle Units 3&4 Project Agreements”). Additionally, MEAG Power has also 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 referred to as the “Vogtle Units 3&4 Guaranties”).

Capitalized terms not otherwise defined in this APPENDIX N or defined in the Annual Information Statement shall be as defined in the Vogtle Units 3&4 Project Agreements, as applicable.

Vogtle Units 3&4 Development Agreement

The Co-Owners and MEAG Power are parties to 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 the Vogtle Units 3&4 Development Agreement, the Original Vogtle Units 3&4 Co-Owners authorized the development, construction, licensing and operation of up to two additional nuclear units at Plant Vogtle (“Vogtle Units 3&4”). The Original Vogtle Units 3&4 Co-Owners further agreed that those Original Vogtle Units 3&4 Co-Owners that elected to participate in the ownership of Vogtle Units 3&4 would have the right to use the existing Plant Vogtle land, common facilities and support services for that purpose, subject to the obligation of the participating Original Vogtle Units 3&4 Co-Owners to bear all of the costs associated with the construction and ownership of Vogtle Units 3&4. The Vogtle Units 3&4 Development Agreement provided each of the Original Vogtle Units 3&4 Co-Owners with the right, but not the obligation, to participate in the ownership of Vogtle Units 3&4 in an amount up to each Co-Owner’s existing *pro rata* interest in Plant Vogtle. Pursuant to the Vogtle Units 3&4 Development Agreement, GPC was designated as the agent of the Co-Owners and authorized to develop, license, engineer, contract, operate and maintain Vogtle Units 3&4 on behalf of the Co-Owners. As agent, GPC is authorized to apply for the issuance of licenses, permits, and other governmental approvals from the Nuclear Regulatory Commission (“NRC”) and the State of Georgia, as necessary for the development of Vogtle Units 3&4.

Vogtle Units 3&4 Ownership Agreement

General. The Co-Owners and MEAG Power are parties to a Plant Alvin W. Vogtle Additional Units Ownership Participation Agreement, dated as of April 21, 2006, as amended (the “Vogtle Units 3&4 Ownership Agreement”). The Vogtle Units 3&4 Ownership Agreement governs the ownership rights and responsibilities of the Co-Owners of Vogtle Units 3&4 and the authority and responsibilities of GPC, as agent for the Co-Owners.

GPC’s Responsibilities as Agent. Under the Vogtle Units 3&4 Ownership Agreement, the Co-Owners appointed GPC as agent, with sole authority and responsibility for, among other things, the planning, licensing, design, construction, acquisition, completion, startup, commissioning, renewal, addition, replacement, modification and decommissioning of Vogtle Units 3&4. As agent, GPC is required to discharge its responsibilities in a manner consistent with Prudent Utility Practice. Neither GPC, as agent, nor any Co-Owner may make an adverse distinction between Vogtle Units 3&4 or any other generating unit in which GPC or such Co-Owner has an interest because of the co-ownership of Vogtle Units 3&4

with the other Co-Owners. As agent, GPC has the sole authority and responsibility to arrange for and acquire nuclear fuel for Plant Vogtle. However, each 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 Co-Owners. GPC's liabilities with respect to its duties under the Vogtle Units 3&4 Ownership Agreements are limited by the terms thereof.

Alienation and Assignment. Each Co-Owner owns its respective ownership interest in each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 (each such interest, an "Ownership Interest") as a tenant in common with the other Co-Owners and has the related rights and obligations (including payment therefor), and is entitled to the output of each such unit in proportion to its Ownership Interest. The Ownership Interests of the Co-Owners were determined pursuant to the Vogtle Units 3&4 Development Agreement described above under "– Vogtle Units 3&4 Development Agreement" herein. Each Co-Owner's Ownership Interest includes a fee simple interest in Vogtle Units 3&4 and the site inside the existing boundaries of Plant Vogtle where Vogtle Units 3&4 will be located, as well as easement rights to access the existing Plant Vogtle property and rights to use common facilities currently existing at Plant Vogtle.

Each Co-Owner may convey liens and security interests in its respective Ownership Interest to secure its indebtedness. OPC's Ownership Interest is subject to the lien of its indenture (the "OPC Indenture"). In conjunction with the closing of a DOE-guaranteed loan made to GPC, GPC granted a security interest in its Ownership Interest to DOE's collateral agent, in order to secure such DOE-guaranteed loan. In addition, in conjunction with its entry into its respective DOE Loan Guarantee Agreement, each Vogtle Units 3&4 Project Entity granted a security interest in its respective Ownership Interest to the DOE Collateral Agent, in order to secure its respective DOE Guaranteed Loan. Additionally, each Co-Owner has waived its right to (a) a partition or any accounting thereof related to Vogtle Units 3&4 and (b) any equitable lien rights.

With limited exceptions, the Co-Owners may not otherwise sell or transfer all or any portion of their interest in either or both of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 without first offering such interest to the other Co-Owners and MEAG Power *pro rata* in accordance with their respective Ownership Interests; *provided that*, any exercise of such right by MEAG Power shall be in lieu of the exercise of such right by the applicable Vogtle Units 3&4 Project Entity. This right of first refusal may be waived by a vote of Co-Owners holding an aggregate of 90 percent of the Ownership Interests. Such consent is not required, however, in certain circumstances, including sales or transfers (a) used to finance the discharge of nuclear fuel payment obligations; (b) to a governmental authority in connection with financing a pollution control facility or obtaining ad valorem tax abatement; (c) made to convey a security interest to secure bonds; or (d) to allow a Co-Owner to sell its Ownership Interest when it does not want to repair a damaged Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 but the remaining Co-Owners want such repair. Except in cases of transfers to secure indebtedness, any transferee of all or any portion of a Co-Owner's Ownership Interest shall be required to become a party to the Vogtle Units 3&4 Ownership Agreement and assume all the obligations of the transferor in proportion to such portion of the transferor's Ownership Interest.

In addition, as originally executed, the Vogtle Units 3&4 Ownership Agreement allowed the trustee under the OPC Indenture to dispose of OPC's Ownership Interest pursuant to a foreclosure action or power of sale, without complying with the right of first refusal, if OPC defaulted under the OPC Indenture and an agency or instrumentality of the United States government held debt that was secured by the OPC Indenture. In such event, the trustee under the OPC Indenture was required to allow the other Co-Owners to offer to purchase OPC's Ownership Interest prior to offering such interest to the public, but could reject any such offers. The trustee was required, however, to permit the other Co-Owners to participate in any auction or bid process related to the Ownership Interest. Furthermore, the Trustee was required to transfer OPC's Ownership Interest to a party (i) that was financially responsible, taking into account the remaining

obligations at the time of such transfer or sale under the Vogtle Units 3&4 Ownership Agreement, the Vogtle Operating Agreement and the Nuclear Managing Board Agreement and (ii) that became party to and assumed OPC's obligations under the Vogtle Units 3&4 Ownership Agreement, the Vogtle Operating Agreement and the Nuclear Managing Board Agreement. In conjunction with the closing of certain DOE-guaranteed loans made to GPC and OPC and in anticipation of the Vogtle Units 3&4 Project Entities obtaining their respective DOE Guaranteed Loans, this provision of the Vogtle Units 3&4 Ownership Agreement was amended to expand its applicability to the Ownership Interest of any Co-Owner that has obtained a DOE-guaranteed loan to finance construction of Vogtle Units 3&4 (or, in the case of any Vogtle Units 3&4 Project Entity, to the equity ownership interest in such Vogtle Units 3&4 Project Entity), on terms and conditions substantially similar to those described above, upon the occurrence of a default by such Co-Owner with respect to such DOE-guaranteed loan.

Also, in conjunction with the closing of certain DOE-guaranteed loans made to GPC and OPC and in anticipation of the Vogtle Units 3&4 Project Entities obtaining their respective DOE Guaranteed Loans as described in the preceding paragraph, an amendment to the Vogtle Units 3&4 Ownership Agreement was executed that provides that, subject to the satisfaction of certain conditions, each of GPC, OPC and Dalton, among other things, (1) consented to MEAG Power's conveyance of a portion of its Ownership Interest to each of the Vogtle Units 3&4 Project Entities and (2) waived its right of first refusal under the Vogtle Units 3&4 Ownership Agreement in respect of any such conveyance.

Costs of Repairs and Reconstruction. If either of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 is damaged or destroyed, and the cost of repairing or rebuilding the unit (less any deductible) is estimated to be covered by insurance, then the unit will be repaired or rebuilt unless the Co-Owners decide, by a vote of the Co-Owners holding an aggregate of 90 percent of the Ownership Interests in such unit, not to repair or rebuild such unit (in which event the Co-Owners desiring to repair or rebuild the unit may buy out the Co-Owners who do not want to participate in the repair or reconstruction). Conversely, if the cost of repairing or rebuilding the unit (less any deductible) is not estimated to be covered by insurance, then the unit will not be repaired or rebuilt unless (1) the Co-Owners decide, by a vote of Co-Owners holding an aggregate of 90 percent of the Ownership Interests in such unit, to repair or rebuild such unit, or (2) one or more Co-Owners desiring to repair or rebuild the unit buys out any Co-Owners who do not want the unit repaired or rebuilt.

Insurance. During the construction, reconstruction, completion, startup, commissioning, repair, renewal, modification, replacement, alteration or decommissioning of, or addition to the Vogtle Units 3&4 properties, GPC, as agent, must carry at all times, in the names of the Co-Owners and as their interests may appear, builder's risk (including transit risk, if applicable) or installation floater insurance of the "all risks" type, covering such hazards as GPC, as agent, deems appropriate and consistent with its customary practices and Prudent Utility Practice. The cost of such insurance is included as a Cost of Construction. In addition, each Co-Owner may maintain, at its sole cost and expense, such additional or other insurance policies as it deems necessary or advisable to protect its interests, *provided*, such additional insurance does not reduce or diminish the insurance coverage procured and maintained by GPC, as agent.

Additionally, GPC, as agent, must reasonably satisfy itself that all contractors, subcontractors, engineers, equipment suppliers and manufacturers associated with Vogtle Units 3&4 carry appropriate insurance, including insurance for worker's compensation, public liability, automobile liability and such other hazards as GPC deems appropriate. Such insurance must protect the Co-Owners to the same extent as it does GPC, as agent. Similarly, GPC, as agent, will require that all contracts with third parties relating to Vogtle Units 3&4 provide the same protection for the Co-Owners as they do for GPC, including indemnification obligations.

Remedies for Non-Payment. The Vogtle Units 3&4 Ownership Agreement provides that, should a Co-Owner fail to make any payment when due, then, among other things, such non-paying Co-Owner's

rights under the Vogtle Units 3&4 Ownership Agreement, including rights to output, capacity and energy, would be suspended until all overdue amounts have been paid, together with annual interest at the Prime Rate plus five percentage points. Both before and after commercial operation, any non-defaulting Co-Owner or MEAG Power may, with notice to the other Co-Owners, pay amounts owed by the defaulting Co-Owner; *provided that*, any exercise of such right by MEAG Power shall be in lieu of the exercise of such right by the applicable Vogtle Units 3&4 Project Entity. Such paying Co-Owner, or MEAG Power, as the case may be, will have the right to be promptly reimbursed by the defaulting Co-Owner, together with interest as specified above, and, after commercial operation, will also be entitled to a corresponding portion of the defaulting Co-Owner's output of Vogtle Units 3&4 until it is reimbursed (such right to increased output of Vogtle Units 3&4 is conditioned upon the paying Co-Owner's or MEAG Power's, as the case may be, payment of the defaulting Co-Owner's *pro rata* share of operating costs and fuel costs associated with its increased entitlement to output). If the payment default is with respect to costs incurred prior to commercial operation and such default lasts for one year or longer (even if it is paid by another Co-Owner or MEAG Power on behalf of the defaulting Co-Owner), each Co-Owner and MEAG Power may elect, with notice to the other Co-Owners, either (1) to purchase all or a fraction of the defaulting Co-Owner's Ownership Interest in Vogtle Units 3&4 (in proportion to each Co-Owner's Ownership Interest), or (2) to invest additional funds in Vogtle Units 3&4 and adjust the Ownership Interests of the Co-Owners to reflect such amounts invested; *provided that*, any exercise of such right by MEAG Power shall be in lieu of the exercise of such right by the applicable Vogtle Units 3&4 Project Entity. A non-defaulting Co-Owner or MEAG Power, as the case may be, may also choose to lend funds to the defaulting Co-Owner at a reasonable rate of interest and may, at its option, receive an appropriate portion of the defaulting Co-Owner's output of Vogtle Units 3&4; *provided that*, any exercise of such right by MEAG Power shall be in lieu of the exercise of such right by the applicable Vogtle Units 3&4 Project Entity. Additionally, GPC, as agent, will be entitled to sell the defaulting Co-Owner's right to output from Vogtle Units 3&4 until all overdue amounts owed by the defaulting Co-Owner have been paid, together with interest at the Prime Rate plus five percentage points. The net proceeds from any such sale will be applied to reduce the liability of the defaulting Co-Owner and any excess net proceeds will be applied as credit against the defaulting Co-Owner's share of future costs under the Vogtle Units 3&4 Ownership Agreement. In the event a Co-Owner defaults on any payments owed in connection with financing its Ownership Interest in Vogtle Units 3&4, any other Co-Owner or MEAG Power, as the case may be, will have the option to pay such overdue amounts directly to the defaulting Co-Owner's lender and will be entitled to be reimbursed for any such payments by the defaulting Co-Owner, together with interest at the Prime Rate plus five percentage points. Under the Vogtle Units 3&4 Ownership Agreement, the Co-Owners have the rights (1) to sue any non-paying party to recover any amounts paid by such paying Co-Owner or to enforce the payment obligations of such party and recover any increased costs incurred as a result of the non-payment, (2) to set-off amounts owed, (3) to seek declaratory judgments and (4) to seek injunctive relief to enforce GPC's obligations, as agent, to provide information relating to Vogtle Units 3&4.

Remedies for Other Breaches. If GPC fails to perform its obligations as agent in a manner consistent with Prudent Utility Practice, the other Co-Owners may, as their sole remedy and subject to the approval of the NRC, remove GPC as agent. In addition, if GPC, as agent, makes an adverse distinction between Vogtle Units 3&4 and any other generating unit in which it has an interest because of its co-ownership of Vogtle Units 3&4 with the other Co-Owners, or takes any action by which it intends to put another Co-Owner at a disadvantage, the Co-Owners may pursue any remedy available to them in law or equity.

Moreover, except as limited by the Vogtle Units 3&4 Ownership Agreement, the Co-Owners may collectively or individually take any action, in law or equity, to enforce the Vogtle Units 3&4 Ownership Agreement and to recover for any loss or damage (including consequential damages), including attorneys' fees and collection costs, incurred by reason of any breach of or default under the Vogtle Units 3&4 Ownership Agreement.

Vogtle Operating Agreement

General. The Co-Owners and MEAG Power are parties to a 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 amends and restates the Plant Alvin W. Vogtle Nuclear Units Numbers One and Two Operating Agreement, entered into by the Original Vogtle Units 3&4 Co-Owners on August 27, 1976 (as amended, the “Original Operating Agreement”) which governed the two existing 1,150 MW maximum rated nuclear generating units known as Plant Vogtle Units 1 and 2 (the “Vogtle Units 1&2”). The Vogtle Operating Agreement amended the Original Operating Agreement so that it now governs the rights and responsibilities of the Co-Owners and MEAG Power, and the authority and responsibilities of GPC, as agent, with respect to the management, operation and maintenance of Vogtle Units 1&2 as well as Vogtle Units 3&4 following commercial operation. Vogtle Units 1&2 and Vogtle Units 3&4 are collectively referred to as the “Vogtle Units.”

GPC’s Responsibilities as Agent. Under the Vogtle Operating Agreement, OPC, MEAG Power, Dalton, and each Vogtle Units 3&4 Project Entity have appointed GPC as their agent, with sole authority and responsibility for management, control, operation and maintenance of the Vogtle Units, including procurement of nuclear fuel for the Vogtle Units. GPC, as agent, is required to discharge its responsibilities in accordance with Prudent Utility Practice. None of GPC, as agent, any Co-Owner or MEAG Power may make an adverse distinction between the Vogtle Units or any other generating unit in which GPC, such Co-Owner or MEAG Power has an interest because of the co-ownership of the Vogtle Units with the other Co-Owners and MEAG Power, as applicable.

MEAG Power’s and the Vogtle Units 3&4 Project Entities’ Entitlement to Output. With respect to availability of output, (1) MEAG Power is entitled to a percentage of the net capacity and net energy output of Vogtle Units 1&2 and (2) each Vogtle Units 3&4 Project Entity is entitled to a percentage of the net capacity and net energy output of Vogtle Units 3&4, each in proportion to its respective Ownership Interest in such unit. GPC has sole authority for the scheduling and dispatching of generation from each Vogtle Unit and shall schedule and dispatch such generation on a continuous economic dispatch basis, to the extent each such Vogtle Unit is capable of such dispatch. In addition to receiving such proportionate share of the output at the operating level established based upon the economic dispatch of a Vogtle Unit during any Fuel Period, any party may request to receive energy from such Vogtle Unit up to its proportionate share of the output of such Vogtle Unit at its maximum practicable capability, *provided*, (i) such party agrees to be responsible for any additional costs, expenses, liabilities and damages resulting therefrom; (ii) such increased operation will not adversely affect the capability of such Vogtle Unit then or in the future; (iii) such party will not interfere with other parties’ output and (iv) the parties unanimously agree (such agreement not to be unreasonably withheld) to increase generation.

Responsibility for Operating Costs and Fuel Costs. Except as otherwise provided, each party is responsible for a percentage of Operating Costs and Fuel Costs of each Vogtle Unit in proportion to its Ownership Interest. With respect to each Vogtle Unit, Operating Costs include all costs and expenses (other than Fuel Costs) incurred by GPC, as agent, which are properly and reasonably allocable to such Vogtle Unit, and for which the Agent has not otherwise been reimbursed by the other parties, and which costs and expenses are properly recordable in accordance with the Operating Expense Instructions (as defined in the Uniform System of Accounts (as defined in the Vogtle Operating Agreement)) and in appropriate accounts set forth in the Uniform System of Accounts. GPC is required to furnish monthly invoices based on Operating Costs anticipated to be incurred in succeeding months. In subsequent invoices, GPC will provide an accounting to the Co-Owners and MEAG Power of Operating Costs actually incurred, and credits and deficits for preceding months will be reflected in such invoices. The Co-Owners and MEAG Power have explicitly agreed to share all items of cost, obligation and liability incurred in connection with each Vogtle Unit (other than the financing of each Co-Owner’s or MEAG Power’s respective Ownership Interest) and

not otherwise expressly provided for, in proportion to their respective Ownership Interests in such Vogtle Unit or as otherwise provided pursuant to the Vogtle Operating Agreement.

Remedies. GPC's liability as agent under the Vogtle Operating Agreement is limited by the terms thereof. Remedies against any of the Co-Owners or MEAG Power for failure to make any payments when due under the Vogtle Operating Agreement include the option to withhold the defaulting party's proportionate share of the capacity, and interest at the Prime Rate plus five percentage points will be added to such defaulting party's overdue amount. GPC will be entitled to sell the defaulting party's right to output until all overdue amounts, including interest, have been paid. The net proceeds from any such sale will not relieve the defaulting party from liability (including consequential damages) but will be applied to reduce such defaulting party's liability, and any excess net proceeds will be applied as a credit against the defaulting party's share of future Operating Costs.

Sell-Back Arrangements with GPC. See "SUMMARY OF PROJECT AGREEMENTS – Summary of Operating Agreements" in APPENDIX F for a description of certain provisions of the Vogtle Operating Agreement that relate to MEAG Power's sell-back arrangement with GPC with respect to MEAG Power's Project One interest and Project Four interest in Vogtle Units 1&2.

Nuclear Managing Board Agreement

The Original Vogtle Units 3&4 Co-Owners entered into a Nuclear Managing Board Agreement, dated as of November 12, 1990 (the "Nuclear Managing Board Agreement"), which established a nuclear managing board to coordinate the implementation and administration of various agreements relating to Plant Hatch and Plant Vogtle. Subsequently, the Original Vogtle Units 3&4 Co-Owners entered into an Amended and Restated Nuclear Managing Board Agreement, dated as of July 1, 1993, which authorized GPC to enter into a Nuclear Operating Agreement for Plant Hatch and Plant Vogtle with Southern Nuclear Operating Company, Inc. ("Southern Nuclear"), an affiliate of GPC. This amended agreement established Southern Nuclear as the Operating Agent. On April 21, 2006, the Original Vogtle Units 3&4 Co-Owners entered into a Second Amended and Restated Nuclear Managing Board Agreement for Plant Hatch and Plant Vogtle for the purpose of providing that Southern Nuclear will also serve as the Operating Agent with respect to the proposed expansion at Plant Vogtle involving the construction of Vogtle Units 3&4. The Second Amended and Restated Nuclear Managing Board Agreement was further amended by Amendment No. 1 thereto, dated as of April 8, 2008 to clarify the identity of Dalton as a party to the Second Amended and Restated Nuclear Managing Board Agreement. The Second Amended and Restated Nuclear Managing Board Agreement was further amended by Amendment No. 2 thereto, dated as of February 20, 2014 to, among other things, (1) 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 under the Second Amended and Restated Nuclear Managing Board Agreement and (2) provide for a guaranty given by MEAG Power in favor of GPC, OPC and Dalton of the respective obligations of each Vogtle Units 3&4 Project Entity under the Second Amended and Restated Nuclear Managing Board Agreement.

Vogtle Units 3&4 Guaranties

In connection with the amendments to the Vogtle Units 3&4 Project Agreements necessary or desirable to accommodate the DOE Guaranteed Loans, MEAG Power entered into a Guaranty Agreement, dated as of June 24, 2015, with respect to each of the Vogtle Units 3&4 Project Entities in favor of GPC, OPC and Dalton, guaranteeing the respective obligations of each Vogtle Units 3&4 Project Entity under each of the Vogtle Units 3&4 Project Agreements.

SUMMARY OF VOGTLE UNITS 3&4 BOND RESOLUTIONS

The following is a general summary of certain provisions of (i) the Plant Vogtle Additional Units Non-PPA Bond Resolution adopted by the Municipal Electric Authority of Georgia (“MEAG Power”) on October 16, 2008, as supplemented, amended and restated (the “Project M Bond Resolution”) pursuant to which the Plant Vogtle Units 3&4 Project M Bonds (the “Project M Bonds”) are issued, (ii) the Plant Vogtle Additional Units PPA Bond Resolution adopted by MEAG Power on October 16, 2008, as supplemented, amended and restated (the “Project J Bond Resolution”) pursuant to which the Plant Vogtle Units 3&4 Project J Bonds (the “Project J Bonds”) are issued, and (iii) the Plant Vogtle Additional Units PPA-2 Bond Resolution adopted by MEAG Power on October 16, 2008, as supplemented, amended and restated (the “Project P Bond Resolution” and, together with the Project M Bond Resolution and the Project J Bond Resolution, the “Vogtle Units 3&4 Bond Resolutions” and each individually, a “Vogtle Units 3&4 Bond Resolution”) pursuant to which the Plant Vogtle Units 3&4 Project P Bonds (the “Project P Bonds,” and, together with the Project M Bonds and the Project J Bonds, the “Bonds”) are issued. Summaries of certain definitions are set forth at the end of this APPENDIX O.

Capitalized terms not otherwise defined in this APPENDIX O or defined in the Annual Information Statement shall be as defined in the Vogtle Units 3&4 Bond Resolutions.

Application of Revenues

Revenues under each Vogtle Units 3&4 Bond Resolution are pledged to the payment of principal and Redemption Price of and interest on the applicable Bonds of all Series and, on a parity basis, the applicable Federal Loan Debt Service Payments, subject to the provisions of each Vogtle Units 3&4 Bond Resolution permitting application for other purposes. For the application of Revenues, each Vogtle Units 3&4 Bond Resolution establishes a Revenue Fund, a Debt Service Fund, a Subordinated Bond Fund and a Reserve and Contingency Fund. Under each Vogtle Units 3&4 Bond Resolution, the Debt Service Fund and the Subordinated Bond Fund are held by the Trustee. Under the Project M Bond Resolution and the Project P Bond Resolution, the Revenue Fund and the Reserve and Contingency Fund are held by MEAG Power. Under the Project J Bond Resolution, the Reserve and Contingency Fund is held by MEAG Power and the Revenue Fund is held by the Trustee during the term of the Initial Power Purchase Agreement (the “Initial Term”) and by MEAG Power following the Initial Term. Notwithstanding the foregoing or any other provision of the applicable Vogtle Units 3&4 Bond Resolution, amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund are not pledged to secure, and shall not be applied to the payment of, the principal or Redemption Price of and interest on any applicable Bond Anticipation Notes, the principal or redemption price of and interest on any applicable Parity Obligations or the applicable Federal Loan Debt Service Payments, and, additionally, with respect to the Project J Bond Resolution and the Project P Bond Resolution, the principal or Redemption Price of any interest on any Project J Take-Out Bonds or Project P BANs, as applicable.

The Trustee and MEAG Power may deposit moneys in such Funds in banks or trust companies (“Depositaries”). All moneys held under each Vogtle Units 3&4 Bond Resolution by the Trustee or any Depositary must be either (1) (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by lodging with the Trustee as collateral security, Investment Securities having a market value (exclusive of accrued interest) not less than the amount of such moneys, or (2) held in such other manner as may then be required by applicable laws and regulations; *provided, however*, that it is not necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys held in trust with them and set aside by them for the payment of the principal or Redemption Price of or interest on any applicable Bonds, or for the Trustee or any Depositary to give

security for any moneys which are represented by Investment Securities purchased as an investment of such moneys.

All Revenues received under each Vogtle Units 3&4 Bond Resolution will be deposited promptly in the applicable Revenue Fund.

The Project M Bond Resolution provides that amounts in the Revenue Fund will be paid out from time to time for application therefrom as follows:

1. Amounts in the Revenue Fund shall be paid out from time to time for reasonable and necessary Operating Expenses. In the case of that portion of the Operating Expenses payable in each month that constitutes "Seller's O&M Costs" under (and as defined in) the Project M Power Purchase Agreement, MEAG Power shall, on or prior to the last business day of such month, transfer to the Project M DOE Revenue Account the amount budgeted for such Seller's O&M Costs for the next succeeding month and, in the case of that portion of the Operating Expenses payable in each month that constitutes "Purchaser's O&M Costs" under (and as defined in) the Project M Power Purchase Agreement, MEAG Power shall, on or prior to the last business day of such month, pay or cause to be paid such Operating Expenses.

2. No later than the last business day of each month, amounts shall be withdrawn from the Revenue Fund for application in the following order of priority the respective amounts set forth below; *provided, however*, that if the amounts in the Revenue Fund will not be sufficient to make all transfers required to be made pursuant to any of the following paragraphs, then such amounts in the Revenue Fund will be applied ratably, in proportion to the amount specified for each such transfer in such clause:

(1) On a parity basis, (i) for transfer to the Trustee for credit to the Debt Service Account, the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Debt Service plus, to the extent not theretofore deposited therein as Debt Service, the amount coming due in such month on Project M Parity Obligations (other than Project M Parity Reimbursement Obligations); *provided, however*, that, for the purposes of computing the amount on deposit in said Account, there shall be excluded the amount, if any, set aside in said Account from the proceeds of Project M Bonds, Project M Subordinated Bonds or other evidences of indebtedness less that amount of such proceeds to be applied in accordance with the Project M Bond Resolution to interest accrued and unpaid and to accrue on Project M Bonds to the last day of the then current calendar month; and (ii) for transfer to the Project M DOE Revenue Account, for further transfer to the Project M DOE Debt Service Payment Account, the amount, if any, in respect of the principal of, and interest and prepayment premiums, if any, on, and any other amounts due with respect to, the Project M DOE Guaranteed Loan required to be so transferred during such month pursuant to the Project M DOE Loan Guarantee Agreement and the Project M DOE Accounts Agreement;

(2) On a parity basis, (i) subject to the second and third provisos below, for transfer to the Trustee for credit to the Debt Service Reserve Account, the amount, if any, required so that the balance in said Account shall equal the Debt Service Reserve Requirement including, without limitation, any amount required to reimburse the issuer of a Financial Guaranty in order to reinstate the maximum limits of such Financial Guaranty (see "Debt Service Fund—Debt Service Reserve Account" herein for a discussion of the ability to deposit a Financial Guaranty in the Debt Service Reserve Account); *provided, however*, that so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Project M Bonds and Project M Parity Obligations in accordance with their terms (including principal or applicable sinking fund Redemption

Price and interest thereon), no deposits shall be required to be made into the Debt Service Fund; and *provided, further*, that any deficiency in such Account attributable to a withdrawal of amounts therefrom to pay the principal or sinking fund Redemption Price of or interest on the Project M Bonds shall be cured by depositing into such Account each month during the next succeeding six months an amount equal to one-sixth (1/6th) of the amount of the withdrawal; and *provided, further*, any other deficiency in such Account shall be cured by depositing into such Account each month during the next succeeding twelve months an amount equal to one-twelfth (1/12th) of the amount of the deficiency, except that, if a new valuation of Investment Securities held in such Account is made pursuant to the Project M Bond Resolution during the period that such deposits are required, then the obligation of MEAG Power to make deposits during the balance of such period on the basis of the preceding valuation shall be discharged and the deposits, if any, required to be made for the balance of such period shall be determined on the basis of the new valuation; and (ii) for transfer to the Project M DOE Revenue Account, for further transfer to the Project M DOE Debt Service Reserve Account, the amount, if any, required so that the amount on deposit in or credited to the Project M DOE Debt Service Reserve Account shall equal the Project M DOE Debt Service Reserve Requirement;

(3) For transfer to the Trustee for credit to the Subordinated Bond Fund, such amounts as shall be required to pay (i) principal or sinking fund installments of and interest on each issue of the Project M Subordinated Bonds coming due in such month and reserves therefor, as required by the Supplemental Resolution authorizing such issue of Project M Subordinated Bonds and (ii) amounts coming due in such month on Project M Subordinated Obligations; and

(4) On a parity basis, (i) for transfer to the Trustee for credit to the Reserve and Contingency Fund, an amount equal to MEAG Power's Portion of the Monthly Reserve and Contingency Deposit; and (ii) for transfer to the Project M DOE Revenue Account, for further transfer to the Project M DOE Reserve & Contingency Account, an amount equal to the Project M Entity's Portion of the Monthly Reserve and Contingency Deposit; *provided, however*, that no such deposits shall be required to be made until the month following the month in which the commercial operation date of the first unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation occurs.

The Project M Bond Resolution further provides that during any period during which the Accrued Aggregate Debt Service shall be calculated in the manner provided in the final proviso of the definition thereof, no later than each interest payment date for any Build America Bonds then Outstanding (a) on or prior to the commercial operation date of the second unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation (the "Second Commercial Operation Date"), the Trustee will withdraw from the Construction Fund and transfer to the Debt Service Account in the Debt Service Fund and (b) after the Second Commercial Operation Date, MEAG Power will withdraw from the Revenue Fund and transfer to the Trustee, for deposit to the Debt Service Account, in either such case, an amount equal to the amount of the cash subsidy payment payable to MEAG Power by the United States Treasury in respect of the interest payable on such Build America Bonds on such interest payment date.

The Project J Bond Resolution provides that amounts in the Revenue Fund will be paid out from time to time for application therefrom as follows:

1. Amounts in the Revenue Fund shall be paid out from time to time by the Trustee, at the direction of an Authorized Officer of MEAG Power, or by MEAG Power, as applicable, for reasonable and necessary Operating Expenses. In the case of that portion of the Operating Expenses payable in each month that constitutes "Seller's O&M Costs" under (and as defined in) the Project J Power Purchase Agreement, the Trustee, at the direction of an Authorized Officer of MEAG

Power, or MEAG Power, as applicable, shall, on or prior to the last business day of such month, transfer to the Project J DOE Revenue Account the amount budgeted for such Seller's O&M Costs for the next succeeding month and, in the case of that portion of the Operating Expenses payable in each month that constitutes "Purchaser's O&M Costs" under (and as defined in) the Project J Power Purchase Agreement, the Trustee, at the direction of an Authorized Officer of MEAG Power, or MEAG Power, as applicable, shall, on or prior to the last business day of such month, pay or cause to be paid such Operating Expenses; *provided, however*, that from and after the Initial Power Purchaser Arrearages Fund Establishment Date, amounts in respect of Operating Expenses that, but for a default by the Initial Power Purchaser in the making of any payment under the Initial Power Purchase Agreement when due, would have been payable from amounts paid by the Initial Power Purchaser under the Initial Power Purchase Agreement, shall not be paid from the Revenue Fund unless and until (a) the entire balance of the Initial Power Purchaser Resale Revenues on deposit in the Initial Power Purchaser Resale Revenue Account in the Initial Power Purchaser Arrearages Fund has been applied pursuant to the Project J Bond Resolution and (b) the entire balance of the Initial Power Purchaser Arrearages Payments on deposit in the Initial Power Purchaser Arrearages Payment Account in the Initial Power Purchaser Arrearages Fund has been applied pursuant to the Project J Bond Resolution.

2. No later than the last business day of each month, the Trustee or MEAG Power, as applicable, shall withdraw from the amounts in the Revenue Fund for application in the following order of priority the respective amounts set forth below; *provided, however*, that if the amounts in the Revenue Fund shall not be sufficient to make all of the transfers required to be made pursuant to any of the following clauses, then such amounts in the Revenue Fund shall be applied ratably, in proportion to the amount specified for each such transfer in such clause:

(1) On a parity basis, (i) for transfer to the Debt Service Account (or, as applicable, for transfer to the Trustee for credit to the Debt Service Account), the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Debt Service plus, to the extent not theretofore deposited therein as Debt Service, the amount coming due in such month on Project J Parity Obligations (other than Project J Parity Reimbursement Obligations); *provided, however*, that, for the purposes of computing the amount on deposit in said Account, there shall be excluded the amount, if any, set aside in said Account from the proceeds of Project J Bonds, Subordinated Bonds or other evidences of indebtedness less that amount of such proceeds to be applied in accordance with the Project J Bond Resolution to interest accrued and unpaid and to accrue on Project J Bonds to the last day of the then current calendar month; and *provided, further*, that notwithstanding any other provision of the Project J Bond Resolution, (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, the amount to be so transferred to the Debt Service Account shall not include (I) the principal or Redemption Price of, or interest on, any Project J Bonds and (II) the amounts due on any Project J Parity Obligations, in either such case, that is (or are) due and unpaid as a result of a default by the Initial Power Purchaser in the making of any payment due under the Initial Power Purchase Agreement 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, the amount to be so transferred to the Debt Service Account shall not include (I) the principal or Redemption Price of, or interest on, any Project J Bonds and (II) the amounts due on any Project J Parity Obligations, in either such case, that is (or are) due and unpaid 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; and (ii) for transfer to the Project J DOE Revenue Account, for further transfer to the Project J DOE Debt Service Payment Account, the amount, if any, in respect of the

principal of, and interest and prepayment premiums, if any, on, and any other amounts due with respect to, the Project J DOE Guaranteed Loan required to be so transferred during such month pursuant to the Project J DOE Loan Guarantee Agreement and the Project J DOE Accounts Agreement; *provided, however*, that notwithstanding any other provision of the Project J Bond Resolution, (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, the amount to be so transferred to the Project J DOE Debt Service Payment Account shall not include the principal of, and interest and prepayment premiums, if any, on, and any other amounts due with respect to, the Project J DOE Guaranteed Loan that is (or are) due and unpaid as a result of a default by the Initial Power Purchaser in the making of any payment due under the Initial Power Purchase Agreement 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, the amount to be so transferred to the Project J DOE Debt Service Payment Account shall not include the principal of, and interest and prepayment premiums, if any, on, and any other amounts due with respect to, the Project J DOE Guaranteed Loan that is (or are) due and unpaid 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;

(2) On a parity basis, (i) subject to the second, third and fourth provisos below, for transfer to the Trustee for credit to the Debt Service Reserve Account, the amount, if any, required so that the balance in said Account shall equal the Debt Service Reserve Requirement including, without limitation, any amount required to reimburse the issuer of a Financial Guaranty in order to reinstate the maximum limits of such Financial Guaranty (see "Debt Service Fund—Debt Service Reserve Account" herein for a discussion of the ability to deposit a Financial Guaranty in the Debt Service Reserve Account); *provided, however*, that so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Project J Bonds and Project J Parity Obligations in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Debt Service Fund; and *provided, further*, that any deficiency in such Account attributable to a withdrawal of amounts therefrom to pay the principal or sinking fund Redemption Price of or interest on the Project J Bonds shall be cured by depositing into such Account each month during the next succeeding six months an amount equal to one-sixth (1/6th) of the amount of the withdrawal; and *provided, further*, except as provided in the following proviso, any other deficiency in such Account shall be cured by depositing into such Account each month during the next succeeding twelve months an amount equal to one-twelfth (1/12th) of the amount of the deficiency, except that, if a new valuation of Investment Securities held in such Account is made pursuant to the Project J Bond Resolution during the period that such deposits are required, then the obligation of MEAG Power to make deposits during the balance of such period on the basis of the preceding valuation shall be discharged and the deposits, if any, required to be made for the balance of such period shall be determined on the basis of the new valuation; and *provided, further*, that (x) 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, no such deposit shall be required in respect of any withdrawal from such Account made as a result of a default by the Initial Power Purchaser in the making of any payment due under the Initial Power Purchase Agreement and (y) 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, no such deposit shall be required from payments made to MEAG Power by the Initial Power Purchaser pursuant to

the Initial Power Purchase Agreement in respect of any withdrawal from such Account made 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; and (ii) for the transfer to the Project J DOE Revenue Account, for further transfer to the Project J DOE Debt Service Reserve Account, the amount, if any, required so that the amount on deposit in or credited to the Project J DOE Debt Service Reserve Account shall equal the Project J DOE Debt Service Reserve Requirement;

(3) For transfer to the Trustee for credit to the Subordinated Bond Fund, such amounts as shall be required to pay (i) principal or sinking fund installments of and interest on each issue of the Project J Subordinated Bonds coming due in such month and reserves therefor, as required by the Supplemental Resolution authorizing such issue of Subordinated Bonds and (ii) amounts coming due in such month on Project J Subordinated Obligations; *provided, however*, that notwithstanding any other provision of the Project J Bond Resolution, (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, the amount to be so transferred to the Subordinated Bond Fund shall not include (I) the principal or sinking fund installments of and interest on any Project J Subordinated Bonds, and reserves therefor, and (II) the amounts due on any Project J Subordinated Obligations, in either such case, that is (or are) due and unpaid as a result of a default by the Initial Power Purchaser in the making of any payment due under the Initial Power Purchase Agreement 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, the amount to be so transferred to the Subordinated Bond Fund shall not include (I) the principal or sinking fund installments of and interest on any Project J Subordinated Bonds, and reserves therefor, and (II) the amounts due on any Project J Subordinated Obligations, in either such case, that is (or are) due and unpaid 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; and

(4) On a parity basis, (i) for transfer to the Trustee for credit to the Reserve and Contingency Fund, an amount equal MEAG Power's Portion of the Monthly Reserve and Contingency Deposit; and (ii) for transfer to the Project J DOE Revenue Account, for further transfer to the Project J DOE Reserve & Contingency Account, an amount equal to the Project J Entity's Portion of the Monthly Reserve and Contingency Deposit; *provided, however*, that no such deposits shall be required to be made until the month following the month in which the commercial operation date of the first unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation occurs.

The Project J Bond Resolution further provides that during any period during which the Accrued Aggregate Debt Service shall be calculated in the manner provided in the final proviso of the definition thereof, no later than each interest payment date for any Build America Bonds then Outstanding (a) on or prior to the commercial operation date of the second unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation (the "Second Commercial Operation Date"), the Trustee shall withdraw from the Construction Fund and transfer to the Debt Service Account in the Debt Service Fund and (b) after the Second Commercial Operation Date, the Trustee shall withdraw from the Revenue Fund or MEAG Power will withdraw from the Revenue Fund and transfer to the Trustee, as applicable, in any such case, for deposit to the Debt Service Account in the Debt Service Fund, an amount equal to the amount of the cash subsidy payment payable to MEAG Power by the United States Treasury in respect of the interest payable on such Build America Bonds on such interest payment date.

The provisions relating to the use of funds in the Revenue Fund under the Project P Bond Resolution are substantially similar to the foregoing provisions relating to the use of funds in the Revenue Fund under the Project J Bond Resolution except that (a) provisions relating to the Project J Take-Out Bonds in the Project J Bond Resolution apply to the Project P BANs in the Project P Bond Resolution and (b) insofar as the Revenue Fund under the Project P Bond Resolution is held by MEAG Power at all times, MEAG Power has the exclusive authority to withdraw funds from such Revenue Fund.

Transfers from Revenue Fund

With respect to Project M, so long as the amount of Working Capital (as defined below) in the Revenue Fund is equal to or greater than the Working Capital Requirement (as defined below), amounts in the Revenue Fund not required for the purposes set forth under “Application of Revenues” above shall, upon determination of MEAG Power, be applied to or set aside for any one or more of the following: (a) the purchase or redemption of any Project M Bonds, Subordinated Bonds and/or Parity Obligations, on the one hand, and the prepayment of the Project M DOE Guaranteed Loan, on the other hand, and expenses in connection therewith or any reserves which MEAG Power determines shall be required for such purposes, on a parity basis in proportion to the respective principal amounts then outstanding; (b) payments into the Construction Fund for application to the purposes of such Fund; (c) improvements, extensions, betterments, renewals and replacements of any properties of the Project M Entity’s Ownership Interest; (d) to reduce the cost of Project M’s power and energy to the Project M Participants; (e) to fund such reserves for Project M as MEAG Power shall determine are necessary or appropriate; *provided, however*, that the aggregate amount of such reserves shall be held in funds or accounts established under the Project M Bond Resolution, on the one hand, and in accounts established under the Project M DOE Accounts Agreement, on the other hand, in proportion to the respective principal amounts of the Project M Bonds, Subordinated Bonds and Parity Obligations and the Project M DOE Guaranteed Loan then outstanding, respectively and (f) any other lawful purpose of MEAG Power related to Project M, including, without limitation, to the extent permitted by applicable law, the withdrawal of amounts from the Revenue Fund for the purpose of pledging or assigning such amounts to or on behalf of any person or persons in order to secure MEAG Power’s obligations under any contract or agreement entered into by MEAG Power in connection with Project M, subject to the consent of DOE or the DOE Collateral Agent; *provided, however*, that (i) any proceeds of any insurance paid on account of the damage or destruction of any useful portion of the Project M Entity’s Ownership Interest deposited in the Revenue Fund pursuant to the provisions of the Project M Bond Resolution shall be used only for the purposes specified in clauses (a) and (b) above; (ii) any such amounts shall be used only for the purposes specified in clauses (b), (c), (d), (e) and (f) above unless the Board, in its sole discretion, determines that such amounts shall be transferred (A) to the Trustee for deposit to the Bond Retirement Account in the Debt Service Fund and (B) to the DOE Collateral Agent for application to the prepayment of the Project M DOE Guaranteed Loan and such determination is approved by the Project M Participants whose total Obligation Shares (as defined in the Project M Power Sales Contracts) exceed 66 2/3 percent, in which case, (X) MEAG Power’s Portion of such amounts shall be transferred to the Trustee for deposit to said Bond Retirement Account and (Y) the Project M Entity’s Portion of such amounts shall be transferred to the DOE Collateral Agent and applied to the prepayment of the Project M DOE Guaranteed Loan in accordance with the provisions of the Project M DOE Loan Guarantee Agreement; and (iii) subject to the provisions of the Project M Bond Resolution, amounts deposited in the Revenue Fund and required by the Project M Bond Resolution to be applied to the purchase or redemption of Project M Bonds and/or the prepayment of the Project M DOE Guaranteed Loan shall be applied to such purpose(s). Application of amounts in the Revenue and Operating Fund shall include, without limitation, payment to an issuer of a Financial Guaranty of interest on amounts advanced under such Financial Guaranty.

With respect to Project J, so long as the amount of Working Capital in the Revenue Fund is equal to or greater than the Working Capital Requirement, amounts in the Revenue Fund not required for the purposes set forth above shall, upon determination of MEAG Power, be applied to or set aside for any one or more of the following: (a) the purchase or redemption of any Project J Bonds, Subordinated Bonds

and/or Parity Obligations, on the one hand, and the prepayment of the Project J DOE Guaranteed Loan, on the other hand, and expenses in connection therewith or any reserves which MEAG Power determines shall be required for such purposes, on a parity basis in proportion to the respective principal amounts then outstanding; (b) payments into the Construction Fund for application to the purposes of such Fund; (c) improvements, extensions, betterments, renewals and replacements of any properties of the Project J Entity's Ownership Interest; (d) to reduce the cost of Project J's power and energy to the Project J Power Purchasers under the Project J Power Contracts; (e) to fund such reserves for Project J as MEAG Power shall determine are necessary or appropriate; *provided, however*, that the aggregate amount of such reserves shall be held in funds or accounts established under the Project J Bond Resolution, on the one hand, and in accounts established under the Project J DOE Accounts Agreement, on the other hand, in proportion to the respective principal amounts of the Project J Bonds, Subordinated Bonds and Parity Obligations and the Project J DOE Guaranteed Loan then outstanding, respectively; and (f) any other lawful purpose of MEAG Power related to Project J, including, without limitation, to the extent permitted by applicable law, the withdrawal of amounts from the Revenue Fund for the purpose of pledging or assigning such amounts to or on behalf of any person or persons in order to secure MEAG Power's obligations under any contract or agreement entered into by MEAG Power in connection with Project J, subject to the consent of DOE or the DOE Collateral Agent; *provided, however*, that (i) any proceeds of any insurance paid on account of the damage or destruction of any useful portion of the Project J Entity's Ownership Interest deposited in the Revenue Fund pursuant to the provisions of the Project J Bond Resolution shall be used only for the purposes specified in clauses (a) and (b) above; (ii) prior to the end of the term of the Initial Power Purchase Agreement, any such amounts applied or set aside pursuant to the Project J Bond Resolution shall be used only for the purposes specified in clauses (b), (c), (d), (e) and (f) above; (iii) commencing with the first full calendar year following the end of the term of the Initial Power Purchase Agreement, any such amounts shall be used only for the purposes specified in clauses (b), (c), (d), (e) and (f) above unless the Board, in its sole discretion, determines that such amounts shall be transferred (A) to the Trustee for deposit to the Bond Retirement Account in the Debt Service Fund and (B) to the DOE Collateral Agent for application to the prepayment of the Project J DOE Guaranteed Loan and such determination is approved by Project J Participants whose total Obligation Shares (as defined in the Project J Power Sales Contracts) exceed 66 2/3 percent, in which case, (X) MEAG Power's Portion of such amounts shall be transferred to the Trustee for deposit to said Bond Retirement Account and (Y) the Project J Entity's Portion of such amounts shall be transferred to the DOE Collateral Agent and applied to the prepayment of the Project J DOE Guaranteed Loan in accordance with the provisions of the Project J DOE Loan Guarantee Agreement; and (iv) subject to the provisions of the Project J Bond Resolution, amounts deposited in the Revenue Fund and required by the Project J Bond Resolution to be applied to the purchase or redemption of Project J Bonds and/or prepayment of the Project J DOE Guaranteed Loan shall be applied to such purpose(s). Application of amounts in the Revenue Fund shall include, without limitation, payment to an issuer of a Financial Guaranty of interest on amounts advanced under such Financial Guaranty.

The Revenue Fund transfer provisions with respect to Project P under the Project P Bond Resolution are substantially similar to the foregoing Revenue Fund transfer provisions of MEAG Power with respect to Project J under the Project J Bond Resolution.

Each Vogtle Units 3&4 Bond Resolution provides that upon any purchase or redemption of Bonds of any Series, maturity and interest rate for which Sinking Fund Installments shall have been established (other than any such purchase or redemption funded from amounts accumulated in the Debt Service Account as provided for in each Vogtle Units 3&4 Bond Resolution), there shall be credited toward such Sinking Fund Installment or Sinking Fund Installments thereafter to become due as MEAG Power shall select in its sole discretion the total principal amount of such Bonds so purchased or redeemed. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

The Project M Bond Resolution requires MEAG Power to maintain working capital for Project M (“Working Capital”) in an aggregate amount equal to or greater than the Working Capital Requirement, which Working Capital shall be held by MEAG Power in the form of either (a) amounts on deposit in the Revenue Fund and all accounts and subaccounts established therein or (b) current assets of Project M (other than the amounts on deposit in (1) the Revenue Fund, (2) the Debt Service Fund, (3) the Subordinated Bond Fund, (4) the Reserve and Contingency Fund and (5) the Construction Fund, and all accounts and subaccounts established in the aforementioned funds) in excess of the current liabilities of Project M (other than current liabilities payable from amounts on deposit in the Funds specified in clauses (2) through (5) above and all accounts and subaccounts established therein), or any combination of (a) or (b). As used in the Project M Bond Resolution, the term “Working Capital Requirement” means the sum of such dollar amounts as MEAG Power shall establish with respect to the Project M Portion of each of the Additional Units, which amounts shall be established initially on or prior to the commercial operation date of each unit and may be changed from time to time in the sole discretion of MEAG Power.

The Project J Bond Resolution requires MEAG Power to maintain working capital for Project J (“Working Capital”) in an aggregate amount equal to or greater than the Working Capital Requirement, which Working Capital shall be held by MEAG Power in the form of either (a) amounts on deposit in the Revenue Fund and all accounts and subaccounts established therein or (b) current assets of Project J (other than the amounts on deposit in (1) the Revenue Fund, (2) the Debt Service Fund, (3) the Subordinated Bond Fund, (4) the Reserve and Contingency Fund, (5) the Construction Fund, (6) the Initial Power Purchaser Arrearages Fund and (7) the Project J Participant Arrearages Fund, and all accounts and subaccounts established in the aforementioned funds) in excess of the current liabilities of Project J (other than current liabilities payable from amounts on deposit in the Funds specified in clauses (2) through (7) above and all accounts and subaccounts established therein) or any combination of (a) or (b). As used in the Project J Bond Resolution, the term “Working Capital Requirement” means the sum of such dollar amounts as MEAG Power shall establish with respect to the Project J Portion of each of the Additional Units, which amounts shall be established initially on or prior to the commercial operation date of each unit and may be changed from time to time in the sole discretion of MEAG Power.

The Working Capital provisions with respect to Project P under the Project P Bond Resolution are substantially similar to the foregoing Working Capital provisions with respect to Project J under the Project J Bond Resolution.

Construction Fund

The Project M Bond Resolution establishes a Construction Fund, held by the Trustee, into which are paid (i) amounts required by the provisions of the Project M Bond Resolution and any Supplemental Resolution, (ii) all revenues, income, rents and receipts derived by MEAG Power from or attributable to the sale of any Pre-Commercial Generation, and (iii) at the option of MEAG Power, any moneys received for or in connection with Project M by MEAG Power from any other source, unless required to be otherwise applied as provided in the Project M Bond Resolution. In addition, proceeds of insurance for physical loss or damage to the Project M Entity’s Ownership Interest, or of contractors’ performance bonds or liquidated damages payable by any contractor with respect thereto, pertaining to the period of construction thereof and received by MEAG Power, will be paid into the Construction Fund, unless required to be applied otherwise pursuant to the provisions of any Vogtle Units 3&4 Project Agreement or the Project M Power Purchase Agreement.

The Trustee pays to MEAG Power, upon its requisitions therefor, from the Construction Fund amounts in payment of the Costs of Acquisition and Construction of the Project M Entity’s Ownership Interest or the Financing Costs of Project M, as applicable, or the costs of the production of Pre-Commercial Generation, as applicable, upon determination of an Authorized Officer of MEAG Power that an obligation in the amount to be paid from the Construction Fund has been incurred and that each item thereof is a proper and reasonable charge against the Construction Fund and has not been previously paid.

The Trustee will, during construction of the Additional Units, pay from the Construction Fund to MEAG Power, upon its requisitions therefor, at one time or from time to time, a sum or sums aggregating not more than \$10,000,000 or such larger amount as an Authorized Officer of MEAG Power certifies to the Trustee as necessary to allow for the expeditious payment of the Costs of Acquisition and Construction and the Financing Costs of Project M, such sums to be used by MEAG Power as a revolving fund for the purpose of paying the Costs of Acquisition and Construction of the Project M Entity's Ownership Interest and the Financing Costs of Project M. So long as the amount in such revolving fund is less than \$10,000,000 (or such larger amount as shall be certified as aforesaid), such revolving fund will be reimbursed by the Trustee from time to time for such costs so paid, by payments from the Construction Fund upon requisitions signed by an Authorized Officer of MEAG Power to the effect that an obligation in the amount to be paid from the Construction Fund has been incurred and that each item thereof is a proper and reasonable charge against the Construction Fund and has not been previously paid.

The Trustee will, prior to the Second Commercial Operation Date, pay from the Construction Fund to MEAG Power, upon its requisitions therefor, at one time or from time to time, a sum or sums aggregating not more than \$10,000,000 or such larger amount as an Authorized Officer of MEAG Power certifies to the Trustee as necessary to allow for the expeditious payment of the costs of the production of Pre-Commercial Generation, such sums to be used by MEAG Power as a revolving fund for the purpose of paying such costs. So long as the amount in such revolving fund is less than \$10,000,000 (or such larger amount as shall be certified as aforesaid), such revolving fund will be reimbursed by the Trustee from time to time for such costs so paid, by payments from the Construction Fund upon requisitions signed by an Authorized Officer of MEAG Power to the effect that each amount paid from such revolving fund was necessary for the payment of an item of the costs of the production of Pre-Commercial Generation.

To the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal of and interest on the Project M Bonds and Project M Parity Obligations when due. Amounts credited to the Construction Fund which MEAG Power, at any time, determines to be in excess of the amounts required for the purposes thereof shall be transferred to the Debt Service Reserve Account in the Project M Debt Service Fund, if and to the extent necessary to make the amount therein equal to the Debt Service Reserve Requirement, and any balance of such excess shall, at the request of MEAG Power, be transferred to the Bond Retirement Account in said Debt Service Fund or, if so determined by an Authorized Officer of MEAG Power, be paid to MEAG Power for credit to the Project M Revenue Fund; *provided, however*, that the amount of any such credit to such Project M Revenue Fund shall not constitute Revenues for any purpose of the Project M Bond Resolution.

The Construction Fund provisions with respect to Project J under the Project J Bond Resolution and with respect to Project P under the Project P Bond Resolution, as applicable, are substantially similar to the foregoing Construction Fund provisions with respect to Project M under the Project M Bond Resolution.

Debt Service Fund—Debt Service Account

Each Vogtle Units 3&4 Bond Resolution provides that the Trustee shall pay out of the Debt Service Account in the Debt Service Fund to the respective Paying Agents (i) the amount required for the interest payable on each interest payment date; (ii) the amount required for each Principal Installment payable on the due date therefor; and (iii) the amount required for the payment of interest on the applicable Bonds then to be redeemed. The Trustee shall also pay out of the Debt Service Account the accrued interest included in the purchase price of applicable Bonds purchased for retirement and, at the direction of an Authorized Officer of MEAG Power, on or before the due date thereof, amounts due in respect of any applicable Parity Obligation.

Amounts accumulated in the Debt Service Account with respect to any Sinking Fund Installment may and, if so directed by MEAG Power, shall be applied by the Trustee, on or prior to the 40th day

preceding the due date of such Sinking Fund Installment, to (i) the purchase of applicable Bonds of the Series and maturity and interest rate within each maturity for which such Sinking Fund Installment was established, or (ii) the redemption at the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms. All such purchases shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest. As soon as practicable after the 40th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption on such due date Bonds of the Series and maturity and interest rate within each maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the Debt Service Account to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds, and such amount shall be applied by such Paying Agents to such redemption (or payment). Under the Project M Bond Resolution and the Project P Bond Resolution, all expenses in connection with the purchase or redemption of Bonds shall be paid by MEAG Power from the Revenue Fund. Under the Project J Bond Resolution, all expenses in connection with the purchase or redemption of Bonds shall be paid by the Trustee, at the direction of an Authorized Officer of MEAG Power, or by MEAG Power, as applicable, from the Revenue Fund.

The amount, if any, deposited in the Debt Service Account from the proceeds of each Series of Bonds shall be set aside in such Account and applied to the payment of interest on Bonds in accordance with certificates (as such certificates have been modified or amended in accordance with the terms of the applicable Vogtle Units 3&4 Bond Resolution) of Authorized Officers of MEAG Power delivered to the Trustee pursuant to the Bond Resolution.

In the event of the refunding or defeasance of any Bonds, the Trustee shall, upon the direction of an Authorized Officer of MEAG Power, withdraw from the Debt Service Account in the Debt Service Fund all or any portion of the amounts accumulated therein and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if applicable, and interest on the applicable Bonds being refunded or defeased; *provided, however*, that such withdrawal shall not be made unless (a) immediately thereafter the Bonds being refunded or defeased shall be deemed to have been paid pursuant to the defeasance provisions of the Bond Resolution, and (b) the amount remaining in the Debt Service Account in the Debt Service Fund, after giving effect to the issuance of any obligations being issued to refund any Bonds being refunded and the disposition of the proceeds thereof, shall not be less than the requirement of such Account pursuant to the applicable Vogtle Units 3&4 Bond Resolution. In the event of such refunding or defeasance, an Authorized Officer of MEAG Power may direct the Trustee to withdraw from the Debt Service Account in the Debt Service Fund all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the applicable Vogtle Units 3&4 Bond Resolution; *provided, however*, that such withdrawal shall not be made unless items (a) and (b) referred to above have been satisfied.

Debt Service Fund—Debt Service Reserve Account

Each Vogtle Units 3&4 Bond Resolution provides that if, on any day on which the principal or sinking fund Redemption Price of or interest on applicable Bonds other than Bond Anticipation Notes (and, in the case of the Project J Bond Resolution and the Project P Bond Resolution, the Project J Take-Out Bonds and the Project P BANs, respectively) shall be due, the amount on deposit in the Debt Service Account shall be less than the amount required therein pursuant to the applicable Vogtle Units 3&4 Bond Resolution, the Trustee shall apply amounts from the Debt Service Reserve Account to correct the deficiency; *provided, however*, that the amounts so applied shall not be applied to the payment of the principal or sinking fund Redemption Price of or interest on any Bond Anticipation Notes (and, in the case of the Project J Bond Resolution and the Project P Bond Resolution, the Project J Take-Out Bonds and the Project P BANs, respectively). If a Financial Guaranty has been deposited in the Debt Service Reserve Account, amounts deposited therein not required to correct the deficiency shall be applied, first, to

reimburse the issuer of the Financial Guaranty for any unreimbursed drawings thereunder and then to fund the Debt Service Reserve Account to satisfy the Debt Service Reserve Requirement.

If, on the last day of any calendar year the balance of moneys and securities on deposit in the Debt Service Reserve Account exceed the Debt Service Reserve Requirement, after giving effect to any Financial Guaranty that may be credited to such Account, such excess shall be transferred to the Revenue Fund.

Whenever the amounts in the Debt Service Reserve Account and the Debt Service Account are together sufficient to pay in full all applicable Outstanding Bonds and applicable Parity Obligations in accordance with their terms, the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Additionally, so long as there is an amount sufficient to pay in full all applicable Outstanding Bonds and applicable Parity Obligations in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Debt Service Reserve Account.

In the event of the refunding or defeasance of any Bonds other than Bond Anticipation Notes (and, in the case of the Project J Bond Resolution and the Project P Bond Resolution, the Project J Take-Out Bonds and the Project P BANs, respectively), the Trustee shall, upon the direction of an Authorized Officer of MEAG Power, withdraw from the Debt Service Reserve Account all or any portion of the amounts accumulated therein and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded or defeased; *provided, however*, that such withdrawal shall not be made unless (a) immediately thereafter the Bonds being refunded or defeased shall be deemed to have been paid, and (b) the amount remaining in the Debt Service Reserve Account, after giving effect to any Financial Guaranty that may be credited thereto, and after giving effect to the issuance of any obligations being issued to refund such Bonds and the disposition of the proceeds thereof, shall not be less than the Debt Service Reserve Requirement. In the event of such refunding or defeasance, MEAG Power may also direct the Trustee to withdraw from the Debt Service Reserve Account all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the applicable Vogtle Units 3&4 Bond Resolution; *provided, however*, that such withdrawal shall not be made unless items (a) and (b) referred to above have been satisfied.

The Project M Bond Resolution provides that in lieu of depositing moneys in the Debt Service Reserve Account, or in substitution for moneys 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. Any such Financial Guaranty shall, together with the moneys and Investment Securities, if any, held in the Debt Service Reserve Account, be in an amount equal to the Debt Service Reserve Requirement and shall be payable or available to be drawn upon, as the case may be (upon the giving of notice of at least one business day pursuant to a demand for payment by the Trustee as required thereunder), on any date on which moneys will be required to be withdrawn from the Debt Service Reserve Account pursuant to the provisions of the Project M Bond Resolution. Any such Financial Guaranty shall have a term not less than the final maturity date of any Series of Project M Bonds then Outstanding under the terms of the Project M Bond Resolution or shall provide that it may be drawn upon if, prior to the termination thereof, a substitute Financial Guaranty is not delivered to the Trustee pursuant to the Project M Bond Resolution. Following a drawing under a Financial Guaranty, MEAG Power shall be obligated to reimburse the issuer of such Financial Guaranty in order to reinstate the maximum limits of such Financial Guaranty, such reimbursement to be made from amounts to be deposited in the Debt Service Reserve Account from the Revenue Fund.

The financial strength of the issuer of any Financial Guaranty shall be rated on the date of deposit of such Financial Guaranty in the Debt Service Reserve Account not lower than two of the following three rating levels: (i) "Aa2" by Moody's Investors Service, Inc., (ii) "AA" by Standard & Poor's, and (iii) "AA" by Fitch Ratings. In the event that the rating of the financial strength of the issuer of any Financial Guaranty shall be reduced below the rating levels set forth in the preceding sentence by two of the three Rating

Agencies, MEAG Power shall, within five years of the date of such reduction, replace the Financial Guaranty with either cash or a substitute Financial Guaranty from an issuer with a financial strength rating of: (i) "A2" by Moody's Investors Service, Inc., (ii) "A" by Standard & Poor's, and (iii) "A" by Fitch Ratings. In the event that the rating of the financial strength of the issuer of a Financial Guaranty shall be reduced below two of the three ratings levels set forth in the preceding sentence, MEAG Power shall, within one year of the date of such reduction, replace the Financial Guaranty with either cash or a substitute Financial Guaranty satisfying the criteria set forth in the preceding sentence. Any such substitute Financial Guaranty shall be issued by an issuer whose financial strength is rated in the highest rating category which can be obtained by MEAG Power, using MEAG Power's best efforts, at commercially reasonable rates (but in no event less than the ratings described in clauses (i), (ii) and (iii) of the first sentence of this paragraph.)

Prior to providing the Trustee with a Financial Guaranty for deposit into the Debt Service Reserve Account, there shall be filed with MEAG Power an opinion of tax counsel to MEAG Power to the effect that such deposit will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any Outstanding Project M Bonds the interest on which, at the time of the original issuance of such Project M Bonds, was so excluded.

In connection with furnishing a Financial Guaranty to the Trustee, MEAG Power shall also furnish to the Trustee (i) an opinion of counsel to the issuer of such Financial Guaranty, satisfactory to the Trustee, to the effect that such Financial Guaranty is a valid and binding obligation of the issuer thereof, enforceable in accordance with its terms, subject to usual bankruptcy exceptions, and (ii) a certificate of an Authorized Officer of MEAG Power to the effect that there has not occurred any Bondholders' Event of Default or any event which, with the giving of notice or the passage of time or both, would constitute a Bondholders' Event of Default. Upon receipt of such Financial Guaranty and the other items required by the Project M Bond Resolution, the Trustee shall, to the extent that amounts held in the Debt Service Reserve Account, taking into account any Financial Guaranty on deposit in the Debt Service Reserve Account, are in excess of the Debt Service Reserve Requirement, transfer such moneys (or any investments held therein) to or upon the order of MEAG Power, as MEAG Power shall direct in writing.

The Trustee shall maintain adequate records, verified with the issuer of any Financial Guaranty, as to: the amounts available to be drawn under such Financial Guaranty at any given time, the amounts drawn by the Trustee thereunder and the amounts paid by the Trustee to such issuer with respect to any such drawings; *provided, however*, the Trustee shall not be responsible for maintaining records of any other amounts paid and owing by MEAG Power to the issuer of any such Financial Guaranty with respect to any reimbursement agreement between such parties except for drawings under such Financial Guaranty. In the event that (i) cash and (ii) a Financial Guaranty are on deposit in the Debt Service Reserve Account, the Trustee shall first use such cash to make any required deposit to the Debt Service Account prior to drawing on such Financial Guaranty.

In the event more than one Financial Guaranty is on deposit in the Debt Service Reserve Account, any drawings thereunder and payments made in the reinstatement thereof shall be on a *pro rata* basis.

Notwithstanding anything in the Project M Bond Resolution to the contrary, there shall be no optional redemption of Project M Bonds other than Project M Bond Anticipation Notes by MEAG Power unless all amounts owed to the issuer of any Financial Guaranty have been paid in full.

For purposes of determining the amount on deposit in the Debt Service Reserve Account, the amount available to be drawn under any Financial Guaranty shall be deemed to be on deposit therein.

The provisions relating to the deposit of a Financial Guaranty under each of the Project J Bond Resolution and Project P Bond Resolution, respectively, are substantially similar to the foregoing provisions relating to the deposit of a Financial Guaranty under the Project M Bond Resolution.

Additionally, both the Project J Bond Resolution and the Project P Bond Resolution provide that notwithstanding anything in the applicable resolution to the contrary, there shall be no optional redemption of Bonds other than Bond Anticipation Notes and Project J Take-Out Bonds or Project P BANs, as applicable, by MEAG Power unless all amounts owed to the issuer of any Financial Guaranty have been paid in full.

Subordinated Bond Fund

The Project M Bond Resolution provides that the Trustee shall apply amounts in the Subordinated Bond Fund to the payment of (i) the principal or sinking fund installments of and interest on each issue of Project M Subordinated Bonds and reserves therefor in accordance with the provisions of, and subject to the priorities and limitations and restrictions provided in, the applicable Supplemental Resolution authorizing each issue of such Subordinated Bonds and (ii) Project M Subordinated Obligations.

Notwithstanding the foregoing, if at any time either (a) the amount in the Debt Service Account in the Debt Service Fund shall be less than the amount required to be in such Account pursuant to the Project M Bond Resolution, or the amount in the Debt Service Reserve Account in the Debt Service Fund shall be less than the Debt Service Reserve Requirement, and there shall not be on deposit in the Revenue Fund or the Reserve and Contingency Fund available moneys sufficient to cure either such deficiency or (b) the amount in the Project M DOE Debt Service Payment Account shall be less than the requirement of such Account pursuant to the Project M DOE Accounts Agreement, or the amount in the Project M DOE Debt Service Reserve Account shall be less than the Project M DOE Debt Service Reserve Requirement, and there shall not be on deposit in the Project M Revenue Fund or the Project M DOE Reserve & Contingency Account available moneys sufficient to cure either such deficiency, then the Trustee shall withdraw from the Project M Subordinated Bond Fund and (x) deposit in the Project M Debt Service Account and/or the Project M Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency or deficiencies therein and (y) transfer to the Project M DOE Debt Service Payment Account and/or the Project M DOE Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency or deficiencies therein; *provided, however*, that if the amount in the Project M Subordinated Bond Fund shall be less than the amount necessary to make up the deficiencies with respect to the Project M Debt Service Account, the Project M Debt Service Reserve Account, the Project M DOE Debt Service Payment Account and the Project M DOE Debt Service Reserve Account, then the amount in the Project M Subordinated Bond Fund shall be applied first to make up the deficiencies in the Project M Debt Service Account and the Project M DOE Debt Service Payment Account, ratably, in proportion to the amount of each such deficiency, and any balance remaining shall be applied to make up the deficiencies with respect to the Project M Debt Service Reserve Account and the Project M DOE Debt Service Reserve Account, ratably, in proportion to the amount of each such deficiency.

The provisions relating to the Subordinated Bond Fund under each of the Project J Bond Resolution and the Project P Bond Resolution, respectively, are substantially similar to the foregoing provisions relating to the Subordinated Bond Fund under the Project M Bond Resolution.

Reserve and Contingency Fund

Amounts in the Project M Reserve and Contingency Fund are to be applied to (a) the costs of (i) any major renewals, replacements, repairs, additions, betterments and improvements with respect to the Project M Entity's Ownership Interest necessary, in the opinion of an Authorized Officer of MEAG Power, to keep the same in good operating condition or to prevent a loss of revenues therefrom, and (ii) any major additions, improvements, repairs and modifications with respect to the Project M Entity's Ownership Interest and any disposals of the Project M Entity's Ownership Interest required by any governmental authority having jurisdiction over the Project M Entity's Ownership Interest or any part thereof, or for which the Project M Entity shall be responsible by virtue of any obligation of the Project M Entity arising out of any contract to which the Project M Entity may be a party relating to ownership of the Project M

Entity's Ownership Interest or any part thereof and (b) the payment of operation and maintenance costs, and contingencies, including payments with respect to the prevention or correction of any unusual loss or damage in connection with Project M or to prevent a loss of revenues therefrom, all to the extent not provided for in the then current Project M Annual Budget or by reserves held under the Project M Bond Resolution and the Project M DOE Accounts Agreement (other than the Project M DOE Reserve & Contingency Account, except to the extent provided in the following proviso) or from the proceeds of the Project M Bonds, Subordinated Bonds or other evidences of indebtedness of MEAG Power or the proceeds of Advances under the Project M DOE Guaranteed Loan; *provided, however*, that all such costs and payments shall be funded from amounts on deposit in both the Project M Reserve and Contingency Fund and the Project M DOE Reserve & Contingency Account, ratably in proportion to the respective amounts on deposit therein.

If and to the extent provided in a Supplemental Resolution authorizing Project M Bonds of a Series, amounts from the proceeds of such Project M Bonds may be deposited in the Project M Reserve and Contingency Fund and set aside therein for any purpose of such Fund.

No payments shall be made from the Project M Reserve and Contingency Fund if and to the extent that the proceeds of insurance or other moneys recoverable as the result of damage, if any, are available at the time required to pay such cost.

The Reserve and Contingency Fund provisions under the Project J Bond Resolution and Project P Bond Resolution, respectively, are substantially similar to the foregoing provisions relating to the Reserve and Contingency Fund under the Project M Bond Resolution. The differences between the Reserve and Contingency Fund provisions in the Project M Bond Resolution as compared to the applicable provisions in the Project J Bond Resolution and the Project P Bond Resolution are noted below.

The Project M Bond Resolution provides that, if at any time the amounts in the Project M Debt Service Account or in the Project M Debt Service Reserve Account are less than the amounts required by the Project M Bond Resolution, then MEAG Power, upon requisition by the Trustee, will transfer from the Project M Reserve and Contingency Fund to the Trustee the amount necessary (or all the moneys in the Project M Reserve and Contingency Fund if less than the amount necessary) to make up such deficiency (or, if the amount in the Project M Reserve and Contingency Fund shall be less than the amount necessary to make up the deficiencies, then the amount in the Project M Reserve and Contingency Fund shall be applied first to make up the deficiency in the Project M Debt Service Account, and any balance remaining shall be applied to make up the deficiency with respect to the Project M Debt Service Reserve Account). No transfers will be made as described in this paragraph in any calendar month until all amounts required to be transferred as described in the first paragraph under this heading "Reserve and Contingency Fund" 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 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 amount in the Project M Reserve and Contingency Fund exceeds MEAG Power's Project M Reserve and Contingency Requirement, all or a portion of the amount of such excess shall 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 Project M 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 shall be transferred to the Project M Revenue Fund.

The Project J Bond Resolution provides that, if at any time the amounts in the Project J Debt Service Account or in the Project J Debt Service Reserve Account are less than the amounts required by the Project J Bond Resolution, then MEAG Power, upon requisition by the Trustee, will transfer from the Project J Reserve and Contingency Fund to the Trustee the amount necessary (or all the moneys in the Project J

Reserve and Contingency Fund if less than the amount necessary) to make up such deficiency (or, if the amount in the Project J Reserve and Contingency Fund shall be less than the amount necessary to make up the deficiencies, then the amount in the Project J Reserve and Contingency Fund shall be applied first to make up the deficiency in the Project J Debt Service Account, and any balance remaining shall be applied to make up the deficiency with respect to the Project J Debt Service Reserve Account); *provided, however*, that (x) 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, amounts deposited to the Project J Reserve and Contingency Fund from payments made to MEAG Power by the Project J Participants pursuant to the Project J Bond Resolution shall not be so withdrawn if the purpose for such withdrawal is to make up any such deficiency that resulted from a default by the Initial Power Purchaser in the making of any payment due under the Initial Power Purchase Agreement and (y) 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, amounts deposited to the Project J Reserve and Contingency Fund from payments made to MEAG Power by the Initial Power Purchaser pursuant to the Project J Bond Resolution shall 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 as described in this paragraph in any calendar month until all amounts required to be transferred as described in the first paragraph under this heading "Reserve and Contingency Fund" 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 Redemption Price of, or interest on, the Project J Bonds or the principal of, or interest or prepayment premiums, if any, on, or other amounts due with respect to, the Project J DOE Guaranteed Loan when due.

If on the last day of any calendar year the amount in the Project J Reserve and Contingency Fund exceeds MEAG Power's Project J Reserve and Contingency Requirement, all or a portion of the amount of such excess shall 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 Project J 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 Initial Power Purchaser Arrearages Fund Establishment Date to and including the Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, amounts deposited to the Project J Reserve and Contingency Fund from payments made to MEAG Power by the Project J Participants pursuant to the Project J Bond Resolution shall not be so withdrawn if the purpose for such withdrawal is to make up any such deficiency that resulted from a default by the Initial Power Purchaser in the making of any payment due under the Initial Power Purchase Agreement and (y) 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, amounts deposited to the Project J Reserve and Contingency Fund from payments made to MEAG Power by the Initial Power Purchaser pursuant to the Project J Bond Resolution shall 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; and the balance, if any, of such excess shall be transferred to the Project J Revenue Fund (or, as applicable, transferred to MEAG Power for deposit to the Project J Revenue Fund).

The Reserve and Contingency Fund provisions under the Project P Bond Resolution are substantially similar to the foregoing Reserve and Contingency Fund provisions under the Project J Bond Resolution.

Initial Power Purchaser Arrearages Funds

The Project J Bond Resolution and the Project P Bond Resolution provide for the establishment, under certain conditions, of a Project J initial Power Purchaser Arrearages Fund and a Project P initial Power

Purchaser Arrearages Fund, respectively. The following describes the Initial Power Purchaser Arrearages Fund provisions as set forth in the Project J Bond Resolution. The Project P Bond Resolution contains substantially similar provisions.

General

By not later than the Initial Power Purchaser Arrearages Fund Establishment Date, there shall be established an 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) an Initial Power Purchaser Arrearages Payment Account, into which all Initial Power Purchaser Arrearages Payments shall be deposited. Amounts on deposit in the Initial Power Purchaser Resale Revenue Account in the Initial Power Purchaser Arrearages Fund shall be applied as provided in the Project J Bond Resolution, and amounts on deposit in the Initial Power Purchaser Arrearages Payment Account in the Initial Power Purchaser Arrearages Fund shall be applied as provided in the Project J Bond Resolution.

Notwithstanding any other provision of the Project J Bond Resolution, if, following the Initial Power Purchaser Arrearages Fund Establishment Date, (i) service to the Initial Power Purchaser under the Initial Power Purchase Agreement shall not have been permanently discontinued and (ii) the Initial Power Purchaser shall have cured all previous failures to pay in full when due any payment under the Initial Power Purchase Agreement in respect of Project J's annual costs (including amounts necessary (a) to replenish all amounts on deposit in the Debt Service Reserve Account in the Project J Debt Service Fund, the Project J Subordinated Bond Fund or the Project J Reserve and Contingency Fund that, as a result of such failure, were applied to cure a deficiency in the Debt Service Account in said Project J Debt Service Fund or in the Project J DOE Debt Service Payment Account pursuant to the Project J Bond Resolution, (b) to pay the principal or Redemption Price of, or interest on, any Project J Bond that, as a result of such failure, was due and unpaid, (c) to replenish all amounts on deposit in the Project J DOE Debt Service Reserve Account or the Project J DOE Reserve & Contingency Account that, as a result of such failure, were applied to cure a deficiency in the Project J DOE Debt Service Payment Account, and (d) to pay 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 that, as a result of such failure, were due and unpaid), then no further deposits to the Project J Initial Power Purchaser Arrearages Payment Account shall be required until such time thereafter (if any) as the Initial Power Purchaser shall again fail to pay in full when due any payment under the Initial Power Purchase Agreement in respect of Project J's annual costs.

Application of Funds in Initial Power Purchaser Arrearages Fund

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, (a) all Initial Power Purchaser Resale Revenues shall be deposited to the Initial Power Purchaser Resale Revenue Account in the Initial Power Purchaser Arrearages Fund and (b) all Initial Power Purchaser Arrearages Payments shall be deposited to the Initial Power Purchaser Arrearages Payment Account in the Initial Power Purchaser Arrearages Fund. On the Initial Power Purchaser Arrearages Fund Establishment Date, all amounts in the Revenue Fund will be transferred to the Initial Power Purchaser Arrearages Payment Account in the Initial Power Purchaser Arrearages Fund.

Unless otherwise required pursuant to the Project J Bond Resolution following the occurrence of a Bondholders' Event of Default or a Federal Loan Event of Default, amounts on deposit Initial Power Purchaser Resale Revenue Account shall be applied as specified in this paragraph and the Project J DOE Accounts Agreement. No later than the last business day of each month, the Trustee shall transfer amounts on deposit in the Initial Power Purchaser Resale Revenue Account as follows and in the following order of priority (in each case, to the extent of available funds on deposit therein): (a) in the case of that portion of the Operating Expenses payable in such month that constitutes "Seller's O&M Costs" under (and as defined

in) the Project J Power Purchase Agreement, the Trustee shall transfer to the Project J DOE Revenue Account an amount equal to such Seller's O&M Costs and, on a parity basis, in the case of that portion of the Operating Expenses payable in such month that constitutes "Purchaser's O&M Costs" under (and as defined in) the Project J Power Purchase Agreement, the Trustee shall pay or cause to be paid such Operating Expenses; (b) the Trustee shall transfer to the Project J DOE Debt Service Payment Account the amount required to be deposited into such Account during such month (or during any previous month to the extent such deposits were not made) in accordance with the Project J DOE Accounts Agreement; (c) the Trustee shall transfer to the Debt Service Account in the Project J Debt Service Fund the amount required to be deposited into such Account during such month pursuant to the Project J Bond Resolution; and (d) the Trustee shall transfer any amount remaining in the Initial Power Purchaser Resale Revenue Account either (i) to the appropriate Project J DOE Project Account or (ii) to the appropriate Fund or Account under the Project J Bond Resolution (or to MEAG Power for deposit in such Fund or Account, if applicable), in each such case, in the respective amounts and in the order of priority set forth in the Project J DOE Accounts Agreement.

Unless otherwise required pursuant to the Project J Bond Resolution following the occurrence of a Bondholders' Event of Default or a Federal Loan Event of Default, amounts on deposit in the Initial Power Purchaser Arrearages Payment Account shall be applied as specified in this paragraph and the Project J DOE Accounts Agreement. No later than the last business day of each month, the Trustee shall transfer amounts on deposit in the Initial Power Purchaser Arrearages Payment Account as follows and in the following order of priority (in each case, to the extent of available funds on deposit therein): (a) in the case of that portion of the Operating Expenses payable in such month that constitutes "Seller's O&M Costs" under the Project J Power Purchase Agreement, the Trustee shall transfer to the Project J DOE Revenue Account an amount equal to such Seller's O&M Costs and, on a parity basis, in the case of that portion of the Operating Expenses payable in such month that constitutes "Purchaser's O&M Costs" under the Project J Power Purchase Agreement, the Trustee shall pay or cause to be paid such Operating Expenses, in each such case, after giving effect to the transfers made during such month pursuant to clause (a) of the second sentence of the preceding paragraph; (b) the Trustee shall transfer to the Project J DOE Debt Service Payment Account the amount required to be deposited into such Account during such month (or during any previous month to the extent such deposits were not made) in accordance with the Project J DOE Accounts Agreement and, on a parity basis, (i) pay the principal or Redemption Price of, and interest on, any Project J Bonds that is due and unpaid as a result of a default by the Initial Power Purchaser in the making of any payment due under the Initial Power Purchase Agreement and (ii) transfer to the Debt Service Account in the Project J Debt Service Fund the amount required to be deposited into such Account during such month pursuant to the Project J Bond Resolution, in each such case, after giving effect to the transfers made during such month pursuant to clauses (b) and (c) of the second sentence of the preceding paragraph; and (c) the Trustee shall transfer any amount remaining in the Initial Power Purchaser Arrearages Payment Account either (i) to the appropriate Project J DOE Project Account or (ii) to the appropriate Fund or Account under the Project J Bond Resolution (or to MEAG Power for deposit in such Fund or Account, if applicable), in each such case, in the respective amounts and in the order of priority set forth in the Project J DOE Accounts Agreement, after giving effect to the transfer made during such month pursuant to clause (d) of the second sentence of the preceding paragraph.

On the Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, the Initial Power Purchaser Arrearages Fund shall be terminated, and any amount remaining on deposit in either account therein shall be transferred by the Trustee to the Revenue Fund (or, as applicable, transferred by the Trustee to MEAG Power, for deposit to the Revenue Fund).

Participant Arrearages Funds

The Project J Bond Resolution and the Project P Bond Resolution provide for the establishment, under certain conditions, of a Project J Participant Arrearages Fund and a Project P Participant Arrearages

Fund, respectively. The following describes the Project J Participant Arrearages Fund provisions as set forth in the Project J Bond Resolution. The Project P Bond Resolution contains substantially similar provisions.

General

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 Project J Debt Service Fund, the Project J Subordinated Bond Fund or the Project J Reserve and Contingency Fund shall be applied to cure a deficiency in the Debt Service Account in said Project J Debt Service Fund or in the Project J DOE Debt Service Payment Account pursuant to the Project J Bond Resolution, (b) the principal or Redemption Price of, or interest on, any Project J Bond shall be due and unpaid, (c) amounts on deposit in the Project J DOE Debt Service Reserve Account or the Project J DOE Reserve & Contingency Account shall be applied to cure a deficiency in the Project J 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 shall be due and unpaid or (e) there shall not be on deposit in the Project J Revenue Fund amounts sufficient to make the transfers provided for in the Project J Bond Resolution at the time required thereby shall have occurred 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 shall 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 shall 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 shall be paid, as more fully provided in the Project J Bond Resolution.

Application of Funds in Project J Participant Arrearages Fund

During the period from and including the date (if any) on which the Project J Participant Arrearages Fund shall be established as provided in the Project J Bond Resolution 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 be deposited to the Project J Participant Arrearages Fund.

Unless otherwise required pursuant to the Project J Bond Resolution following the occurrence of a Bondholders' Event of Default or a Federal Loan Event of Default, amounts on deposit in the Project J Participant Arrearages Fund shall be applied by the Trustee as follows and in the following order:

(a) such amount as an Authorized Officer of MEAG Power shall advise the Trustee in writing is necessary for the payment of reasonable and necessary Operating Expenses that are due and have not been paid with amounts on deposit in the Project J Revenue Fund shall be transferred to MEAG Power and applied to the payment of such Operating Expenses, *pro rata* with amounts on deposit in (i) the Initial Power Purchaser Resale Revenue Account in the Initial Power Purchaser Arrearages Fund and transferred to MEAG Power pursuant to the Project J Bond Resolution and (ii) the Initial Power Purchaser Arrearages Payment Account in the Project J Initial Power Purchaser Arrearages Fund and transferred to MEAG Power pursuant to Project J Bond Resolution, in proportion to the amounts on deposit in the Project J Participant Arrearages Fund, on the one hand, and the Project J Initial Power Purchaser Resale Revenue Account and the Project J Initial Power Purchaser Arrearages Payment Account, on the other hand;

(b) to the payment of the principal or Redemption Price of, and interest on, any Project J Bonds, the principal and interest components of any Project J Parity Obligations and the principal of, and interest and prepayment premiums, if any, on, and other amounts due with respect to, the

Project J DOE Guaranteed Loan, in each such case, that is due and unpaid, as follows: first, to the payment, on a parity basis, in proportion to the respective amounts then due (x) to the persons entitled thereto of all installments of interest then due on the Project J Bonds, together with accrued and unpaid interest on the Project J Bonds theretofore called for redemption, (y) to the persons entitled thereto of all installments of the interest component of Project J Parity Obligations then due and (z) to the DOE Collateral Agent of all installments of interest then due on the Project J DOE Guaranteed Loan, together with accrued and unpaid interest on any portion of the principal amount of the Project J DOE Guaranteed Loan that has become subject to prepayment (including any default or penalty interest); *provided, however*, that in the case of each of (x), (y) and (z), if the amount available shall not be sufficient to pay in full all such installments of interest, then such amount shall be applied in the order of the due dates of such installments and if any such installment or installments shall have become due on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference; and second, to the payment, on a parity basis, in proportion to the respective amounts then due, (x) to the persons entitled thereto of the unpaid principal or Redemption Price of any Project J Bonds, (y) to the persons entitled thereto of the principal component of Project J Parity Obligations which shall have become due and (z) to the DOE Collateral Agent of the unpaid principal of and prepayment premiums, if any, on and other amounts due with respect to, the Project J DOE Guaranteed Loan which shall have become due, in each such case, whether at maturity or by call for redemption or upon becoming subject to prepayment, as applicable; *provided, however*, that in the case of each of (x), (y) and (z), if the amount available therefor shall not be sufficient to pay in full all the Project J Bonds, the principal component of Project J Parity Obligations or the unpaid principal of and prepayment premiums, if any, on, and other amounts due with respect to, the Project J DOE Guaranteed Loan, respectively, then due, then such amount shall be applied in the order of the due dates of such Project J Bonds, such principal component of Project J Parity Obligations or such unpaid principal of and prepayment premiums, if any, on, or other amounts due with respect to, the Project J DOE Guaranteed Loan, as the case may be, and, if any such Project J Bonds, principal component of Project J Parity Obligations or unpaid principal of and prepayment premiums, if any, on, or other amounts due with respect to, the Project J DOE Guaranteed Loan, as the case may be, shall have become due on the same date, then to the payment thereof ratably, according to the respective amounts due thereon, without any discrimination or preference;

(c) if either (i) the amount on deposit in the Debt Service Reserve Account in the Project J Debt Service Fund shall be less than the Project J Debt Service Reserve Requirement or (ii) the amount on deposit in the Project J DOE Debt Service Reserve Account shall be less than the Project J DOE Debt Service Reserve Requirement, the Trustee shall transfer from the Project J Participant Arrearages Fund, on a parity basis, (1) to the Project J Debt Service Reserve Account the amount necessary to make up such deficiency and (2) to the Project J DOE Debt Service Reserve Account the amount necessary to make up such deficiency; *provided, however*, that if the amount in the Project J Participant Arrearages Fund shall not be sufficient to make up both such deficiencies, then the amount in the Project J Participant Arrearages Fund shall be applied ratably, in proportion to the amount of each such deficiency;

(d) if the amount on deposit in the Project J Subordinated Bond Fund shall be less than the sum of (i) the principal or redemption price of, and interest on, all Project J Subordinated Bonds then outstanding that is due and unpaid, (ii) all amounts due and unpaid with respect to all Project J Subordinated Obligations then outstanding and (iii) the amount required to be deposited to the Project J Subordinated Bond Fund during the then current month, the Trustee shall transfer from the Project J Participant Arrearages Fund to the Project J Subordinated Bond Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency; and

(e) if either (i) the amount on deposit in the Project J Reserve and Contingency Fund shall be less than the amount that would have been on deposit therein on such date had no Project J Participant defaulted in the making of any payment owed under its Project J Power Sales Contract or (ii) the amount on deposit in the Project J DOE Reserve & Contingency Account shall be less than the amount that would have been on deposit therein on such date had no Project J Participant defaulted in the making of any payment owed under its Project J Power Sales Contract, the Trustee shall transfer from the Project J Participant Arrearages Fund, on a parity basis, (1) to the Project J Reserve and Contingency Fund the amount necessary to make up such difference and (2) to the Project J DOE Reserve & Contingency Account the amount necessary to make up such difference; *provided, however*, that if the amount in the Project J Participant Arrearages Fund shall not be sufficient to make up both such differences, then the amount in the Project J Participant Arrearages Fund shall be applied ratably, in proportion to the amount of each such difference.

On the Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, the Project J Participant Arrearages Fund shall be terminated, and any amount remaining on deposit therein shall be transferred by the Trustee to the Project J Revenue Fund (or, as applicable, transferred by the Trustee to MEAG Power, for deposit in the Project J Revenue Fund).

Conditions to Issuance of Bonds

MEAG Power may issue Project M Bonds provided that it satisfies the following conditions, among others:

- (a) MEAG Power provides to the Trustee the amount, if any, specified in the Supplemental Resolution authorizing the additional Project M Bonds of such Series for deposit in the Debt Service Account in the Debt Service Fund for the payment of interest on Project M Bonds and, except in the case of Project M Bond Anticipation Notes, the amount, if any, necessary for deposit in the Debt Service Reserve Account so that the amount on deposit in such Account shall equal the Debt Service Reserve Requirement calculated immediately after the authentication and delivery of such Series of Project M Bonds;
- (b) Except in the case of Refunding Bonds, MEAG Power must certify that either (a) no Bondholders' Event of Default or Federal Loan Event of Default has occurred and is continuing under the Project M Bond Resolution or (b) the application of the proceeds of the sale of such Series of Project M Bonds as required by the Supplemental Resolution authorizing such Series of Project M Bonds will cure any such Bondholders' Event of Default or Federal Loan Event of Default; and
- (c) In the case of each Series of Project M Bonds any portion of the proceeds of which is to be deposited in the Debt Service Account in the Debt Service Fund (other than any accrued interest that is to be applied to the payment of interest on Project M Bonds on the interest payment date next following the date of issuance of such Project M Bonds), the Trustee shall receive a certificate of an Authorized Officer of MEAG Power setting forth the then estimated application of such proceeds so deposited for the payment of interest on any particular Series of Project M Bonds, whether or not such Series of Project M Bonds is then Outstanding, or then being issued, or to be issued thereafter.

The conditions for the issuance of Project J Bonds under the Project J Bond Resolution and Project P Bonds under the Project P Bond Resolution, as applicable, are substantially similar to the foregoing conditions for the issuance of Project M Bonds under the Project M Bond Resolution, except that both the Project J Bond Resolution and the Project P Bond Resolution provide that MEAG Power's obligation described in clause (a) above to provide the Trustee the amount, if any, necessary for deposit in the Debt Service Reserve Account so that the amount on deposit in such Account shall equal the Debt Service Reserve Requirement shall not apply to the Project J Take-Out Bonds or the Project P BANs, as applicable.

Bonds Other than Refunding Bonds

The Project M Bond Resolution provides that one or more Series of Project M Bonds may be issued at any time for the purpose of paying all or a portion of the Costs of Acquisition and Construction of the Project M Entity's Ownership Interest and Financing Costs of Project M.

The Project J Bond Resolution provides that one or more Series of Project J Bonds may be issued at any time for the purpose of paying all or a portion of the Costs of Acquisition and Construction of the Project J Entity's Ownership Interest and Financing Costs of Project J.

The Project P Bond Resolution provides that one or more Series of Project P Bonds may be issued at any time for the purpose of paying all or a portion of the Costs of Acquisition and Construction of the Project P Entity's Ownership Interest and Financing Costs of Project P.

Refunding Bonds

The Project M Bond Resolution provides that one or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all or any portion of any Outstanding Project M Bonds or all or any portion of any Outstanding Project M Subordinated Bonds. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds and Accounts under the Project M Bond Resolution required by the provisions of the Supplemental Resolution authorizing such Refunding Bonds, to pay costs of issuing the Refunding Bonds and related costs.

The conditions for the issuance of Refunding Bonds under the Project J Bond Resolution and Project P Bond Resolution, respectively, are substantially similar to the foregoing conditions for the issuance of Refunding Bonds under the Project M Bond Resolution.

Subordinated Bonds

The Project M Bond Resolution provides that MEAG Power may issue Project M Subordinated Bonds for any lawful purpose related to Project M, which will be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Bond Fund as may from time to time be available therefor. Such pledge, however, will be subordinate in all respects to the pledges of (a) the Shared Trust Estate created by the Project M Bond Resolution as security for the Project M Bonds and the Project M Federal Loan Debt Service Payments and (b) the Bondholders' Trust Estate created by the Project M Bond Resolution as security for the Project M Bonds.

The conditions for the issuance of Subordinated Bonds under the Project J Bond Resolution and Project P Bond Resolution, respectively, are substantially similar to the foregoing conditions for the issuance of Subordinated Bonds under the Project M Bond Resolution.

Credit Facilities, Liquidity Facilities and Qualified Hedging Contracts

Subject to the terms of each of the Vogtle Units 3&4 Bond Resolutions, MEAG Power may include provisions in a Supplemental Resolution authorizing the issuance of a Series of Bonds secured by a Credit Facility or supported by a Liquidity Facility as MEAG Power determines appropriate, and no such provisions shall be deemed to constitute an amendment to the Vogtle Units 3&4 Bond Resolution requiring the consent of the Trustee or any Bondholders.

Such Supplemental Resolution may provide that (i) so long as a Credit Facility is in full force and effect, and payment on the Credit Facility is not in default, then, in all such events, the issuer of the Credit Facility shall be deemed to be the sole Holder of the Outstanding Bonds the payment of which such Credit

Facility secures when the approval, consent or action of the Holders of such Bonds is required or may be exercised under the Vogtle Units 3&4 Bond Resolution, or, in the alternative, that the approval, consent or action of the issuer of the Credit Facility shall be required in addition to the approval, consent or action of the applicable percentage of the Holders of the Outstanding Bonds under the Vogtle Units 3&4 Bond Resolution; and (ii) in the event that the principal or Redemption Price, if applicable, and interest due on any Outstanding Bonds shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of MEAG Power to the Holders of such Bonds shall continue to exist and such issuer of the Credit Facility shall be subrogated to the rights of such Holders in accordance with the terms of such Credit Facility.

MEAG Power may secure such Credit Facility or such Liquidity Facility by an agreement providing for the purchase of Bonds supported thereby with such adjustments to the rate of interest, method of determining interest, maturity or redemption provisions as specified by MEAG Power in a Supplemental Resolution. MEAG Power may also agree to reimburse directly such issuer for amounts paid under the terms of such Credit Facility or Liquidity Facility (together with interest thereon, the “Reimbursement Obligation”); *provided, however*, that no Reimbursement Obligation shall be created until amounts are paid under such Credit Facility or Liquidity Facility. Any such Reimbursement Obligation, which may include interest calculated at a rate higher than the interest rate on the applicable Bonds, shall be secured by a pledge of, and a lien on, the Shared Trust Estate and the Bondholders’ Trust Estate on a parity with the pledges and liens created in the Vogtle Units 3&4 Bond Resolution to secure the applicable Bonds (a “Parity Reimbursement Obligation”), but only to the extent principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Bonds, without acceleration, or may be secured by a pledge of, and a lien on, the applicable Subordinated Bond Fund, which pledge and lien shall be subordinate in all respects to the pledges of the Revenues (and, in the case of the Project J Bond Resolution, the Initial Power Purchaser Arrearages Payments, the Initial Power Purchaser Resale Revenues, the Project J Participant Arrearages Payments and the Project J Participant Resale Revenues, and in the case of the Project P Bond Resolution, the Initial Power Purchaser Arrearages Payments, the Initial Power Purchaser Resale Revenues, the Project P Participant Arrearages Payments and the Project P Participant Resale Revenues), moneys, securities and funds created by the Vogtle Units 3&4 Bond Resolution in favor of the applicable Bonds, the applicable Parity Obligations and the applicable Federal Loan Debt Service Payments but on a parity with the pledge and lien securing applicable Subordinated Bonds and applicable Subordinated Obligations (a “Subordinated Reimbursement Obligation”), as determined by MEAG Power. Parity Reimbursement Obligations shall not include any payments of any fees, expenses, indemnification or other obligations to any such provider, or any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such Bonds, which payments shall be Subordinated Reimbursement Obligations.

Except as otherwise provided in a Supplemental Resolution authorizing Parity Reimbursement Obligations, for the purposes of (i) receiving payment of a Parity Reimbursement Obligation, whether at maturity, upon redemption or if the principal of all Bonds is declared immediately due and payable following the occurrence of a Bondholders’ Event of Default, or (ii) computing the principal amount of Bonds held by the Holder of a Parity Reimbursement Obligation in giving to MEAG Power or the Trustee any notice, consent, request or demand pursuant to the Vogtle Units 3&4 Bond Resolution for any purpose whatsoever, the principal amount of a Parity Reimbursement Obligation shall be deemed to be the actual principal amount that MEAG Power shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, MEAG Power in connection with the Bonds to which such Parity Reimbursement Obligation relates, less any prior repayments thereof.

Except as otherwise provided in a Supplemental Resolution and notwithstanding anything to the contrary provided in the Vogtle Units 3&4 Bond Resolution, Bonds paid or deemed paid with moneys drawn under or pursuant to a Credit Facility shall be deemed to be Outstanding until MEAG Power has reimbursed

the Credit Facility Provider in full for all amounts so drawn and has paid or reimbursed the Credit Facility Provider for interest thereon and for any other amounts and Reimbursement Obligations then due and payable.

MEAG Power may enter into Qualified Hedging Contracts and any obligation to pay any amount thereunder may be secured by a pledge of, and lien on, the Shared Trust Estate and the Bondholders' Trust Estate on a parity with the pledges and liens created by the Vogtle Units 3&4 Bond Resolution to secure the Bonds (a "Parity Hedging Contract Obligation"), or may be secured by a pledge of, and a lien on, the Subordinated Bond Fund which pledge and lien shall be subordinate in all respects to the pledges of the Revenues (and, in the case of the Project J Bond Resolution, the Initial Power Purchaser Arrearages Payments, the Initial Power Purchaser Resale Revenues, the Project J Participant Arrearages Payments and the Project J Participant Resale Revenues, and in the case of the Project P Bond Resolution, the Initial Power Purchaser Arrearages Payments, the Initial Power Purchaser Resale Revenues, the Project P Participant Arrearages Payments and the Project P Participant Resale Revenues), moneys, securities and funds created by the Vogtle Units 3&4 Bond Resolution in favor of the Bonds, the Parity Obligations and the applicable Federal Loan Debt Service Payments but on a parity with the pledge and lien securing applicable Subordinated Bonds and Subordinated Obligations (a "Subordinated Hedging Contract Obligation"), as determined by MEAG Power. Notwithstanding the foregoing, Parity Hedging Contract Obligations shall not include any payments of any termination payments owed to a counterparty to a Qualified Hedging Contract, which payments shall be Subordinated Hedging Contract Obligations.

Commercial Paper Notes

The Project M Bond Resolution provides for the issuance of Commercial Paper Notes from time to time to be secured by a pledge of, and a lien 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 ("Parity Commercial Paper Notes"). Commercial Paper Notes may also be issued from time to time to be secured by a pledge of, and a lien on, the Subordinated Bond Fund which pledge shall be subordinate in all respects to the pledges of the Revenues, moneys, securities and funds created by the Project M Bond Resolution in favor of the Project M Bonds, the Project M Parity Obligations and the Project M Federal Loan Debt Service Payments but on a parity with the pledge and lien securing Project M Subordinated Bonds and Project M Subordinated Obligations ("Subordinated Commercial Paper Notes"). The Trustee shall authenticate and deliver Commercial Paper Notes to MEAG Power or upon its order, but only upon satisfaction of the following conditions, among others: (i) if required by a Supplemental Resolution, the receipt by the Trustee of a Board-approved Credit Facility or Liquidity Facility with respect to such Commercial Paper Notes; and (ii) receipt by the Trustee of a certificate of an Authorized Officer of MEAG Power (as may be amended from time to time) setting forth the Commercial Paper Payment Plan with respect to such Commercial Paper Notes.

The Project J Bond Resolution also provides for the issuance of Commercial Paper Notes from time to time to be secured by a pledge of, and a lien 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 ("Parity Commercial Paper Notes"). Commercial Paper Notes may also be issued from time to time to be secured by a pledge of, and a lien on, the Subordinated Bond Fund which pledge shall be subordinate in all respects to the pledges of the Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Project J Participant Arrearages Payments, Project J Participant Resale Revenues, moneys, securities and funds created by the Project J Bond Resolution in favor of the Project J Bonds, the Project J Parity Obligations and the Project J Federal Loan Debt Service Payments but on a parity with the pledge and lien securing Project J Subordinated Bonds and Project J Subordinated Obligations ("Subordinated Commercial Paper Notes"). The Trustee shall authenticate and deliver Commercial Paper Notes to MEAG Power or upon its order, but only upon satisfaction of the following conditions, among others: (i) if required by a Supplemental Resolution, the receipt by the Trustee of a

Board-approved Credit Facility or Liquidity Facility with respect to such Commercial Paper Notes; and (ii) receipt by the Trustee of a certificate of an Authorized Officer of MEAG Power (as may be amended from time to time) setting forth the Commercial Paper Payment Plan with respect to such Commercial Paper Notes.

The Commercial Paper Notes provisions under the Project P Bond Resolution are substantially similar to the foregoing Commercial Paper Notes provisions under the Project J Bond Resolution.

Special Provisions Relating to Capital Appreciation Bonds

The Project M Bond Resolution provides that, for the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Bond if the principal of all Project M Bonds is declared immediately due and payable following the occurrence of a Bondholders' Event of Default, as provided in the Project M Bond Resolution or (iii) computing the principal amount of Project M Bonds held by the Holder of a Capital Appreciation Bond in giving to MEAG Power or the Trustee any notice, consent, request or demand pursuant to the Project M Bond Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its then current Accreted Value.

The principal and interest portions of the Accreted Value of Capital Appreciation Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Debt Service, Accrued Aggregate Debt Service, Aggregate Debt Service and Adjusted Aggregate Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value becomes so due, and the principal and interest portions of such Accreted Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date (calculated, unless otherwise specified in the Supplemental Resolution authorizing such Capital Appreciation Bonds, on the basis of a 360-day year consisting of twelve 30-day months).

The provisions relating to Capital Appreciation Bonds under each of the Project J Bond Resolution and the Project P Bond Resolution, respectively, are substantially similar to the foregoing provisions relating to Capital Appreciation Bonds under the Project M Bond Resolution.

Investment of Certain Funds and Accounts

Each Vogtle Unit 3&4 Bond Resolution provides that moneys held in the Funds and Accounts established under such Vogtle Units 3&4 Bond Resolution shall be invested and reinvested to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds and Accounts. The Trustee shall make all such investments of moneys held by it in accordance with instructions received from any Authorized Officer of MEAG Power.

With respect to the Project M Bond Resolution, interest earned on any moneys or investments in any Fund or Account (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) shall be paid into the Revenue Fund except that such net interest earned on any moneys or investments in (a) the Construction Fund (or any separate account or subaccount therein) shall be held in such Fund (or such separate account or subaccount, as applicable) for the purposes thereof or, upon determination of an Authorized Officer of MEAG Power, may be transferred to any other separate account or subaccount of the Construction Fund; (b) the Debt Service Reserve Account in the Debt Service Fund shall be held in such Account until the end of each calendar year at which time such net interest shall be retained therein to the extent necessary to satisfy the Debt Service Reserve Requirement and the balance shall be applied as set forth in the Project M Bond Resolution; *provided, however*, that prior to the Second Commercial Operation Date, on April 1 and October 1 of each year and on the Second Commercial

Operation Date, such net interest shall be retained therein to the extent necessary to satisfy the Debt Service Reserve Requirement and the balance shall be transferred to the Construction Fund (or any separate account or subaccount therein as the Trustee shall be directed by an Authorized Officer of MEAG Power); and (c) the Reserve and Contingency Fund shall be held in such Fund until the end of each calendar year at which time such net interest shall be retained therein to the extent necessary to satisfy MEAG Power's Reserve and Contingency Requirement and all or a portion of the amount of such excess shall 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 shall be transferred to the Revenue Fund.

With respect to the Project J Bond Resolution, interest earned on any moneys or investments in any Fund or Account (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) shall be paid into the Revenue Fund except that such net interest earned on any moneys or investments in (a) the Construction Fund (or any separate account or subaccount therein) shall be held in such Fund (or such separate account or subaccount, as applicable) for the purposes thereof or, upon determination of an Authorized Officer of MEAG Power, may be transferred to any other separate account or subaccount of the Construction Fund; (b) the Debt Service Reserve Account in the Debt Service Fund shall be held in such Account until the end of each calendar year at which time such net interest shall be retained therein to the extent necessary to satisfy the Debt Service Reserve Requirement and the balance shall be applied as set forth in the Project J Bond Resolution; *provided, however*, that prior to the Second Commercial Operation Date, on April 1 and October 1 of each year and on the Second Commercial Operation Date, such net interest shall be retained therein to the extent necessary to satisfy the Debt Service Reserve Requirement and the balance shall be transferred to the Construction Fund (or any separate account or subaccount therein as the Trustee shall be directed by an Authorized Officer of MEAG Power); (c) the Reserve and Contingency Fund shall be held in such Fund until the end of each calendar year at which time such net interest shall be retained therein to the extent necessary to satisfy MEAG Power's Reserve and Contingency Requirement and all or a portion of the amount of such excess shall 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 Initial Power Purchaser Arrearages Fund Establishment Date to and including the 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 shall not be so withdrawn if the purpose for such withdrawal is to make up any such deficiency that resulted from a default by the Initial Power Purchaser in the making of any payment due under the Initial Power Purchase Agreement and (y) 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, amounts deposited to the Reserve and Contingency Fund from payments made to MEAG Power by the Initial Power Purchaser shall 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; and the balance, if any, of such excess shall be transferred to the Revenue Fund (or, as applicable, transferred to MEAG Power for deposit to the Revenue Fund); (d) the Initial Power Purchaser Resale Revenue Account in the Initial Power Purchaser Arrearages Fund shall be held in such Account until expended in accordance with the Project J Bond Resolution; (e) the Initial Power Purchaser Arrearages Payment Account in the Initial Power Arrearages Fund shall be held in such Account until expended in accordance with the Project J Bond Resolution; and (f) the Project J Participant Arrearages Fund shall be held in such Fund until expended in accordance with the Project J Bond Resolution.

The provisions relating to the investment of certain Funds and Accounts under the Project P Bond Resolution are substantially similar to the foregoing provisions relating to the investment of certain Funds and Accounts under the Project J Bond Resolution.

Encumbrances; Disposition of Properties

In each Vogtle Units 3&4 Bond Resolution, MEAG Power covenants that it will not issue bonds or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a pledge of the Shared Trust Estate or the Bondholders' Trust Estate, and except to the extent provided in or permitted by the applicable Vogtle Units 3&4 Bond Resolution, shall not create or cause to be created any lien or charge thereon; *provided, however*, that nothing contained in each Vogtle Units 3&4 Bond Resolution shall (a) prevent MEAG Power from issuing, if and to the extent permitted by the Act, (1) bond anticipation notes (as such term is defined in the Act), (2) evidences of indebtedness (A) payable out of moneys in the Construction Fund as part of the Costs of Acquisition and Construction of the Project M Entity's Ownership Interest, the Project J Entity's Ownership Interest or the Project P Entity's Ownership Interest, as applicable (each, the "Vogtle Units 3&4 Project Entity's Ownership Interest"), or (B) payable out of, or secured by a pledge of, Revenues to be received after the discharge of the pledge of Revenues provided in the applicable Vogtle Units 3&4 Bond Resolution in favor of the applicable Vogtle Units 3&4 Bonds and the applicable Federal Loan Debt Service Payments, (3) Subordinated Bonds, or (4) Parity Obligations or Subordinated Obligations or (b) prevent the Project M Entity, the Project J Entity or the Project P Entity, as applicable (each, a "Vogtle Units 3&4 Project Entity"), from obtaining Advances under the applicable Federal Loan in the manner provided in, and subject to the terms and provisions of, the applicable DOE Loan Guarantee Agreement.

MEAG Power further covenants in each Vogtle Units 3&4 Bond Resolution that it will not cause or permit any part of the applicable Vogtle Units 3&4 Project Entity's Ownership Interest to be sold, leased, mortgaged or otherwise disposed of, except as follows:

(A) The applicable Vogtle Units 3&4 Project Entity may grant a security title and a security interest in such Vogtle Units 3&4 Project Entity's Ownership Interest in the manner provided in, and subject to the terms and conditions of (including the exercise of all rights and remedies under), the applicable DOE Loan Guarantee Agreement and the other applicable Federal Loan Documents. In the event of any sale of the applicable Vogtle Units 3&4 Project Entity's Ownership Interest following the exercise by or on behalf of DOE of any remedy of foreclosure thereof following a default with respect to the applicable Federal Loan, any proceeds received by the applicable Vogtle Units 3&4 Project Entity from such sale that are in excess of the amount needed to pay the applicable Federal Loan and that are not required to be used to satisfy the applicable Vogtle Units 3&4 Project Entity's obligations to any other person shall be applied to the retirement, by purchase, redemption or defeasance, of the applicable Bonds in such manner as an Authorized Officer of MEAG Power shall determine, subject to any limitations or other requirements with respect thereto set forth in the applicable Vogtle Units 3&4 Project Power Contracts;

(B) The applicable Vogtle Units 3&4 Project Entity may sell or exchange any property or facilities constituting part of such Vogtle Units 3&4 Project Entity's Ownership Interest if MEAG Power shall determine that the sale or exchange of such property or facilities (1) will not impair the ability of MEAG Power to comply during the current or any future year with the rate covenant contained in the applicable Vogtle Units 3&4 Bond Resolution and (2) it is in the best interests of MEAG Power and the applicable Vogtle Units 3&4 Participants. In each of the Project J Bond Resolution and the Project P Bond Resolution, MEAG Power also covenants that it will not sell or exchange any property or facilities constituting part of the applicable Vogtle Units 3&4 Project if it shall determine that the sale or exchange of such property or facilities is not in the best interests of the applicable Initial Power Purchaser. The proceeds of any such sale or exchange that are paid over to MEAG Power may be applied for any lawful purpose of MEAG Power relating to the applicable Vogtle Units 3&4 Project including, but not limited to, the acquisition or construction of other property necessary or desirable for the operation of such Vogtle Units 3&4 Project Entity's

Ownership Interest or the retirement of (x) the applicable Bonds, Subordinated Bonds or Parity Obligations and (y) the applicable Federal Loan, *pro rata* in proportion to the amount of the applicable Bonds, Subordinated Bonds and Parity Obligations and the applicable Federal Loan, respectively, then outstanding and unpaid; and

(C) In addition to the Vogtle Units 3&4 Project Agreements, the applicable Vogtle Units 3&4 Project Entity may lease, make contracts, grant licenses for the operation of, make arrangements for the use of, or grant easements or other rights with respect to, any part of the applicable Vogtle Units 3&4 Project Entity's Ownership Interest; *provided, however*, that any such lease, contract, license, arrangement, easement or right (1) does not impede the operation by such Vogtle Units 3&4 Project Entity or its agent of the applicable Vogtle Units 3&4 Project Entity's Ownership Interest and (2) does not impair or adversely affect the rights or security of the Bondholders or the DOE Secured Parties under the applicable Vogtle Units 3&4 Bond Resolution. Any payments received by MEAG Power under or in connection with any such lease, contract, license, arrangement, easement or right may be applied for any lawful purpose of MEAG Power relating to the applicable Vogtle Units 3&4 Project including, but not limited to, the acquisition or construction of other property necessary or desirable for the operation of the applicable Vogtle Units 3&4 Project Entity's Ownership Interest or the retirement of (x) applicable Bonds, Subordinated Bonds or Parity Obligations and (y) the applicable Federal Loan, *pro rata* in proportion to the amount of such applicable Bonds, Subordinated Bonds and Parity Obligations and such applicable Federal Loan, respectively, then outstanding and unpaid.

Rate Covenant

MEAG Power covenants 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 so that Revenues, together with other available funds, are at least sufficient to provide funds in each calendar year for the payment of the sum of (1) Operating Expenses during such calendar year, (2) Aggregate Debt Service for such calendar year; *provided, however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Services for purposes of this clause (2) but only to the extent that MEAG Power intends to pay such Principal Installment from sources other than Revenues, (3) any amount to be paid into the Debt Service Reserve Account for such calendar year, (4) the amount to be paid into the Reserve and Contingency Fund for such calendar year, and (5) all other charges or liens payable out of Revenues during such year, including to the extent not otherwise provided for, all amounts payable by MEAG Power to the Project M Entity pursuant to Project M Power Purchase Agreement 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 and all amounts payable on Project M Subordinated Bonds and Project M Subordinated Obligations during such calendar year.

The covenants of MEAG Power that are made with respect to Project J and Project P under the Project J Bond Resolution and the Project P Bond Resolution, respectively, are substantially similar to the foregoing covenants of MEAG Power that are made with respect to Project M under the Project M Bond Resolution.

Covenants with Respect to Power Sales Contracts, Vogtle Units 3&4 Project Agreements and Vogtle Units 3&4 Project Power Purchase Agreement

MEAG Power covenants in the Project M Bond Resolution that it will collect and deposit in the Revenue Fund amounts received under the Project M Power Sales Contracts and attributable to Project M or Project M's annual costs or payable to it pursuant to any other contract for the sale of power, energy, or other service from any part of Project M. In addition, MEAG Power will enforce the Project M Power Sales Contracts, will duly perform its covenants and agreements thereunder, and will not consent to or

permit any rescission of or amendment to or otherwise take any action in connection with any Project M Power Sales Contract which would reduce the payments required thereunder or would impair or adversely affect the rights of MEAG Power thereunder or the rights or security of Project M Bondholders or the DOE Secured Parties (determined without regard to any Credit Facility provided with respect to any Project M Bonds). Notwithstanding the foregoing, the extension of the term of any Project M Power Sales Contract will not constitute such an amendment.

MEAG Power covenants in the Project M Bond Resolution that it will enforce or cause to be enforced the provisions of the Vogtle Units 3&4 Project Agreements, will cause the Project M Entity to duly perform its covenants and agreements thereunder and will not consent to or permit any rescission of or amendment to or otherwise take any action under or in connection with any Vogtle Units 3&4 Project Agreement which would impair or adversely affect the rights of the Project M Entity thereunder or the rights or security of the Project M Bondholders or the DOE Secured Parties. Notwithstanding the foregoing, the extension of the term of any Vogtle Units 3&4 Project Agreement will not constitute such an amendment.

In addition, MEAG Power covenants in the Project M Bond Resolution that it will not consent to or permit any rescission of or amendment to or otherwise take any action under or in connection with the Project M Power Purchase Agreement that would impair or adversely affect the rights of MEAG Power thereunder.

MEAG Power covenants in the Project J Bond Resolution that it will collect or cause to be collected and deposit or cause to be deposited in the Project J Revenue Fund amounts received under the Project J Power Contracts (other than the Additional Compensation Obligation) and attributable to Project J or Project J's annual costs or payable to it pursuant to any other contract for the sale of power, energy, or other service from any part of Project J; *provided, however*, that (x) 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, (i) all Initial Power Purchaser Resale Revenues shall be deposited to the Initial Power Purchaser Resale Revenue Account in the Initial Power Purchaser Arrearages Fund and (ii) all Initial Power Purchaser Arrearages Payments shall be deposited to the Initial Power Purchaser Arrearages Payment Account in the Initial Power Purchaser Arrearages Fund and (y) during the period from and including the date (if any) on which the Project J Participants' Arrearages Fund shall be established as provided in the Project J Bond Resolution 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 be deposited to the Project J Participant Arrearages Fund. In addition, MEAG Power will enforce the Project J Power Contracts, will duly perform its covenants and agreements thereunder, and will not consent to or permit any rescission of or amendment to or otherwise take any action in connection with any Project J Power Contract which would reduce the payments required thereunder or would impair or adversely affect the rights of MEAG Power thereunder or the rights or security of Project J Bondholders or the DOE Secured Parties (determined without regard to any Credit Facility provided with respect to any Project J Bonds). Notwithstanding the foregoing, the extension of the term of any Project J Power Contract will not constitute such an amendment.

MEAG Power covenants in the Project J Bond Resolution that it will enforce or cause to be enforced the provisions of the Vogtle Units 3&4 Project Agreements, will cause the Project J Entity to duly perform its covenants and agreements thereunder and will not consent to or permit any rescission of or amendment to or otherwise take any action under or in connection with any Vogtle Units 3&4 Project Agreement which would impair or adversely affect the rights of the Project J Entity thereunder or the rights or security of the Project J Bondholders or the DOE Secured Parties. Notwithstanding the foregoing, the extension of the term of any Vogtle Units 3&4 Project Agreement will not constitute such an amendment.

In addition, MEAG Power covenants in the Project J Bond Resolution that it will not consent to or permit any rescission of or amendment to or otherwise take any action under or in connection with the

Project J Power Purchase Agreement that would impair or adversely affect the rights of MEAG Power thereunder.

The covenants of MEAG Power in the Project P Bond Resolution are substantially similar to the foregoing covenants of MEAG Power in the Project J Bond Resolution.

Annual Budget

MEAG Power covenants in the Project M Bond Resolution that it will file with the Trustee an annual budget for Project M each calendar year (a "Project M Annual Budget"). The Project M Annual Budget includes estimated Revenues and Operating Expenses and appropriations for the estimated Operating Expenses for such year, the estimated amount to be deposited during such year in the Reserve and Contingency Fund and the amounts estimated to be expended from each Fund and Account established under the Project M Bond Resolution. MEAG Power may at any time adopt an amended Project M Annual Budget for the remainder of the then current calendar year which will be filed promptly with the Trustee.

The practices by MEAG Power with respect to Project J under the Project J Bond Resolution and Project P under the Project P Bond Resolution, respectively, are substantially similar to the foregoing practices by MEAG Power with respect to Project M under the Project M Bond Resolution.

Insurance

MEAG Power covenants in the Project M Bond Resolution that it will keep or cause to be kept the properties of the Project M Entity's Ownership Interest that are of an insurable nature and of the character usually insured by those operating properties similar to the Project M Entity's Ownership Interest, insured against loss or damage by fire and from other causes customarily insured against and in such amounts as are usually obtained. MEAG Power also covenants that it will maintain or cause to be maintained adequate insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the Project M Entity's Ownership Interest. Insurance against business interruption loss is maintained whenever, in the judgment of MEAG Power, such insurance is obtainable at commercially reasonable rates.

The insurance covenants by MEAG Power with respect to Project J and Project P under the Project J Bond Resolution and the Project P Bond Resolution, respectively, are substantially similar to the foregoing insurance covenants by MEAG Power with respect to Project M under the Project M Bond Resolution.

Additionally, each of the Vogtle Units 3&4 Bond Resolutions provides that MEAG Power may comply with the provisions of the applicable Vogtle Units 3&4 Bond Resolution by causing the applicable Vogtle Units 3&4 Project Entity to maintain in effect all or any portion of the insurance referred to in the provisions above.

Accounts and Reports

MEAG Power covenants in the Project M Bond Resolution that it will keep or cause to be kept proper and separate books of record and account relating to Project M and the funds and accounts established by the Project M Bond Resolution and relating to costs and charges under the Project M Power Sales Contracts and the Project M Power Purchase Agreement. Such books, together with all other books and papers of MEAG Power relating to Project M, are at all times subject to the inspection of the Trustee, the Holders of not less than five percent in principal amount of Project M Bonds then Outstanding, DOE and the DOE Collateral Agent or their respective representatives duly authorized in writing.

MEAG Power covenants in the Project M Bond Resolution that it will file annually with the Trustee, DOE and the DOE Collateral Agent, an annual report, accompanied by an accountant's certificate

(Report of Independent Auditors), of the financial position of Project M at the end of the year, including a statement of assets and liabilities for Project M as of the end of such year, a statement of Revenues and Operating Expenses for Project M for such year, and a statement of receipts and disbursements with respect to each Fund and Account established by the Project M Bond Resolution.

The reports, statements and other documents required to be furnished to the Trustee pursuant to provisions of the Project M Bond Resolution are available for inspection of Bondholders at the office of the Trustee and will be mailed to each Bondholder who files a written request therefor with MEAG Power.

The practices by MEAG Power with respect to Project J under the Project J Bond Resolution and Project P under the Project P Bond Resolution, respectively, are substantially similar to the foregoing practices by MEAG Power under the Project M Bond Resolution.

Amendments and Supplemental Resolutions

Any of the provisions of the Project M Bond Resolution may be amended or modified by MEAG Power by a Supplemental Resolution, with the written consent: (1) of the Holders of at least a majority in principal amount of the Project M Bonds then Outstanding that are affected by such modification or amendment, such consent to be given as provided in Project M Bond Resolution (or, in case the modification or amendment changes the terms of any Sinking Fund Installment, with the written consent of the Holders of at least a majority in principal amount of the Project M Bonds of the Series and maturity for which such Sinking Fund Installment was established); excluding, in each case, from such consent, and from the Outstanding Project M Bonds, the Project M Bonds of any specified Series and maturity if such amendment by its terms will not take effect so long as any such Project M Bonds remain Outstanding; and (2) of DOE, such consent to be made or given (or deemed to have been given) as provided in the Project M Bond Resolution. Any such amendment may not permit a change in the terms of redemption or maturity or any installment of interest or make any reduction in principal, Redemption Price or interest without the consent of each affected Holder, or reduce the percentages of consents required for a further amendment.

MEAG Power may adopt (without the consent of the Trustee or any Holders of the Project M Bonds, but with the consent (or deemed consent) of DOE, if required pursuant to the Project M Bond Resolution) Supplemental Resolutions to cure any ambiguity or to correct any defect in the Project M Bond Resolution; to close the Project M Bond Resolution against, or impose limitations upon, issuance of Project M Bonds or other evidences of indebtedness; to authorize Project M Bonds; to authorize Project M Subordinated Bonds, Parity Obligations or Subordinated Obligations; to add to the restrictions contained in the Project M Bond Resolution; to add to the covenants of MEAG Power contained in the Project M Bond Resolution; or to confirm any pledge under the Project M Bond Resolution of Revenues or other moneys.

In addition to the amendments described above, the Project M Bond Resolution provides that, upon the consent of the Trustee and, if required pursuant to the Project M Bond Resolution, the consent (or deemed consent) of DOE thereto made or given as provided in the Project M Bond Resolution, the Project M Bond Resolution may be amended to (i) insert such provisions clarifying matters or questions arising under the Project M Bond Resolution as are necessary or desirable and will not have a material adverse effect on the interests of the Project M Bondholders or of the DOE Secured Parties; or (ii) make any other modification or amendment of the Project M Bond Resolution which the Trustee shall in its sole discretion determine will not have a material adverse effect on the interests of the Project M Bondholders or of the DOE Secured Parties.

MEAG Power agrees in the Project M Bond Resolution that it will not directly or indirectly agree to (i) any amendment, modification, termination, replacement, supplement or waiver, (ii) waive any right to consent to any amendment, modification, termination, replacement, supplement or waiver of any right with respect to, or (iii) assign any of the respective duties or obligations, in each case, under any provision of the Project M Bond Resolution; except that:

(1) MEAG Power may agree to an amendment, modification, replacement, supplement or waiver that does not have an adverse effect on, or diminish the rights of, the DOE Secured Parties or the Trustee with respect to remedies or enforcement if, as required pursuant to the Project M DOE Equity Funding Agreement, (A) MEAG Power has given DOE prior notice of such amendment, modification, replacement, supplement or waiver that meets the requirements of the Project M DOE Equity Funding Agreement and (B) DOE has consented to, or has not given MEAG Power notice of its objection to, such proposed amendment, modification, replacement, supplement or waiver within 60 days of receipt of such notice (and, if DOE fails to give such notice of objection within such 60-day period, DOE shall be deemed to have consented to such proposed amendment, modification, replacement, supplement or waiver);

(2) MEAG Power may adopt a Supplemental Resolution that is adopted solely for the purpose of authorizing the issuance of Project M Bonds of one or more Series, Project M Subordinated Bonds, Project M Parity Obligations or Project M Subordinated Obligations; and

(3) MEAG Power may agree to an amendment, modification, replacement, supplement or waiver to the Project M Bond Resolution if the amendment, modification, replacement, supplement or waiver is adopted in connection with the issuance of Project M Bonds, Subordinated Bonds, Parity Obligations or Subordinated Obligations and such amendment, modification, replacement, supplement or waiver (x) relates only to mechanical or structural issues that are required to be addressed in order to allow such Project M Bonds, Subordinated Bonds, Parity Obligations or Subordinated Obligations to be issued on their proposed terms and the timing for such issuance does not allow for the 60-day notice and review period contemplated under paragraph (1) above and (y) does not adversely affect the application and flow of funds under the Project M Bond Resolution, the Shared Trust Estate, DOE's, the DOE Collateral Agent's or the Trustee's rights or any provisions included for their benefit, or any other voting rights or decision-making matters or provisions related to remedies or enforcement provided for in the Project M Bond Resolution.

Notwithstanding the foregoing, without DOE's consent MEAG Power has the right to amend, modify, replace, supplement or waive any provision of the Project M Bond Resolution solely to correct minor or technical errors that do not change any person's rights or obligations; *provided, however*, that MEAG Power delivers a copy of any such amendment, modification, replacement, supplement or waiver to DOE not later than 5 business days after the adoption or execution, as applicable, of such amendment, modification, replacement, supplement or waiver.

The amendment and Supplemental Resolution provisions under the Project J Bond Resolution and the Project P Bond Resolution, respectively, are substantially similar to the foregoing amendment and Supplemental Resolution provisions under the Project M Bond Resolution.

Amendments to Accommodate the Federal Loan Option

Each of the Vogtle Units 3&4 Bond Resolutions contains a provision providing that MEAG Power may adopt (without the consent of the Holders of the applicable Bonds, but with the consent (or deemed consent) of DOE, if required pursuant to the applicable Vogtle Units 3&4 Bond Resolution), at any time or from time to time, a Supplemental Resolution for the purpose of amending the Vogtle Units 3&4 Bond Resolution in any respect determined by MEAG Power to be necessary and desirable in order to accommodate the Federal Loan Option.

Such Supplemental Resolution shall be fully effective in accordance with its terms upon (a) the filing with the Trustee a copy of such Supplemental Resolution, certified by an Authorized Officer of MEAG Power, (b) if required pursuant to the applicable Vogtle Units 3&4 Bond Resolution, the consent

(or deemed consent) of DOE thereto made or given as provided in such Vogtle Units 3&4 Bond Resolution and (c) the occurrence of each of the following:

(1) Receipt of “No-Adverse-Tax-Effect” Opinion: MEAG Power receives an opinion of tax counsel to MEAG Power to the effect that the actions referred to in the applicable Vogtle Units 3&4 Bond Resolution will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any applicable Bonds the interest on which, at the time of the original issuance of such Bonds, was so excluded; and

(2) Ratings Confirmation: each Rating Agency then maintaining a rating for the applicable Bonds notifies MEAG Power in writing of the rating(s) that will apply to such Bonds following the actions referred to in the applicable Vogtle Units 3&4 Bond Resolution, which rating(s), as a result of such actions, shall not be lower than such Rating Agency’s rating(s) on the applicable Bonds then in effect (without regard to any third-party credit enhancement).

Amendments to Reflect Repayment in Full of the Federal Loan

Notwithstanding any other provision of the Project M Bond Resolution, at any time or from time to time on or after the date on which DOE has confirmed in writing that the Project M DOE Guaranteed Loan has been repaid in full and the Project M Entity has satisfied all of its obligations under the Project M DOE Loan Guarantee Agreement and the other Project M Federal Loan Documents, a Supplemental Resolution of MEAG Power may be adopted for the purpose of amending the Project M Bond Resolution in any respect determined by MEAG Power to be necessary or desirable in order to delete therefrom all provisions relating to the payment of the Project M Federal Loan Debt Service Payments and other covenants and agreements that are for the exclusive benefit of the DOE Secured Parties. Such Supplemental Resolution shall be fully effective in accordance with its terms upon (a) the filing with the Trustee of a copy thereof certified by an Authorized Officer of MEAG Power and (b) the occurrence of each of the following:

1. Transfer to MEAG Power of the Project M Entity’s Ownership Interest: The Project M Entity transfers to MEAG Power the Project M Entity’s Ownership Interest;
2. Assignment to MEAG Power of Applicable Rights and Obligations Under the Vogtle Units 3&4 Project Agreements: The Project M Entity assigns to MEAG Power all of its rights and obligations under the Vogtle Units 3&4 Project Agreements attributable to the Project M Entity’s Ownership Interest;
3. Termination of the Project M Power Purchase Agreement: MEAG Power and the Project M Entity shall cause the Project M Power Purchase Agreement to be terminated;
4. Amendments to Various Documents: the Project M Bond Resolution, the Vogtle Units 3&4 Project Agreements and the Project M Power Sales Contracts are amended as determined by MEAG Power to be necessary or desirable in order to reflect the foregoing transactions, including without limitation an amendment to the definition of “Additional Units Non-PPA Project” set forth in the Project M Bond Resolution in order to reflect the transfer to MEAG Power of the Project M Entity’s Ownership Interest and the termination of the Project M Power Purchase Agreement; in the case of the Project M Power Sales Contracts, the amendments must obligate the Project M Participants to pay to MEAG Power, in the same manner and during the same periods of time as theretofore provided, amounts necessary to pay all MEAG Power’s costs and expenses relating to Project M;
5. Validation of Resolution and Contracts, as Amended: the Project M Bond Resolution, as amended by such Supplemental Resolution, and the Vogtle Units 3&4 Project Agreements and the Project M Power Sales Contracts, as amended, have been the subject of a judgment of validation rendered by the Superior Court of Fulton County, Georgia;

6. Receipt of “No-Adverse-Tax-Effect” Opinion: MEAG Power receives an opinion of tax counsel to MEAG Power to the effect that the transfer, assignment, amendments and other actions referred to in the Project M Bond Resolution will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any Project M Bonds the interest on which, at the time of the original issuance of such Project M Bonds, was so excluded; and
7. Ratings Confirmation: each Rating Agency then maintaining a rating for the Project M Bonds notifies MEAG Power in writing of the rating(s) that will apply to the Project M Bonds following the transfer, assignment, amendments and other actions referred to in the Project M Bond Resolution, which rating(s), as a result of such transfer, assignment, amendments and other actions, shall not be lower than such Rating Agency’s rating(s) on the Outstanding Project M Bonds then in effect (without regard to any third-party credit enhancement).

Notwithstanding any other provision of the Project J Bond Resolution, at any time or from time to time on or after the date on which DOE has confirmed in writing that the Project J DOE Guaranteed Loan has been repaid in full and the Project J Entity has satisfied all of its obligations under the Project J DOE Loan Guarantee Agreement and the other Project J Federal Loan Documents, a Supplemental Resolution of MEAG Power may be adopted for the purpose of amending the Project J Bond Resolution in any respect determined by MEAG Power to be necessary or desirable in order to delete therefrom all provisions relating to the payment of the Project J Federal Loan Debt Service Payments and other covenants and agreements that are for the exclusive benefit of the DOE Secured Parties. Such Supplemental Resolution shall be fully effective in accordance with its terms upon (a) the filing with the Trustee of a copy thereof certified by an Authorized Officer of MEAG Power and (b) the occurrence of each of the following:

1. Transfer to MEAG Power of the Project J Entity’s Ownership Interest: The Project J Entity transfers to MEAG Power the Project J Entity’s Ownership Interest;
2. Assignment to MEAG Power of Applicable Rights and Obligations Under the Vogtle Units 3&4 Project Agreements: The Project J Entity assigns to MEAG Power all of its rights and obligations under the Vogtle Units 3&4 Project Agreements attributable to the Project J Entity’s Ownership Interest;
3. Termination of the Project J Power Purchase Agreement: MEAG Power and the Project J Entity shall cause the Project J Power Purchase Agreement to be terminated;
4. Amendments to Various Documents: the Project J Bond Resolution, the Vogtle Units 3&4 Project Agreements and the Project J Power Contracts are amended as determined by MEAG Power to be necessary or desirable in order to reflect the foregoing transactions, including without limitation an amendment to the definition of “Additional Units PPA Project” set forth in the Project J Bond Resolution in order to reflect the transfer to MEAG Power of the Project J Entity’s Ownership Interest and the termination of the Project J Power Purchase Agreement; in the case of the Project J Power Contracts, the amendments must obligate the Initial Power Purchaser and the Project J Participants, respectively, to pay to MEAG Power, in the same manner and during the same periods of time as theretofore provided, amounts necessary to pay all MEAG Power’s costs and expenses relating to Project J;
5. Validation of Resolution and Contracts, as Amended: the Project J Bond Resolution, as amended by such Supplemental Resolution, and the Vogtle Units 3&4 Project Agreements and the Project J Power Contracts, as amended, have been the subject of a judgment of validation rendered by the Superior Court of Fulton County, Georgia;
6. Receipt of “No-Adverse-Tax-Effect” Opinion: MEAG Power receives an opinion of tax counsel to MEAG Power to the effect that the transfer, assignment, amendments and other actions referred

to in the Project J Bond Resolution will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any Project J Bonds the interest on which, at the time of the original issuance of such Project J Bonds, was so excluded; and

7. Ratings Confirmation: each Rating Agency then maintaining a rating for the Project J Bonds notifies MEAG Power in writing of the rating(s) that will apply to the Project J Bonds following the transfer, assignment, amendments and other actions referred to in the Project J Bond Resolution, which rating(s), as a result of such transfer, assignment, amendments and other actions, shall not be lower than such Rating Agency's rating(s) on the Outstanding Project J Bonds then in effect (without regard to any third-party credit enhancement).

Notwithstanding any other provision of the Project P Bond Resolution, at any time or from time to time on or after the date on which DOE has confirmed in writing that the Project P DOE Guaranteed Loan has been repaid in full and the Project P Entity has satisfied all of its obligations under the Project P DOE Loan Guarantee Agreement and the other Project P Federal Loan Documents, a Supplemental Resolution of MEAG Power may be adopted for the purpose of amending the Project P Bond Resolution in any respect determined by MEAG Power to be necessary or desirable in order to delete therefrom all provisions relating to the payment of the Project P Federal Loan Debt Service Payments and other covenants and agreements that are for the exclusive benefit of the DOE Secured Parties. Such Supplemental Resolution shall be fully effective in accordance with its terms upon (a) the filing with the Trustee of a copy thereof certified by an Authorized Officer of MEAG Power and (b) the occurrence of each of the following:

1. Transfer to MEAG Power of the Project P Entity's Ownership Interest: The Project P Entity transfers to MEAG Power the Project P Entity's Ownership Interest;
2. Assignment to MEAG Power of Applicable Rights and Obligations Under the Vogtle Units 3&4 Project Agreements: The Project P Entity assigns to MEAG Power all of its rights and obligations under the Vogtle Units 3&4 Project Agreements attributable to the Project P Entity's Ownership Interest;
3. Termination of the Project P Power Purchase Agreement: MEAG Power and the Project P Entity shall cause the Project P Power Purchase Agreement to be terminated;
4. Amendments to Various Documents: the Project P Bond Resolution, the Vogtle Units 3&4 Project Agreements and the Project P Power Contracts are amended as determined by MEAG Power to be necessary or desirable in order to reflect the foregoing transactions, including without limitation an amendment to the definition of "Additional Units PPA-2 Project" set forth in the Project P Bond Resolution in order to reflect the transfer to MEAG Power of the Project M Entity's Ownership Interest and the termination of the Project P Power Purchase Agreement; in the case of the Project P Power Contracts, the amendments must obligate the Initial Power Purchaser and the Project P Participants, respectively, to pay to MEAG Power, in the same manner and during the same periods of time as theretofore provided, amounts necessary to pay all MEAG Power's costs and expenses relating to Project P;
5. Validation of Resolution and Contracts, as Amended: the Project P Bond Resolution, as amended by such Supplemental Resolution, and the Vogtle Units 3&4 Project Agreements and the Project P Power Contracts, as amended, have been the subject of a judgment of validation rendered by the Superior Court of Fulton County, Georgia;
6. Receipt of "No-Adverse-Tax-Effect" Opinion: MEAG Power receives an opinion of tax counsel to MEAG Power to the effect that the transfer, assignment, amendments and other actions referred to in the Project P Bond Resolution will not adversely affect the exclusion from gross income for

federal income tax purposes of the interest on any Project P Bonds the interest on which, at the time of the original issuance of such Project P Bonds, was so excluded; and

7. **Ratings Confirmation:** each Rating Agency then maintaining a rating for the Project P Bonds notifies MEAG Power in writing of the rating(s) that will apply to the Project P Bonds following the transfer, assignment, amendments and other actions referred to in the Project P Bond Resolution, which rating(s), as a result of such transfer, assignment, amendments and other actions, shall not be lower than such Rating Agency's rating(s) on the Outstanding Project P Bonds then in effect (without regard to any third-party credit enhancement).

Trustee, Paying Agents

The Project M Bond Resolution requires the appointment by MEAG Power of one or more Paying Agents (who may be the Trustee) for the Project M Bonds of each Series. The Trustee may at any time resign on 60 days' written notice and may at any time be removed by the Holders of a majority in principal amount of the Project M Bonds then Outstanding, DOE and the DOE Collateral Agent or their respective attorneys-in-fact duly authorized or, so long as no Bondholders' Event of Default or Federal Loan Event of Default, or event which with the passage of time or the giving of notice, or both, will become a Bondholders' Event of Default or a Federal Loan Event of Default, has occurred and is continuing, by MEAG Power, but subject to the approval of DOE or the DOE Collateral Agent. If the Trustee has been removed by MEAG Power, then MEAG Power has the exclusive right to appoint a successor Trustee. In any other case, the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of MEAG Power, and DOE may appoint such successor; *provided, however*, that if no successor Trustee shall have been appointed by the Holders and DOE within 30 days of the date on which the Trustee (1) shall have mailed notice of its resignation or (2) shall have become incapable of acting, or shall have been adjudged bankrupt or insolvent, or a receiver, liquidator or conservator of the Trustee, or of its property, shall have been appointed, or any public officer shall have taken charge or control of the Trustee, or of its property or affairs, then MEAG Power, subject to the provisions of Project M Bond Resolution, shall have the exclusive right to appoint such successor. Any successor Trustee must be a Bank with its principal office in the City and State of New York or Georgia having capital stock and surplus aggregating at least \$100,000,000 if there be such an entity willing to accept appointment.

The Trustee and Paying Agents provisions under the Project J Bond Resolution and the Project P Bond Resolution are substantially similar to the foregoing Trustee and Paying Agents provisions under the Project M Bond Resolution.

Defeasance

The pledges of the Shared Trust Estate and the Bondholders' Trust Estate under the applicable Vogtle Units 3&4 Bond Resolution and all covenants and other obligations of MEAG Power under such Vogtle Units 3&4 Bond Resolution will cease, terminate and be discharged and satisfied whenever (a) all applicable Bonds and interest due thereon have been paid in full, (b) (i) MEAG Power has paid or caused to be paid, or there shall otherwise be paid, to the DOE Collateral Agent (for the benefit of the applicable DOE Secured Parties) the principal of, and interest and prepayment premiums, if any, due or to become due on, and all other amounts due with respect to, the applicable Federal Loan and (ii) the applicable Vogtle Units 3&4 Project Entity has satisfied all of its obligations under the applicable DOE Loan Guarantee Agreement (and no undisbursed commitments remain available thereunder). If MEAG Power shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Bonds (or portions thereof) the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the applicable Vogtle Units 3&4 Bond Resolution, such Bonds (or portions thereof) shall cease to be entitled to any lien, benefit or security under the applicable Vogtle Units 3&4 Bond Resolution, and all covenants and other obligations of MEAG Power to the Holders of such Bonds (or portions thereof) will cease, terminate and be discharged and satisfied. If (a) MEAG

Power shall pay or cause to be paid, or there shall otherwise be paid, to the DOE Collateral Agent (for the benefit of the applicable DOE Secured Parties) the principal of, and interest and prepayment premiums, if any, due or to become due on, and all other amounts due with respect to, the applicable Federal Loan, at the times and in the manner stipulated in the applicable DOE Loan Guarantee Agreement and (b) the applicable Vogtle Units 3&4 Project Entity has satisfied all of its obligations under the applicable DOE Loan Guarantee Agreement (and no undisbursed commitments remain available thereunder), the applicable Federal Loan Debt Service Payments shall cease to be entitled to any lien, benefit or security under the applicable Vogtle Units 3&4 Bond Resolution, and all covenants and other obligations of MEAG Power to the DOE Secured Parties will cease, terminate and be discharged and satisfied.

Bonds (or portions thereof) are deemed to have been paid and are not entitled to the lien, benefit or security of the applicable Vogtle Units 3&4 Bond Resolution whenever the following conditions are met: (1) there have been deposited with the Trustee in trust either moneys in an amount which will be sufficient, or Defeasance Securities, the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, also deposited, will be sufficient to pay when due the principal or Redemption Prices, if applicable, and interest due or to become due on such Bonds, (2) in the case of any Bonds to be redeemed prior to maturity, MEAG Power has given to the Trustee instructions to give the notice of redemption therefor, and (3) in the event such Bonds are not to be redeemed or paid at maturity within the next succeeding 60 days, MEAG Power has given the Trustee instructions to give as soon as practicable, a notice to the Holders of such Bonds that the above deposit has been made with the Trustee and that such Bonds are deemed to be paid and stating the maturity or redemption date upon which moneys are to be available to pay the principal or Redemption Price, if applicable, of such Bonds.

Bondholders' Events of Default and Remedies

Bondholders' Events of Default specified in each Vogtle Units 3&4 Bond Resolution include failure to pay the principal or Redemption Price of any Bond when due; failure to pay any interest installment on any Bond or the unsatisfied balance of any Sinking Fund Installment thereon when due; failure to remedy a default for 60 days after written notice of a default in the observance or performance of any other covenants, agreements or conditions; and certain events of bankruptcy or insolvency. Upon the happening of any such Bondholders' Event of Default, the Trustee or the Holders of not less than 25 percent in principal amount of the applicable Bonds then Outstanding may declare the principal of and accrued interest on such Bonds due and payable (subject to a rescission of such declaration upon the curing of such default before the applicable Bonds have matured).

The Project M Bond Resolution provides that, upon the occurrence of any Bondholders' Event of Default which has not been remedied, MEAG Power will, if demanded by the Trustee, DOE or the DOE Collateral Agent, (1) account, as a trustee of an express trust, for all Revenues, moneys, securities and funds pledged under the Project M Bond Resolution and (2) pay over or cause to be paid over to the Trustee all assets held by MEAG Power in any fund or account under the Project M Bond Resolution and, as received, all Revenues. In such event the Trustee will hold such funds in trust for the benefit of both the Holders of the Project M Bonds and the DOE Secured Parties. The Trustee will apply all moneys, securities, funds and Revenues received during the continuance of a Bondholders' Event of Default in the following order: (1) to the payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries, (2) to the payment of (X) reasonable and necessary Operating Expenses and (Y) the costs of reasonable renewals, repairs, replacements, additions, betterments and improvements to the Project M Entity's Ownership Interest necessary in the judgment of the Trustee or DOE to prevent loss of Revenues or otherwise required to be paid for by the Project M Entity pursuant to the Vogtle Units 3&4 Project Agreements, and (3) to the payment, on a parity basis, in proportion to the respective amounts then due, of interest and principal of Project M Bonds then due, the principal and interest components of Project M Parity Obligations then due and the principal and interest and any other amounts, if any, then due and unpaid on the Project M DOE Guaranteed Loan, without preference or priority of interest over principal or principal over interest, unless

the principal of all Project M Bonds and the Project M DOE Guaranteed Loan have not been declared due and payable, in which case to the payment, on a parity basis, in proportion to the respective amounts then due, first, of (A) interest then due on the Project M Bonds, (B) all installments of the interest component of Project M Parity Obligations then due and (C) all installments of interest then due on the Project M DOE Guaranteed Loan and, second, of (X) the principal or Redemption Price on those Project M Bonds which have become due and payable, (Y) the principal component of Project M Parity Obligations which have become due and (Z) the unpaid principal of and prepayment premiums, if any, on, and other amounts due with respect to, the Project M DOE Guaranteed Loan which have become due, in order of their due dates. In addition, any Holders of Project M Bonds or the Trustee will have the right to apply in an appropriate proceeding for appointment of a receiver of Project M, but subject to any rights that the Project M Entity or DOE may have under the Project M DOE Loan Guarantee Agreement. In the event of any such appointment of a receiver (whether by a Bondholder or by the Trustee), it is the intention of the Project M Bond Resolution that such receiver act in such a manner as is intended to maximize recovery of the Project M DOE Guaranteed Loan and the Project M Bonds.

Notwithstanding the foregoing provisions of the Project M Bond Resolution, upon any declaration of the principal of the Project M DOE Guaranteed Loan then outstanding, and the interest accrued thereon, to be due and payable immediately, the principal of all the Project M Bonds then Outstanding, and the interest accrued thereon, shall be and become due and payable immediately, without any further act by or on behalf of MEAG Power, the Trustee or the Holders of the Project M Bonds, and neither the Holders of the Project M Bonds nor the Trustee acting on their behalf shall have any right or power to rescind such acceleration until such time, if any, as (x) such declaration with respect to the Project M DOE Guaranteed Loan shall have been rescinded or (y) the principal of the Project M DOE Guaranteed Loan then outstanding, and the interest accrued thereon, shall have been repaid in full.

The Project J Bond Resolution provides that, upon the occurrence of any Bondholders' Event of Default which has not been remedied, MEAG Power will, if demanded by the Trustee, DOE or the DOE Collateral Agent, (1) account, as a trustee of an express trust, for all Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Project J Participant Arrearages Payments, Project J Participant Resale Revenues, moneys, securities and funds pledged under the Project J Bond Resolution and (2) pay over or cause to be paid over to the Trustee all assets held by MEAG Power in any fund or account under the Project J Bond Resolution and, as received, all Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Project J Participant Arrearages Payments and Project J Participant Resale Revenues. In such event the Trustee will hold such funds in trust for the benefit of both the Holders of the Project J Bonds and the DOE Secured Parties. The Trustee will apply all moneys, securities, funds and Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Project J Participant Arrearages Payments and Project J Participant Resale Revenues received during the continuance of a Bondholders' Event of Default in the following order: (1) to the payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries, (2) to the payment of (X) reasonable and necessary Operating Expenses and (Y) the costs of reasonable renewals, repairs, replacements, additions, betterments and improvements to the Project J Entity's Ownership Interest necessary in the judgment of the Trustee or DOE to prevent loss of Revenues or otherwise required to be paid for by the Project J Entity pursuant to the Vogtle Units 3&4 Project Agreements, and (3) to the payment, on a parity basis, in proportion to the respective amounts then due, of interest and principal of Project J Bonds then due, the principal and interest components of Project J Parity Obligations then due and the principal and interest and any other amounts, if any, then due and unpaid on the Project J DOE Guaranteed Loan, without preference or priority of interest over principal or principal over interest, unless the principal of all Project J Bonds and the Project J DOE Guaranteed Loan have not been declared due and payable, in which case to the payment, on a parity basis, in proportion to the respective amounts then due, first, of (A) interest then due on the Project J Bonds, (B) all installments of the interest component of Project J Parity Obligations then due and (C) all installments of interest then due on the Project J DOE Guaranteed Loan and, second, of (X) the principal or Redemption Price on those Project J Bonds which have become due

and payable, (Y) the principal component of Project J Parity Obligations which have become due and (Z) the unpaid principal of and prepayment premiums, if any, on, and other amounts due with respect to, the Project J DOE Guaranteed Loan which have become due, in order of their due dates. In addition, any Holders of Project J Bonds or the Trustee will have the right to apply in an appropriate proceeding for appointment of a receiver of Project J, but subject to any rights that the Project J Entity or DOE may have under the Project J DOE Loan Guarantee Agreement. In the event of any such appointment of a receiver (whether by a Bondholder or by the Trustee), it is the intention of the Project J Bond Resolution that such receiver act in such a manner as is intended to maximize recovery of the Project J DOE Guaranteed Loan and the Project J Bonds.

Notwithstanding the foregoing provisions of the Project J Bond Resolution, (a) neither the Trustee nor the Holders of the Bonds shall have the right to declare the principal of all the Project J Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately during the continuance of any Standstill Period under the Project J DOE Loan Guarantee Agreement and (b) upon any declaration of the principal of the Project J DOE Guaranteed Loan then outstanding, and the interest accrued thereon, to be due and payable immediately, the principal of all the Project J Bonds then Outstanding, and the interest accrued thereon, shall be and become due and payable immediately, without any further act by or on behalf of MEAG Power, the Trustee or the Holders of the Project J Bonds, and neither the Holders of the Project J Bonds nor the Trustee acting on their behalf shall have any right or power to rescind such acceleration until such time, if any, as (x) such declaration with respect to the Project J DOE Guaranteed Loan shall have been rescinded or (y) the principal of the Project J DOE Guaranteed Loan then outstanding, and the interest accrued thereon, shall have been repaid in full.

The Project P Bond Resolution provides that, upon the occurrence of any Bondholders' Event of Default which has not been remedied, MEAG Power will, if demanded by the Trustee, DOE or the DOE Collateral Agent, (1) account, as a trustee of an express trust, for all Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Project P Participant Arrearages Payments, Project P Participant Resale Revenues, moneys, securities and funds pledged under the Project P Bond Resolution and (2) pay over or cause to be paid over to the Trustee all assets held by MEAG Power in any fund or account under the Project P Bond Resolution and, as received, all Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Project P Participant Arrearages Payments and Project P Participant Resale Revenues. In such event the Trustee will hold such funds in trust for the benefit of both the Holders of the Project P Bonds and the DOE Secured Parties. The Trustee will apply all moneys, securities, funds and Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Project P Participant Arrearages Payments and Project P Participant Resale Revenues received during the continuance of a Bondholders' Event of Default in the following order: (1) to the payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries, (2) to the payment of (X) reasonable and necessary Operating Expenses and (Y) the costs of reasonable renewals, repairs, replacements, additions, betterments and improvements to the Project P Entity's Ownership Interest necessary in the judgment of the Trustee or DOE to prevent loss of Revenues or otherwise required to be paid for by the Project P Entity pursuant to the Vogtle Units 3&4 Project Agreements, and (3) to the payment, on a parity basis, in proportion to the respective amounts then due, of interest and principal of Project P Bonds then due, the principal and interest components of Project P Parity Obligations then due and the principal and interest and any other amounts, if any, then due and unpaid on the Project P DOE Guaranteed Loan, without preference or priority of interest over principal or principal over interest, unless the principal of all Project P Bonds and the Project P DOE Guaranteed Loan have not been declared due and payable, in which case to the payment, on a parity basis, in proportion to the respective amounts then due, first, of (A) interest then due on the Project P Bonds, (B) all installments of the interest component of Project P Parity Obligations then due and (C) all installments of interest then due on the Project P DOE Guaranteed Loan and, second, of (X) the principal or Redemption Price on those Project P Bonds which have become due and payable, (Y) the principal component of Project P Parity Obligations which have become due and (Z) the unpaid principal of and prepayment premiums, if any, on, and other amounts due

with respect to, the Project P DOE Guaranteed Loan which have become due, in order of their due dates. In addition, any Holders of Project P Bonds or the Trustee will have the right to apply in an appropriate proceeding for appointment of a receiver of Project P, but subject to any rights that the Project P Entity or DOE may have under the Project P DOE Loan Guarantee Agreement. In the event of any such appointment of a receiver (whether by a Bondholder or by the Trustee), it is the intention of the Project P Bond Resolution that such receiver act in such a manner as is intended to maximize recovery of the Project P DOE Guaranteed Loan and the Project P Bonds.

Notwithstanding the foregoing provisions of the Project P Bond Resolution, (a) neither the Trustee nor the Holders of the Project P Bonds shall have the right to declare the principal of all the Project P Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately during the continuance of any Standstill Period under the Project P DOE Loan Guarantee Agreement and (b) upon any declaration of the principal of the Project P DOE Guaranteed Loan then outstanding, and the interest accrued thereon, to be due and payable immediately, the principal of all the Project P Bonds then Outstanding, and the interest accrued thereon, shall be and become due and payable immediately, without any further act by or on behalf of MEAG Power, the Trustee or the Holders of the Bonds, and neither the Holders of the Project P Bonds nor the Trustee acting on their behalf shall have any right or power to rescind such acceleration until such time, if any, as (x) such declaration with respect to the Project P DOE Guaranteed Loan shall have been rescinded or (y) the principal of the Project P DOE Guaranteed Loan then outstanding, and the interest accrued thereon, shall have been repaid in full.

Each Vogtle Units 3&4 Bond Resolution provides that, if a Bondholders' Event of Default has occurred and has not been remedied the Trustee may, or on request of the Holders of not less than 25 percent in principal amount of Bonds Outstanding must, take such steps by a suit or suits in equity or at law, whether for the specific performance of any covenant in the Vogtle Units 3&4 Bond Resolution or in aid of the execution of any power granted in the Vogtle Units 3&4 Bond Resolution, or for an accounting against MEAG Power, or in the enforcement of any other legal or equitable right, as the Trustee deems most effectual to enforce any of its rights or to perform any of its duties under the Vogtle Units 3&4 Bond Resolution, including, without limitation, enforcement of any rights of MEAG Power or the Trustee under the applicable Vogtle Units 3&4 Power Sales Contracts or the applicable Vogtle Units 3&4 Power Contracts, as the case may be. In enforcing any such rights, the Trustee will act in such a manner as is intended to maximize recovery of the applicable Federal Loan and the applicable Bonds. The Trustee may, and upon the request of the Holders of a majority in principal amount of the applicable Bonds then Outstanding and upon being furnished with reasonable security and indemnity must, institute and prosecute proper actions to prevent any impairment of the security under the Vogtle Units 3&4 Bond Resolution or to preserve or protect the interests of the Trustee, of the Bondholders and of the DOE Secured Parties.

Each Vogtle Units 3&4 Bond Resolution provides that no Bondholder has any right to institute any suit, action or proceeding for the enforcement of any provision of the Vogtle Units 3&4 Bond Resolution or the execution of any trust under the Vogtle Units 3&4 Bond Resolution or for any remedy under the Vogtle Units 3&4 Bond Resolution, unless (1) such Bondholder previously has given the Trustee written notice of a Bondholders' Event of Default, (2) the Holders of at least 25 percent in principal amount of the applicable Bonds then Outstanding have filed a written request with the Trustee and have afforded the Trustee a reasonable opportunity to exercise its powers or institute such suit, action or proceeding, (3) there have been offered to the Trustee adequate security and indemnity against its costs, expenses and liability to be incurred and (4) the Trustee has refused to comply with such request within 60 days. Nothing contained in the Vogtle Units 3&4 Bond Resolutions or in the Bonds shall affect or impair MEAG Power's obligation, which is absolute and unconditional, to pay the Bonds and the interest thereon when due, or the right of any Bondholder to enforce such payment.

Each Vogtle Units 3&4 Bond Resolution also provides that the Holders of not less than a majority in principal amount of applicable Bonds then Outstanding may direct the time, method and place of

conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred upon the Trustee (subject to the Trustee's right to decline to follow such direction upon advice of counsel as to the unlawfulness thereof or upon its good faith determination that such action would involve the Trustee in personal liability or would be unjustly prejudicial to Bondholders not parties to such direction or to the DOE Secured Parties).

Federal Loan Events of Default and Remedies

Federal Loan Events of Default specified in each Vogtle Units 3&4 Bond Resolution include failure to pay any installment of the applicable Federal Loan Debt Service Payments when due; and failure to remedy a default for 60 days after written notice of a default in the observance or performance of certain specified covenants, agreements or conditions.

The Project M Bond Resolution provides that, upon the occurrence of any Federal Loan Event of Default which has not been remedied, MEAG Power will, if demanded by the Trustee, DOE or the DOE Collateral Agent, (1) account, as a trustee of an express trust, for all Revenues, moneys, securities and funds pledged under the Project M Bond Resolution and (2) pay over or cause to be paid over to the Trustee all assets held by MEAG Power in any fund or account under the Project M Bond Resolution and, as received, all Revenues. In such event the Trustee will hold such funds in trust for the benefit of both the Holders of the Project M Bonds and the DOE Secured Parties. The Trustee will apply all moneys, securities, funds and Revenues received during the continuance of a Federal Loan Event of Default in the same manner, and subject to the same priorities, as described above under "Bondholders' Events of Default and Remedies" with respect to the Project M Bond Resolution. In addition, the DOE Collateral Agent or the Trustee will have the right to apply in an appropriate proceeding for appointment of a receiver of Project M, but subject to any rights that the Project M Entity or DOE may have under the Project M DOE Loan Guarantee Agreement. In the event of any such appointment of a receiver (whether by a Bondholder or by the Trustee), it is the intention of the Project M Bond Resolution that such receiver act in such a manner as is intended to maximize recovery of the Project M DOE Guaranteed Loan and the Project M Bonds.

The Project J Bond Resolution provides that, upon the occurrence of any Federal Loan Event of Default which has not been remedied, MEAG Power will, if demanded by the Trustee, DOE or the DOE Collateral Agent, (1) account, as a trustee of an express trust, for all Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Project J Participant Arrearages Payments, Project J Participant Resale Revenues, moneys, securities and funds pledged under the Project J Bond Resolution and (2) pay over or cause to be paid over to the Trustee all assets held by MEAG Power in any fund or account under the Project J Bond Resolution and, as received, all Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Project J Participant Arrearages Payments and Project J Participant Resale Revenues. In such event the Trustee will hold such funds in trust for the benefit of both the Holders of the Project J Bonds and the DOE Secured Parties. The Trustee will apply all moneys, securities, funds and Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Project J Participant Arrearages Payments and Project J Participant Resale Revenues received during the continuance of a Federal Loan Event of Default in the same manner, and subject to the same priorities, as described above under "Bondholders' Events of Default and Remedies" with respect to the Project M Bond Resolution. In addition, the DOE Collateral Agent or the Trustee will have the right to apply in an appropriate proceeding for appointment of a receiver of Project J, but subject to any rights that the Project J Entity or DOE may have under the Project J DOE Loan Guarantee Agreement. In the event of any such appointment of a receiver (whether by a Bondholder or by the Trustee), it is the intention of the Project J Bond Resolution that such receiver act in such a manner as is intended to maximize recovery of the Project J DOE Guaranteed Loan and the Project J Bonds.

The Project P Bond Resolution provides that, upon the occurrence of any Federal Loan Event of Default which has not been remedied, MEAG Power will, if demanded by the Trustee, DOE or the DOE Collateral Agent, (1) account, as a trustee of an express trust, for all Revenues, Initial Power Purchaser

Arrearages Payments, Initial Power Purchaser Resale Revenues, Project P Participant Arrearages Payments, Project P Participant Resale Revenues, moneys, securities and funds pledged under the Project P Bond Resolution and (2) pay over or cause to be paid over to the Trustee all assets held by MEAG Power in any fund or account under the Project P Bond Resolution and, as received, all Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Project P Participant Arrearages Payments and Project P Participant Resale Revenues. In such event the Trustee will hold such funds in trust for the benefit of both the Holders of the Project P Bonds and the DOE Secured Parties. The Trustee will apply all moneys, securities, funds and Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Project P Participant Arrearages Payments and Project P Participant Resale Revenues received during the continuance of a Federal Loan Event of Default in the same manner, and subject to the same priorities, as described above under “Bondholders’ Events of Default and Remedies” with respect to the Project M Bond Resolution. In addition, the DOE Collateral Agent or the Trustee will have the right to apply in an appropriate proceeding for appointment of a receiver of Project P, but subject to any rights that the Project P Entity or DOE may have under the Project P DOE Loan Guarantee Agreement. In the event of any such appointment of a receiver (whether by a Bondholder or by the Trustee), it is the intention of the Project P Bond Resolution that such receiver act in such a manner as is intended to maximize recovery of the Project P DOE Guaranteed Loan and the Project P Bonds.

Each Vogtle Units 3&4 Bond Resolution provides that, if a Federal Loan Event of Default has occurred and has not been remedied the Trustee may, or on request of the DOE Collateral Agent must, take such steps by a suit or suits in equity or at law, whether for the specific performance of any covenant in the Vogtle Units 3&4 Bond Resolution or in aid of the execution of any power granted in the Vogtle Units 3&4 Bond Resolution, or for an accounting against MEAG Power, or in the enforcement of any other legal or equitable right, as the Trustee deems most effectual to enforce any of its rights or to perform any of its duties under the Vogtle Units 3&4 Bond Resolution, including, without limitation, enforcement of any rights of MEAG Power or the Trustee under the applicable Vogtle Units 3&4 Power Sales Contracts or the applicable Vogtle Units 3&4 Power Contracts, as the case may be. In enforcing any such rights, the Trustee will act in such a manner as is intended to maximize recovery of the applicable Federal Loan and the applicable Bonds. The Trustee may, and upon the request of the DOE Collateral Agent and upon being furnished with reasonable security and indemnity must, institute and prosecute proper actions to prevent any impairment of the security under the Vogtle Units 3&4 Bond Resolution or to preserve or protect the interests of the Trustee, of the Bondholders and of the DOE Secured Parties.

Each Vogtle Units 3&4 Bond Resolution provides that the DOE Collateral Agent has no right to institute any suit, action or proceeding for the enforcement of any provision of the Vogtle Units 3&4 Bond Resolution or the execution of any trust under the Vogtle Units 3&4 Bond Resolution or for any remedy under the Vogtle Units 3&4 Bond Resolution, unless (1) the DOE Collateral Agent previously has given the Trustee written notice of a Federal Loan Event of Default, (2) the DOE Collateral Agent has filed a written request with the Trustee and has afforded the Trustee a reasonable opportunity to exercise its powers or institute such suit, action or proceeding, (3) there have been offered to the Trustee adequate security and indemnity against its costs, expenses and liability to be incurred and (4) the Trustee has refused to comply with such request within 60 days. Nothing contained in the Vogtle Units 3&4 Bond Resolutions shall affect or impair MEAG Power’s obligation, which is absolute and unconditional, to pay or cause to be paid the Federal Loan Debt Service Payments when due, or the right of the DOE Collateral Agent to enforce such payment.

Each Vogtle Units 3&4 Bond Resolution also provides that the DOE Collateral Agent may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred upon the Trustee (subject to the Trustee’s right to decline to follow such direction upon advice of counsel as to the unlawfulness thereof or upon its good faith determination that such action would involve the Trustee in personal liability or would be unjustly prejudicial to Bondholders not parties to such direction).

Definitions

Each of the Vogtle Units 3&4 Bond Resolutions has the following defined terms:

Accreted Value. Accreted Value shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Capital Appreciation Bond on which interest on such Bond is to be compounded (hereinafter, a Periodic Compounding Date) immediately preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Capital Appreciation Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Accrued Aggregate Debt Service. Accrued Aggregate Debt Service shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series of applicable Bonds and all applicable Parity Reimbursement Obligations, calculating the accrued Debt Service with respect to the applicable Bonds of each Series and each applicable Parity Reimbursement Obligation at an amount equal to the sum of (i) interest on the applicable Bonds of such Series or such Parity Reimbursement Obligation accrued and unpaid and to accrue to the end of the then current calendar month and (ii) Principal Installments of the applicable Bonds of such Series or such Parity Reimbursement Obligation due and unpaid (without giving effect to any declaration of the principal of all applicable Bonds Outstanding, and the interest accrued thereon, to be due and payable immediately following the occurrence of a Bondholders' Event of Default as provided in the applicable Vogtle Units 3&4 Bond Resolution) and that portion of the Principal Installment thereof next due which would have accrued (if deemed to accrue in the manner set forth in the definition of *Debt Service*) to the end of such calendar month; *provided, however*, that (x) there shall be excluded from the calculation of Accrued Aggregate Debt Service any Principal Installments which are Refundable Principal Installments, (y) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds shall be included in the calculation of Accrued Aggregate Debt Service at the times and in the manner provided in the applicable Vogtle Units 3&4 Bond Resolution and (z) with respect to Variable Rate Bonds and Parity Commercial Paper Notes, interest on such Variable Rate Bonds and Parity Commercial Paper Notes shall be calculated at the actual rate or rates borne thereby during the period for which such calculation is made unless MEAG Power has in connection with any such Variable Rate Bonds or Parity Commercial Paper Notes entered into a Qualified Hedging Contract that provides that, in respect of a notional amount equal to the Outstanding principal amount of such Variable Rate Bonds or Parity Commercial Paper Notes, MEAG Power is to pay to a Qualified Hedging Contract Provider an amount determined based upon a fixed rate of interest and the Qualified Hedging Contract Provider is to pay to MEAG Power an amount determined based upon a variable rate of interest equal or comparable to the rate at which such Variable Rate Bonds or Parity Commercial Paper Notes bear interest, in which case, it will be assumed that such Variable Rate Bonds or Parity Commercial Paper Notes bear interest at the fixed rate of interest to be paid by MEAG Power; and *provided, further*, that in the event that the applicable Bonds of any Series (or any portion thereof) shall 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 Bonds, for purposes of this definition, the interest on the Bonds of such Series shall be calculated net of the amount of such subsidy.

Additional Units. Additional Units shall mean the two additional nuclear units to be located at Plant Vogtle pursuant to the Development Agreement.

Adjusted Aggregate Debt Service. Adjusted Aggregate Debt Service for any period shall mean, as of any date of calculation, the Aggregate Debt Service for such period except that if any Refundable Principal Installment for any Series of Bonds is included in Aggregate Debt Service for such period, Adjusted Aggregate Debt Service shall mean Aggregate Debt Service determined as if each such Refundable Principal Installment had been payable, over a period extending from the due date of such Principal Installment through the later of (x) the 40th anniversary of the issuance of such Series of Bonds or (y) the tenth anniversary of the due date of such Refundable Principal Installment, in installments which would have required equal annual payments of principal and interest over such period. Interest deemed payable in any calendar year after the actual due date of any Refundable Principal Installment of any Series of Bonds shall be calculated at such rate of interest as MEAG Power, or a banking or financial institution selected by MEAG Power, determines would be a reasonable estimate of the rate of interest that would be borne on Bonds maturing at the times determined in accordance with the provisions of the preceding sentence.

Advance. Advance shall mean an advance or borrowing of the applicable Federal Loan made pursuant to the applicable Federal Loan Documents from FFB.

Aggregate Debt Service. Aggregate Debt Service for any period shall mean, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series of Bonds and all Parity Obligations.

Bond Anticipation Notes. Bond Anticipation Notes shall mean any Bonds issued to finance or refinance the Costs of Acquisition and Construction of the applicable Vogtle Units 3&4 Project Entity's Ownership Interest and Financing Costs of the applicable Vogtle Units 3&4 Project on an interim basis prior to the issuance of other Bonds, which Bond Anticipation Notes shall be issued in the form of notes the principal of which is intended to, and all or a portion of the interest on which may, be paid from the proceeds of other Bonds (including other Bond Anticipation Notes), including any notes issued to secure borrowing arrangements. As such, the Principal Installments for Bond Anticipation Notes initially shall be and constitute Refundable Principal Installments. Bond Anticipation Notes shall not be or be deemed to be "bond anticipation notes" within the meaning of the Act.

Build America Bonds. Build America Bonds shall mean any Bonds with respect to which MEAG Power has irrevocably elected, pursuant to Section 54AA(g) of the Internal Revenue Code of 1986, as amended, or any other similar federal program creating subsidies for municipal borrowers for which MEAG Power qualifies, to receive cash subsidy payments from the United States Treasury equal to a portion of the interest payable on such Bonds.

Capital Appreciation Bonds. Capital Appreciation Bonds shall mean any Bonds issued under the Vogtle Units 3&4 Bond Resolution as to which interest is (i) compounded periodically on dates that are specified in the Supplemental Resolution authorizing such Capital Appreciation Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Vogtle Units 3&4 Bond Resolution or the Supplemental Resolution authorizing such Capital Appreciation Bonds.

Commercial Paper Note. Commercial Paper Note shall mean any note that has a maturity date not more than 270 days after the date of issuance thereof and that is issued by MEAG Power pursuant to a Supplemental Resolution that designates such note as a Commercial Paper Note.

Commercial Paper Payment Plan. Commercial Paper Payment Plan shall mean, with respect to any Commercial Paper Notes issued under a Supplemental Resolution and as of any time, the then current Commercial Paper Payment Plan for such notes contained in a certificate of an Authorized Officer of

MEAG Power delivered pursuant to the Vogtle Units 3&4 Bond Resolution and setting forth the sources of funds expected to be utilized by MEAG Power to pay the principal of and interest on such Commercial Paper Notes.

Credit Facility. Credit Facility shall mean, with respect to any Bonds, any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a Credit Provider pursuant to which such Credit Provider becomes unconditionally obligated to pay when due, to the extent not paid by MEAG Power or otherwise, the principal of and interest on such Bonds.

Credit Provider. Credit Provider shall mean any Bank, insurance company or other institution that has issued or provided a Credit Facility.

Debt Service. Debt Service for any period shall mean, as of any date of calculation, the sum of (i) with respect to the applicable Bonds of any Series, an amount equal to the sum of (a) interest accruing during such period on Bonds of such Series, except to the extent that such interest is to be paid from deposits in the Debt Service Account in the Debt Service Fund made from proceeds of applicable Bonds or Subordinated Bonds or other evidences of indebtedness of MEAG Power (including amounts transferred thereto from the Construction Fund) and (b) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the immediately preceding Principal Installment due date for such Series (or, if (x) there shall be no such preceding Principal Installment due date or (y) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever date is later), (ii) with respect to each applicable Parity Reimbursement Obligation, an amount equal to the sum of (a) interest accruing during such period on such Parity Reimbursement Obligation and (b) that portion of each Principal Installment for such Parity Reimbursement Obligation which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the immediately preceding Principal Installment due date for such Parity Reimbursement Obligation (or, if (x) there shall be no such preceding Principal Installment due date or (y) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then from a date one year preceding the due date of such Principal Installment or from the date of incurrence of such Parity Reimbursement Obligation, whichever date is later) and (iii) with respect to each applicable Parity Obligation (other than any Parity Reimbursement Obligation), an amount equal to the sum of all amounts payable thereunder by MEAG Power during such period, except to the extent that interest on any such Parity Obligation is to be paid from deposits in the Debt Service Account in the Debt Service Fund made from proceeds of applicable Bonds or Subordinated Bonds or other evidences of indebtedness of MEAG Power (including amounts transferred thereto from the Construction Fund). For purposes of this definition, (1) unless otherwise provided in the Supplemental Resolution authorizing any such Bonds or Parity Reimbursement Obligations, such interest and Principal Installments shall be calculated on the basis of a 360-day year consisting of twelve 30-day months and (2) such interest and Principal Installments on Bonds and Parity Reimbursement Obligations shall be calculated on the assumptions that:

- (a) no such Bonds (except for Option Bonds actually tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) or Parity Reimbursement Obligations Outstanding at the date of calculation will cease to be Outstanding except, in the case of Bonds, by reason of the payment thereof upon stated maturity or upon mandatory redemption by application of Sinking Fund Installments and, in the case of Parity Reimbursement Obligations, by reason of the payment thereof upon the stated due dates thereof,
- (b) the principal amount of Option Bonds tendered for payment before the stated maturity thereof and paid, or to be paid, from Revenues, shall be deemed to accrue on the date required to be paid pursuant to such tender,

- (c) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds shall be included in the calculation of Debt Service at the times and in the manner provided in the Vogtle Units 3&4 Bond Resolution,
- (d) Parity Commercial Paper Notes shall be deemed to be Bonds for purposes of this definition but the principal thereof shall be included in Debt Service only to the extent that the Commercial Paper Payment Plan therefor indicates that such principal is to be paid from Revenues,
- (e) Variable Rate Bonds and Parity Commercial Paper Notes will bear interest at the rate or rates which were assumed by MEAG Power in the annual budget for the applicable year to be borne by Variable Rate Bonds and Parity Commercial Paper Notes, respectively, during such year; *provided, however*, that if Debt Service is being calculated in connection with the issuance of Variable Rate Bonds, for the purpose of determining the Debt Service Reserve Requirement upon the issuance of such Variable Rate Bonds, and either (i) no Vogtle Units 3&4 Project Annual Budget shall be in effect for the year in which such Variable Rate Bonds are being issued or (ii) the Vogtle Units 3&4 Project Annual Budget in effect for such year does not take into account such Variable Rate Bonds being issued, then such Variable Rate Bonds shall be deemed to bear interest at such rate or rates as the Board shall determine in connection with the authorization of such Variable Rate Bonds, which rate or rates shall be equal to the interest rate or rates that would have been assumed by MEAG Power with respect to such Variable Rate Bonds being issued if it were considering a Vogtle Units 3&4 Project Annual Budget for the applicable year at such time; and *provided, further*, that if MEAG Power has in connection with any Variable Rate Bonds or Parity Commercial Paper Notes entered into a Qualified Hedging Contract that provides that, in respect of a notional amount equal to the Outstanding principal amount of the Variable Rate Bonds or Parity Commercial Paper Notes, MEAG Power is to pay to a Qualified Hedging Contract Provider an amount determined based upon a fixed rate of interest and the Qualified Hedging Contract Provider is to pay to MEAG Power an amount determined based upon a variable rate of interest equal or comparable to the rate at which such Variable Rate Bonds or Parity Commercial Paper Notes bear interest, it will be assumed that such Variable Rate Bonds or Parity Commercial Paper Notes bear interest at the fixed rate of interest to be paid by MEAG Power, and
- (f) fixed rate Bonds will bear interest at the rate or rates specified in such Bonds; *provided, however*, that if MEAG Power has in connection with any such Bonds entered into a Qualified Hedging Contract that provides that, in respect of a notional amount equal to the Outstanding principal amount of such Bonds, MEAG Power is to pay to a Qualified Hedging Contract Provider an amount determined based upon a variable rate of interest and the Qualified Hedging Contract Provider is to pay to MEAG Power an amount determined based upon a fixed rate of interest equal to the rate or rates at which such Bonds bear interest, it will be assumed that such Bonds bear interest at the variable rate of interest to be paid by MEAG Power.

Defeasance Security. Defeasance Security shall mean:

- (a) any bond or other obligation which as to principal and interest constitutes a direct obligation of, or is unconditionally guaranteed by, the United States of America,
- (b) any obligation of any state or political subdivision of a state or of any agency or instrumentality of any state or political subdivision (a Municipal Bond) which Municipal Bond is fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the holder of the

Municipal Bond, and which Municipal Bond is rated in the highest Rating Category by at least two Rating Agencies, *provided, however*, that such Municipal Bond shall have been the subject of a report of a nationally recognized independent certified accountant or other nationally recognized verification agent verifying that the moneys and obligations so segregated are sufficient to pay the principal of and premium, if any, and interest on the Municipal Bond,

- (c) any certificate of deposit, whether negotiable or nonnegotiable, fully secured as to principal and interest by bonds or other obligations of the character described in (a) above,
- (d) any certificate that evidences ownership of the right to payments of principal and/or interest on obligations described in either of clause (a) or (b) above of this definition, *provided, however*, that such obligations shall be held in trust by a Bank authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000 and
- (e) any other security designated in a Supplemental Resolution as a Defeasance Security for purposes of defeasing the Bonds authorized by such Supplemental Resolution.

DOE. DOE shall mean the United States Department of Energy, as guarantor of the applicable Federal Loan.

DOE Accounts Agreement. DOE Accounts Agreement shall mean the Collateral Agency and Accounts Agreement among DOE, the DOE Collateral Agent and the applicable Vogtle Units 3&4 Project Entity, as the same may be amended, supplemented or restated from time to time in accordance with the terms thereof.

DOE Debt Service Payment Account, DOE Debt Service Reserve Account, DOE Project Accounts, DOE Reserve & Contingency Account, DOE Revenue Account. DOE Debt Service Payment Account, DOE Debt Service Reserve Account, DOE Project Accounts, DOE Reserve & Contingency Account and DOE Revenue Account shall have the respective meanings assigned to the terms “Debt Service Payment Account,” “Debt Service Reserve Account,” “Project Accounts,” “Reserve & Contingency Account” and “Revenue Account” in the applicable DOE Accounts Agreement.

DOE Debt Service Reserve Requirement. DOE Debt Service Reserve Requirement shall have the respective meaning assigned to the term “Debt Service Reserve Requirement” in the applicable DOE Loan Guarantee Agreement.

DOE Loan Guarantee Agreement. DOE Loan Guarantee Agreement shall mean the Loan Guarantee Agreement between the applicable Vogtle Units 3&4 Project Entity and DOE, as Guarantor, as the same may be amended, supplemented or restated from time to time in accordance with the terms thereof.

DOE Secured Parties. DOE Secured Parties shall mean DOE and the DOE Collateral Agent, as their respective interests may appear.

Federal Loan. Federal Loan shall have the meaning assigned to the term “DOE Guaranteed Loan” in the Annual Information Statement, and shall mean the loan (and Advances thereunder) obtained by the applicable Vogtle Units 3&4 Project Entity that are guaranteed in whole or in part pursuant to the applicable DOE Loan Guarantee Agreement with respect to the financing of the Costs of Acquisition and Construction of the applicable Vogtle Units 3&4 Project Entity’s Ownership Interest.

Federal Loan Debt Service Payments. Federal Loan Debt Service Payments shall mean the amounts MEAG Power is required to pay in respect of Debt Service (as defined in the applicable Vogtle Units 3&4 Power Purchase Agreement) on the applicable Federal Loan.

Federal Loan Documents. Federal Loan Documents shall have the meaning assigned to the term “Loan Documents” in the applicable DOE Loan Guarantee Agreement.

Federal Loan Option. Federal Loan Option shall mean the program authorized by Title XVII of the federal Energy Policy Act of 2005, pursuant to which certain loan guarantees provided by DOE are made available with respect to, among other things, “advanced nuclear energy facilities.”

Financial Guaranty. Financial Guaranty shall mean one or more of an irrevocable and unconditional policy of insurance or surety bond in full force and effect issued by an insurance company or association duly authorized to do business in the State of New York and the State of Georgia the financial strength of which, except as provided in the Vogtle Units 3&4 Bond Resolution, is rated in the highest rating category by Moody’s Investors Service, Standard & Poor’s, Fitch Ratings and, if rated by A.M. Best & Company, A.M. Best & Company, and providing for the payment thereunder of moneys when required pursuant to the Vogtle Units 3&4 Bond Resolution.

Investment Securities. Investment Securities shall mean and include any securities, obligations or investments permitted for investment of MEAG Power’s funds from time to time by O.C.G.A. Sections 36-80-3, 36-82-7, 36-83-4 and 50-17-2, as from time to time amended, or any successor provisions thereto, or additional provisions of Georgia law from time to time enacted regarding the investment of funds of MEAG Power, in each case, upon written notice to the Trustee by MEAG Power of the amendment of existing provisions or the adoption of successor or additional provisions.

Liquidity Facility. Liquidity Facility shall mean, with respect to any Bonds, any letter of credit, standby bond purchase agreement, line of credit or similar instrument issued by a Liquidity Provider pursuant to which such Liquidity Provider becomes obligated to fund when due, to the extent not paid by MEAG Power or otherwise, the purchase price of such Bonds due upon tender thereof or, in the case of Commercial Paper Notes, the principal of and interest thereon when due. Such funding obligation may be subject to such conditions as are permitted by the Rating Agency or Rating Agencies in assigning a short-term or commercial paper rating to such Bonds.

Liquidity Provider. Liquidity Provider shall mean any Bank, insurance company or other institution that has issued or provided a Liquidity Facility.

MEAG Power’s Interest. MEAG Power’s Interest shall mean a 22.7 percent undivided ownership interest in the properties, facilities and rights, with respect to Vogtle Units 3&4, as described in Attachment A to each Vogtle Units 3&4 Bond Resolution.

MEAG Power’s Portion. MEAG Power’s Portion shall mean, as of any date of determination, a fraction the numerator of which is the aggregate principal amount of all applicable Bonds Outstanding as of such date and the denominator of which is the sum of (a) the aggregate principal amount of all applicable Bonds Outstanding as of such date and (b) the aggregate principal amount of the applicable Federal Loan outstanding as of such date.

Option Bonds. Option Bonds shall mean Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by MEAG Power prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Parity Obligation. Parity Obligation shall mean any Parity Commercial Paper Notes, Parity Reimbursement Obligation or Parity Hedging Contract Obligation.

Project J. Project J shall mean (1) all of MEAG Power's right, title and interest (whether direct or indirect) in and to the capacity and output of the Project J Entity's Ownership Interest, such right, title and interest of MEAG Power being available to MEAG Power pursuant to the Project J Power Purchase Agreement and (2) working capital for Project J required by MEAG Power and the Project J Entity during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for Project J for operation of the Additional Units.

Project J Entity. Project J Entity shall mean MEAG Power SPVJ LLC, a limited liability company organized under the laws of the State of Georgia formed by MEAG Power for the sole purpose of owning and operating the Project J Portion of MEAG Power's Interest in the Additional Units and that is a wholly-owned, direct subsidiary of MEAG Power, the business and activities of which shall be limited to the acquisition, construction, ownership and operation of the Project J Portion of MEAG Power's Interest and such other lawful activities as are necessary, customary, convenient, or incident to the purposes specified above.

Project J Portion. Project J Portion shall mean a 41.174636 percent undivided interest in MEAG Power's Interest, which interest shall include 206.000 MWs of the capacity and output of Vogtle Units 3&4, based upon the nominal ratings of Vogtle Units 3&4.

Project M. Project M shall mean (1) all of MEAG Power's right, title and interest (whether direct or indirect) in and to the capacity and output of the Project M Entity's Ownership Interest, such right, title and interest of MEAG Power being available to MEAG Power pursuant to the Project M Power Purchase Agreement and (2) working capital for Project M required by MEAG Power and the Project M Entity during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for Project M for operation of the Additional Units.

Project M Entity. Project M Entity shall mean MEAG Power SPVM LLC, a limited liability company organized under the laws of the State of Georgia formed by MEAG Power for the sole purpose of owning and operating the Project M Portion of MEAG Power's Interest in the Additional Units and that is a wholly-owned, direct subsidiary of MEAG Power, the business and activities of which shall be limited to the acquisition, construction, ownership and operation of the Project M Portion of MEAG Power's Interest and such other lawful activities as are necessary, customary, convenient, or incident to the purposes specified above.

Project M Portion. Project M Portion shall mean a 33.870736 percent undivided interest in MEAG Power's Interest, which interest shall include 169.458 MWs of the capacity and output of Vogtle Units 3&4, based upon the nominal ratings of Vogtle Units 3&4.

Project P. Project P shall mean (1) all of MEAG Power's right, title and interest (whether direct or indirect) in and to the capacity and output of the Project P Entity's Ownership Interest, such right, title and interest of MEAG Power being available to MEAG Power pursuant to the Project P Power Purchase Agreement and (2) working capital for Project P required by MEAG Power and the Project P Entity during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for Project P for operation of the Additional Units.

Project P Entity. Project P Entity shall mean MEAG Power SPVP LLC, a limited liability company organized under the laws of the State of Georgia formed by MEAG Power for the sole purpose of owning and operating the Project P Portion of MEAG Power's Interest in the Additional Units and that is a wholly-owned, direct subsidiary of MEAG Power, the business and activities of which shall be limited to the acquisition, construction, ownership and operation of the Project P Portion of MEAG Power's Interest and such other lawful activities as are necessary, customary, convenient, or incident to the purposes specified above.

Project P Portion. Project P Portion shall mean a 24.954628 percent undivided interest in MEAG Power's Interest, which interest shall include 124.850 MWs of the capacity and output of Vogtle Units 3&4, based upon the nominal ratings of Vogtle Units 3&4.

Qualified Hedging Contract. Qualified Hedging Contract shall mean, to the extent from time to time permitted by law, any financial arrangement (i) which is entered into by MEAG Power with an entity that is a Qualified Hedging Contract Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; interest rate swap, including a forward rate or future rate swap; asset, index, price or market-linked-transaction or agreement; other exchange or rate protection transaction agreement; agreement for the future delivery or price management of fuel or other commodities; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, executed by MEAG Power for the purpose of moderating interest rate or commodity price fluctuations or otherwise, and (iii) which has been designated in writing to the Trustee by an Authorized Officer of MEAG Power as a Qualified Hedging Contract (which writing shall specify, in the case of a Qualified Hedging Contract that is entered into in connection with any applicable Bonds or any Advance under the applicable Federal Loan, the Bonds or Advance, as applicable, with respect to which such Qualified Hedging Contract is entered into).

Qualified Hedging Contract Provider. Qualified Hedging Contract Provider shall mean an entity whose senior unsecured long-term debt obligations, financial program rating, counterparty rating or claims-paying ability is rated, or whose payment obligations under a financial arrangement of the type referred in clause (ii) of the definition of Qualified Hedging Contract are guaranteed or insured by an entity whose senior unsecured long-term obligations, financial program rating, counterparty rating or claims paying ability is rated, on the date a Qualified Hedging Contract is entered into, either (i) at least as high as the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Hedging Contract Provider, but in no event lower than any Rating Category designated by each such Rating Agency for the Bonds, or (ii) at any such lower Rating Categories which each such Rating Agency indicates in writing to MEAG Power and the Trustee will not, by itself, result in a reduction or withdrawal of its rating on the Outstanding Bonds that is in effect prior to entering into such Qualified Hedging Contract and which is an authorized counterparty pursuant to MEAG Power's investment policy as from time to time approved by the Board.

Rating Agency. Rating Agency shall mean each nationally recognized securities rating agency then maintaining a rating on the Bonds at the request of MEAG Power.

Rating Category. Rating Category shall mean one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Refundable Principal Installment. Refundable Principal Installment shall mean any Principal Installment for any Series of Bonds or any Parity Commercial Paper Notes, which MEAG Power intends to pay with moneys which are not Revenues; *provided, however*, that (i) in the case of Bonds, such intent shall have been expressed in the Supplemental Resolution authorizing such Series of Bonds and (ii) in the case of Parity Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Parity Commercial Paper Notes; and *provided, further*, that any such Principal Installment, other than Principal Installments for Parity Commercial Paper Notes, shall be a Refundable Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such earlier time as MEAG Power no longer intends to pay such Principal Installment with moneys which are not Revenues and with respect to Parity Commercial Paper Notes, any Parity Commercial Paper Note shall cease to be a Refundable Principal Installment at such time, if any, as shall be provided in the Commercial Paper Payment Plan applicable thereto.

Variable Rate Bonds. Variable Rate Bonds shall mean, as of any date of determination, any Bond on which the interest rate borne thereby may vary during any part of its remaining term.

The Project M Bond Resolution

In addition to the defined terms listed above under “– Definitions,” the Project M Bond Resolution has the following definitions:

Bond, Bonds, Project M Bond, Project M Bonds. Bond, Bonds, Project M Bond and Project M Bonds shall mean any bonds, notes or other evidences of indebtedness, as the case may be, authenticated and delivered under and Outstanding pursuant to the Project M Bond Resolution but shall not mean Project M Parity Obligations, Commercial Paper Notes, Subordinated Bonds or Subordinated Obligations.

Bondholders’ Trust Estate. Bondholders’ Trust Estate shall mean (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.

Costs of Acquisition and Construction. Costs of Acquisition and Construction shall mean, to the extent not included in Project M’s annual costs, all actual costs and expenses incurred by or for the account of MEAG Power or the Project M Entity for the planning, designing, acquiring, constructing, and installing the Project M Entity’s Ownership Interest, including any major renewals, replacements, repairs, additions, betterments or improvements necessary, in the opinion of MEAG Power or the Project M Entity, to keep the Project M Entity’s Ownership Interest in good operating condition or to prevent a loss of revenues therefrom, placing the Project M Entity’s Ownership Interest in operation, disposing of the Project M Entity’s Ownership Interest, and obtaining governmental approvals, certificates, permits and licenses with respect thereto heretofore or hereafter paid or incurred by, or for the account of, MEAG Power or the Project M Entity, as applicable, including, without limitation, the following:

- (a) working capital reserves in such reasonable amounts as may be established by MEAG Power or the Project M Entity for the Project M Entity’s Ownership Interest (including working capital reserves held in (i) funds or accounts established under the Project M Bond Resolution and (ii) accounts established under the Project M DOE Accounts Agreement);
- (b) acquisition of initial inventories or prepayment of fuel for the Project M Entity’s Ownership Interest and working capital and reserves therefor and working capital and reserves for additional inventories or prepayment of fuel for the Project M Entity’s Ownership Interest held by, or for the account of, either MEAG Power or the Project M Entity;
- (c) charges related to processing, design, fabrication, transportation, disposal and storage of fuel for the Project M Entity’s Ownership Interest, including, without limitation, the following: (i) fuel storage facilities, including spent fuel storage facilities, and (ii) working capital and reserves related to acquisition, processing, design, fabrication, transportation, disposal and storage of fuel for the Project M Entity’s Ownership Interest;
- (d) reserves for renewals and replacements, retirement from service, or disposal of any facility of the Project M Entity’s Ownership Interest and contingencies held by, or for the account of, either MEAG Power or the Project M Entity;
- (e) training and testing costs incurred by MEAG Power or the Project M Entity attributable to the Project M Entity’s Ownership Interest;
- (f) preliminary investigation and development costs, engineering fees, contractors’ fees, costs of labor, materials, equipment, utility services and supplies and legal costs attributable to the Project M Entity’s Ownership Interest and Project M;

- (g) all costs of insurance applicable to the period of construction of the Project M Entity's Ownership Interest; and
- (h) amounts necessary to provide funds for contribution to the Project M Entity to repay Advances when due (whether at the maturity of principal or upon prepayment) on the Project M DOE Guaranteed Loan and to reacquire from the Project M Entity the Project M Entity's Ownership Interest at such time as (i) the principal of, and interest and prepayment premiums, if any, due or to become due on, and all other amounts due with respect to, the Project M DOE Guaranteed Loan shall have been paid, at the times and in the manner stipulated in the Project M DOE Loan Guarantee Agreement and the other Project M Federal Loan Documents, as applicable and (ii) the Project M Entity shall have satisfied all of its obligations under the Project M DOE Loan Guarantee Agreement and the other Project M Federal Loan Documents, as applicable (and no undisbursed commitments remain available thereunder).

Costs of Acquisition and Construction shall also include all other costs, except Financing Costs, incurred by MEAG Power or the Project M Entity and properly allocable to planning, designing, acquiring, constructing and installing the Project M Entity's Ownership Interest and the establishment of Project M including, without limitation, (i) all costs associated with the transfer to the Project M Entity of the Project M Entity's Ownership Interest and the entry by the Project M Entity into the Project M DOE Loan Guarantee Agreement and the other Project M Federal Loan Documents, (ii) the Additional Costs as described and defined in Section 2.2 of the Vogtle Units 3&4 Development Agreement attributable to the Project M Entity's Ownership Interest and (iii) amounts required to reimburse the Project M Participants for amounts paid by them in respect of the payment of the principal of maturing Project M Bond Anticipation Notes.

Debt Service Reserve Requirement. Debt Service Reserve Requirement shall mean, as of any date of calculation, an amount equal to the greatest amount of Adjusted Aggregate Debt Service for the then 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 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 Project M Debt Service Reserve Account under such applicable federal income tax laws and regulations. For purposes of the calculation of the Debt Service Reserve Requirement:

- (a) the Debt Service Reserve Requirement shall take into account any Series of Project M Bonds only for so long as any Project M Bonds of such Series shall remain Outstanding, but Project M Bond Anticipation Notes shall not be deemed to be Project M Bonds for purposes of this definition;
- (b) in the event that the Project M Bonds of any Series (or any portion thereof) shall 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 this definition, the interest on the Project M Bonds of such Series shall 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 shall be permanently reduced, then the amount of the Debt Service Reserve Requirement shall 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 shall 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 shall be increased to reflect the full amount of interest payable on such Project M Bonds, and such increase shall 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 shall 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 shall be refunded in whole or in part, the Debt Service Reserve Requirement shall 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.

Financing Costs. Financing Costs shall mean all Financing Costs related to Project M that may be financed from the proceeds of Project M Bonds or Subordinated Bonds or the Project M DOE Guaranteed Loan, including, but without limitation, the following:

- (a) costs of issuance, including, without limitation, underwriting fees, bank commitment and letter of credit fees, legal and financial advisory fees, bond insurance and indemnity fees, and any payments on Qualified Hedging Contracts including, without limitation, (i) any periodic “net” payments accruing in whole or in part prior to and during construction and for such additional period as MEAG Power may reasonably determine to be necessary in connection with the placing of the Project M Entity’s Ownership Interest in operation, and (ii) any swap premium or swap termination payment;

- (b) interest accruing in whole or in part on Project M Bonds or Subordinated Bonds or the Project M DOE Guaranteed Loan prior to and during construction (or, in the case of Project M Bonds or Subordinated Bonds issued or Advances made to finance fuel, interest accruing in whole or in part on such Bonds or Subordinated Bonds or such Advances prior to the loading of such fuel in the reactor) and for such additional period as MEAG Power may reasonably determine to be necessary in connection with the placing of the Project M Entity’s Ownership Interest in operation in accordance with the provisions of the Project M Bond Resolution, including, without limitation, any major renewals, replacements, repairs, additions, betterments or improvements or modifications with respect to the Project M Entity’s Ownership Interest of a particular Additional Unit undertaken following the Commercial Operation Date of such Additional Unit; and

- (c) the deposit or deposits from the proceeds of Project M Bonds or Subordinated Bonds issued, or Advances made, to finance such costs in any Fund or Account established pursuant to the Project M Bond Resolution or the Project M Federal Loan Documents to meet debt service reserve requirements for Project M Bonds or Subordinated Bonds or the Project M DOE Guaranteed Loan, or replenishment of such funds if drawn down; and

- (d) any other fees, costs and expenses of financing for the Project M Bonds or Subordinated Bonds or the Project M DOE Guaranteed Loan.

Monthly Reserve and Contingency Deposit. Monthly Reserve and Contingency Deposit shall mean, with respect to any particular calendar year, an amount equal to one-twelfth (or, with respect to the year in which the Commercial Operation Date of the first Additional Unit occurs, a fraction the numerator

of which is 1 and the denominator of which is the number of full calendar months remaining in such year following the occurrence of such date) of the greater of (a) the total amount provided in the then current Project M Annual Budget to be deposited in the Project M Reserve and Contingency Fund and the Project M DOE Reserve & Contingency Account during such calendar year or (b) an amount equal to 10% of the sum of (i) the Aggregate Debt Service for such calendar year on all Project M Bonds other than Project M Bond Anticipation Notes then Outstanding and all Project M Parity Obligations other than Project M Parity Commercial Paper Notes then outstanding, (ii) the aggregate amount of the principal of and interest on all Project M Subordinated Bonds and all Project M Subordinated Obligations other than Project M Subordinated Commercial Paper Notes then outstanding that is deemed to accrue during such calendar year, assuming that such principal and interest accrue in the same manner as the principal of and interest on the Project M Bonds is deemed to accrue as provided in the definition of *Debt Service* contained in the Project M Bond Resolution and (iii) the principal and interest payable on the Project M DOE Guaranteed Loan during such calendar year.

Project M Entity's Ownership Interest. Project M Entity's Ownership Interest shall mean a percentage undivided interest in MEAG Power's Interest in the Additional Units in an amount equal to the Project M Portion.

Project M Entity's Portion. Project M Entity's Portion shall mean, as of any date of determination, a fraction the numerator of which is the aggregate principal amount of the Project M DOE Guaranteed Loan outstanding as of such date and the denominator of which is the sum of (a) the aggregate principal amount of all Project M Bonds Outstanding as of such date and (b) the aggregate principal amount of the Project M DOE Guaranteed Loan outstanding as of such date.

Project M Entity's Reserve and Contingency Requirement. Project M Entity's Reserve and Contingency Requirement shall mean an amount equal to the portion of the Reserve and Contingency Requirement specified as such in the definition of *Reserve and Contingency Requirement* contained in the Project M Bond Resolution.

Project M Power Purchase Agreement. Project M Power Purchase Agreement shall mean the Wholesale Power Sales Agreement between the Project M Entity and MEAG Power, as the same may be amended, supplemented or restated from time to time in accordance with the terms thereof and of the Project M Bond Resolution.

Project M Power Sales Contracts. Project M Power Sales Contracts shall mean the Plant Vogtle Additional Units Non-PPA Power Sales Contracts dated as of June 15, 2008 by and between MEAG Power and the Project M Participants, relating to Project M and entered into pursuant to the Act, as such Contracts hereafter may be amended in accordance with the terms thereof and of the Project M Bond Resolution.

Reserve and Contingency Requirement. Reserve and Contingency Requirement shall mean, as of any date, such amount as may be established by the Board and certified to the Trustee by an Authorized Officer of MEAG Power, but in no event less than \$4,082,000 (hereinafter referred to in this definition as the "*Minimum Reserve and Contingency Requirement*"); 64.1963 percent of such amount shall constitute MEAG Power's Reserve and Contingency Requirement (which, in the case of the Minimum Reserve and Contingency Requirement, shall be equal to \$2,620,493.44) and 35.8037 percent of such amount shall constitute the Project M Entity's Reserve and Contingency Requirement (which, in the case of the Minimum Reserve and Contingency Requirement, shall be equal to \$1,461,506.56).

Revenues. Revenues shall mean (i) all revenues, income, rents and receipts received by MEAG Power from or attributable to Project M, including 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 shall not include any such revenues, income, rents or receipts derived by MEAG Power from or attributable to the sale of any Pre-Commercial Generation; (ii) 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; (iii) 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 (iv) interest accrued on any moneys or securities held pursuant to the Project M Bond Resolution and paid or required to be paid into the Project M Revenue Fund. 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 shall constitute Revenues for all purposes of the Project M Bond Resolution.

Shared Trust Estate. Shared Trust Estate shall mean (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, 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.

Subordinated Obligation. Subordinated Obligation shall mean any payment obligation (which does not constitute Project M Bonds, a Project M Parity Obligation or Project M Subordinated Bonds) (a) that is a Project M Subordinated Reimbursement Obligation, (b) that is a Project M Subordinated Hedging Contract Obligation, (c) that is a Project M Subordinated Commercial Paper Note or (d) that arises under any other contract, agreement or other obligation authorized by resolution of MEAG Power and is designated as a "Subordinated Obligation" in a certificate of an Authorized Officer of MEAG Power delivered to the Trustee. Each Subordinated Obligation shall be payable from and secured by a pledge of the Project M Subordinated Bond Fund which pledge shall be subordinate in all respects to the pledges of the Revenues, moneys, securities and funds created by the Project M Bond Resolution in favor of the Project M Bonds, the Project M Parity Obligations and the Project M Federal Loan Debt Service Payments.

The Project J Bond Resolution

In addition to the defined terms listed above under "– Definitions," the Project J Bond Resolution has the following definitions:

Bond, Bonds, Project J Bond, Project J Bonds. Bond, Bonds, Project J Bond and Project J Bonds shall mean any bonds, notes or other evidences of indebtedness, as the case may be, authenticated and delivered under and Outstanding pursuant to the Project J Bond Resolution but shall not mean Project J Parity Obligations, Commercial Paper Notes, Subordinated Bonds or Subordinated Obligations.

Bondholders' Trust Estate. Bondholders' Trust Estate shall mean (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.

Costs of Acquisition and Construction. Costs of Acquisition and Construction shall mean, to the extent not included in Project J's annual costs, all actual costs and expenses incurred by or for the account of MEAG Power or the Project J Entity for the planning, designing, acquiring, constructing, and installing the Project J Entity's Ownership Interest, including any major renewals, replacements, repairs, additions, betterments or improvements necessary, in the opinion of MEAG Power or the Project J Entity, to keep the Project J Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom, placing the Project J Entity's Ownership Interest in operation, disposing of the Project J Entity's Ownership Interest, and obtaining governmental approvals, certificates, permits and licenses with respect thereto heretofore or hereafter paid or incurred by, or for the account of, MEAG Power or the Project J Entity, as applicable, including, without limitation, the following:

- (a) working capital reserves in such reasonable amounts as may be established by MEAG Power or the Project J Entity for the Project J Entity's Ownership Interest (including working capital reserves held in (i) funds or accounts established under the Project J Bond Resolution and (ii) accounts established under the Project J DOE Accounts Agreement);
- (b) acquisition of initial inventories or prepayment of fuel for the Project J Entity's Ownership Interest and working capital and reserves therefor and working capital and reserves for additional inventories or prepayment of fuel for the Project J Entity's Ownership Interest held by, or for the account of, either MEAG Power or the Project J Entity;
- (c) charges related to processing, design, fabrication, transportation, disposal and storage of fuel for the Project J Entity's Ownership Interest, including, without limitation, the following: (i) fuel storage facilities, including spent fuel storage facilities, and (ii) working capital and reserves related to acquisition, processing, design, fabrication, transportation, disposal and storage of fuel for the Project J Entity's Ownership Interest;
- (d) reserves for renewals and replacements, retirement from service, or disposal of any facility of the Project J Entity's Ownership Interest and contingencies held by, or for the account of, either MEAG Power or the Project J Entity;
- (e) training and testing costs incurred by MEAG Power or the Project J Entity attributable to the Project J Entity's Ownership Interest;
- (f) preliminary investigation and development costs, engineering fees, contractors' fees, costs of labor, materials, equipment, utility services and supplies and legal costs attributable to the Project J Entity's Ownership Interest and Project J;
- (g) all costs of insurance applicable to the period of construction of the Project J Entity's Ownership Interest; and
- (h) amounts necessary to provide funds for contribution to the Project J Entity to repay Advances when due (whether at the maturity of principal or upon prepayment) on the Project J DOE Guaranteed Loan and to reacquire from the Project J Entity the Project J Entity's Ownership Interest at such time as (i) the principal of, and interest and prepayment premiums, if any, due or to become due on, and all other amounts due with respect to, the Project J DOE Guaranteed Loan shall have been paid, at the times and in the manner stipulated in the Project J DOE Loan Guarantee Agreement and the other Project J Federal Loan Documents, as applicable and (ii) the Project J Entity shall have satisfied all of its obligations under the Project J DOE Loan Guarantee Agreement and the other Project J Federal Loan Documents, as applicable (and no undisbursed commitments remain available thereunder).

Costs of Acquisition and Construction shall also include all other costs, except Financing Costs, incurred by MEAG Power or the Project J Entity and properly allocable to planning, designing, acquiring, constructing and installing the Project J Entity's Ownership Interest and the establishment of Project J including, without limitation, (i) all costs associated with the transfer to the Project J Entity of the Project J Entity's Ownership Interest and the entry by the Project J Entity into the Project J DOE Loan Guarantee Agreement and the other Project J Federal Loan Documents, (ii) the Additional Costs as described and defined in Section 2.2 of the Vogtle Units 3&4 Development Agreement attributable to the Project J Entity's Ownership Interest, (iii) amounts required to reimburse the Project J Power Purchasers for amounts paid by them in respect of the payment of the principal of maturing Project J Bond Anticipation Notes and Project J Take-Out Bonds, and (iv) amounts required to be repaid, reimbursed or otherwise paid by MEAG Power to the Initial Power Purchaser pursuant to any provision of the Initial Power Purchase Agreement at the end of the Term thereof (as such term is defined therein).

Debt Service Reserve Requirement. Debt Service Reserve Requirement shall mean, as of any date of calculation, an amount equal to the greatest amount of Adjusted Aggregate Debt Service for the then 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 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 Project J Debt Service Reserve Account under such applicable federal income tax laws and regulations. For purposes of the calculation of the Debt Service Reserve Requirement:

- (a) the Debt Service Reserve Requirement shall take into account any Series of Project J Bonds only for so long as any Project J Bonds of such Series shall remain Outstanding, but Project J Bond Anticipation Notes and Project J Take-Out Bonds shall not be deemed to be Project J Bonds for purposes of this definition;
- (b) in the event that the Project J Bonds of any Series (or any portion thereof) shall 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 this definition, the interest on the Project J Bonds of such Series shall 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 shall be permanently reduced, then the amount of the Debt Service Reserve Requirement shall 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 shall 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 shall be increased to reflect the full amount of interest payable on such Project J Bonds, and such increase shall 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 shall 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 shall be refunded in whole or in part, the Debt Service Reserve Requirement shall 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.

Financing Costs. Financing Costs shall mean all Financing Costs related to Project J that may be financed from the proceeds of Project J Bonds or Subordinated Bonds or the Project J DOE Guaranteed Loan, including, but without limitation, the following:

- (a) costs of issuance, including, without limitation, underwriting fees, bank commitment and letter of credit fees, legal and financial advisory fees, bond insurance and indemnity fees, and any payments on Qualified Hedging Contracts including, without limitation, (i) any periodic “net” payments accruing in whole or in part prior to and during construction and for such additional period as MEAG Power may reasonably determine to be necessary in connection with the placing of the Project J Entity’s Ownership Interest in operation, and (ii) any swap premium or swap termination payment;

- (b) interest accruing in whole or in part on Project J Bonds or Subordinated Bonds or the Project J DOE Guaranteed Loan prior to and during construction (or, in the case of the Project J Bonds or Subordinated Bonds issued or Advances made to finance fuel, interest accruing in whole or in part on such Bonds or Subordinated Bonds or such Advances prior to the loading of such fuel in the reactor) and for such additional period as MEAG Power may reasonably determine to be necessary in connection with the placing of the Project J Entity’s Ownership Interest in operation in accordance with the provisions of the Project J Bond Resolution, including, without limitation, any major renewals, replacements, repairs, additions, betterments or improvements or modifications with respect to the Project J Entity’s Ownership Interest of a particular Additional Unit undertaken following the Commercial Operation Date of such Additional Unit;

- (c) the deposit or deposits from the proceeds of Project J Bonds or Subordinated Bonds issued, or Advances made, to finance such costs in any Fund or Account established pursuant to the Project J Bond Resolution or the Project J Federal Loan Documents to meet debt service reserve requirements for Project J Bonds or Subordinated Bonds or the Project J DOE Guaranteed Loan, or replenishment of such funds if drawn down; and

- (d) any other fees, costs and expenses of financing for the Project J Bonds or Subordinated Bonds or the Project J DOE Guaranteed Loan.

Initial Power Purchase Agreement. Initial Power Purchase Agreement shall mean the Power Purchase Agreement, dated as of May 12, 2008, between MEAG Power and the Initial Power Purchaser, as heretofore amended and as such Agreement may hereafter be amended or supplemented from time to time as permitted therein and in the Project J Bond Resolution.

Initial Power Purchaser. Initial Power Purchaser shall mean JEA, a body politic and corporate organized and existing under the laws of the State of Florida and an independent agency of the City of Jacksonville, Florida, and any permitted successors and assigns.

Initial Power Purchaser Arrearages Fund. Initial Power Purchaser Arrearages Fund shall mean the Initial Power Purchaser Arrearages Fund provided for the Project J Bond Resolution.

Initial Power Purchaser Arrearages Fund Establishment Date. Initial Power Purchaser Arrearages Fund Establishment Date shall mean the day that is the fifth business day following the first date (if any) on which the Initial Power Purchaser shall fail to pay in full when due any payment under the Initial Power

Purchase Agreement in respect of Project J's annual costs, but only if such failure shall be continuing on such fifth following business day.

Initial Power Purchaser Arrearages Payment. Initial Power Purchaser Arrearages Payment shall mean any payment received by MEAG Power from the Initial Power Purchaser under the Initial Power Purchase Agreement in respect of any amount due thereunder that was not paid when due.

Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date. Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date shall mean the day following the day, if any, on which the Initial Power Purchaser shall have satisfied its obligation to pay all amounts in respect of Debt Service under (and as defined in) the Initial Power Purchase Agreement payable or to become payable through the end of the Term thereof (as such term is defined therein), including, without limitation, any and all payments of such amounts thereunder that theretofore had not been paid when due and all interest thereon payable pursuant to the terms of the Initial Power Purchase Agreement.

Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date. Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date shall mean the day following the day on which the Initial Power Purchaser's obligation to pay future accruing Debt Service (as defined in the Initial Power Purchase Agreement) has terminated, and the Initial Power Purchaser shall have no new or additional obligation to pay amounts in respect of Debt Service under the Initial Power Purchase Agreement for either of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 for any Series of Project J Bonds, Subordinated Bonds, Parity Obligations or Subordinated Obligations, or for the Project J DOE Guaranteed Loan; it being understood that, pursuant to the Initial Power Purchase Agreement, the Initial Power Purchaser has no responsibility for any new or additional Debt Service that goes unpaid after such date, whether by reason of a default by any of the Project J Participants in the making of any payment due under its Project J Power Sales Contract or otherwise; *provided, however*, that under the Initial Power Purchase Agreement, the Initial Power Purchaser shall continue to be responsible for paying any amount in respect of Debt Service that was not paid when due.

Initial Power Purchaser Resale Revenues. Initial Power Purchaser Resale Revenues shall mean any payments received by MEAG Power as a result of the resale of all or any portion of the power, energy or other service from the Project J Entity's Ownership Interest that the Initial Power Purchaser previously was entitled to receive following the discontinuance of service (whether or not permanent) to the Initial Power Purchaser under the Initial Power Purchase Agreement as a result of a default by the Initial Power Purchaser thereunder; but shall not include any payments received by MEAG Power as a result of the resale of all or any portion of such power, energy or other service pursuant to a Replacement Sponsor PPA (as such term is defined in the Project J DOE Loan Guarantee Agreement).

Monthly Reserve and Contingency Deposit. Monthly Reserve and Contingency Deposit shall mean, with respect to any particular calendar year, an amount equal to one-twelfth (or, with respect to the year in which the Commercial Operation Date of the first Additional Unit occurs, a fraction the numerator of which is 1 and the denominator of which is the number of full calendar months remaining in such year following the occurrence of such date) of the greater of (a) the total amount provided in the then current Project J Annual Budget to be deposited in the Project J Reserve and Contingency Fund and the Project J DOE Reserve & Contingency Account during such calendar year or (b) an amount equal to 10% of the sum of (i) the Aggregate Debt Service for such calendar year on all Project J Bonds other than Project J Bond Anticipation Notes and Project J Take-Out Bonds then Outstanding and all Project J Parity Obligations other than Project J Parity Commercial Paper Notes then outstanding, (ii) the aggregate amount of the principal of and interest on all Project J Subordinated Bonds and all Project J Subordinated Obligations other than Project J Subordinated Commercial Paper Notes then outstanding that is deemed to accrue during such calendar year, assuming that such principal and interest accrue in the same manner as the principal of and interest on Project J Bonds is deemed to accrue as provided in the definition of *Debt Service* contained

in the Project J Bond Resolution and (iii) the principal and interest payable on the Project J DOE Guaranteed Loan during such calendar year.

Project J Entity's Ownership Interest. Project J Entity's Ownership Interest shall mean a percentage undivided interest in MEAG Power's Interest in the Additional Units in an amount equal to the Project J Portion.

Project J Entity's Portion. Project J Entity's Portion shall mean, as of any date of determination, a fraction the numerator of which is the aggregate principal amount of the Project J DOE Guaranteed Loan outstanding as of such date and the denominator of which is the sum of (a) the aggregate principal amount of all Project J Bonds Outstanding as of such date and (b) the aggregate principal amount of the Project J DOE Guaranteed Loan outstanding as of such date.

Project J Entity's Reserve and Contingency Requirement. Project J Entity's Reserve and Contingency Requirement shall mean an amount equal to the portion of the Reserve and Contingency Requirement specified as such in the definition of *Reserve and Contingency Requirement* contained in the Project J Bond Resolution.

Project J Participant Arrearages Fund. Project J Participant Arrearages Fund shall mean the Additional Units PPA Project Participant Arrearages Fund established under the Project J Bond Resolution.

Project J Participant Arrearages Payment. Project J Participant Arrearages Payment shall mean any payment received by MEAG Power from a Project J Participant under its Project J Power Sales Contract in respect of any amount due thereunder that was not paid when due, but only if the failure to pay such amount when due resulted in either (a) the application of amounts on deposit in the Debt Service Reserve Account in the Project J Debt Service Fund, the Project J Subordinated Bond Fund or the Project J Reserve and Contingency Fund to cure a deficiency in the Debt Service Account in said Debt Service Fund or (b) the principal or Redemption Price of, or interest on, any Project J Bond or the principal or interest component of any Project J Parity Obligation not being paid when due.

Project J Participant Resale Revenues. Project J Participant Resale Revenues shall mean any payments received by MEAG Power as a result of the resale of all or any portion of the power, energy or other service from Project J that a Project J Participant previously was entitled to receive following the discontinuance of service to such Project J Participant under its Project J Power Sales Contract as a result of a default by such Project J Participant thereunder (including, without limitation, any such resale to any one or more of the other Project J Participants, except that if any such resale to any other Project J Participant shall be made in accordance with the terms of the Project J Power Sales Contracts and the purchasing Project J Participant shall not be in default in the making of any payment under its Project J Power Sales Contract, then such payments made by such purchasing Project J Participant shall not constitute Project J Participant Resale Revenues); *provided, however*, that if (x) the principal or Redemption Price of, or interest on, any Project J Bond shall not then be due and unpaid and (y) the deposit of any such payment to the Project J Revenue Fund would avoid the need for the application of amounts on deposit in the Debt Service Reserve Account in the Project J Debt Service Fund, the Project J Subordinated Bond Fund or the Project J Reserve and Contingency Fund to cure a deficiency in the Debt Service Account in said Debt Service Fund, then such payment shall not constitute Project J Participant Resale Revenues.

Project J Participants' Debt Service Commencement Date. Project J Participants' Debt Service Commencement Date shall mean the date on which the Project J Participants' obligation to pay amounts in respect of Debt Service under (and as defined in) the Project J Power Sales Contracts shall commence.

Project J Power Contracts. Project J Power Contracts shall mean, collectively, the Initial Power Purchase Agreement and the Project J Power Sales Contracts.

Project J Power Purchase Agreement. Project J Power Purchase Agreement shall mean the Wholesale Power Sales Agreement between the Project J Entity and MEAG Power, as the same may be amended, supplemented or restated from time to time in accordance with the terms thereof and of the Project J Bond Resolution.

Project J Power Purchasers. Project J Power Purchasers shall mean (a) the Initial Power Purchaser during the term of the Initial Power Purchase Agreement and (b) collectively, the Project J Participants during the terms of the Project J Power Sales Contracts; and a Project J Power Purchaser shall mean (x) the Initial Power Purchaser during the term of the Initial Power Purchase Agreement or (y) a Project J Participant during the term of its Project J Power Sales Contract.

Project J Power Sales Contracts. Project J Power Sales Contracts shall mean the Plant Vogtle Additional Units PPA Power Sales Contracts dated as of June 15, 2008 by and between MEAG Power and the Project J Participants, relating to Project J and entered into pursuant to the Act, as such Contracts hereafter may be amended in accordance with the terms thereof and of the Project J Bond Resolution.

Project J Take-Out Bonds. Project J Take-Out Bonds shall mean Project J Bonds issued to refund Project J Bond Anticipation Notes that (a) are designated by MEAG Power as such in the Supplemental Resolution authorizing such Project J Bonds, (b) are intended to be amortized over a period not to exceed ten 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 Project J Debt Service Fund.

Reserve and Contingency Requirement. Reserve and Contingency Requirement shall mean, as of any date, such amount as may be established by the Board and certified to the Trustee by an Authorized Officer of MEAG Power, but in no event less than \$4,962,000 (hereinafter referred to in this definition as the “*Minimum Reserve and Contingency Requirement*”); 70.6159 percent of such amount shall constitute MEAG Power’s Reserve and Contingency Requirement (which, in the case of the Minimum Reserve and Contingency Requirement, shall be equal to \$3,503,960.82) and 29.3841 percent of such amount shall constitute the Project J Entity’s Reserve and Contingency Requirement (which, in the case of the Minimum Reserve and Contingency Requirement, shall be equal to \$1,458,039.18).

Revenues. Revenues shall 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 shall 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 and (Y) any amount payable by the Initial Power Purchaser under the Initial Power Purchase Agreement 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 Project J Revenue Fund; *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 shall constitute Revenues for all purposes of the Project J Bond Resolution.

Shared Trust Estate. Shared Trust Estate shall mean (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 Project J Revenue Fund, the Project J 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.

Subordinated Obligation. Subordinated Obligation shall mean any payment obligation (which does not constitute Project J Bonds, a Project J Parity Obligation or Project J Subordinated Bonds) (a) that is a Project J Subordinated Reimbursement Obligation, (b) that is a Project J Subordinated Hedging Contract Obligation, (c) that is a Project J Subordinated Commercial Paper Note or (d) that arises under any other contract, agreement or other obligation authorized by resolution of MEAG Power and is designated as a "Subordinated Obligation" in a certificate of an Authorized Officer of MEAG Power delivered to the Trustee. Each Subordinated Obligation shall be payable from and secured by a pledge of the Project J Subordinated Bond Fund which pledge shall be subordinate in all respects to the pledge of the Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Project J Participant Arrearages Payments, Project J Participant Resale Revenues, moneys, securities and funds created by the Project J Bond Resolution in favor of the Project J Bonds, the Project J Parity Obligations and the Project J Federal Loan Debt Service Payments.

The Project P Bond Resolution

In addition to the defined terms listed above under "– Definitions," the Project P Bond Resolution has the following definitions:

Bond, Bonds, Project P Bond, Project P Bonds. Bond, Bonds, Project P Bond and Project P Bonds shall mean any bonds, notes or other evidences of indebtedness, as the case may be, authenticated and delivered under and Outstanding pursuant to the Project P Bond Resolution but shall not mean Project J Parity Obligations, Commercial Paper Notes, Subordinated Bonds or Subordinated Obligations.

Bondholders' Trust Estate. Bondholders' Trust Estate shall mean (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 Project P 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.

Costs of Acquisition and Construction. Costs of Acquisition and Construction shall mean, to the extent not included in Project P's annual costs, all actual costs and expenses incurred by or for the account

of MEAG Power or the Project P Entity for the planning, designing, acquiring, constructing, and installing the Project P Entity's Ownership Interest, including any major renewals, replacements, repairs, additions, betterments or improvements necessary, in the opinion of MEAG Power or the Project P Entity, to keep the Project P Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom, placing the Project P Entity's Ownership Interest in operation, disposing of the Project P Entity's Ownership Interest, and obtaining governmental approvals, certificates, permits and licenses with respect thereto heretofore or hereafter paid or incurred by, or for the account of, MEAG Power or the Project P Entity, as applicable, including, without limitation, the following:

- (a) working capital reserves in such reasonable amounts as may be established by MEAG Power or the Project P Entity for the Project P Entity's Ownership Interest (including working capital reserves held in (i) funds or accounts established under the Project P Bond Resolution and (ii) accounts established under the Project P DOE Accounts Agreement);
- (b) acquisition of initial inventories or prepayment of fuel for the Project P Entity's Ownership Interest and working capital and reserves therefor and working capital and reserves for additional inventories or prepayment of fuel for the Project P Entity's Ownership Interest held by, or for the account of, either MEAG Power or the Project P Entity;
- (c) charges related to processing, design, fabrication, transportation, disposal and storage of fuel for the Project P Entity's Ownership Interest, including, without limitation, the following: (i) fuel storage facilities, including spent fuel storage facilities, and (ii) working capital and reserves related to acquisition, processing, design, fabrication, transportation, disposal and storage of fuel for the Project P Entity's Ownership Interest;
- (d) reserves for renewals and replacements, retirement from service, or disposal of any facility of the Project P Entity's Ownership Interest and contingencies held by, or for the account of, either MEAG Power or the Project P Entity;
- (e) training and testing costs incurred by MEAG Power or the Project P Entity attributable to the Project P Entity's Ownership Interest;
- (f) preliminary investigation and development costs, engineering fees, contractors' fees, costs of labor, materials, equipment, utility services and supplies and legal costs attributable to the Project P Entity's Ownership Interest and Project P;
- (g) all costs of insurance applicable to the period of construction of the Project P Entity's Ownership Interest; and
- (h) amounts necessary to provide funds for contribution to the Project P Entity to repay Advances when due (whether at the maturity of principal or upon prepayment) on the Project P DOE Guaranteed Loan and to reacquire from the Project P Entity the Project P Entity's Ownership Interest at such time as (i) the principal of, and interest and prepayment premiums, if any, due or to become due on, and all other amounts due with respect to, the Project P DOE Guaranteed Loan shall have been paid, at the times and in the manner stipulated in the Project P DOE Loan Guarantee Agreement and the other Project P Federal Loan Documents, as applicable and (ii) the Project P Entity shall have satisfied all of its obligations under the Project P DOE Loan Guarantee Agreement and the other Project P Federal Loan Documents, as applicable (and no undisbursed commitments remain available thereunder).

Costs of Acquisition and Construction shall also include all other costs, except Financing Costs, incurred by MEAG Power or the Project P Entity and properly allocable to planning, designing, acquiring, constructing and installing the Project P Entity's Ownership Interest and the establishment of Project P

including, without limitation, (i) all costs associated with the transfer to the Project P Entity of the Project P Entity's Ownership Interest and the entry by the Project P Entity into the Project P DOE Loan Guarantee Agreement and the other Project P Federal Loan Documents, (ii) the Additional Costs as described and defined in Section 2.2 of the Vogtle Units 3&4 Development Agreement attributable to the Project P Entity's Ownership Interest, (iii) amounts required to reimburse the Project P Power Purchasers for amounts paid by them in respect of the payment of the principal of maturing Project P Bond Anticipation Notes and Project P BANs, and (iv) amounts required to be repaid, reimbursed or otherwise paid by MEAG Power to the Initial Power Purchaser pursuant to any provision of the Initial Power Purchase Agreement at the end of the Term thereof (as such term is defined therein).

Debt Service Reserve Requirement. Debt Service Reserve Requirement shall mean, as of any date of calculation, an amount equal to the greatest amount of Adjusted Aggregate Debt Service for the then 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 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 Project P Debt Service Reserve Account under such applicable federal income tax laws and regulations. For purposes of the calculation of the Debt Service Reserve Requirement:

- (a) the Debt Service Reserve Requirement shall take into account any Series of Project P Bonds only for so long as any Project P Bonds of such Series shall remain Outstanding, but Project P Bond Anticipation Notes and Project P BANs shall not be deemed to be Project P Bonds for purposes of this definition;
- (b) in the event that the Project P Bonds of any Series (or any portion thereof) shall 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 this definition, the interest on the Project P Bonds of such Series shall 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 shall be permanently reduced, then the amount of the Debt Service Reserve Requirement shall 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 shall 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 shall be increased to reflect the full amount of interest payable on such Project P Bonds, and such increase shall 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 shall 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 shall be refunded in whole or in part, the Debt Service Reserve Requirement shall 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.

Financing Costs. Financing Costs shall mean all Financing Costs related to Project P that may be financed from the proceeds of Project P Bonds or Subordinated Bonds or the Project P DOE Guaranteed Loan, including, but without limitation, the following:

(a) costs of issuance, including, without limitation, underwriting fees, bank commitment and letter of credit fees, legal and financial advisory fees, bond insurance and indemnity fees, and any payments on Qualified Hedging Contracts including, without limitation, (i) any periodic “net” payments accruing in whole or in part prior to and during construction and for such additional period as MEAG Power may reasonably determine to be necessary in connection with the placing of the Project P Entity’s Ownership Interest in operation, and (ii) any swap premium or swap termination payment;

(b) interest accruing in whole or in part on Project P Bonds or Subordinated Bonds or the Project P DOE Guaranteed Loan prior to and during construction (or, in the case of the Project P Bonds or Subordinated Bonds issued or Advances made to finance fuel, interest accruing in whole or in part on such Bonds or Subordinated Bonds or such Advances prior to the loading of such fuel in the reactor) and for such additional period as MEAG Power may reasonably determine to be necessary in connection with the placing of the Project P Entity’s Ownership Interest in operation in accordance with the provisions of the Project P Bond Resolution, including, without limitation, any major renewals, replacements, repairs, additions, betterments or improvements or modifications with respect to the Project P Entity’s Ownership Interest of a particular Additional Unit undertaken following the Commercial Operation Date of such Additional Unit;

(c) the deposit or deposits from the proceeds of Project P Bonds or Subordinated Bonds issued, or Advances made, to finance such costs in any Fund or Account established pursuant to the Project P Bond Resolution or the Project P Federal Loan Documents to meet debt service reserve requirements for Project P Bonds or Subordinated Bonds or the Project P DOE Guaranteed Loan, or replenishment of such funds if drawn down; and

(d) any other fees, costs and expenses of financing for the Project P Bonds or Subordinated Bonds or the Project P DOE Guaranteed Loan.

Initial Power Purchase Agreement. Initial Power Purchase Agreement shall mean the Power Purchase Agreement, dated as of May 12, 2008, between MEAG Power and the Initial Power Purchaser, as heretofore amended and as such Agreement may hereafter be amended or supplemented from time to time as permitted therein and in the Project P Bond Resolution.

Initial Power Purchaser. Initial Power Purchaser shall mean PowerSouth Energy Cooperative, an electric cooperative formed under the laws of the State of Alabama, and any permitted successors and assigns.

Initial Power Purchaser Arrearages Fund. Initial Power Purchaser Arrearages Fund shall mean the Initial Power Purchaser Arrearages Fund provided for the Project P Bond Resolution.

Initial Power Purchaser Arrearages Fund Establishment Date. Initial Power Purchaser Arrearages Fund Establishment Date shall mean the day that is the fifth business day following the first date (if any) on which the Initial Power Purchaser shall fail to pay in full when due any payment under the Initial Power Purchase Agreement in respect of Project P’s annual costs, but only if such failure shall be continuing on such fifth following business day.

Initial Power Purchaser Arrearages Payment. Initial Power Purchaser Arrearages Payment shall mean any payment received by MEAG Power from the Initial Power Purchaser under the Initial Power Purchase Agreement in respect of any amount due thereunder that was not paid when due.

Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date. Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date shall mean the day following the day, if any, on which the Initial Power Purchaser shall have satisfied its obligation to pay all amounts in respect of Debt Service under (and as defined in) the Initial Power Purchase Agreement payable or to become payable through the end of the Term thereof (as such term is defined therein), including, without limitation, any and all payments of such amounts thereunder that theretofore had not been paid when due and all interest thereon payable pursuant to the terms of the Initial Power Purchase Agreement.

Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date. Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date shall mean the day following the day on which the Initial Power Purchaser's obligation to pay future accruing Debt Service (as defined in the Initial Power Purchase Agreement) has terminated, and the Initial Power Purchaser shall have no new or additional obligation to pay amounts in respect of Debt Service under the Initial Power Purchase Agreement for either of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 for any Series of Project P Bonds, Subordinated Bonds, Parity Obligations or Subordinated Obligations or for the Project P DOE Guaranteed Loan; it being understood that, pursuant to the Initial Power Purchase Agreement, the Initial Power Purchaser has no responsibility for any new or additional Debt Service that goes unpaid after such date, whether by reason of a default by any of the Project P Participants in the making of any payment due under its Project P Power Sales Contract or otherwise; *provided, however*, that under the Initial Power Purchase Agreement, the Initial Power Purchaser shall continue to be responsible for paying any amount in respect of Debt Service that was not paid when due.

Initial Power Purchaser Resale Revenues. Initial Power Purchaser Resale Revenues shall mean any payments received by MEAG Power as a result of the resale of all or any portion of the power, energy or other service from the Project P Entity's Ownership Interest that the Initial Power Purchaser previously was entitled to receive following the discontinuance of service (whether or not permanent) to the Initial Power Purchaser under the Initial Power Purchase Agreement as a result of a default by the Initial Power Purchaser thereunder, but shall not include any payments received by MEAG Power as a result of the resale of all or any portion of such power, energy or other service pursuant to a Replacement Sponsor PPA (as such term is defined in the Project P DOE Loan Guarantee Agreement).

Monthly Reserve and Contingency Deposit. Monthly Reserve and Contingency Deposit shall mean, with respect to any particular calendar year, an amount equal to one-twelfth (or, with respect to the year in which the Commercial Operation Date of the first Additional Unit occurs, a fraction the numerator of which is 1 and the denominator of which is the number of full calendar months remaining in such year following the occurrence of such date) of the greater of (a) the total amount provided in the then current Project P Annual Budget to be deposited in the Project P Reserve and Contingency Fund and the Project P DOE Reserve & Contingency Account during such calendar year or (b) an amount equal to 10% of the sum of (i) the Aggregate Debt Service for such calendar year on all Project P Bonds other than Project P Bond Anticipation Notes and Project P BANs then Outstanding and all Project P Parity Obligations other than Project P Parity Commercial Paper Notes then outstanding, (ii) the aggregate amount of the principal of and interest on all Project P Subordinated Bonds and all Project P Subordinated Obligations other than Project P Subordinated Commercial Paper Notes then outstanding that is deemed to accrue during such calendar year, assuming that such principal and interest accrue in the same manner as the principal of and interest on Project P Bonds is deemed to accrue as provided in the definition of *Debt Service* contained in the Project P Bond Resolution and (iii) the principal and interest payable on the Project P DOE Guaranteed Loan during such calendar year.

Project P BANs. Project P BANs shall mean Project P Bonds issued to refund Project P Bond Anticipation Notes that (a) are designated by MEAG Power as such in the Supplemental Resolution authorizing such Project P Bonds, (b) are intended to be payable in 36 equal monthly installments, commencing on the first business day of the first month following the first anniversary of 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 Project P Debt Service Fund.

Project P Entity's Ownership Interest. Project P Entity's Ownership Interest shall mean a percentage undivided interest in MEAG Power's Interest in the Additional Units in an amount equal to the Project P Portion.

Project P Entity's Portion. Project P Entity's Portion shall mean, as of any date of determination, a fraction the numerator of which is the aggregate principal amount of the Project P DOE Guaranteed Loan outstanding as of such date and the denominator of which is the sum of (a) the aggregate principal amount of all Project P Bonds Outstanding as of such date and (b) the aggregate principal amount of the Project P DOE Guaranteed Loan outstanding as of such date.

Project P Entity's Reserve and Contingency Requirement. Project P Entity's Reserve and Contingency Requirement shall mean an amount equal to the portion of the Reserve and Contingency Requirement specified as such in the definition of *Reserve and Contingency Requirement* contained in the Project P Bond Resolution.

Project P Participant Arrearages Fund. Project P Participant Arrearages Fund shall mean the Additional Units PPA-2 Project Participant Arrearages Fund established under the Project P Bond Resolution.

Project P Participant Arrearages Payment. Project P Participant Arrearages Payment shall mean any payment received by MEAG Power from a Project P Participant under its Project P Power Sales Contract in respect of any amount due thereunder that was not paid when due, but only if the failure to pay such amount when due resulted in either (a) the application of amounts on deposit in the Debt Service Reserve Account in the Project P Debt Service Fund, the Project P Subordinated Bond Fund or the Project P Reserve and Contingency Fund to cure a deficiency in the Debt Service Account in said Debt Service Fund or (b) the principal or Redemption Price of, or interest on, any Project P Bond or the principal or interest component of any Project P Parity Obligation not being paid when due.

Project P Participant Resale Revenues. Project P Participant Resale Revenues shall mean any payments received by MEAG Power as a result of the resale of all or any portion of the power, energy or other service from Project P that a Project P Participant previously was entitled to receive following the discontinuance of service to such Project P Participant under its Project P Power Sales Contract as a result of a default by such Project P Participant thereunder (including, without limitation, any such resale to any one or more of the other Project P Participants, except that if any such resale to any other Project P Participant shall be made in accordance with the terms of the Project P Power Sales Contracts and the purchasing Project P Participant shall not be in default in the making of any payment under its Project P Power Sales Contract, then such payments made by such purchasing Project P Participant shall not constitute Project P Participant Resale Revenues); *provided, however*, that if (x) the principal or Redemption Price of, or interest on, any Project P Bond shall not then be due and unpaid and (y) the deposit of any such payment to the Project P Revenue Fund would avoid the need for the application of amounts on deposit in the Debt Service Reserve Account in the Project P Debt Service Fund, the Project P Subordinated Bond Fund or the Project P Reserve and Contingency Fund to cure a deficiency in the Debt Service Account in said Debt Service Fund, then such payment shall not constitute Project P Participant Resale Revenues.

Project P Participants' Debt Service Commencement Date. Project P Participants' Debt Service Commencement Date shall mean the date on which the Project P Participants' obligation to pay amounts in respect of Debt Service under (and as defined in) the Project P Power Sales Contracts shall commence.

Project P Power Contracts. Project P Power Contracts shall mean, collectively, the Initial Power Purchase Agreement and the Project P Power Sales Contracts.

Project P Power Purchase Agreement. Project P Power Purchase Agreement shall mean the Wholesale Power Sales Agreement between the Project P Entity and MEAG Power, as the same may be amended, supplemented or restated from time to time in accordance with the terms thereof and of the Project P Bond Resolution.

Project P Power Purchasers. Project P Power Purchasers shall mean (a) the Initial Power Purchaser during the term of the Initial Power Purchase Agreement and (b) collectively, the Project P Participants during the terms of the Project P Power Sales Contracts; and a Project P Power Purchaser shall mean (x) the Initial Power Purchaser during the term of the Initial Power Purchase Agreement or (y) a Project P Participant during the term of its Project P Power Sales Contract.

Project P Power Sales Contracts. Project P Power Sales Contracts shall mean the Plant Vogtle Additional Units PPA-2 Power Sales Contracts dated as of June 15, 2008 by and between MEAG Power and the Project P Participants, relating to Project P and entered into pursuant to the Act, as such Contracts hereafter may be amended in accordance with the terms thereof and of the Project P Bond Resolution.

Reserve and Contingency Requirement. Reserve and Contingency Requirement shall mean, as of any date, such amount as may be established by the Board and certified to the Trustee by an Authorized Officer of MEAG Power, but in no event less than \$3,007,000 (hereinafter referred to in this definition as the "*Minimum Reserve and Contingency Requirement*"); 41.4614 percent of such amount shall constitute MEAG Power's Reserve and Contingency Requirement (which, in the case of the Minimum Reserve and Contingency Requirement, shall be equal to \$1,246,744.06) and 58.5386 percent of such amount shall constitute the Project P Entity's Reserve and Contingency Requirement (which, in the case of the Minimum Reserve and Contingency Requirement, shall be equal to \$1,760,255.94).

Revenues. Revenues shall 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 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 shall 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 and (Y) any amount payable by the Initial Power Purchaser under the Initial Power Purchase Agreement 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 Project P Revenue Fund; *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 shall constitute Revenues for all purposes of the Project P Bond Resolution.

Shared Trust Estate. Shared Trust Estate shall mean (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 Project P Revenue Fund, the Project P 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.

Subordinated Obligation. Subordinated Obligation shall mean any payment obligation (which does not constitute Project P Bonds, a Project P Parity Obligation or Project P Subordinated Bonds) (a) that is a Project P Subordinated Reimbursement Obligation, (b) that is a Project P Subordinated Hedging Contract Obligation, (c) that is a Project P Subordinated Commercial Paper Note or (d) that arises under any other contract, agreement or other obligation authorized by resolution of MEAG Power and is designated as a "Subordinated Obligation" in a certificate of an Authorized Officer of MEAG Power delivered to the Trustee. Each Subordinated Obligation shall be payable from and secured by a pledge of the Project P Subordinated Bond Fund which pledge shall be subordinate in all respects to the pledges of the Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Project P Participant Arrearages Payments, Project P Participant Resale Revenues, moneys, securities and funds created by the Project P Bond Resolution in favor of the Project P Bonds, the Project P Parity Obligations and the Project P Federal Loan Debt Service Payments.

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SUMMARY OF VOGTLE UNITS 3&4 POWER PURCHASE AGREEMENTS

The following is a description of certain of the provisions of (i) the Project M Power Purchase Agreement between MEAG Power and the Project M Entity; (ii) the Project J Power Purchase Agreement between MEAG Power and the Project J Entity; and (iii) the Project P Power Purchase Agreement between MEAG Power and the Project P Entity (the Project J Power Purchase Agreement, the Project M Power Purchase Agreement and the Project P Power Purchase Agreement are referred to herein collectively as the “Vogtle Units 3&4 Power Purchase Agreements).

Each of the Vogtle Units 3&4 Power Purchase Agreements became effective on June 24, 2015 and will continue in full force and effect until such time (a) as all of the payments of principal of and premium, if any, and interest on all debt issued by the applicable Vogtle Units 3&4 Project Entity, and any other amounts due with respect to, such Vogtle Units 3&4 Project Entity’s DOE Guaranteed Loan have been paid, or provision for payment shall have been made in accordance with such Vogtle Units 3&4 Project Entity’s DOE Loan Guarantee Agreement, (b) Vogtle Units 3&4 have been permanently shut down and are no longer capable of generating capacity, energy and ancillary services, and (c) all obligations with respect to the decommissioning of Vogtle Units 3&4 have been satisfied, or provision for satisfaction of such obligations shall have been made.

The Vogtle Units 3&4 Power Purchase Agreements are identical in all material respects except as indicated below. Capitalized terms not otherwise defined in this APPENDIX P or defined in the Annual Information Statement shall be as defined in the applicable Vogtle Units 3&4 Power Purchase Agreement.

Purchase and Sale Obligation

General

Pursuant to the terms of the Vogtle Units 3&4 Power Purchase Agreements, each Vogtle Units 3&4 Project Entity shall sell and deliver to MEAG Power, and MEAG Power is obligated to take and pay for or pay for, even if not available, delivered or taken, all Output. MEAG Power’s payment obligations under each Vogtle Units 3&4 Power Purchase Agreement commenced on the date thereof and shall continue until all Project Costs thereunder are paid in full notwithstanding the occurrence of any event, or the taking of any action permitted by such Vogtle Units 3&4 Power Purchase Agreement, with respect to the applicable Vogtle Units 3&4 Project.

Project M Power Purchase Agreement

The Project M Power Purchase Agreement, on the one hand, and the Project M Power Sales Contracts, on the other hand are intended to be “back-to-back” power purchase agreements during the term of the Project M Power Purchase Agreement such that all of the Output shall be purchased by MEAG Power from the Project M Entity and resold to the Project M Participants pursuant to the terms and conditions of the Project M Power Sales Contracts.

Project J Power Purchase Agreement

The Project J Power Purchase Agreement, on the one hand, and the Project J PPA and the Project J Power Sales Contracts, on the other hand (during the respective periods that JEA and the Project J Participants are entitled to the Output) are intended to be “back-to-back” power purchase agreements during the term of the Project J Power Purchase Agreement such that all of the Output shall be purchased by MEAG Power from the Project J Entity and resold to JEA and the Project J Participants pursuant to the terms and conditions of the Project J PPA and the Project J Power Sales Contracts, respectively.

Project P Power Purchase Agreement

The Project P Power Purchase Agreement, on the one hand, and the Project P PPA and the Project P Power Sales Contracts, on the other hand (during the respective periods that PowerSouth and the Project P Participants are entitled to the Output) are intended to be “back-to-back” power purchase agreements during the term of the Project P Power Purchase Agreement such that all of the Output shall be purchased by MEAG Power from the Project P Entity and resold to PowerSouth and the Project P Participants pursuant to the terms and conditions of the Project P PPA and the Project P Power Sales Contracts, respectively.

MEAG Power’s Payment Obligation

MEAG Power shall make all payments for all of the Project Costs pursuant to the terms of each Vogtle Units 3&4 Power Purchase Agreement, whether or not the applicable Vogtle Units 3&4 Project Entity’s Ownership Interest is completed or is operating or operable, and whether or not the capacity, energy and ancillary services of the respective Vogtle Units 3&4 Project Entity’s Ownership Interest are suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction, whether by offset or otherwise, and shall not be conditioned upon the performance or non-performance by any party of any agreement for any cause whatsoever.

MEAG Power shall perform its payment obligations under each Vogtle Units 3&4 Power Purchase Agreement by making monthly payments from the Revenue Fund established under the applicable Vogtle Units 3&4 Bond Resolution, and as otherwise provided in such Vogtle Units 3&4 Bond Resolution, to the applicable Vogtle Units 3&4 Project Entity or the DOE Collateral Agent for the Project Costs in accordance with each such month’s billing statement, the applicable Vogtle Units 3&4 Bond Resolution and the applicable DOE Accounts Agreement or to the Decommissioning Trust (as defined in the applicable DOE Loan Guarantee Agreement) for Project Costs with respect thereto.

Without otherwise limiting the applicable Vogtle Units 3&4 Project Entity’s remedies upon the occurrence of a Payment Default (defined below) or a Performance Default (defined below) by MEAG Power, MEAG Power’s liability arising from or in connection with its payment obligations under each Vogtle Units 3&4 Power Purchase Agreement shall be limited to making the payments required thereunder from the applicable Shared Trust Estate or the applicable Bondholders’ Trust Estate in accordance with the applicable Vogtle Units 3&4 Bond Resolution.

Annual Budgets and Billing

Pursuant to the terms of the Vogtle Units 3&4 Power Purchase Agreements, each Vogtle Units 3&4 Project Entity is obligated, among other things, to prepare and provide to MEAG Power a proposed annual budget for the succeeding calendar year which provides for all Project Costs for such calendar year. If at any time during a year it becomes apparent that the then current adopted annual budget no longer accurately reflects such Project Costs, the applicable Vogtle Units 3&4 Project Entity may adopt an amended annual budget for and applicable to such calendar year for the remainder of such calendar year. In each case, MEAG Power shall have an opportunity to review such proposed annual budget or amended annual budget and submit to the applicable Vogtle Units 3&4 Project Entity any matters or suggestions relating to such proposed annual budget that MEAG Power may care to present, including (a) with respect to the Project J Power Purchase Agreement, such matters or suggestions relating to Project Costs and such proposed annual budget or amended annual budget that MEAG Power received from JEA or any Project J Participant, as the case may be, under the Project J PPA or the Project J Power Sales Contracts, as applicable and (b) with respect to the Project P Power Purchase Agreement, such matters or suggestions relating to Project Costs and such proposed annual budget or amended annual budget that MEAG Power received from PowerSouth or any Project P Participant, as the case may be, under the Project P PPA or the Project P Power Sales Contracts, as applicable.

Each Vogtle Units 3&4 Project Entity shall prepare a billing statement each calendar month with respect to the succeeding calendar month, which shall be based on the annual budget and shall be equal to the sum of (a) the Project Costs budgeted for such succeeding calendar month and (b) the difference, whether positive or negative, between (i) the actual Project Costs incurred by such Vogtle Units 3&4 Project Entity in the prior month and (ii) the budgeted Project Costs for the prior month to the extent paid by MEAG Power.

On an annual basis, each Vogtle Units 3&4 Project Entity shall submit to MEAG Power a detailed statement of the actual Project Costs for the prior calendar year. If on the basis of such statement the actual Project Costs for such year exceed the amount billed and paid by MEAG Power under the applicable Vogtle Units 3&4 Power Purchase Agreement, net of any Permitted Reimbursements (as defined in the applicable DOE Accounts Agreement), for such year, MEAG Power shall promptly pay to such Vogtle Units 3&4 Project Entity an amount equal to such excess. If on the basis of such statement the amount billed and paid by MEAG Power, net of any Permitted Reimbursements, for such year exceeds the actual Project Costs for such year, then such Vogtle Units 3&4 Project Entity shall promptly pay to MEAG Power an amount equal to such excess; *provided, however*, that such Vogtle Units 3&4 Project Entity shall cause the DOE Collateral Agent to fund such payment from the Project Accounts established under the applicable DOE Accounts Agreement in accordance with such DOE Accounts Agreement; *provided further, however*, that the sum of such disbursements shall not exceed the amount of such Vogtle Units 3&4 Project Entity's payment to MEAG Power.

Remedies

Payment Default

If MEAG Power fails to make full payment to the applicable Vogtle Units 3&4 Project Entity or the DOE Collateral Agent when required to be made, and such failure continues for a period of ten business days, the applicable Vogtle Units 3&4 Project Entity may give written notice of payment default to MEAG Power. If MEAG Power does not pay the full amount then due within ten business days to the applicable Vogtle Units 3&4 Project Entity or the DOE Collateral Agent, then such failure shall constitute a "Payment Default" on the part of MEAG Power.

Upon a Payment Default, the applicable Vogtle Units 3&4 Project Entity may suspend service to MEAG Power for all or any part of the period of continuing default and may, but is not obligated to, sell the Output to any person. No suspension of service under or termination of a Vogtle Units 3&4 Power Purchase Agreement or recovery of additional revenues from sales of Output and Environmental Attributes to any person shall relieve MEAG Power of its obligations under the applicable Vogtle Units 3&4 Power Purchase Agreement, which are absolute and unconditional. Such Vogtle Units 3&4 Project Entity shall credit the obligations of MEAG Power during any suspension of service with the monies actually received by such Vogtle Units 3&4 Project Entity from sales of Output and Environmental Attributes that would have been available to MEAG Power. Such Vogtle Units 3&4 Project Entity may terminate the applicable Vogtle Units 3&4 Power Purchase Agreement if a Payment Default shall have occurred and be continuing for a period of 60 days; *provided, however*, that if any applicable DOE Secured Obligations are outstanding, any such termination shall require the prior written consent of DOE.

Neither of the remedies discussed in the immediately preceding paragraph may be exercised during a Standstill Period (as defined in the applicable DOE Loan Guarantee Agreement.)

Performance Default

If either party fails to comply with any of the terms, conditions and covenants of a Vogtle Units 3&4 Power Purchase Agreement (and such failure does not constitute a Payment Default by MEAG Power), the non-defaulting party shall give the defaulting party written notice of the default (a "Performance

Default”). The defaulting party shall have a period of 30 days after receipt of such notice to commence reasonable efforts to cure such Performance Default, and it shall have an additional 30 days to cure such Performance Default. Thereafter, if such Performance Default is continuing, the non-defaulting party shall have all of the rights and remedies provided at law and in equity, other than termination of such Vogtle Units 3&4 Power Purchase Agreement.

DOE Exercise of Remedies

Following the exercise by DOE of any remedy of foreclosure and a sale of the applicable Vogtle Units 3&4 Project Entity’s Ownership Interest, such Vogtle Units 3&4 Project Entity shall pay over to MEAG Power any proceeds received by such Vogtle Units 3&4 Project Entity from the sale of the such Vogtle Units 3&4 Project Entity’s Ownership Interest that are in excess of the amount necessary to fully pay all applicable DOE Secured Obligations and that are not required to be used to satisfy such Vogtle Units 3&4 Project Entity’s obligations to any other person.

Definitions

Each of the Vogtle Units 3&4 Power Purchase Agreements has the following defined terms:

Environmental Attributes means any and all credits, benefits, emissions reductions, environmental air quality credits, emission reduction credits, renewable energy credits, offsets, and allowances attributable to the generation, purchase, sale, or use of the energy output of the applicable Vogtle Units 3&4 Project, including tags, certificates, credits, allowances, offsets, and similar products or rights attributable to the generation, purchase, sale, or use of such energy output that can be used to claim responsibility for, ownership of, or any avoidance or reduction of emissions or pollutants, including mercury, nitrogen oxide, sulfur oxide, carbon dioxide, carbon monoxide, particulate matter or similar pollutants or contaminants of air, water or soil, under any governmental, regulatory or voluntary program, including the United Nations Framework Convention on Climate Change and related Kyoto Protocol or other program.

O&M Costs means the costs and expenses for operation and maintenance of the applicable Vogtle Units 3&4 Project, including ordinary repairs, renewals and replacements of such Vogtle Units 3&4 Project and all costs of purchasing, producing and delivering Output to the delivery point and payments into reserves for items of O&M Costs the payment of which is not immediately required, and shall include any expenses or obligations required to be paid in connection with such Vogtle Units 3&4 Project, by law or under or in connection with any contract related to such Vogtle Units 3&4 Project, all to the extent properly allocable to such Vogtle Units 3&4 Project; the fees and expenses of the Fiduciaries (as defined in the applicable Vogtle Units 3&4 Bond Resolution); and the fees and expenses of the DOE Secured Parties incurred after commercial operation of the second unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation. O&M Costs shall not include any costs or expenses for new construction or any allowance for depreciation.

Output means, collectively, the energy, capacity and ancillary services and any Environmental Attributes corresponding or attributable to the applicable Vogtle Units 3&4 Project Entity’s Ownership Interest.

Project Costs shall include all costs and expenses paid or incurred or to be paid or incurred by the applicable Vogtle Units 3&4 Project Entity (excluding costs and expenses funded (i) with the proceeds of debt issued by such Vogtle Units 3&4 Project Entity; (ii) with capital contributions to such Vogtle Units 3&4 Project Entity made by MEAG Power; or (iii) with amounts held in any funds or accounts established by the applicable Vogtle Units 3&4 Project Entity or MEAG Power for the payment of such costs and expenses) with respect to the applicable Vogtle Units 3&4 Project Entity’s Ownership Interest, including all costs and expenses resulting from obligations under the Vogtle Units 3&4 Project Agreements and the ownership, operation, maintenance, termination and retirement from service and decommissioning of, and

repairs, renewals, replacements, additions, improvements, betterments and modifications to, such Vogtle Units 3&4 Project Entity's Ownership Interest, all costs and expenses relating to the acquisition and sale of Output under the applicable Vogtle Units 3&4 Power Purchase Agreement by such Vogtle Units 3&4 Project Entity, including the following items of cost:

(a) principal of and premium, if any, and interest on all debt issued by such Vogtle Units 3&4 Project Entity, and any other amounts due with respect to, such Vogtle Units 3&4 Project Entity's DOE Guaranteed Loan;

(b) amounts which such Vogtle Units 3&4 Project Entity may be required to pay for the prevention or correction of any loss or damage to Vogtle Units 3&4, or for renewals, replacements, repairs, additions, improvements, betterments, and modifications which are necessary, in accordance with Prudent Utility Practice, to keep such facilities in good operating condition or to prevent a loss of revenues therefrom;

(c) all O&M Costs paid or incurred or to be paid or incurred by or on behalf of such Vogtle Units 3&4 Project Entity;

(d) all costs incurred or associated with the salvage, discontinuance, and disposition or sale of properties;

(e) all costs, settlements and expenses relating to claims asserted against such Vogtle Units 3&4 Project Entity or the applicable Vogtle Units 3&4 Project;

(f) any additional cost or expense not specified in the other items of this definition imposed by any regulatory agency or which is paid or incurred by such Vogtle Units 3&4 Project Entity and which is not otherwise included in any of the costs specified herein;

(g) amounts required to be paid by such Vogtle Units 3&4 Project Entity under any contract to which it is a party not covered under any other clause of this definition, including amounts payable with respect to interest rate swaps, option contracts and hedging contracts;

(h) reserves such Vogtle Units 3&4 Project Entity shall determine to be necessary for the payment of those items of costs and expenses referred to in this definition to the extent not already included in any other clause of this definition;

(i) any additional amounts that such Vogtle Units 3&4 Project Entity is required to pay or deposit into any fund or account maintained under the applicable DOE Accounts Agreement; and

(j) any other cost or expense of such Vogtle Units 3&4 Project Entity relating or pertaining to the applicable Vogtle Units 3&4 Project which is not otherwise specified in such Vogtle Units 3&4 Power Purchase Agreement.

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SUMMARY OF CERTAIN FEDERAL LOAN DOCUMENTS

DOE LOAN GUARANTEE AGREEMENTS

The following is a description of certain the provisions of (i) the Loan Guarantee Agreement, executed between the Project M Entity and DOE (the “Project M Loan Guarantee Agreement”), (ii) the Loan Guarantee Agreement, executed between the Project J Entity and DOE (the “Project J Loan Guarantee Agreement”) and (iii) the Loan Guarantee Agreement, executed between the Project P Entity and DOE (the “Project P Loan Guarantee Agreement” and, together with the Project M Loan Guarantee Agreement and the Project J Loan Guarantee Agreement, the “DOE Loan Guarantee Agreements” and each individually, a “DOE Loan Guarantee Agreement”).

Each of the DOE Loan Guarantee Agreements became effective on June 24, 2015 and will continue in full force and effect until such time as all indebtedness evidenced by the applicable FFB Promissory Notes have been paid in full, all lending commitments of FFB to the applicable Vogtle Units 3&4 Project Entity under the applicable FFB Credit Facility Documents have been terminated, and the applicable Vogtle Units 3&4 Project Entity has paid all sums due under the Federal Loan Documents (other than certain indemnity obligations and other obligations expressly surviving termination of the applicable DOE Loan Guarantee Agreements).

The DOE Loan Guarantee Agreements are identical in all material respects except as identified below. Capitalized terms not otherwise defined in this APPENDIX Q or defined in the Annual Information Statement shall be as defined in the DOE Loan Guarantee Agreements.

Conditions Precedent to Advances

General

Each Vogtle Units 3&4 Project Entity may request Advances from time to time under its DOE Loan Guarantee Agreement subject to the satisfaction of certain conditions, including the following:

- (a) delivery to DOE of (i) an update to the proposed Advance Schedule reflecting the estimated timing and amounts of proposed Advances, certified by such Vogtle Units 3&4 Project Entity as being consistent with the most recent Construction Budget and Base Case Projections or (ii) a certificate of such Vogtle Units 3&4 Project Entity that no changes to the then-current Advance Schedule are required;
- (b) delivery to DOE of certificates of such Vogtle Units 3&4 Project Entity and the Lender’s Engineer to the effect that the proceeds of the requested Advance are being requested for reimbursement of Eligible Project Costs Paid, together with a reasonably detailed description of such Eligible Project Costs Paid;
- (c) delivery to DOE of certain invoices and other documentation with respect to the Eligible Project Costs Paid that are the subject of such Advance Notice;
- (d) delivery to DOE of a certificate of such Vogtle Units 3&4 Project Entity to the effect that (i) all DOE Guaranteed Loan Fees and Periodic Expenses incurred and invoiced prior to the Advance Notice Date or Advance Date have been paid in full or are to be paid in full by arrangements satisfactory to DOE, and (ii) with respect to any Periodic Expenses subject to a fee arrangement with such Vogtle Units 3&4 Project Entity or MEAG Power, neither such Vogtle Units

3&4 Project Entity nor MEAG Power is in default of its payment obligations under such fee agreement;

(e) delivery to DOE of updates as to the status of Required Consents, certified by such Vogtle Units 3&4 Project Entity;

(f) delivery to DOE of a certificate of such Vogtle Units 3&4 Project Entity that, among other things, (i) to such Vogtle Units 3&4 Project Entity's knowledge, no litigation or proceedings are pending or have been threatened challenging the enforceability of the 2015 Validation Judgment, other than as disclosed to DOE in writing and which, in the written opinion of legal counsel reasonably acceptable to DOE, is frivolous, non-meritorious or of similar effect; (ii) as of both the Advance Notice Date and the Advance Date, such Vogtle Units 3&4 Project Entity and MEAG Power representations and warranties, as applicable, in the Federal Loan Documents to which they are a party are true and correct in all material respects (except as such representations and warranties relate to an earlier date, and certain other representations and warranties); (iii) in the case of the Project P Entity only, no material threat to the validity or enforceability of the Project P Power Sales Contracts to which the Participants are a party or to the ability of MEAG Power or the Project P Entity to perform its obligations under the Project P Power Purchase Agreement that could not be offset by the enforcement of the "step-up" process set forth in, and those rights and remedies of MEAG Power under, Section 507 of the Project P Power Sales Contracts to reallocate a defaulting Project P Participant's share of the power received by MEAG Power under the Project P Power Purchase Agreement among Project P Participants that have not defaulted on their obligations under such Project P Power Sales Contracts; and (iv) no Event of Default or event that, with the giving of notice or passage of time or both, would become an Event of Default (a "Potential Default") has occurred and is continuing, *provided*, that, subject to certain cure rights, no Event of Default or Potential Default shall be deemed to have occurred or be continuing for the purposes of the representation with respect to a default relating to compliance with Environmental Law, Governmental Approvals, applicable safety regulations, or any other Governmental Rules or Program Requirements;

(g) delivery to DOE of a certificate of such Vogtle Units 3&4 Project Entity to the effect that the total amount of Advances requested in such Advance Notice, plus all prior Advances, minus the principal amount of required principal prepayments under the applicable DOE Loan Guarantee Agreement, is less than 80% of all Eligible Project Costs Paid;

(h) a construction bringdown endorsement (dated as of a date not earlier than ten Business Days prior to the relevant Advance Notice Date and not later than the relevant Advance Notice Date) insuring that the applicable Deed to Secure Debt remains a first priority Lien on such Vogtle Units 3&4 Project Entity's unencumbered fee title to such Vogtle Units 3&4 Project Entity's undivided interest in and to the Project Site, subject only to Permitted Liens and the December 2013 Mechanic's Lien Exception);

(i) delivery to DOE of a certificate of such Vogtle Units 3&4 Project Entity with respect to compliance with Davis-Bacon Requirements and the Davis-Bacon and Related Acts Compliance Program;

(j) delivery to FFB of an Advance Notice and certification from such Vogtle Units 3&4 Project Entity that the requested Advance Date is not earlier than the scheduled calendar quarter for such Advance pursuant to the Advance Schedule, and notice of DOE's approval of such Advance Notice;

(k) DOE shall not have delivered a Drawstop Notice with respect to the Advance unless DOE shall have delivered a Drawstop Withdrawal Notice with respect to such Drawstop Notice; and

(l) delivery to DOE of a certificate of such Vogtle Units 3&4 Project Entity to the effect that as of the Advance Notice Date and the Advance Date, to such Vogtle Units 3&4 Project Entity's knowledge, the Owners' Agent is in compliance with all of its obligations under the CPA Agreement, and DOE shall not have received written notice from United States Maritime Administration that the Owners' Agent is not in compliance with all of its obligations under the CPA Agreement.

***Additional Conditions Precedent to Advances
Under Project P Loan Guarantee Agreement***

In connection with each Advance Request by the Project P Entity under the Project P Loan Guarantee Agreement, DOE must also receive a certification from PowerSouth certifying that PowerSouth's MFI Ratio (as defined in the PowerSouth Indenture) for the twelve months ended as of the full fiscal quarter that ended at least 90 days prior to the Advance Request is at least 1.065, or such higher ratio specified in Section 13.14 of the PowerSouth Indenture (or other replacement section in relation to rate setting criteria.)

**Affirmative Covenants Under
DOE Loan Guarantee Agreements**

Until the first day on which the indebtedness evidenced by all of a particular Vogtle Units 3&4 Project Entity's FFB Promissory Notes has been paid in cash in full (other than unasserted contingent indemnity obligations and other obligations that expressly survive termination of the applicable documents), all commitments of FFB to such Vogtle Units 3&4 Project Entity under its FFB Note Purchase Agreement and such Vogtle Units 3&4 Project Entity's other FFB Credit Facility Documents have been terminated, and such Vogtle Units 3&4 Project Entity has paid in cash all sums due from it under its DOE Loan Guarantee Agreement, its FFB Credit Facility Documents and its other Federal Loan Documents (other than unasserted contingent indemnity obligations and other obligations that expressly survive termination of the applicable documents) (the "Debt Termination Date"), such Vogtle Units 3&4 Project Entity covenants to, among other things:

(a) prior to Commercial Operation of the second unit of Vogtle Units 3&4 to achieve Commercial Operation (the "Second Unit"), provide certain updated information to DOE, including (i) the monthly EPC Contractor project report and Operator's monthly project status report as provided to the Owner's Agent and Operator, respectively; (ii) statement reports on such Vogtle Units 3&4 Project Entity's Project Accounts (including any Equity Contributions made by deposit to the DOE Construction Account during such month), the Local Account and on accounts forming part of the Shared Trust Estate; (iii) timing and cost of construction, along with an explanation of reasons for any change to or deviations from the most recent prior Construction Budget and Project Milestone Schedule; (iv) other matters regarding Vogtle Units 3&4, including disputes or litigation, legislation or governmental proceedings, delinquent payments under any Project Document or strikes, slowdowns or work stoppages, in each case, to the extent such other matters are material to the Construction Budget, the Project Milestone Schedule or the ability of Vogtle Units 3&4 to be completed or operated; and (v) updates to the Base Case Projections, if any, from the prior version delivered to DOE;

(b) provide certain information to DOE, including

(i) on a periodic basis, copies of plans and budgets with respect to each Vogtle Units 3&4 unit as approved by the Nuclear Managing Board and annual and monthly information relating to, among other things, financial statements of such Vogtle Units 3&4 Project Entity, budgeting and performance;

(ii) notices of certain events, including (A) any event that constitutes an Event of Default or Potential Default under the applicable DOE Loan Guarantee Agreement, together with a certificate indicating any steps such Vogtle Units 3&4 Project Entity, the Owners' Agent or the Operator has taken or proposes to take to remedy the same;

(iii) the occurrence of any event, condition, legislation or governmental proceedings and any developments with respect to the foregoing, with respect to such Vogtle Units 3&4 Project Entity, the Owners' Agent, or the Operator or their participation in Vogtle Units 3&4, in each case that has had, or would reasonably be expected to have, (X) a material and adverse change in, or a material and adverse effect upon, the operations, business, assets, properties, liabilities (actual or contingent) or condition (financial or otherwise) of such Vogtle Units 3&4 Project Entity or MEAG Power (with respect to MEAG Power's ability to perform in connection with Vogtle Units 3&4), (Y) a material adverse effect upon (1) the rights or remedies of FFB or DOE under the applicable Federal Loan Documents or (2) the ability of such Vogtle Units 3&4 Project Entity or MEAG Power to observe and perform its obligations under the applicable Federal Loan Documents (including the ability of MEAG Power to perform its obligations under the applicable DOE Equity Funding Agreement and the applicable Vogtle Units 3&4 Power Purchase Agreement) to which it is a party or (3) the security or Liens of the DOE Secured Parties pursuant to the applicable DOE Security Documents on any material portion of the Collateral or the Shared Trust Estate, or (Z) a material and adverse effect upon the legality, validity, binding effect or enforceability (i) against such Vogtle Units 3&4 Project Entity, MEAG Power, any Material Offtaker or any Offtaker Group (as such terms are defined in the applicable DOE Loan Guarantee Agreement) of any applicable Federal Loan Document to which it is a party or (ii) of the applicable Vogtle Units 3&4 Bond Resolution against MEAG Power (each of (X), (Y) and (Z), a "Material Adverse Effect") or a material adverse effect on the ability of Vogtle Units 3&4 to be completed or operated or result in Public Inquiries;

(iv) the pendency or commencement of any action, litigation, claim, dispute, or proceeding questioning or challenging the enforceability of the Validation Order or any part thereof, specifying the nature of such claim and indicating any steps such Vogtle Units 3&4 Project Entity or MEAG Power has taken or proposes to take to defend such action, litigation, claim, dispute, or proceeding;

(v) any Lien (other than a Permitted Lien) being granted or established or becoming enforceable over any of the Collateral or the Shared Trust Estate (except in the case of the Shared Trust Estate for any Lien that, by its terms, is subordinate and junior to the Lien of the Shared Trust Estate in favor of the Trustee under the applicable Vogtle Units 3&4 Bond Resolution (the "Bond Resolution Trustee"));

(vi) certain communications with respect to Vogtle Units 3&4 received by such Vogtle Units 3&4 Project Entity, the Owners' Agent or the Operator from the NRC;

(vii) any complaint, order, directive, claim, citation, designation or notice by any Governmental Authority with respect to Vogtle Units 3&4 received by such Vogtle Units 3&4 Project Entity, the Owners' Agent or the Operator relating to any actual or potential material non-compliance with its then-existing obligations under Environmental Laws, and

within 30 days after such notice, a written description of any steps such Vogtle Units 3&4 Project Entity, the Owners' Agent or the Operator is taking and proposes to take with respect to such actual or potential material non-compliance;

(viii) notice and a copy of any stop work order issued by such Vogtle Units 3&4 Project Entity, the Owners' Agent or the Operator with respect to any work on Vogtle Units 3&4;

(ix) any amounts deposited in or credited to the DOE Extraordinary Proceeds Account;

(x) any report with respect to certain events required to be made to NRC, or any accident related to the Vogtle Units 3&4 having a material and adverse impact on the environment or on human health, and within ten days thereafter, a copy of such report and, to the extent not included in the notification of the report to NRC, a report describing such event or accident, the impact and the remedial efforts required and (as and when taken) implemented with respect thereto;

(xi) within 105 days after the close of each Fiscal year, a report summarizing notices received by such Vogtle Units 3&4 Project Entity or, to such Vogtle Units 3&4 Project Entity's knowledge, the Owners' Agent or the Operator with respect to any material alleged or actual violations of Environmental Laws or Required Consents in connection with Vogtle Units 3&4 over the preceding year, including a summary of environmental monitoring or sampling activity and any violations of Environmental Laws or Required Consents identified by any Governmental Authority and any remedial action taken with respect thereto and a description of any steps of such Vogtle Units 3&4 Project Entity, the Owners' Agent or the Operator is taking and proposes to take thereto; and

(xii) on a monthly basis, (A) a list of Additional Project Documents entered into during such month, (B) updates with respect to the schedule and status of Required Consents, (C) a list of any termination, amendment or material waiver or breach of or material notices and material correspondence with respect to, or change order under, any Project Document or Required Consent during such month; (D) any material changes in any Required Insurance with respect to Vogtle Units 3&4; (E) any correspondence from NRC that identifies an event, condition or other matters that would reasonably be expected to have a Material Adverse Effect or a material adverse effect on the ability of Vogtle Units 3&4 to be completed or operated; and (F) any material casualty damages or losses with respect to Vogtle Units 3&4;

(c) keep such Vogtle Units 3&4 Project Entity's undivided ownership interest as a tenant in common in Vogtle Units 3&4 (such undivided ownership interest, the "Vogtle Units 3&4 Project Entity's Undivided Interest") insured in accordance with normal nuclear industry practices (provided that such insurance coverage is available on commercially reasonable terms, conditions and price) in accordance with the terms and provisions described in the applicable DOE Loan Guarantee Agreement. Such Vogtle Units 3&4 Project Entity shall obtain and maintain Required Insurance (if any) and shall use commercially reasonable efforts to pursue any contractual remedies to cause other Persons required to provide Required Insurance pursuant to their respective Project Documents, including any Construction Contractor and the Operator, to obtain and maintain such Required Insurance as required pursuant to their respective Project Documents, as the case may be;

(d) construct and operate Vogtle Units 3&4, or cause Vogtle Units 3&4 to be constructed and operated, in each case in accordance with the Required Consents (including the COLs) and all Governmental Rules and other directions or instructions issued or provided by the NRC with

respect to the Vogtle Units 3&4 unless, with respect to any noncompliance with any such Required Consents, Governmental Rules and other directions or instructions, such Vogtle Units 3&4 Project Entity, the Owners' Agent or the Operator, as applicable, is diligently working to cure the noncompliance through appropriate regulatory procedures or to obtain a necessary amendment to such Required Consent;

(e) with the exception of capitalized interest on such Vogtle Units 3&4 Project Entity's FFB Promissory Notes, deposit the proceeds of all Advances into the DOE Advance Proceeds Account;

(f) maintain in full force and effect the applicable Vogtle Units 3&4 Power Purchase Agreement in accordance with its terms, comply with the provisions of and perform all of its obligations thereunder in all material respects and use best efforts to enforce all of its rights and remedies thereunder;

(g) (i) establish and maintain in accordance with the provisions of the applicable DOE Accounts Agreement a reserve for debt service in the DOE Debt Service Reserve Account, and, except as otherwise provided in clauses (ii) and (iv) below, from and after the Debt Service Reserve Funding Date, the amount on deposit in or credited to the DOE Debt Service Reserve Account shall at all times be no less than the DOE Debt Service Reserve Requirement; (ii) if after the application of amounts on deposit in such account to the payment of principal and interest on the applicable DOE Guaranteed Loan, the amount on deposit is less than the DOE Debt Service Reserve Requirement, as soon as reasonably practicable but in all cases within 180 days after any such application, such Vogtle Units 3&4 Project Entity shall deposit amounts into the DOE Debt Service Reserve Account sufficient to ensure that the amounts on deposit in or credited to the DOE Debt Service Reserve Account are no less than the DOE Debt Service Reserve Requirement; (iii) no later than ten Business Days prior to the Debt Service Reserve Funding Date, such Vogtle Units 3&4 Project Entity shall calculate the DOE Debt Service Reserve Requirement as of the Debt Service Reserve Funding Date and shall submit such calculation to DOE and the DOE Collateral Agent; and (iv) within five Business Days after each Advance Date following the Debt Service Reserve Funding Date, such Vogtle Units 3&4 Project Entity shall calculate the DOE Debt Service Reserve Requirement as of such Advance Date, submit such calculation to DOE and the DOE Collateral Agent, and within ten Business Days after such Advance Date, fund to the DOE Debt Service Reserve Account the increase in the DOE Debt Service Reserve Requirement arising from Advances made on the applicable Advance Date;

(h) establish, maintain, preserve, protect and continue the validity, perfection and first priority of the Liens of the applicable DOE Security Documents subject (i) to Permitted Liens, (ii) the provisions of the applicable Deed to Secure Debt and (iii) with respect to the perfection of the Liens on the Pledged Equity Interests of DOE and the DOE Collateral Agent (collectively, the "DOE Secured Parties"), to the extent the Uniform Commercial Code applies to such perfection;

(i) (i) execute and deliver, or cause to be executed and delivered on its behalf, other documents and instruments as shall be necessary or advisable or that DOE or the DOE Collateral Agent may reasonably request in connection with the rights and remedies of DOE and the DOE Collateral Agent as granted or provided for by the Federal Loan Documents, and to consummate the transactions contemplated therein;

(ii) take all actions that have been or shall be reasonably requested by DOE or the DOE Collateral Agent or that such Vogtle Units 3&4 Project Entity knows are necessary to establish, maintain, preserve, protect, perfect, as applicable, or continue the validity, priority or perfection of the first priority Liens of the DOE Secured Parties created by the applicable DOE Security Documents (subject to Permitted Liens, the applicable

Deed to Secure Debt, and, with respect to the perfection of the DOE Secured Parties' Liens on the Pledged Equity Interests, to the extent the Uniform Commercial Code applies to such perfection) and shall furnish to DOE timely notice of the necessity of any such action, together with such instruments, in execution form, and such other information as may be required or reasonably requested to enable any appropriate DOE Secured Party to effect any such action;

(iii) if such Vogtle Units 3&4 Project Entity shall at any time acquire any interest in any Collateral that is not covered by the applicable DOE Security Documents or the Lien created thereby, promptly notify DOE of such interest and, to the extent requested by DOE, shall promptly (A) execute, deliver and record a supplement to the applicable DOE Security Documents, satisfactory in form and substance to DOE, and (B) establish and perfect, as applicable, a first priority (subject to Permitted Liens) Lien of the DOE Collateral Agent (for the benefit of the DOE Secured Parties) in each such interest;

(iv) if such Vogtle Units 3&4 Project Entity shall at any time execute or cause to be executed any Additional Project Document, promptly notify DOE of such Additional Project Document and, to the extent requested by DOE, shall use its reasonable best efforts to promptly deliver to the DOE Secured Parties a direct agreement with respect to such Additional Project Document; *provided, however*, that if any such Additional Project Document creates, terminates, replaces or otherwise modifies any IP Interest (other than any Additional Project Document for the supply of fuel assemblies and/or related required software for Vogtle Units 3&4), such Vogtle Units 3&4 Project Entity shall promptly deliver to the DOE Secured Parties a direct agreement with respect to such Additional Project Document, except where such Vogtle Units 3&4 Project Entity's failure to own or hold all or any part of such IP Interest would not reasonably be expected to result in a material adverse effect on the ability of Vogtle Units 3&4 to be completed or operated, or to be conveyed or disposed of; *provided, further*, that if any such Additional Project Document is a replacement Vogtle Units 3&4 Power Sales Contract, such Vogtle Units 3&4 Project Entity shall promptly notify DOE of such Additional Project Document and, to the extent requested by DOE with respect to an Offtaker that is not a Participant party to a Vogtle Units 3&4 Power Sales Contract, shall use its reasonable best efforts to promptly deliver to the DOE Secured Parties a direct agreement in a form reasonably acceptable to DOE;

(v) cause MEAG Power to take any actions, if any, that are or become necessary to ensure compliance with clauses (i) and (ii) of this paragraph with respect to the Shared Trust Estate; and

(vi) after the date of Commercial Operation with respect to each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, (i) provide DOE with a copy of all descriptions provided to the Owners pursuant to the Ownership Agreement of the Additional Unit Property(ies) (as defined in the Ownership Agreement) setting forth in reasonable detail the facilities, equipment and other property and rights then constituting such applicable Additional Unit Property and (ii) if requested by DOE, enter into any amendment to the applicable DOE Security Documents, including the applicable Deed to Secure Debt, to revise the description of the Collateral in accordance with the updated description;

(j) take all commercially reasonable actions necessary to maintain and protect the IP Interest granted to it under the IP Agreements and, if such Vogtle Units 3&4 Project Entity obtains knowledge of any breach or violation of any of the terms or conditions of the IP Agreements by a third Person, and such breach or violation is reasonably likely to prevent such Vogtle Units 3&4 Project Entity, the Owners' Agent or the Operator from exercising the IP Interest granted to any of

them under the IP Agreements, or that would otherwise materially conflict with or adversely affect the IP Interest granted to any of them under the IP Agreements, then such Vogtle Units 3&4 Project Entity shall promptly take, or request the Owners' Agent or the Operator to take, such commercially reasonable actions under the IP Agreements to protect the rights granted to such Vogtle Units 3&4 Project Entity, the Owners' Agent or the Operator;

(k) provide 45 days' prior notice to DOE in advance of exercising the Owners' Agent or the Owners' right under the EPC Contract to suspend all work under the EPC Contract for the Vogtle Co-Owners' convenience, *provided, however*, that only concurrent notice of any such action to suspend all work under the EPC Contract shall be required where such action is necessary due to an emergency or otherwise is necessary in order to comply with requirements of the NRC or any other Governmental Authority;

(l) comply with all of the separateness and other terms and conditions in its certificate of formation and such Vogtle Units 3&4 Project Entity's LLC Agreement;

(m) fund the Decommissioning Trust in accordance with the Governmental Rules of the NRC and the Ownership Agreement;

(n) no later than five Business Days after each Quarterly Payment Date, (i) calculate the Advance Proceeds Holdback as of such Quarterly Payment Date; (ii) submit such calculation to DOE and the DOE Collateral Agent; and (iii) deposit to the DOE Advance Proceeds Account any amounts necessary to cause the funds deposited in or credited to the DOE Advance Proceeds Account, after giving effect to any deposit made pursuant to this paragraph, to equal the Advance Proceeds Holdback calculated pursuant to clause (i); and

(o) not later than 90 days after the Last Day for an Advance, provide to the Lender's Engineer a calculation of the mandatory prepayment amount due pursuant to the applicable DOE Loan Guarantee Agreement and any supporting documentation reasonably requested by the Lender's Engineer or DOE for such calculation and the calculation of Eligible Project Costs Paid as of the Last Day for an Advance.

Negative Covenants Under DOE Loan Guarantee Agreements

Until the Debt Termination Date, each Vogtle Units 3&4 Project Entity covenants, among other things:

(a) not to incur, create, guarantee, assume, permit to exist or otherwise become liable for any Indebtedness other than Indebtedness incurred under the Federal Loan Documents and Indebtedness arising in the ordinary course of business, to the extent such amounts and expenses are no more than 90 days past the due date therefor;

(b) not to prepay, redeem or repurchase any Indebtedness for Borrowed Money (other than the applicable DOE Guaranteed Loan), or permit the prepayment, redemption or repurchase of any applicable Vogtle Units 3&4 Bonds, except for mandatory prepayments required under the applicable DOE Loan Guarantee Agreement;

(c) not to agree to, create, assume or otherwise permit to exist any Liens on such Vogtle Units 3&4 Project Entity's Undivided Interest;

(d) not to enter into any leases, other than for certain items including office space and licenses for Intellectual Property Rights, in each case in an amount not to exceed the amount

budgeted therefor and as required in connection with the construction or operation of Vogtle Units 3&4;

(e) not to make or permit to remain outstanding any loans, extensions of credit or advances by such Vogtle Units 3&4 Project Entity to any Person, except for Permitted Investments or as expressly provided in the Federal Loan Documents as in effect on the Guarantee Issuance Date;

(f) not to (i) form any subsidiaries; (ii) enter into any partnerships or joint ventures other than pursuant to the Owner Documents; (iii) acquire any equity interest in or make any capital contribution to any person except as provided for in the Owner Documents; (iv) enter into any partnership, profit-sharing or royalty agreement whereby such Vogtle Units 3&4 Project Entity's income or profits might be shared with any other person, or (v) enter into any management contract whereby its business or operations are managed by any person other than MEAG Power or as provided for in the Owner Documents;

(g) not to (i) engage in any other business or undertake any action that could reasonably be expected to materially alter the nature of its business or nature or scope of Vogtle Units 3&4; (ii) change its name or take any other action that might adversely affect the Liens created by the applicable DOE Security Documents; or (iii) fail to maintain its limited liability company existence and its right to carry on its business;

(h) not to (i) enter into any transaction of merger or consolidation, or convey, sell, lease or otherwise transfer any of such Vogtle Units 3&4 Project Entity's Undivided Interest or other material portion of its property or assets, except (A) as permitted under certain of the Federal Loan Documents; (B) sales or transfers of Vogtle Units 3&4 assets effectuated by the Owners' Agent without obtaining such Vogtle Units 3&4 Project Entity's consent pursuant to the Owner Documents; or (C) sales of equipment or other assets that are obsolete, no longer used or useful in the operation of Vogtle Units 3&4; (ii) wind up, liquidate or dissolve itself, commence an Insolvency Proceeding; (iii) acquire all or a substantial part of the business, property or assets of any other person (other than certain purchases in the ordinary course of business, in accordance with the applicable budget); or (iv) transfer or release, other than as permitted under the Federal Loan Documents, the Collateral;

(i) not to amend or modify the Governing Documents, other Organizational Documents, legal form, fiscal year or capital structure;

(j) not to reduce its capital or declare or make or authorize any dividend or other payment or distribution of cash or property to its equity owners on account of any Equity Interests, other than (i) payments required to be made under the applicable Vogtle Units 3&4 Power Purchase Agreement; (ii) any reimbursement of Sponsor Reimbursable Amounts from funds on deposit in the DOE Construction Account; (iii) any Permitted Reimbursement from amounts in the Project Accounts; and (iv) any other transfers expressly contemplated by the applicable DOE Accounts Agreement;

(k) not to redeem, retire, purchase or otherwise acquire, directly or indirectly, any of its Equity Interests now or hereafter outstanding (or any options or warrants issued by such Vogtle Units 3&4 Project Entity with respect to its Equity Interests) or set aside any funds for any of the foregoing or issue any Equity Interests to any other person (except for the issuance of Equity Interests to MEAG Power and subject to the Equity Pledge Agreement);

(l) not to, directly or indirectly, enter into any transaction or series of related transactions with any Affiliate, other than (i) on an arm's-length basis, (ii) at-cost services provided or received from Affiliates in accordance with FERC requirements or (iii) the Federal Loan Documents;

(m) not to establish or maintain any bank accounts other than the Project Accounts and one Local Account, and shall not allow payments under the Vogtle Units 3&4 Power Sales Contracts (and, in the case of Project J, the Project J PPA or in the case of Project P, the Project P PPA) to be deposited into any account other than in accordance with the applicable Vogtle Units 3&4 Bond Resolution;

(n) not to pay (i) any compensation to MEAG Power or any Affiliate of MEAG Power for furnishing guarantees, counter-guarantees or similar credit support for any obligations undertaken in connection with Vogtle Units 3&4; or (ii) any bonus, "up-side," mark-up, development fee, success fee, profit payment or other similar form of compensation to MEAG Power or any Affiliate of MEAG Power with respect to or in connection with Vogtle Units 3&4;

(o) not to directly or indirectly agree to (i) any amendment, modification, termination, replacement, supplement, consent or waiver, (ii) waive any right to consent to any amendment, modification, termination, replacement, supplement or waiver of any right with respect to, or (iii) assign any of the respective duties or obligations (or exercise its voting rights under the Owner Documents in a manner inconsistent with the foregoing), in each case, under

(A) the applicable Vogtle Units 3&4 Power Purchase Agreement, any applicable Vogtle Units 3&4 Power Sales Contracts, the Project J PPA, in the case of Project J and the Project P PPA, in the case of Project P (collectively, the "Power Purchase Agreements"); *provided that* such Vogtle Units 3&4 Project Entity may (x) agree to an amendment, modification, replacement, supplement, consent or waiver that does not have (1) a material adverse effect on Vogtle Units 3&4, such Vogtle Units 3&4 Project Entity's Undivided Interest, or the rights or obligations of such Vogtle Units 3&4 Project Entity or any Offtaker or (2) an adverse effect on any rights of the DOE Secured Parties with respect to remedies or enforcement, in each case, if such Vogtle Units 3&4 Project Entity has given DOE prior notice of such amendment, modification, replacement, supplement, consent or waiver, and DOE has approved or has not given such Vogtle Units 3&4 Project Entity notice of its objection to such proposed amendment, modification, replacement, supplement, consent or waiver within 60 days of receipt of such notice, (y) agree to an assignment from one Participant to another Participant in the ordinary course of business that does not release the assignor Participant from its obligations thereunder or (z) agree to extend the term of any Power Purchase Agreement with a Participant so long as such Participant is not in default thereunder;

(B) the Software License;

(C) the Shaw Guarantee;

(D) the Toshiba Guarantee;

(E) certain provisions of the Owner Documents, the Nuclear Operating Agreement and the Letter Agreement for Construction Services; or

(F) the Governing Documents, except as permitted under the applicable DOE Loan Guarantee Agreement;

(p) not to enter into or become a party to any agreement, contract or loan commitment outside the ordinary course of business other than (i) the Federal Loan Documents, or (ii) agreements, contracts or loan commitments contemplated or permitted by the Federal Loan Documents;

(q) not to enter into any Hedging Agreement or any other agreement or instrument relating to the hedging of pricing for power sales, foreign currency trading or speculative transactions;

(r) not to agree or otherwise consent to settle or compromise, or consent to any settlement or compromise with respect to (i) any single litigation, arbitration or other dispute, including with regard to the Project Documents (other than the EPC Contract or the Power Purchase Agreements) in excess of \$25 million, without the prior written consent of DOE or except as approved and permitted under the Owner Documents; provided that for any settlement or compromise in excess of \$25 million approved and permitted under the Owner Documents, MEAG Power, prior to such settlement or compromise, certifies to DOE that any and all costs and expenses associated with such settlement or compromise (A) are included in MEAG Power's payment obligations under the applicable Vogtle Units 3&4 Power Purchase Agreement and included in the payment obligations of the Offtaker(s) under the Vogtle Units 3&4 Power Sales Contracts (and, in the case of Project J, the Project J PPA or in the case of Project P, the Project P PPA), (B) will be timely paid using the proceeds of applicable Vogtle Units 3&4 Bonds, or (C) will be timely paid using funds in the applicable Project Account or account or fund under the applicable Vogtle Units 3&4 Bond Resolution available for such purpose pursuant to the applicable DOE Accounts Agreement or such applicable Vogtle Units 3&4 Bond Resolution; or (ii) any material dispute under any Power Purchase Agreement, without the prior written consent of DOE;

(s) not to, nor shall such Vogtle Units 3&4 Project Entity exercise its voting rights under the Owner Documents in support of any proposal to, abandon or permanently cease to pursue the construction or operation of Vogtle Units 3&4;

(t) not to assign or otherwise transfer its rights under any of the Federal Loan Documents or its Governmental Approvals to any person, other than the assignment of the Project Documents and Governmental Approvals to the DOE Collateral Agent as security for the benefit of the DOE Secured Parties;

(u) not to take, nor permit MEAG Power to take, any action that could result in such Vogtle Units 3&4 Project Entity being subject to (i) regulation by FERC as a "public utility" under the Federal Power Act; (ii) regulation by FERC under the Public Utility Holding Company Act; or (iii) regulation by the GPSC as a "public utility," an "electric utility," a "holding company," or similar term, under the laws of the State of Georgia;

(v) not to vote or agree to replace or remove the Operator or the Owners' Agent under the Owner Documents, other than upon receipt of any necessary approvals from the NRC; and

(w) not to construct, or permit to be constructed, any nuclear reactor for Vogtle Units 3&4 other than Westinghouse AP1000 standard nuclear reactor plant design as described in each COL, including any amendments to the COLs or exemptions issued by NRC approving modifications to such certified standard design.

Events of Default

General

Under each DOE Loan Guarantee Agreement, occurrence of any of the following events constitute an Event of Default thereunder:

(a) failure of such Vogtle Units 3&4 Project Entity to pay, in accordance with the terms of the applicable FFB Credit Facility Documents, such DOE Loan Guarantee Agreement or any other applicable Federal Loan Document (whether at scheduled maturity, as a mandatory prepayment, by acceleration or otherwise), (i) any principal of or interest on the applicable DOE Guaranteed Loan on or before the date such amount is due; (ii) any DOE Maintenance Fee or other scheduled fee, charge or other amount under any applicable Federal Loan Document on or before the date such amount is due; or (iii) any unscheduled fee, charge or other amount due under any applicable Federal Loan Document on the date any DOE Secured Party gives such Vogtle Units 3&4 Project Entity notice of failure to pay such amount, *provided*, that in each case such failure to pay shall continue for a period of three Business Days (except that no grace period shall apply with respect to any failure to pay any amounts due on the Maturity Date). Payment of any principal or interest on the applicable DOE Guaranteed Loan by application of amounts on deposit in the applicable DOE Debt Service Reserve Account shall not constitute an Event of Default;

(b) if any representation or warranty or statement made or deemed to be made by such Vogtle Units 3&4 Project Entity or MEAG Power in any Federal Loan Document shall be found to have been incorrect, false or misleading, including any intentional misrepresentation by MEAG Power in connection with representations, warranties or statements made in any Federal Loan Document, in any material respect when made or deemed to have been made, unless such incorrect, false or misleading representation, warranty or statement is capable of being remedied, and such incorrect, false or misleading representation, warranty or statement is remedied within 90 days following the earlier of (i) the date that such Vogtle Units 3&4 Project Entity obtained knowledge of such incorrect, false or misleading representation or warranty or (ii) the date of notice thereof from DOE to such Vogtle Units 3&4 Project Entity;

(c) if such Vogtle Units 3&4 Project Entity or MEAG Power shall fail to perform or observe any of its obligations under (i) any negative covenant set forth in such DOE Loan Guarantee Agreement, other than certain negative covenants subject to cure periods, to the extent such failure could reasonably be expected to have a Material Adverse Effect; (ii) any term, covenant or agreement with respect to the calculation and funding of the Debt Service Reserve in accordance with the terms of such DOE Loan Guarantee Agreement; (iii) certain terms, covenants or agreements under the applicable DOE Equity Funding Agreement, including (A) amending, modifying, replacing, supplementing or waiving the Vogtle Units 3&4 Power Sales Contracts (and, in the case of Project J, the Project J PPA or in the case of Project P, the Project P PPA), (B) creating, incurring or suffering to exist any lien upon any of MEAG Power's right, title or interest in, to and under the Vogtle Units 3&4 Power Sales Contracts (and, in the case of Project J, the Project J PPA or in the case of Project P, the Project P PPA), except Permitted Liens, or (C) in the event Commercial Operation of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 is delayed, billing the Offtaker the principal component of Debt Service of the applicable DOE Guaranteed Loan related to such unit three months prior to the date on which the first quarterly principal installment on such DOE Guaranteed Loan is due;

(d) if such Vogtle Units 3&4 Project Entity or MEAG Power shall fail to perform or observe any term, covenant or agreement contained in any Federal Loan Document (other than the applicable Vogtle Units 3&4 Bond Resolution) to which it is a party (other than the covenants relating to Events of Default for non-payment, misstatements or omissions, non-compliance with

Environmental Laws or Governmental Approvals and obligations under the applicable DOE Equity Funding Agreement and the applicable Vogtle Units 3&4 Bond Resolution, but including any covenants otherwise addressed in the immediately preceding paragraph but where no Event of Default would arise because the facts or circumstances leading to the breach of such covenant could not reasonably be expected to have a Material Adverse Effect), where, if such default is remediable, such default has not been remedied within 90 days following the earlier of (i) the date of notice thereof from DOE to such Vogtle Units 3&4 Project Entity or (ii) the date on which such Vogtle Units 3&4 Project Entity obtains knowledge of such breach; *provided*, that such cure period may be extended for an additional 90 days if such default is remediable within such additional period, such Vogtle Units 3&4 Project Entity or MEAG Power, as applicable, is diligently pursuing such cure and such default could not reasonably be expected to result in a Material Adverse Effect during such additional period;

(e) failure by such Vogtle Units 3&4 Project Entity, the Owners' Agent, the Operator or such Vogtle Units 3&4 Project Entity's Undivided Interest to comply in all material respects with any Environmental Law, Governmental Approvals or safety regulations applicable to Vogtle Units 3&4, including compliance in all material respects with all conditions and requirements required in connection with the Environmental Impact Statement, if such failure continues for 90 days, in each case following the earlier of (i) the date of notice thereof from DOE to such Vogtle Units 3&4 Project Entity or (ii) the date on which such Vogtle Units 3&4 Project Entity obtains knowledge of such failure (unless such default cannot reasonably be cured within such time period and such Vogtle Units 3&4 Project Entity, the Owners' Agent or the Operator is diligently working to cure such default according to an applicable Remediation Plan or, in the case of any non-compliance with NRC-issued Governmental Approvals and other NRC directions and instructions, such Vogtle Units 3&4 Project Entity (A) is diligently working to cure such noncompliance through appropriate NRC regulatory procedures, which cure may include obtaining a necessary amendment to such NRC-issued Governmental Approval and (B) reasonably believes such non-compliance will be cured through such diligent efforts); provided that no such failure shall be considered to have occurred for purposes of this paragraph for so long as such Vogtle Units 3&4 Project Entity, the Owners' Agent or the Operator, as applicable, is contesting in good faith by appropriate legal proceedings each assertion by a Governmental Authority that such Vogtle Units 3&4 Project Entity, the Owners' Agent, the Operator or such Vogtle Units 3&4 Project Entity's Undivided Interest is not in compliance with such Environmental Law, Governmental Approvals or safety regulations;

(f) (i) failure of an Offtaker to pay amounts within 90 days of such amounts becoming due under any Vogtle Units 3&4 Power Sales Contract (and, in the case of Project J, the Project J PPA or in the case of Project P, the Project P PPA) and such Vogtle Units 3&4 Project Entity shall fail to provide DOE with a Sponsor PPA Cure Plan within 120 days after the date such amounts become due under any Vogtle Units 3&4 Power Sales Contract (and, in the case of Project J, the Project J PPA or in the case of Project P, the Project P PPA). For purposes of this paragraph, a "Sponsor PPA Cure Plan" means a written plan prepared by or on behalf of such Vogtle Units 3&4 Project Entity and MEAG Power that describes the actions that MEAG Power intends to take to ensure that payments equivalent to the Required Payments will be paid at the times and in the amounts required under the applicable documents, which shall be accompanied by a certification from such Vogtle Units 3&4 Project Entity and MEAG Power certifying to DOE that such written plan: (A) was prepared in good faith; (B) was prepared based on assumptions believed by such Vogtle Units 3&4 Project Entity and MEAG Power to be reasonable at the time prepared; (C) has, in the good faith reasonable opinion of such Vogtle Units 3&4 Project Entity and MEAG Power, a substantial likelihood of ensuring that adequate amounts will be available to timely cover when due all Required Payments, including Operating Costs and debt service; and (D) shall not adversely impact the ability of such Vogtle Units 3&4 Project Entity to perform its obligations under the Owner Documents during the term thereof;

(ii) failure of MEAG Power to pay any amount due under the applicable Vogtle Units 3&4 Power Purchase Agreement and such failure continues for five Business Days; *provided, however*, that if such failure to pay is the result of an Offtaker payment default under any Sponsor PPA, such failure to pay may be cured within 90 days;

(iii) any of the Power Purchase Agreements or any material provision thereof at any time for any reason (A) is or becomes invalid, illegal, void or unenforceable as against such Vogtle Units 3&4 Project Entity, MEAG Power or any Material Offtaker or Offtaker Group, (B) ceases to be in full force and effect, or shall otherwise be prematurely terminated, or (C) shall be assigned, other than Liens for the benefit of the DOE Secured Parties or Liens of the applicable Bond Resolution Trustee under the applicable Vogtle Units 3&4 Bond Resolution with respect to the Shared Trust Estate, or otherwise transferred by such Vogtle Units 3&4 Project Entity or MEAG Power;

(iv) such Vogtle Units 3&4 Project Entity or MEAG Power shall have repudiated or disavowed or taken any action to challenge the validity or enforceability of any Power Purchase Agreement or any material provision thereof; and

(v) any Material Offtaker or Offtaker Group shall have repudiated or disavowed or taken any action to challenge the validity or enforceability of any Power Purchase Agreement or any material provision thereof and MEAG Power shall fail to contest such action in good faith by appropriate legal proceedings within 45 days;

(g) (i) such Vogtle Units 3&4 Project Entity shall, or shall agree to, convey, release, sell, lease or otherwise transfer any material portion of the Collateral except in accordance with the applicable Deed to Secure Debt, or (ii) such Vogtle Units 3&4 Project Entity's Undivided Interest shall be reduced below its percentage interest as of the Guarantee Issuance Date;

(h) (i) MEAG Power fails to make an Equity Contribution when due under the applicable DOE Equity Funding Agreement and such failure continues for five Business Days; (ii) such Vogtle Units 3&4 Project Entity, MEAG Power or the applicable Vogtle Units 3&4 Bond Resolution Trustee shall fail to comply with the terms of any provision of such Vogtle Units 3&4 Bond Resolution related to the Shared Trust Estate, cash flows or the application of funds or any other material provision of such Vogtle Units 3&4 Bond Resolution that is otherwise for the benefit of DOE or the DOE Collateral Agent, where such failure has not been remedied within 30 days after MEAG Power or such Vogtle Units 3&4 Project Entity becomes aware or should have become aware of such failure; (iii) any default under the applicable Vogtle Units 3&4 Bonds or such Vogtle Units 3&4 Bond Resolution occurs and the effect of such default is to accelerate or to permit the acceleration of the maturity of such Vogtle Units 3&4 Bonds; *provided* all applicable notices have been provided and all applicable cure periods have expired, in each case, pursuant to such Vogtle Units 3&4 Bond Resolution; or (iv) such Vogtle Units 3&4 Bond Resolution or any material provision thereof at any time for any reason (A) is or becomes invalid, illegal, void or unenforceable, (B) has been repudiated or disavowed by such Vogtle Units 3&4 Project Entity, MEAG Power or the applicable Bond Resolution Trustee or any such person has taken any action to challenge the validity or enforceability of such Vogtle Units 3&4 Bond Resolution or such provision or (C) ceases to be in full force and effect, or terminates prior to the date on which (x) MEAG Power shall have paid or caused to be paid, or there shall otherwise have been paid, to the holders of all applicable Vogtle Units 3&4 Bonds the principal or redemption price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in such Vogtle Units 3&4 Bond Resolution, except as may otherwise be permitted thereby and (y)(I) MEAG Power shall have paid or caused to have been paid, or there shall otherwise have been paid, to the DOE Collateral Agent the principal of, and interest and prepayment premiums, if any, due or to become due on, and all other amounts due with respect to, the applicable DOE Guaranteed

Loan, and (II) such Vogtle Units 3&4 Project Entity shall have satisfied all of its obligations under such DOE Loan Guarantee Agreement (and no undisbursed commitments shall remain available thereunder);

(i) (i) any of the Federal Loan Documents, other than (A) the DOE Guarantee or (B) any applicable Direct Agreement other than any Direct Agreement related to a Power Purchase Agreement and the Owners Direct Agreement, or any material provision thereof at any time for any reason: (x) is or becomes invalid, illegal, void or unenforceable as against such Vogtle Units 3&4 Project Entity or MEAG Power, (y) ceases to be in full force and effect, or terminates prior to the expiration of the stated term thereof except as may otherwise be permitted thereby, or (z) shall be assigned or otherwise transferred by such Vogtle Units 3&4 Project Entity or MEAG Power; or (ii) such Vogtle Units 3&4 Project Entity or MEAG Power shall have repudiated or disavowed or taken any action to challenge the validity or enforceability of any of the Federal Loan Documents;

(j) (i) any of the applicable DOE Security Documents shall fail in any material respect to provide the Liens, rights, titles, interests, remedies, powers or privileges intended to be created thereby (including the priority intended to be created thereby); (ii) any such DOE Security Document or Lien created pursuant to such DOE Security Documents shall cease to be in full force and effect or shall cease to give the DOE Collateral Agent or DOE (or, in the case of the applicable Vogtle Units 3&4 Bond Resolution, the applicable Bond Resolution Trustee, for the benefit of the DOE Secured Parties) in any material respect the Liens, rights, powers and privileges purported to be created thereby; or (iii) the validity or the applicability of such DOE Security Documents or the Liens created pursuant to such DOE Security Documents to the Advances, the applicable DOE Secured Obligations or any other obligations purported to be secured or guaranteed thereby or any part thereof, shall be disaffirmed by or on behalf of such Vogtle Units 3&4 Project Entity or MEAG Power, as applicable;

(k) (i) a Change of Control occurs with respect to such Vogtle Units 3&4 Project Entity; or (ii) any Participant that is an Offtaker is no longer a political subdivision of the State of Georgia other than in cases in which such Participant consolidates or amalgamates with another political subdivision of the State of Georgia as long as the consolidated entity assumes the obligations of such Participant under the Power Purchase Agreement to which it is a party;

(l) such Vogtle Units 3&4 Project Entity shall default in the payment of any principal, interest or other amount due under any agreement or instrument evidencing, or under which such Vogtle Units 3&4 Project Entity has outstanding at any time, any Indebtedness (other than the applicable DOE Guaranteed Loan) in an amount in excess of \$25 million for a period beyond any applicable grace period;

(m) one or more Governmental Judgments shall be entered against (i) such Vogtle Units 3&4 Project Entity and such Governmental Judgments shall not be satisfied, vacated, discharged or stayed or bonded pending appeal for any period of 90 days, and the aggregate amount of all such Governmental Judgments outstanding at any time (except to the extent any applicable insurer(s) shall have acknowledged liability therefor) exceeds \$25 million, or (ii) MEAG Power and such Governmental Judgments shall not be satisfied, vacated, discharged or stayed or bonded pending appeal for any period of 90 days and, in the case of either subclause (i) or (ii), could be reasonably expected to have a Material Adverse Effect;

(n) (i) an Insolvency Proceeding shall have been commenced against such Vogtle Units 3&4 Project Entity, MEAG Power, any Material Offtaker or one or more Insolvency Proceedings shall have been commenced against Offtakers together comprising any Offtaker Group, and such proceeding continues undismissed for 60 days and could (in the case of any Material Offtaker or any Offtaker Group) reasonably be expected to have a Material Adverse Effect; (ii) the institution

by such Vogtle Units 3&4 Project Entity, MEAG Power, any Material Offtaker or each of a number of Offtakers together comprising an Offtaker Group of any Insolvency Proceeding, or the admission by it in writing of its inability to pay its Indebtedness generally as it becomes due or its general failure to pay its Indebtedness as it becomes due, or any other event shall have occurred that under any Governmental Rule would have an effect analogous to any of those events listed above in this clause (ii) with respect to any such person; or (iii) the dissolution of such Vogtle Units 3&4 Project Entity, MEAG Power, any Material Offtaker or each of a number of Offtakers together comprising an Offtaker Group; *provided, however*, that a dissolution of a Material Offtaker (other than JEA or PowerSouth, as applicable) or each of a number of Offtakers together comprising an Offtaker Group in connection with its consolidation with another political subdivision in the State of Georgia shall not constitute an Event of Default so long as the consolidated entity assumes such Material Offtaker or Offtaker Group's obligations of such Material Offtaker or Offtaker Group, as the case may be, under each Power Purchase Agreement to which it is a party;

(o) either COL shall be revoked, terminated, or determined to be invalid or shall cease to be in full force and effect (following the exhaustion of all regulatory and judicial rights of appeal by the Operator, the Owners' Agent and such Vogtle Units 3&4 Project Entity), or any Required Consent (other than the COLs) necessary for the construction, completion or operation of Vogtle Units 3&4 shall be revoked, terminated, or determined to be invalid or shall cease to be in full force and effect, for a period of 90 days following the exhaustion of all regulatory and judicial rights of appeal by the Operator, the Owners' Agent and such Vogtle Units 3&4 Project Entity;

(p) all or substantially all of the Improvements are destroyed or become permanently inoperative as a result of a material Event of Loss and, subject to the Owner Documents, such Vogtle Units 3&4 Project Entity or its representative fails to work diligently to repair or restore the Improvements following such Event of Loss;

(q) (i) such Vogtle Units 3&4 Project Entity shall fail to apply the proceeds of the Advances exclusively to Eligible Project Costs, if such failure is not cured within 90 days following the earlier of (A) the date of notice of such failure from DOE to such Vogtle Units 3&4 Project Entity or (B) the date on which such Vogtle Units 3&4 Project Entity obtains knowledge of such failure; or (ii) such Vogtle Units 3&4 Project Entity fails to fund its share of operation and maintenance expenses as and when required in accordance with the Owner Documents, subject, however, to such Vogtle Units 3&4 Project Entity's rights to dispute such expenses in accordance with the Owner Documents, and such failure continues for 30 days;

(r) with respect to a Pension Plan or Multiemployer Plan, there occurs one or more ERISA Events or any similar event that individually or in the aggregate results in or is reasonably likely to result in a Material Adverse Effect;

(s) failure of such Vogtle Units 3&4 Project Entity to comply with the Debarment Regulations unless such breach is capable of being cured and such breach is cured, in each case, within 90 days following the earlier of (i) the date of notice thereof from DOE to such Vogtle Units 3&4 Project Entity or (ii) the date on which such Vogtle Units 3&4 Project Entity obtains knowledge of such breach;

(t) (i) such Vogtle Units 3&4 Project Entity, the Owners' Agent (with respect to Vogtle Units 3&4), the Operator (with respect to Vogtle Units 3&4), or such Vogtle Units 3&4 Project Entity's Undivided Interest shall fail to comply with the provisions of Title XVII and such failure continues unremedied for any period of at least 30 days or, in the case of a failure to comply with Section 1702(k) of Title XVII, such failure continues unremedied for 90 days, in each case following the earlier of (A) the date of notice thereof from DOE to such Vogtle Units 3&4 Project Entity or (B) the date on which such Vogtle Units 3&4 Project Entity obtains knowledge of such

failure; (ii) such Vogtle Units 3&4 Project Entity, the Owners' Agent (with respect to Vogtle Units 3&4), the Operator (with respect to Vogtle Units 3&4) or such Vogtle Units 3&4 Project Entity's Undivided Interest shall fail to comply with the provisions of the Applicable Regulations and such failure continues unremedied for 90 days, in each case following the earlier of (A) the date of notice thereof from DOE to such Vogtle Units 3&4 Project Entity or (B) the date on which such Vogtle Units 3&4 Project Entity obtains knowledge of such failure; or (iii) such Vogtle Units 3&4 Project Entity, the Owners' Agent (with respect to Vogtle Units 3&4), the Operator (with respect to Vogtle Units 3&4) or such Vogtle Units 3&4 Project Entity's Undivided Interest shall fail to comply in all material respects with all other Governmental Rules and Program Requirements (other than the provisions of Title XVII and the Applicable Regulations), and such failure continues unremedied for at least 90 days (unless such failure cannot reasonably be cured within such period and such Vogtle Units 3&4 Project Entity, the Owners' Agent or the Operator, as applicable, is diligently working to cure such failure according to an applicable Remediation Plan);

(u) such Vogtle Units 3&4 Project Entity shall to perform or observe certain of its notice obligations within five Business Days after such Vogtle Units 3&4 Project Entity obtains knowledge thereof, including with respect to an Event of Default and certain non-routine NRC communications, and such breach has not been cured within three Business Days following the date of such breach;

(v) the applicable Vogtle Units 3&4 Bond Resolution is directly or indirectly amended, modified, terminated, replaced, or supplemented, or a consent or waiver with respect to any provision of such Vogtle Units 3&4 Bond Resolution is granted; except that such Vogtle Units 3&4 Bond Resolution may be (i) amended, modified, replaced, or supplemented, or a consent or waiver with respect to any provision of such Vogtle Units 3&4 Bond Resolution granted, in accordance with the applicable DOE Equity Funding Agreement, if the amendment, modification, replacement, supplement, consent or waiver does not have an adverse effect on, or diminish the rights of, the DOE Secured Parties or the applicable Bond Resolution Trustee with respect to remedies or enforcement; (ii) supplemented if the supplement to such Vogtle Units 3&4 Bond Resolution is adopted solely for the purpose of authorizing the issuance of applicable Vogtle Units 3&4 Bonds of one or more series; (iii) amended, modified, replaced, or supplemented, or a consent or waiver with respect to any provision of such Vogtle Units 3&4 Bond Resolution granted, if the amendment, modification, replacement, supplement, consent or waiver is adopted in connection with the issuance of such Vogtle Units 3&4 Bonds and such amendment, modification, replacement, supplement, consent or waiver (x) relates only to mechanical or structural issues that are required to be addressed in order to allow such Vogtle Units 3&4 Bonds to be issued on their proposed terms and the timing for such issuance does not allow for the notice and review period contemplated under the applicable DOE Equity Funding Agreement and (y) will not adversely affect the application and flow of funds under such Vogtle Units 3&4 Bond Resolution, the Shared Trust Estate, DOE's, the DOE Collateral Agent's or the applicable Bond Resolution Trustee's rights or any provisions included for their benefit, or any other voting rights or decision-making matters or provisions related to remedies or enforcement provided for in such Vogtle Units 3&4 Bond Resolution; and (iv) amended, modified, replaced or supplemented, consented to or waived solely to correct minor or technical errors that do not change any person's rights or obligations;

(w) (i)(A) DOE receives a Project Termination Notice (as defined in the Owners Direct Agreement) and DOE does not deliver a DOE EPC Assumption Election Notice (as defined in the Owners Direct Agreement) or (B) a No Replacement EPC Event (as defined in the Owners Direct Agreement) occurs; *provided that*, in each case, such Vogtle Units 3&4 Project Entity has voted in favor of taking any of the above actions, exercised any right to take any of the above actions, caused any of the above actions to occur or otherwise taken any action to terminate or cause the termination of the EPC Contract prior to the time it is fully performed; (ii) such Vogtle Units 3&4 Project Entity

is a Non-Continuing Owner (as defined in the Owners Direct Agreement); or (iii) the EPC Contractor terminates the EPC Contract and such termination right arises, in whole or in part, from such Vogtle Units 3&4 Project Entity's failure to perform any of its material obligation thereunder or breach of any material term, condition, covenant, agreement, representation or warranty contained in the EPC Contract; or

(x) (i) after Substantial Completion of both Units (as each such term is defined in the EPC Contract), the Owners' Agent terminates the Westinghouse Fuel Assembly Agreement prior to the time it is fully performed (A) as a result of a termination of the EPC Contract under the circumstances described in clauses (i) and (ii) in the immediately preceding paragraph or (B) where such Vogtle Units 3&4 Project Entity voted in favor of the Owners' Agent terminating the Westinghouse Fuel Assembly Agreement, unless, in any such case, the Owners' Agent at the time of such termination has a contract or contracts in place for an alternate supply of fuel assemblies for not less than the next two reloads for each Unit, and has the right to use the BEACON Software or another core monitoring system that complies with the COLs with such alternate supply of fuel assemblies; or (ii) the Owners' Agent shall fail at any time (A) to ensure that a contractual obligation for the supply of not less than two additional reloads of fuel assemblies and related fuel fabrication services for each Unit is in place or (B) to have the right to use the BEACON Software or another core monitoring system that complies with the COLs with such reloads; *provided*, that no Event of Default shall be deemed to have occurred under clauses (i) and (ii) of this paragraph unless the Owners' Agent shall have failed to remedy any such non-compliance by the date that is nine months in advance of the next scheduled delivery date for the last fuel assembly for the next reload for the Unit in question available under the then-effective Fuel Supply Agreement, *provided further, that* (1) the Owners' Agent is diligently working to remedy such non-compliance pursuant to a plan of remediation with a timetable for curing such non-compliance that has been provided to DOE at the time of such non-compliance, (2) such Vogtle Units 3&4 Project Entity reasonably believes such non-compliance will be remedied through such diligent efforts, and (3) such non-compliance would not reasonably be expected to have a Material Adverse Effect or a material adverse effect on the ability of Vogtle Units 3&4 to be operated.

Upon the occurrence of an Event of Default referred to in paragraph (n) with respect to such Vogtle Units 3&4 Project Entity or paragraph (h)(iv) if the applicable Vogtle Units 3&4 Bonds are accelerated, (a) the FFB Credit Facility Commitment shall automatically be terminated, and (b) the applicable DOE Guaranteed Loan and the applicable DOE Secured Obligations, together with interest accrued thereon and all other amounts due in respect of such DOE Guaranteed Loan and such DOE Secured Obligations, shall immediately mature and become due and payable, without any other presentment, demand, diligence, protest, notice of acceleration, or other notice of any kind, all of which such Vogtle Units 3&4 Project Entity expressly waives to the extent not prohibited by Governmental Rule; provided that DOE may rescind such acceleration if the acceleration of the maturity of such applicable Vogtle Units 3&4 Bonds referred to in paragraph (h) is rescinded.

***Additional Provisions Relating to Events of Default
Under Project J Loan Guarantee Agreement***

Under the Project J DOE Loan Guarantee Agreement, the failure of MEAG Power to establish, or cause to be established, the "Initial Power Purchaser Arrearages Fund" (as defined in the Project J Bond Resolution) (or either of the "Initial Power Purchaser Arrearages Payment Account" and the "Initial Power Purchaser Resale Revenue Account" thereunder) or the "Additional Units PPA Project Participant Arrearages Fund" (as defined in the Project J Bond Resolution) within five days of the "Initial Power Purchaser Arrearages Fund Establishment Date" (as defined in the Project J Bond Resolution) also constitutes an Event of Default.

Any Event of Default that occurs as a result of a JEA failure to make a payment due under the Project J PPA shall be deemed to have been cured if MEAG Power causes to be paid all amounts that were to be paid from amounts due and unpaid by JEA under the Project J PPA, and, if delivery of power to JEA under the Project J PPA has been permanently discontinued, MEAG Power enters into a replacement Project J PPA complying with the terms of the Project J DOE Loan Guarantee Agreement.

***Additional Provisions Relating to Events of Default
Under Project P Loan Guarantee Agreement***

Under the Project P DOE Loan Guarantee Agreement, occurrence of either of the following events also constitute an Event of Default:

(a) any PowerSouth certification in respect of its MFI Ratio shall be found to have been incorrect, false or misleading in any material respect when made; *provided that* the Project P Entity may cure such Event of Default by prepaying the amount of all Advances made in reliance on such certification within 90 days; and

(b) MEAG Power fails to establish, or cause to be established, the “Initial Power Purchaser Arrearages Fund” (as defined in the Project P Bond Resolution) (or either of the “Initial Power Purchaser Arrearages Payment Account” and the “Initial Power Purchaser Resale Revenue Account” thereunder) or the “Additional Units PPA Project Participant Arrearages Fund” (as defined in the Project P Bond Resolution) within five days of the “Initial Power Purchaser Arrearages Fund Establishment Date” (as defined in the Project P Bond Resolution).

Any Event of Default that occurs as a result of a PowerSouth failure to make a payment due under the Project P PPA shall be deemed to have been cured if MEAG Power causes to be paid all amounts that were to be paid from amounts due and unpaid by PowerSouth under the Project P PPA, and, if delivery of power to PowerSouth under the Project P PPA has been permanently discontinued, MEAG Power enters into a replacement Project P PPA complying with the terms of the Project P DOE Loan Guarantee Agreement.

Rights and Remedies of DOE

Upon the occurrence and during the continuance of an Event of Default, DOE may, in its discretion, without further notice of default, presentment or demand for payment, protest or notice of non-payment or dishonor, or other notices or demands of any kind, all such notices and demands being waived by the applicable Vogtle Units 3&4 Project Entity (to the extent not prohibited by Governmental Rules), 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 following:

(a) (i) refuse, and DOE and FFB shall not be obligated, to make or guarantee any further Advances, and the DOE Collateral Agent shall not be obligated to make any payments from any Project Account, the Local Account or any Account Proceeds or other funds held by the DOE Collateral Agent by or on behalf of such Vogtle Units 3&4 Project Entity, and (ii) suspend or terminate the FFB Credit Facility Commitment;

(b) take those actions necessary to perfect and maintain the Liens of the applicable DOE Security Documents;

(c) declare and make all sums of outstanding principal and accrued but unpaid interest under the FFB Credit Facility Documents and the other Federal Loan Documents together with all unpaid fees, Periodic Expenses and other amounts due any Federal Loan Document, payable on

demand or immediately due and payable, whereupon such amounts shall immediately mature and become due and payable;

(d) enter into possession of the Collateral (or any portion thereof) and (i) perform any and all work and labor necessary to complete such Vogtle Units 3&4 Project Entity's Undivided Interest (or any portion thereof), (ii) or to operate and maintain such Vogtle Units 3&4 Project Entity's Undivided Interest (or any portion thereof), or otherwise (iii) foreclose upon or take possession of any Collateral, in each case in accordance with the applicable DOE Security Documents and the applicable Direct Agreements, and all sums expended by any such person in taking any such action (other than any action described in clause (i)), together with interest on such amount at the FFB Late Charge Rate, shall be repaid by such Vogtle Units 3&4 Project Entity to such person upon demand and shall be secured by such DOE Security Documents, notwithstanding that such expenditures may, together with the aggregate amount of Advances under the applicable DOE Guaranteed Loan, exceed the amount of the total FFB Credit Facility Commitment;

(e) otherwise foreclose upon or take possession and cause the sale or disposition of any Collateral in accordance with the applicable DOE Security Documents and the applicable Direct Agreements;

(f) set off and apply available amounts to the satisfaction of the applicable DOE Secured Obligations under all of the Federal Loan Documents, including (i) all monies on deposit in any Project Account or the Local Account, (ii) any Account Proceeds, (iii) any amounts paid under the applicable DOE Equity Funding Agreement including any Reserve Letters of Credit issued thereunder, or (iv) any other moneys of such Vogtle Units 3&4 Project Entity on deposit with the DOE Collateral Agent or any other DOE Secured Party;

(g) cure defaults in accordance with the applicable DOE Security Documents and the applicable Direct Agreements;

(h) charge interest at the FFB Late Charge Rate on any amounts not paid when due;

(i) proceed to protect and enforce its rights and remedies by appropriate proceedings, whether for damages or the specific performance of any provision of the Federal Loan Documents, or in aid of the exercise of any power granted in the Federal Loan Documents, or by law, or proceed to enforce the payment of any amount due and payable;

(j) exercise any and all rights and remedies available to it under any of the Federal Loan Documents with respect to Vogtle Units 3&4, such Vogtle Units 3&4 Project Entity, MEAG Power, the Vogtle Co-Owners and any other Project Participant and under the Collateral or otherwise under Governmental Rules;

(k) take such other actions as DOE may reasonably require to provide for the care, preservation, protection, and maintenance of all Collateral so as to enable the United States to achieve maximum recovery upon default by such Vogtle Units 3&4 Project Entity on the applicable DOE Guaranteed Loan; and

(l) pursue remedies available under the applicable Vogtle Units 3&4 Bond Resolution with respect to the Shared Trust Estate.

***Rights and Remedies of DOE Under Project J Loan
Guarantee Agreement During a Standstill Period***

Pursuant to the Project J Loan Guarantee Agreement, DOE's right of set off (as described in "– Rights and Remedies" above) is subject to certain restrictions with respect to funds held by the DOE Collateral Agent in the Initial Power Purchaser Arrearages Fund, JEA Surplus Market Revenue Account and JEA Surplus Arrearages Account during a Standstill Period.

Notwithstanding any other provision of the Project J Federal Loan Documents, DOE agrees not to exercise the rights set forth in paragraphs (c), (d), (e), (i) (as it relates to specific performance of payment obligations), (j) or (k) under "– Rights and Remedies" above during any Standstill Period (as such paragraphs (e), (i), (j) or (k) relates to (i) the right to foreclose upon or take possession and cause the sale or disposition of the equity ownership interests in the Project J Entity or the Project J Entity's Undivided Interest, or (ii) exercise of voting rights, the power to grant consents, ratifications or waivers or control the direction, management and policies of the Project J Entity).

For purposes of the Project J Federal Loan Documents, "Standstill Period" shall mean any period after the occurrence and during the continuance of an Event of Default (i) that results from JEA's failure to satisfy its payment obligations under the Project J PPA, (ii) as described in paragraph (f)(i) under "– Rights and Remedies" above as related to the premature termination of the Project J PPA resulting from an Insolvency Proceeding of JEA, (iii) as described in paragraph (n) under "– Rights and Remedies" above related to JEA, or (iv) that results from a failure to comply with covenants requiring the payment or deposit of funds (including deposits to or transfers from the Project Accounts, the Local Account, the Decommissioning Trust and the Shared Trust Estate) as a result of an insufficiency of funds resulting from a payment default of JEA.

Any Standstill Period under the Project J DOE Loan Guarantee Agreement shall terminate:

(a) (i) if an additional Event of Default shall have occurred and be continuing (other than (A) an Event of Default relating to a failure to make payments under any Project J Federal Loan Document or any other Event of Default directly resulting from or directly resulting in such failure, (B) an Event of Default relating to incorrect, false or misleading representations or warranties (other than any such Event of Default resulting from a misrepresentation relating to certain federal requirements) not resulting from the willful misconduct of the Project J Entity or (C) an Event of Default set forth in clauses (i) through (iv) of the immediately preceding paragraph);

(b) if at any time any Event of Default occurs as a result of the Project J Entity's failure to fund its share of operation and maintenance expenses as and when required in accordance with the Owner Documents, without regard to the cause of such non-payment;

(c) if at any time during any such Standstill Period MEAG Power shall fail to use its best efforts to sell all power generated by the Project J Entity's Undivided Interest that JEA would have been entitled to receive under the Project J PPA but for its default thereunder (i) into the market in a manner intended to maximize recovery of the Project J DOE Guaranteed Loan and the Project J Bonds pursuant to a plan of recovery approved by DOE; (ii) to the Project J Participants, pursuant to the Project J Participants' right of first refusal under the Project J Power Sales Contracts; or (iii) as otherwise directed by DOE;

(d) if the revenues from the sales of power described in the immediately preceding paragraph are not applied as provided in the Project J Bond Resolution and the Project J DOE Accounts Agreement;

(e) if the Bond Resolution Trustee, in violation of the Project J Bond Resolution, accelerates the maturity of the Project J Bonds during such Standstill Period; or

(f) upon the occurrence of the earlier of (i) the fortieth anniversary of the date that the Second Unit has achieved Commercial Operation, as defined in the Operating Agreement, or (ii) December 31, 2064.

***Rights and Remedies of DOE Under Project P Loan
Guarantee Agreement During a Standstill Period***

Pursuant to the Project P Loan Guarantee Agreement, DOE's right of set off (as described in "– Rights and Remedies" above) is subject to certain restrictions with respect to funds held by the DOE Collateral Agent in the Initial Power Purchaser Arrearages Fund, PowerSouth Surplus Market Revenue Account and PowerSouth Surplus Arrearages Account during a Standstill Period.

Notwithstanding any other provision of the Project P Federal Loan Documents, DOE agrees not to exercise the rights set forth in paragraphs (c), (d), (e), (i) (as it relates to specific performance of payment obligations), (j) or (k) under "– Rights and Remedies" above during any Standstill Period (as such paragraphs (e), (i), (j) or (k) relates to (i) the right to foreclose upon or take possession and cause the sale or disposition of the equity ownership interests in the Project P Entity or the Project P Entity's Undivided Interest, or (ii) exercise of voting rights, the power to grant consents, ratifications or waivers or control the direction, management and policies of the Project P Entity).

For purposes of the Project P Federal Loan Documents, "Standstill Period" shall mean any period after the occurrence and during the continuance of an Event of Default (i) that results from PowerSouth's failure to satisfy its payment obligations under the Project P PPA, (ii) as described in paragraph (f)(i) under "– Rights and Remedies" above as related to the premature termination of the Project P PPA resulting from an Insolvency Proceeding of PowerSouth, (iii) as described in paragraph (n) under "– Rights and Remedies" above related to PowerSouth, or (iv) that results from a failure to comply with covenants requiring the payment or deposit of funds (including deposits to or transfers from the Project Accounts, the Local Account, the Decommissioning Trust and the Shared Trust Estate) as a result of an insufficiency of funds resulting from a payment default of PowerSouth.

Any Standstill Period under the Project P DOE Loan Guarantee Agreement shall terminate:

(a) (i) if an additional Event of Default shall have occurred and be continuing (other than (A) an Event of Default relating to a failure to make payments under any Project P Federal Loan Document or any other Event of Default directly resulting from or directly resulting in such failure, (B) an Event of Default relating to incorrect, false or misleading representations or warranties (other than any such Event of Default resulting from a misrepresentation relating to certain federal requirements) not resulting from the willful misconduct of the Project P Entity or (C) an Event of Default set forth in clauses (i) through (iv) of the immediately preceding paragraph);

(b) if at any time any Event of Default occurs as a result of the Project J Entity's failure to fund its share of operation and maintenance expenses as and when required in accordance with the Owner Documents, without regard to the cause of such non-payment;

(c) if at any time during any such Standstill Period MEAG Power shall fail to use its best efforts to sell all power generated by the Project P Entity's Undivided Interest that PowerSouth would have been entitled to receive under the Project P PPA but for its default thereunder (i) into the market in a manner intended to maximize recovery of the Project P DOE Guaranteed Loan and the Project P Bonds pursuant to a plan of recovery approved by DOE; (ii) to the Project P

Participants, pursuant to the Project P Participants' right of first refusal under the Project P Power Sales Contracts; or (iii) as otherwise directed by DOE;

(d) if the revenues from the sales of power described in the immediately preceding paragraph are not applied as provided in the Project P Bond Resolution and the Project P DOE Accounts Agreement;

(e) if the Bond Resolution Trustee, in violation of the Project P Bond Resolution, accelerates the maturity of the Project P Bonds during such Standstill Period; or

(f) upon the occurrence of the earlier of (i) the fortieth anniversary of the date that the Second Unit has achieved Commercial Operation, as defined in the Operating Agreement, or (ii) December 31, 2064.

Mandatory Prepayment of DOE Guaranteed Loans

Each Vogtle Units 3&4 Project Entity is required to make mandatory prepayments of its DOE Guaranteed Loan pursuant to its DOE Loan Guarantee Agreement:

(a) 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 (i) a refunding or refinancing of such Vogtle Units 3&4 Bonds, (ii) any repayment of the portion of such 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 such Vogtle Units 3&4 Project Entity for financing and operating costs paid by MEAG Power or such Vogtle Units 3&4 Project Entity (in the case of MEAG Power, from sources other than such Vogtle Units 3&4 Bonds) during or attributable to the period of such delay (without any double-counting between amounts); or (iii) after Commercial Operation of the Second Unit, a redemption of such 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;

(b) after the Last Day for an Advance, in an amount equal to (i) Advances Made, minus (ii) the principal amount of any voluntary prepayments previously made or mandatory prepayments pursuant to the immediately preceding paragraph, minus (iii) the DOE Leverage Percentage of Eligible Project Costs Paid, in each case as of the Last Day for an Advance; *provided that* if such amount is less than zero, no prepayment shall be required; and

(c) to the extent that Eligible Project Costs Paid, with respect to which an Advance was made, included any amounts in dispute with the EPC Contractor and, following the resolution of the dispute, such Vogtle Units 3&4 Project Entity receives any payments in cash from the EPC Contractor reimbursing it for all or any portion of such amounts, such Vogtle Units 3&4 Project Entity shall be required, if such reimbursement occurs after the Last Day for an Advance, to make a mandatory prepayment of the its DOE Guaranteed Loan in an amount equal to (A) Advances Made minus (B) the principal amount of any voluntary prepayments previously made or mandatory prepayments pursuant to the two immediately preceding paragraphs, minus (C) the DOE Leverage Percentage of Eligible Project Costs Paid; *provided that* if such amount is less than zero, no mandatory prepayment shall be required.

DOE COLLATERAL AGENCY AND ACCOUNTS AGREEMENTS

The following is a description of certain the provisions of (i) the Collateral Agency and Accounts Agreement, executed among the Project M Entity, DOE and the DOE Collateral Agent (the “Project M Accounts Agreement”), (ii) the Collateral Agency and Accounts Agreement, executed among the Project J Entity, DOE and the DOE Collateral Agent (the “Project J Accounts Agreement”), and (iii) the Collateral Agency and Accounts Agreement, executed among the Project P Entity, DOE and the DOE Collateral Agent (the “Project P Accounts Agreement” and, together with the Project J Accounts Agreement and the Project M Accounts Agreement, the “DOE Accounts Agreements” and each individually, a “DOE Accounts Agreement”).

Each of the DOE Accounts Agreements became effective on June 24, 2015 and will continue in full force and effect until such time as all indebtedness evidenced by the applicable FFB Promissory Notes have been paid in full, all lending commitments of FFB to the applicable Vogtle Units 3&4 Project Entity under the applicable FFB Credit Facility Documents have been terminated, and the applicable Vogtle Units 3&4 Project Entity has paid all sums due under the applicable Federal Loan Documents (other than certain indemnity obligations and other obligations expressly surviving termination of the applicable documents).

The DOE Accounts Agreements are identical in all material respects except as identified below. Capitalized terms not otherwise defined in this APPENDIX Q or defined in the Annual Information Statement shall be as defined in the DOE Accounts Agreements.

DOE Advance Proceeds Account

Each DOE Accounts Agreement establishes a DOE Advance Proceeds Account, held by the DOE Collateral Agent, into which are paid (a) to the extent necessary, the proceeds of Advances made such that, after giving effect to such Advance and such deposit, the amount on deposit in the DOE Advance Proceeds Account will equal the applicable Advance Proceeds Holdback; (b) before the Last Day for an Advance, the amount of any cash reimbursements from the EPC Contractor in respect of payments previously made by the applicable Vogtle Units 3&4 Project Entity to the EPC Contractor in excess of Advances Made, less the principal amount of any prepayments previously made pursuant to the applicable DOE Loan Guarantee Agreement, less the applicable DOE Leverage Percentage of Eligible Project Costs Paid; and (c) on a quarterly basis pursuant to such DOE Loan Guarantee Agreement, amounts such that, after giving effect to such deposit, the amount on deposit in the DOE Advance Proceeds Account will equal the applicable Advance Proceeds Holdback.

Amounts may be withdrawn (a) for transfer to the DOE Construction Account, *provided that*, in connection with any such transfer, such Vogtle Units 3&4 Project Entity must certify, among other things, that such transfer will not cause the balance remaining in the DOE Advance Proceeds Account to be less than the applicable Advance Proceeds Holdback; or (b) to prepay the applicable DOE Guaranteed Loan as required by the applicable DOE Loan Guarantee Agreement after the Last Day for an Advance. Upon such prepayment, or if such prepayment is not required, the DOE Advance Proceeds Account shall be closed and all remaining amounts shall be transferred the DOE Construction Account.

DOE Construction Account

Each DOE Accounts Agreement establishes a DOE Construction Account, held by the DOE Collateral Agent, into which are deposited (a) amounts permitted to be transferred out of the DOE Advance Proceeds Account; (b) Equity Contributions made by MEAG Power to the applicable Vogtle Units 3&4 Project Entity and not applied directly to Project Costs; (c) proceeds of Advances made not required to be deposited into the DOE Advance Proceeds Account; and (d) cash reimbursements received prior to the Last Day for an Advance from the EPC Contractor in respect of payments previously made by such Vogtle Units

3&4 Project Entity, other than as required to be deposited into the DOE Advance Holdback Account pursuant to clause (b) in the first paragraph under “DOE Advance Proceeds Account” above.

Amounts may be withdrawn (a) to pay Project Costs (including to fund the DOE Debt Service Reserve Account); (b) for transfer to the Construction Fund established under the applicable Vogtle Units 3&4 Bond Resolution, *provided that* any Project Costs due and payable by such Vogtle Units 3&4 Project Entity at the time of such transfer have been paid; (c) to make certain mandatory prepayments as required by the applicable DOE Loan Guarantee Agreement; (d) for transfer to the DOE Advance Proceeds Account to the extent amounts on deposit in the DOE Advance Proceeds Account are less than the applicable Advance Proceeds Holdback; and (e) for transfer to the Local Account to pay Project Costs. Upon the commercial operation date of the second unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation (the “Second Unit”) and the making of any mandatory prepayment pursuant to such DOE Loan Guarantee Agreement, all amounts on deposit in the DOE Construction Account shall be transferred to the DOE Revenue Account, other than amounts reasonably expected by such Vogtle Units 3&4 Project Entity to be required to pay Project Costs becoming due following commercial operation of the Second Unit. Upon payment in full of all Project Costs and achievement of Final Completion (as defined in the EPC Contract) of the Second Unit, the DOE Construction Account shall be closed and all remaining amounts shall be transferred to the DOE Revenue Account.

DOE Revenue Account

Each DOE Accounts Agreement establishes a DOE Revenue Account, held by the DOE Collateral Agent, into which are deposited, among other amounts, (a) operating revenues received by the applicable Vogtle Units 3&4 Project Entity (including payments received under the applicable Vogtle Units 3&4 Power Purchase Agreement and amounts required to be transferred from the Revenue Fund established under the applicable Vogtle Units 3&4 Bond Resolution on a monthly basis to the DOE Revenue Account in respect of “Seller’s O&M Costs” as defined in, and pursuant to, the applicable Vogtle Units 3&4 Power Purchase Agreement); (b) amounts required to be transferred in connection with the closure of the DOE Construction Account upon commercial operation of the Second Unit; (c) amounts transferred from other Project Accounts pursuant to the applicable DOE Accounts Agreement necessary to pay Operating Costs; (d) additional equity contributed by MEAG Power to such Vogtle Units 3&4 Project Entity; and (e) cash reimbursements received after the Last Day for an Advance from the EPC Contractor in respect of payments previously made by such Vogtle Units 3&4 Project Entity, other than as required to be deposited into the DOE Extraordinary Proceeds Account.

Amounts may be withdrawn to (a)(i) directly pay Operating Costs of such Vogtle Units 3&4 Project Entity or (ii) transfer to the Local Account for application to pay Operating Costs of such Vogtle Units 3&4 Project Entity; *provided that*, following closure of the DOE Construction Account, the amount on deposit in the Local Account may not exceed the lesser of (x) Operating Costs expected to be incurred in the next three succeeding months, or (y) three months’ Operating Costs as estimated on the Guarantee Issuance Date; and (b) to fund the DOE Debt Service Payment Account, DOE Debt Service Reserve Account or DOE Reserve & Contingency Account as required by the applicable DOE Loan Guarantee Agreement and the applicable DOE Accounts Agreement.

The Project M Accounts Agreement provides that if, at the end of any calendar month, amounts on deposit in the DOE Revenue Account exceed the amounts required to pay Operating Costs during such month and there are no deficiencies in the Project Accounts described in clause (b) in the immediately preceding paragraph, such excess amounts may be transferred to MEAG Power as a Permitted Reimbursement.

The provisions relating to excess amounts in the DOE Revenue Account under the Project J Accounts Agreement and Project P Accounts Agreement are substantially similar to the foregoing provisions relating to excess amounts in the DOE Revenue Account under the Project M Accounts

Agreement except that the transfer of excess amounts to MEAG Power as Permitted Reimbursements may only occur so long as no JEA payment default under the Project J PPA or PowerSouth payment default under the Project P PPA, as applicable, has occurred and is continuing. During the continuance of a JEA payment default under the Project J PPA or a PowerSouth payment default under the Project P PPA, all such excess amounts shall be held in the DOE Revenue Account.

DOE Debt Service Payment Account

The Project M Accounts Agreement establishes a DOE Debt Service Payment Account, held by the DOE Collateral Agent, into which are deposited, among other amounts, (a) on a monthly basis, beginning three months prior to the month in which the First Principal Payment Date occurs, an amount equal to (i) one-third (1/3rd) of the principal of and interest on the Project M DOE Guaranteed Loan that is due (including prepayment premiums, if any) on the next succeeding Payment Date (including amounts transferred to the from the Project M Revenue Fund to the DOE Revenue Account for further transfer to the DOE Debt Service Payment Account) plus (ii) any other Debt Service due and payable during the month in which such deposit is made; and (b) amounts transferred from other Project Accounts pursuant to the Project M Accounts Agreement to the extent necessary to fund amounts required to be deposited in respect of clause (a) of this paragraph. Amounts may be withdrawn to pay all Debt Service on or before the date such Debt Service is due and payable.

The provisions relating to transfers to the DOE Debt Service Payment Account under the Project J Accounts Agreement are substantially similar to the foregoing provisions relating to transfers to the DOE Debt Service Payment Account under the Project M Accounts Agreement except that the DOE Debt Service Payment Account shall also be funded by transfers from (a) the Initial Power Purchaser Resale Revenue Account (as defined in the Project J Bond Resolution); (b) the Initial Power Purchaser Arrearages Payment Account (as defined in the Project J Bond Resolution); and (c) the Additional Units PPA Project Participant Arrearages Fund (as defined in the Project J Bond Resolution). The Project P Accounts Agreement contains substantially similar provisions.

The Project M Accounts Agreement provides that if, at the end of any calendar month, amounts on deposit in the DOE Debt Service Payment Account exceed the amounts required to be deposited into such account during such month and, both before and after giving effect to any resulting withdrawal, the DOE Debt Service Payment Account is fully funded, such excess amounts may be transferred (a) first, to cure any deficiencies in the DOE Debt Service Reserve Account or DOE Reserve & Contingency Account, and (b) second, to MEAG Power as a Permitted Reimbursement.

The provisions relating to excess amounts in the DOE Debt Service Payment Account under the Project J Accounts Agreement are substantially similar to the foregoing provisions relating to excess amounts in the DOE Debt Service Payment Account under the Project M Accounts Agreement except that the transfer of excess amounts to the DOE Debt Service Reserve Account, DOE Reserve & Contingency Account or MEAG Power as Permitted Reimbursements may only occur so long as no JEA payment default under the Project J PPA has occurred and is continuing. During the continuance of a JEA payment default under the Project J PPA, all such excess amounts shall be held in the DOE Debt Service Payment Account until the end of each calendar year, at which time (a) any portion of such amounts that is in excess of the difference between (i) the sum of such amounts and the amount paid out of the DOE Debt Service Payment Account during such calendar year and (ii) the amounts deposited therein during such calendar year from Initial Power Purchaser Resale Revenues shall be transferred to the JEA Surplus Arrearages Payment Account, and (b) any remaining balance shall be transferred to the JEA Surplus Market Revenue Account.

The provisions relating to excess amounts in the DOE Debt Service Payment Account under the Project P Accounts Agreement are substantially similar to the foregoing provisions relating to excess amounts in the DOE Debt Service Payment Account under the Project M Accounts Agreement except that the transfer of excess amounts to the DOE Debt Service Reserve Account, DOE Reserve & Contingency

Account or MEAG Power as Permitted Reimbursements may only occur so long as no PowerSouth payment default under the Project P PPA has occurred and is continuing. During the continuance of a PowerSouth payment default under the Project P PPA, all such excess amounts shall be held in the DOE Debt Service Payment Account until the end of each calendar year, at which time (a) any portion of such amounts that is in excess of the difference between (i) the sum of such amounts and the amount paid out of the DOE Debt Service Payment Account during such calendar year and (ii) the amounts deposited therein during such calendar year from Initial Power Purchaser Resale Revenues shall be transferred to the PowerSouth Surplus Arrearages Payment Account, and (b) any remaining balance shall be transferred to the PowerSouth Surplus Market Revenue Account.

DOE Debt Service Reserve Account

The Project M Accounts Agreement establishes a DOE Debt Service Reserve Account, held by the DOE Collateral Agent and funded by transfer from the Project M Revenue Fund, DOE Revenue Account, and DOE Construction Account. The DOE Debt Service Reserve Account shall be funded not later than 90 days before October 2, 2019. Other than as permitted by the Project M Loan Guarantee Agreement, the amount on deposit to the DOE Debt Service Reserve Account must at all times be no less than the applicable Debt Service Reserve Requirement (as defined in such DOE Loan Guarantee Agreement).

Amounts may be withdrawn to pay Debt Service if the amounts deposited in the Project M DOE Debt Service Payment Account are at any time insufficient for the payment of Debt Service then due and payable. The Project M Entity may provide the DOE Collateral Agent Reserve Letters of Credit in substitution for amounts required to be deposited in the DOE Debt Service Reserve Account.

The provisions relating to transfers to the DOE Debt Service Reserve Account under the Project J Accounts Agreement are substantially similar to the foregoing provisions relating to transfers to the DOE Debt Service Reserve Account under the Project M Accounts Agreement except that the DOE Debt Service Reserve Account shall also be funded by transfers from (a) the Initial Power Purchaser Resale Revenue Account; (b) the Initial Power Purchaser Arrearages Payment Account; and (c) the Additional Units PPA Project Participant Arrearages Fund (each as defined in, and in accordance with, the Project J Bond Resolution). The Project P Accounts Agreement contains substantially similar provisions.

The Project M Accounts Agreement provides that if, at the end of any calendar month, amounts on deposit in the DOE Debt Service Reserve Account exceed the amounts required to be deposited into such account during such month and, both before and after giving effect to any resulting withdrawal, the DOE Debt Service Payment Account is fully funded, such excess amounts may be transferred (a) first, to the DOE Debt Service Payment Account, if and to the extent the amounts deposited in the DOE Debt Service Payment Account during such month are less than the amount required by the Project M Accounts Agreement; (b) second, to the DOE Reserve & Contingency Account; and (c) third, to MEAG Power as a Permitted Reimbursement.

The provisions relating to excess amounts in the DOE Debt Service Reserve Account under the Project J Accounts Agreement are substantially similar to the foregoing provisions relating to excess amounts in the DOE Debt Service Reserve Account under the Project M Accounts Agreement except that the transfer of excess amounts to the DOE Debt Service Payment Account, DOE Reserve & Contingency Account or MEAG Power as Permitted Reimbursements may only occur so long as no JEA payment default under the Project J PPA has occurred and is continuing. During the continuance of a JEA payment default under the Project J PPA, all such excess amounts shall be held in the DOE Debt Service Payment Account until the end of each calendar year, at which time (a) any portion of such amounts that is in excess of the difference between (i) the sum of such amounts and the amount paid out of the DOE Debt Service Payment Account during such calendar year and (ii) the amounts deposited therein during such calendar year from Initial Power Purchaser Resale Revenues shall be transferred to the JEA Surplus Arrearages Payment Account, and (b) any remaining balance shall be transferred to the JEA Surplus Market Revenue Account.

The provisions relating to excess amounts in the DOE Debt Service Reserve Account under the Project P Accounts Agreement are substantially similar to the foregoing provisions relating to excess amounts in the DOE Debt Service Reserve Account under the Project M Accounts Agreement except that the transfer of excess amounts to the DOE Debt Service Payment Account, DOE Reserve & Contingency Account or MEAG Power as Permitted Reimbursements may only occur so long as no PowerSouth payment default under the Project P PPA has occurred and is continuing. During the continuance of a PowerSouth payment default under the Project P PPA, all such excess amounts shall be held in the DOE Debt Service Payment Account until the end of each calendar year, at which time (a) any portion of such amounts that is in excess of the difference between (i) the sum of such amounts and the amount paid out of the DOE Debt Service Payment Account during such calendar year and (ii) the amounts deposited therein during such calendar year from Initial Power Purchaser Resale Revenues shall be transferred to the PowerSouth Surplus Arrearages Payment Account, and (b) any remaining balance shall be transferred to the PowerSouth Surplus Market Revenue Account.

DOE Reserve & Contingency Account

The Project M Accounts Agreement establishes a DOE Reserve & Contingency Account, held by the DOE Collateral Agent and funded (a) prior to commercial operation of the first unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation (the "First Unit"), in an amount equal to the applicable Initial Reserve & Contingency Requirement; (b) following commercial operation of the First Unit, on a monthly basis in an amount equal to the Project M Entity's Portion of the applicable Monthly Reserve and Contingency Deposit (as defined in the Project M Bond Resolution); (c) from time to time, with amounts permitted to be transferred from the DOE Extraordinary Proceeds Account as described under "DOE Extraordinary Proceeds Account" below; (d) from time to time, with amounts to be transferred from the applicable Revenue Fund to the DOE Revenue Account for further transfer to the DOE Reserve & Contingency Account, as required by the Project M Bond Resolution; and (e) from time to time, with amounts permitted to be transferred to the DOE Reserve & Contingency Account as excess amounts from other Project Accounts as described above.

The provisions relating to transfers to the DOE Reserve & Contingency Account under the Project J Accounts Agreement are substantially similar to the foregoing provisions relating to transfers to in the DOE Reserve & Contingency Account under the Project M Accounts Agreement except that the DOE Reserve & Contingency Account shall also be funded by transfers from (a) the Initial Power Purchaser Resale Revenue Account; (b) the Initial Power Purchaser Arrearages Payment Account; and (c) the Additional Units PPA Project Participant Arrearages Fund. The Project P Accounts Agreement contains substantially similar provisions.

Amounts may be withdrawn (a) to directly pay Capital Improvement Costs, *provided that* all such Capital Improvement Costs shall be funded from amounts deposited in both the Reserve and Contingency Fund established under the applicable Vogtle Units 3&4 Bond Resolution and the DOE Reserve & Contingency Account, ratably in proportion to amounts on deposit therein; (b) as necessary to pay Operating Costs if amounts on deposit in the DOE Revenue Account and the Local Account are at any time insufficient to pay Operating Costs due during the then-calendar month; (c) for transfer to the DOE Debt Service Payment Account at any time if there is a deficiency in respect of the amount required to be deposited each month, including any amount required to be but not deposited in any previous month; (d) if amounts on deposit in the DOE Debt Service Payment Account or DOE Debt Service Reserve Account are insufficient for the purpose of paying Debt Service then due or payable; and (e) for transfer to the DOE Debt Service Reserve Account to cure any deficiency with respect to the applicable Debt Service Reserve Requirement.

The Project J Accounts Agreement further requires that, prior to any withdrawals as described in clause (b) in the immediately preceding paragraph, amounts on deposit in the Initial Power Purchaser Resale Revenue Account, the Initial Power Purchaser Arrearages Payment Account, and the Additional Units PPA

Project Participant Arrearages Fund required to be applied to the payment of Operating Costs must first have been so applied. The Project P Accounts Agreement contains substantially similar provisions.

The Project M Accounts Agreement provides that if, at the end of each calendar year, amounts on deposit in the DOE Reserve & Contingency Account exceed the Project M Entity's Reserve and Contingency Requirement (as defined in the Project M Bond Resolution), such excess amounts shall be applied to pay any Permitted Reimbursement.

The provisions relating to excess amounts in the DOE Reserve & Contingency Account under the Project J Accounts Agreement are substantially similar to the foregoing provisions relating to excess amounts in the DOE Reserve & Contingency Account under the Project M Accounts Agreement except that the application of such excess amounts to the payment of any Permitted Reimbursements may only occur so long as no JEA payment default under the Project J PPA has occurred and is continuing. During the continuance of a JEA payment default under the Project J PPA, all such excess amounts shall be transferred to the JEA Surplus Market Revenue Account.

The provisions relating to excess amounts in the DOE Reserve & Contingency Account under the Project P Accounts Agreement are substantially similar to the foregoing provisions relating to excess amounts in the DOE Reserve & Contingency Account under the Project M Accounts Agreement except that the application of such excess amounts to the payment of any Permitted Reimbursements may only occur so long as no PowerSouth payment default under the Project P PPA has occurred and is continuing. During the continuance of a PowerSouth payment default under the Project P PPA, all such excess amounts shall be transferred to the PowerSouth Surplus Market Revenue Account.

DOE Extraordinary Proceeds Account

Each DOE Accounts Agreement establishes a DOE Extraordinary Proceeds Account, held by the DOE Collateral Agent, into which shall be deposited (a) all Loss Proceeds, proceeds of asset sales, delay or performance liquidated damages paid under any Project Document, and Condemnation Proceeds in excess of certain thresholds; and (b) after December 31, 2020, upon receipt of any payments in cash from the EPC Contractor reimbursing the applicable Vogtle Units 3&4 Project Entity for all or any portion of any payment previously made by it to the EPC Contractor, the amount of such reimbursement that is in excess of (i) Advances Made, minus (ii) the principal amount of any voluntary prepayments or mandatory prepayments previously made pursuant to the applicable DOE Loan Guarantee Agreement, minus (iii) the applicable DOE Leverage Percentage of Eligible Project Costs Paid.

With respect to amounts deposited as described in clause (a) in the immediately preceding paragraph, such amounts may be withdrawn (i) first, as and to the extent necessary to pay the applicable Vogtle Units 3&4 Entity's repairs, replacements, obligations or other costs with respect to the cause for such proceeds or damages, (ii) second, for transfer to MEAG Power to repay the portion of applicable Vogtle Units 3&4 Bonds whose proceeds were used in connection with addressing such cause, (iii) third, to reimburse such Vogtle Units 3&4 Project Entity or MEAG Power (in the case of MEAG Power, from sources other than described in the preceding clause) for amounts used in connection with addressing such cause, and (iv) if such Vogtle Units 3&4 Project Entity is no longer considering in good faith further plans to apply such amounts to address such cause, for transfer to the DOE Prepayment Account. With respect to amounts deposited as described in clause (b) of the immediately preceding paragraph, such amounts may be withdrawn (x) first, to prepay the applicable DOE Guaranteed Loan in accordance with such DOE Loan Guarantee Agreement and (y) any balance of such reimbursement shall be transferred to the DOE Revenue Account.

DOE Prepayment Account

Each DOE Accounts Agreement establishes a DOE Payment Account, held by the DOE Collateral Agent, into which shall be deposited amounts as described under “DOE Extraordinary Proceeds Account” above. From time to time, at the applicable Vogtle Units 3&4 Project Entity’s discretion, if such Vogtle Units 3&4 Project Entity determines to voluntarily prepay any Advance, such Vogtle Units 3&4 Project Entity may cause amounts to be withdrawn from the DOE Prepayment Account for transfer to FFB to prepay such Advance, together with other amounts as may be required by the applicable Federal Loan Documents, in accordance with the applicable DOE Loan Guarantee Agreement.

Initial Power Purchaser Arrearages Fund

Both the Project J Accounts Agreement and the Project P Accounts Agreement provide for certain transfers (and orders of priority with respect thereto) for amounts required to be transferred from the Initial Power Purchaser Arrearages Fund under the Project J Bond Resolution and the Project P Bond Resolution, respectively. The following describes the Initial Power Purchaser Arrearages Fund provisions as set forth in the Project J Accounts Agreement. The Project P Accounts Agreement contains substantially similar provisions, except that references to JEA refer to PowerSouth.

To the extent of available funds on deposit in the Initial Power Purchaser Resale Revenue Account following transfers required pursuant to the Project J Bond Resolution, any remaining amounts are required to be transferred, on a monthly basis, in the following amounts and order of priority: (a) first, on a parity basis, (i) to the DOE Debt Service Reserve Account in the amount required pursuant to the Project J Loan Guarantee Agreement and (ii) to fund the Debt Service Reserve Account in the Debt Service Fund established under the Project J Bond Resolution, so that the balance therein equals the applicable Debt Service Reserve Requirement thereunder; (b) second, to fund the Subordinated Bond Fund established under the Project J Bond Resolution in accordance with the Project J Bond Resolution; (c) third, on a parity basis, (i) to the DOE Reserve & Contingency Account in the amount equal to the Project J Entity’s Portion of the applicable Monthly Reserve and Contingency Deposit as described under “DOE Reserve & Contingency Account” above, including any amount required to be but not deposited in any previous month and (ii) to fund the Authority’s Portion (as such term is defined in the Project J Bond Resolution) of the applicable Monthly Reserve and Contingency Deposit to the Reserve and Contingency Fund established under the Project J Bond Resolution, including any amount required to be but not deposited in any previous month; (d) fourth, to MEAG Power for further reimbursement to applicable Participants under the Project J Power Sales Contracts, to the extent such Participants (during a JEA payment default under the Project J PPA) have made payments under their respective Project J Power Sales Contracts to cover Operating Expenses (as defined in the Project J Bond Resolution) that should have been paid by JEA; and (e) fifth, any remaining amounts to the JEA Surplus Market Revenue Account.

To the extent of available funds on deposit in the Initial Power Purchaser Arrearages Payment Account following transfers required pursuant to the Project J Bond Resolution and the immediately preceding paragraph, any remaining amounts are required to be transferred, on a monthly basis, in the following amounts and order of priority: (a) first, on a parity basis, (i) to the DOE Debt Service Reserve Account in the amount required pursuant to the Project J Loan Guarantee Agreement and (ii) to fund the Debt Service Reserve Account in the Debt Service Fund established under the Project J Bond Resolution, so that the balance therein equals the applicable Debt Service Reserve Requirement with respect thereto ; (b) second, to fund the Subordinated Bond Fund established under the Project J Bond Resolution in accordance with the Project J Bond Resolution; (c) third, on a parity basis, (i) to the DOE Reserve & Contingency Account in the amount equal to the Project J Entity’s Portion of the applicable Monthly Reserve and Contingency Deposit as described under “DOE Reserve & Contingency Account” above, including any amount required to be but not deposited in any previous month and (ii) to fund the Authority’s Portion of the applicable Monthly Reserve and Contingency Deposit to the Reserve and Contingency Fund, including any amount required to be but not deposited in any previous month; (d) fourth, to MEAG Power

for further reimbursement to applicable Participants under the Project J Power Sales Contracts, to the extent such Participants (during a JEA payment default under the Project J PPA) have made payments under their respective Project J Power Sales Contracts to cover Operating Expenses that should have been paid by JEA; and (e) fifth, any remaining amounts to the JEA Surplus Arrearages Payment Account.

Surplus Market Revenue Account

The Project J Accounts Agreement and the Project P Accounts Agreement establish a JEA Surplus Market Revenue Account and a PowerSouth Surplus Market Revenue Account, respectively. The following describes the JEA Surplus Market Revenue Account provisions as set forth in the Project J Accounts Agreement. The Project P Accounts Agreement contains substantially similar provisions with respect to the PowerSouth Surplus Market Revenue Account.

The Project J Entity shall cause all revenues, if any, that are received by the Project J Entity from selling power into the market or as otherwise directed by DOE to be deposited into the JEA Surplus Market Revenue Account, in addition to amounts required to be transferred to the JEA Surplus Market Revenue Account as described under “Initial Power Purchaser Arrearages Fund” above and excess amounts required to be transferred from the DOE Debt Service Payment Account, DOE Debt Service Reserve Account or the DOE Reserve & Contingency Account.

Following receipt of any funds into the JEA Surplus Market Revenue Account and after giving effect to amounts transferred to Project Accounts other than the JEA Surplus Market Revenue Account and to the funds and accounts established pursuant to the Project J Bond Resolution with respect to the Initial Power Purchaser Arrearages Fund and as described under “Initial Power Purchaser Arrearages Fund” above, funds shall be withdrawn from the JEA Surplus Market Revenue Account to fund the Project Accounts and the funds and accounts established pursuant to the Project J Bond Resolution as and when required, in the following order of priority on a monthly basis (with the exception of priority eighth):

- (a) first, on a parity basis, (i) to the DOE Revenue Account in the amount required to pay Operating Costs during such month and (ii) to pay the Operating Expenses payable in such month that constitute “Purchaser’s O&M Costs” under (and as defined in) the Project J Power Purchase Agreement;
- (b) second, to the DOE Debt Service Payment Account at any time if there is a deficiency in respect of the amount required to be deposited each month, including any amount required to be but not deposited in any previous month;
- (c) third, to fund the Debt Service Account in the Debt Service Fund established under, and in accordance with, the Project J Bond Resolution;
- (d) fourth, on a parity basis, (i) to the DOE Debt Service Reserve Account in the amount required pursuant to the Project J Loan Guarantee Agreement and (ii) to fund the Debt Service Reserve Account in the Debt Service Fund, so that the balance therein equals the Debt Service Reserve Requirement with respect thereto;
- (e) fifth, to fund the Subordinated Bond Fund established under, and in accordance with, the Project J Bond Resolution;
- (f) sixth, on a parity basis, (i) to the DOE Reserve & Contingency Account in the amount equal to the Project J Entity’s Portion of the Project J Monthly Reserve and Contingency Deposit as described under “DOE Reserve & Contingency Account” above, including any amount required to be but not deposited in any previous month and (ii) to fund the Authority’s Portion of the Project J Monthly Reserve and Contingency Deposit to the Reserve and Contingency Fund

established under the Project J Bond Resolution, including any amount required to be but not deposited in any previous month;

(g) seventh, to MEAG Power for further reimbursement to the Project J Participants under the Project J Power Sales Contracts, to the extent such Project J Participants (during a JEA payment default under the Project J PPA) have made payments under their respective Project J Power Sales Contracts to cover Operating Expenses that should have been paid by JEA; and

(h) eighth, at the Project J Entity's discretion, to prepay the Project J DOE Guaranteed Loan or the Project J Bonds (including by purchase or redemption) subject to the restrictions set forth in, and otherwise pursuant to, the Project J Loan Guarantee Agreement.

Upon the earlier of (a) the expiration of the term of the Project J PPA or (b) entry by MEAG Power into a replacement Project J PPA complying with the terms of the Project J Loan Guarantee Agreement for the sale of all power generated by the Project J Entity's Undivided Interest that JEA would have been entitled to receive, and so long as no Standstill Period, Potential Default or Event of Default has occurred and is continuing, all funds deposited in the JEA Surplus Market Revenue Account shall be transferred to the Revenue Fund.

Surplus Arrearages Payment Account

The Project J Accounts Agreement and the Project P Accounts Agreement establish a JEA Surplus Arrearages Payment Account and a PowerSouth Surplus Arrearages Payment Account, respectively. The following describes the JEA Surplus Arrearages Payment Account provisions as set forth in the Project J Accounts Agreement. The Project P Accounts Agreement contains substantially similar provisions with respect to the PowerSouth Surplus Arrearages Payment Account.

The Project J Entity shall cause all amounts required to be transferred to the JEA Surplus Arrearages Payment Account as described under "Initial Power Purchaser Arrearages Fund" above and excess amounts required to be transferred from the DOE Debt Service Payment Account, DOE Debt Service Reserve Account or the DOE Reserve & Contingency Account, to be deposited into the JEA Surplus Arrearages Payment Account.

Following receipt of any funds into the JEA Surplus Arrearages Payment Account and after giving effect to amounts transferred to Project Accounts other than the JEA Surplus Arrearages Payment Account and to the funds and accounts established pursuant to the Project J Bond Resolution with respect to the Initial Power Purchaser Arrearages Fund and as described under "Initial Power Purchaser Arrearages Fund" and "Surplus Market Revenue Account" above, funds shall be withdrawn from the JEA Surplus Arrearages Payment Account to fund the Project Accounts and the funds and accounts established pursuant to the Project J Bond Resolution as and when required, in the following order of priority on a monthly basis (with the exception of priority seventh):

(a) first, on a parity basis, (i) to the DOE Revenue Account in the amount required to pay Operating Costs during such month and (ii) to pay the Operating Expenses payable in such month that constitute "Purchaser's O&M Costs" under the Project J Power Purchase Agreement;

(b) second, on a parity basis, (i) to the DOE Debt Service Payment Account at any time if there is a deficiency in respect of the amount required to be deposited each month with respect to the principal of and interest on the Project J DOE Guaranteed Loan that is due on the next succeeding Payment Date, including any amount required to be but not deposited in any previous month, and (ii) to fund the Debt Service Account in the Debt Service Fund established under, and in accordance with, the Project J Bond Resolution;

(c) third, on a parity basis, (i) to the DOE Debt Service Reserve Account in the amount required pursuant to the Project J Loan Guarantee Agreement and (ii) to fund the Debt Service Reserve Account in the Debt Service Fund, so that the balance therein equals the Debt Service Reserve Requirement with respect thereto;

(d) fourth, to fund the Subordinated Bond Fund in accordance with the Project J Bond Resolution;

(e) fifth, on a parity basis, (i) to the DOE Reserve & Contingency Account in the amount equal to the Project J Entity's Portion of the Project J Monthly Reserve and Contingency Deposit as described under "DOE Reserve & Contingency Account" above, including any amount required to be but not deposited in any previous month and (ii) to fund the Authority's Portion of the Project J Monthly Reserve and Contingency Deposit to the Reserve and Contingency Fund established under the Project J Bond Resolution, including any amount required to be but not deposited in any previous month;

(f) sixth, to MEAG Power for further reimbursement to the Project J Participants under the Project J Power Sales Contracts, to the extent such Project J Participants (during a JEA payment default under the Project J PPA) have made payments under their respective Project J Power Sales Contracts to cover Operating Expenses that should have been paid by JEA; and

(g) seventh, at the Project J Entity's discretion, to prepay the Project J DOE Guaranteed Loan or the Project J Bonds (including by purchase or redemption) subject to the restrictions set forth in, and otherwise pursuant to, the Project J Loan Guarantee Agreement.

Upon the earlier of (a) the expiration of the term of the Project J PPA or (b) entry by MEAG Power into a replacement Project J PPA complying with the terms of the Project J Loan Guarantee Agreement for the sale of all power generated by the Project J Entity's Undivided Interest that JEA would have been entitled to receive, and so long as no Standstill Period, Potential Default or Event of Default has occurred and is continuing, all funds deposited in the JEA Surplus Arrearages Payment Account shall be transferred to the Revenue Fund.

Definitions

The Project M Accounts Agreement

The Project M Accounts Agreement contains the following definition:

Advance Proceeds Holdback means the amount of Advances Made, less the principal amount of any prepayments previously made pursuant to the Project M Loan Guarantee Agreement, less the Project M Leverage Percentage of Eligible Project Costs Paid.

In addition, the term "Debt Service Reserve Requirement," as used in the Project M Accounts Agreement, is as defined in the Project M Loan Guarantee Agreement and means, as of any date of calculation, the sum of (i) for any Advance maturing on the Maturity Date or with an Interim Maturity Date (as defined in the Project M FFB Promissory Notes) after December 31, 2038, the greatest aggregate amount of principal and interest to become due and payable on such Advance during any consecutive fifteen month period (excluding any "balloon" payment due on the Final Maturity Date (as defined in the Project M FFB Promissory Notes)), calculated using the actual interest rate for such Advance; and (ii) for any other Advance, the greatest aggregate amount of principal and interest to become due and payable on such Advance during any consecutive fifteen-month period (excluding any "balloon" payment due on the Final Maturity Date), calculated using an assumed interest rate of one percent (1%) per annum for such Advance.

The Project J Accounts Agreement

The Project J Accounts Agreement contains the following definition:

Advance Proceeds Holdback means the greater of (x) the difference between (A) Advances Made minus (B) the principal amount of any prepayments previously made pursuant to the Project J Loan Guarantee Agreement minus (C) the Project J DOE Leverage Percentage of Eligible Project Costs Paid and (y) (A) the amount of Project J Bond proceeds planned to be raised minus (B) the aggregate amount of all Project J Bond proceeds deposited into the Construction Fund established under the Project J Bond Resolution after the Guarantee Issuance Date.

In addition, the term “Debt Service Reserve Requirement,” as used in the Project J Accounts Agreement, is as defined in the Project J Loan Guarantee Agreement and means, as of any date of calculation, the sum of (i) for any Advance maturing on the Maturity Date or with an Interim Maturity Date (as defined in the FFB Promissory Notes) after December 31, 2038, the greatest aggregate amount of principal and interest to become due and payable on such Advance during any consecutive eighteen month period (excluding any “balloon” payment due on the Final Maturity Date (as defined in the Project J FFB Promissory Notes)), calculated using the actual interest rate for such Advance; and (ii) for any other Advance, the greatest aggregate amount of principal and interest to become due and payable on such Advance during any consecutive eighteen-month period (excluding any “balloon” payment due on the Final Maturity Date), calculated using an assumed interest rate of one percent (1%) per annum for such Advance.

In addition, the term “Initial Power Purchaser Resale Revenues,” as used in the Project J Accounts Agreement, is as defined in the Project J Bond Resolution and means any payments received by MEAG Power as a result of the resale of all or any portion of the power, energy or other service from the Project J Entity’s Ownership Interest that JEA previously was entitled to receive following the discontinuance of service (whether or not permanent) to JEA under the Project J PPA as a result of a default by JEA thereunder, but shall not include any payments received by MEAG Power as a result of the resale of all or any portion of such power, energy or other service pursuant to a replacement Project J PPA complying with the terms of the Project J Loan Guarantee Agreement.

The Project P Accounts Agreement

The Project P Accounts Agreement contains the following definition:

Advance Proceeds Holdback means the greater of (x) the difference between (A) Advances Made minus (B) the principal amount of any prepayments previously made pursuant to the Project P Loan Guarantee Agreement minus (C) the Project P DOE Leverage Percentage of Eligible Project Costs Paid and (y) (A) the amount of Project P Bond proceeds planned to be raised minus (B) the aggregate amount of all Project P Bond proceeds deposited into the Construction Fund established under the Project P Bond Resolution after the Guarantee Issuance Date.

In addition, the term “Debt Service Reserve Requirement,” as used in the Project P Accounts Agreement, is as defined in the Project P Loan Guarantee Agreement and means, as of any date of calculation, the sum of (i) for any Advance maturing on the Maturity Date or with an Interim Maturity Date (as defined in the Project P FFB Promissory Notes) after December 31, 2038, the greatest aggregate amount of principal and interest to become due and payable on such Advance during any consecutive eighteen-month period (excluding any “balloon” payment due on the Final Maturity Date (as defined in the Project P FFB Promissory Notes)), calculated using the actual interest rate for such Advance; and (ii) for any other Advance, the greatest aggregate amount of principal and interest to become due and payable on such Advance during any consecutive eighteen-month period (excluding any “balloon” payment due on the Final Maturity Date), calculated using an assumed interest rate of one percent (1%) per annum for such Advance.

In addition, the term “Initial Power Purchaser Resale Revenues,” as used in the Project P Accounts Agreement, is as defined in the Project P Bond Resolution and means any payments received by MEAG Power as a result of the resale of all or any portion of the power, energy or other service from the Project P Entity’s Ownership Interest that PowerSouth previously was entitled to receive following the discontinuance of service (whether or not permanent) to PowerSouth under the Project P PPA as a result of a default by PowerSouth thereunder, but shall not include any payments received by MEAG Power as a result of the resale of all or any portion of such power, energy or other service pursuant to a replacement Project P PPA complying with the terms of the Project P Loan Guarantee Agreement.

DOE EQUITY FUNDING AND UNDERTAKING AGREEMENTS

The following is a description of certain the provisions of (i) the Equity Funding and Undertaking Agreement, executed among MEAG Power, the Project M Entity and DOE (the “Project M Equity Funding and Undertaking Agreement”), (ii) the Equity Funding and Undertaking Agreement, executed among MEAG Power, the Project J Entity and DOE (the “Project J Equity Funding and Undertaking Agreement”) and (iii) the Equity Funding and Undertaking Agreement, executed among MEAG Power, the Project P Entity and DOE (the “Project P Equity Funding and Undertaking Agreement” and, together with the Project M Equity Funding and Undertaking Agreement and the Project J Equity Funding and Undertaking Agreement, the “DOE Equity Funding and Undertaking Agreements” and each individually, a “DOE Equity Funding and Undertaking Agreement”).

Each of the DOE Equity Funding and Undertaking Agreements became effective on June 24, 2015 and will continue in full force and effect until such time as all indebtedness evidenced by the applicable FFB Promissory Notes have been paid in full, all lending commitments of FFB to the applicable Vogtle Units 3&4 Project Entity under the applicable FFB Credit Facility Documents have been terminated, and the applicable Vogtle Units 3&4 Project Entity has paid all sums due under the applicable Federal Loan Documents (other than certain indemnity obligations and other obligations expressly surviving termination of the applicable DOE Loan Guarantee Agreement). The DOE Equity Funding and Undertaking Agreements are identical in all material respects.

MEAG Power Equity Support

Pursuant to the terms of each DOE Equity Funding and Undertaking Agreement, until the earlier of (a) the termination of such DOE Equity Funding and Undertaking Agreement and (b) the date on which ownership of the applicable Vogtle Units 3&4 Project Entity or the applicable Vogtle Units 3&4 Project Entity’s Ownership Interest has been transferred to DOE, the DOE Collateral Agent or a third party as a result of an exercise of remedies under the applicable DOE Loan Guarantee Agreement or the applicable DOE Security Documents, MEAG Power irrevocably commits to provide equity to the applicable Vogtle Units 3&4 Project Entity in an aggregate amount (the “Equity Commitment”) equal to (i) Project Costs (as defined in the applicable DOE Loan Guarantee Agreement) minus (ii) the applicable FFB Credit Facility Commitment. MEAG Power shall only be required to fund its Equity Commitment under a particular DOE Equity Funding and Undertaking Agreement from proceeds of the applicable Vogtle Units 3&4 Bonds or other amounts on deposit in the Construction Fund established under the applicable Vogtle Units 3&4 Bond Resolution. MEAG Power’s Equity Commitment under a particular DOE Equity Funding and Undertaking Agreement may be funded by (x) contributions made by MEAG Power to the applicable Vogtle Units 3&4 Project Entity in immediately available funds and deposited into the DOE Construction Account established under such Vogtle Units 3&4 Project Entity’s DOE Accounts Agreement or (y) by direct application of funds by MEAG Power or the Trustee under the applicable Vogtle Units 3&4 Bond Resolution for payment of Project Costs of the applicable Vogtle Units 3&4 Project, in either case to enable all such Project Costs to be paid as they become due and payable; *provided* that, there shall be no double-counting of amounts paid directly by MEAG Power and subsequently invoiced to the applicable Vogtle Units 3&4 Project Entity under the Cost Reimbursement Agreement between MEAG Power and such Vogtle Units 3&4 Project Entity as Project Costs.

Additionally, prior to the earlier of (a) commercial operation of the second unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation or (b) the funding of the DOE Debt Service Reserve Account established under a particular Vogtle Units 3&4 Project Entity’s DOE Accounts Agreement, if on the fifth Business Day immediately preceding any Payment Date the aggregate amount available in the DOE Construction Account established under such Vogtle Units 3&4 Project Entity’s DOE Accounts Agreement is insufficient to pay interest payments with respect to such Vogtle Units 3&4 Project Entity’s DOE Guaranteed Loan due and payable under such Vogtle Units 3&4 Project Entity’s FFB Promissory Notes on such Payment Date, MEAG Power shall make equity capital contributions to such

Vogle Units 3&4 Project Entity by deposit of immediately available funds to such DOE Construction Account in an amount necessary to cure any such deficiency to the extent required to cover all such interest payments on such DOE Guaranteed Loan due on such Payment Date; *provided*, that MEAG Power shall only be required to make such equity capital contributions from proceeds of the applicable Vogle Units 3&4 Bonds or other amounts on deposit in the Construction Fund established under the applicable Vogle Units 3&4 Bond Resolution.

In the event proceeds of the applicable Vogle Units 3&4 Bonds or other amounts on deposit in the Construction Fund established under the applicable Vogle Units 3&4 Bond Resolution then available to MEAG Power or funds then available to the applicable Vogle Units 3&4 Project Entity to pay Project Costs, taken together, will not be sufficient, either in time or in amount, to pay all Project Costs identified in the then-current Base Case Projections (as defined in the applicable DOE Loan Guarantee Agreement) as and when they become due and payable, MEAG Power shall promptly deliver to DOE a written plan setting forth in reasonable detail MEAG Power's proposed remedial actions and use commercially reasonable efforts to implement any such plan.

DOE EQUITY PLEDGE AGREEMENTS

The following is a description of certain the provisions of (i) the Equity Pledge Agreement, executed among MEAG Power, the Project M Entity and the DOE Collateral Agent (the “Project M Equity Pledge Agreement”), (ii) the Equity Pledge Agreement, executed among MEAG Power, the Project J Entity and the DOE Collateral Agent (the “Project J Equity Pledge Agreement”) and (iii) the Equity Pledge Agreement, executed among MEAG Power, the Project P Entity and the DOE Collateral Agent (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”).

Each of the DOE Equity Pledge Agreements became effective on June 24, 2015 and will continue in full force and effect until such time as all indebtedness evidenced by the applicable FFB Promissory Notes have been paid in full, all lending commitments of FFB to the applicable Vogtle Units 3&4 Project Entity under the applicable FFB Credit Facility Documents have been terminated, and the applicable Vogtle Units 3&4 Project Entity has paid all sums due under the applicable Federal Loan Documents (other than certain indemnity obligations and other obligations expressly surviving termination of the applicable DOE Loan Guarantee Agreement). The DOE Equity Pledge Agreements are identical in all material respects.

In each of the DOE Equity Pledge Agreements, MEAG Power grants 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 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; *provided, however*, that, during any Standstill Period (as defined in the applicable DOE Loan Guarantee Agreement), DOE or the DOE Collateral Agent shall not have the right to (a) foreclose upon or take possession and cause the sale or disposition of the equity ownership interests in the applicable Vogtle Units 3&4 Project Entity or the applicable Vogtle Units 3&4 Project Entity’s Ownership Interest, vote or exercise any of MEAG Power’s rights incident to its ownership of equity interest in the applicable Vogtle Units 3&4 Project Entity, (b) amend, terminate or modify any of the applicable Vogtle Units 3&4 Project Entity’s organizational documents, or (c) secure the appointment of a receiver of collateral subject to such DOE Equity Pledge Agreement.

SUMMARY OF TELECOMMUNICATIONS CONTRACTS

The following is a description of certain of the provisions of the Telecommunications Contracts. All of the Telecommunications Contracts between MEAG Power and each Telecommunications Participant, other than the Telecommunications Contract between Marietta and MEAG Power, are identical in all material respects. Each Telecommunications Contract became effective on May 1, 1996 and will continue in full force and effect at least until such time as all Telecommunications Bonds have been paid or provision has been made for their payment or until such time as the Telecommunications Project is retired from service or disposed of by MEAG Power, whichever is later, but in no event longer than 50 years from May 1, 1996 (unless extended either through amendment or replacement with another contract; see the fifth paragraph under “INTRODUCTORY STATEMENT – The Participants” in the Annual Information Statement). Capitalized terms not otherwise defined herein or in the Annual Information Statement shall be as defined in the Telecommunications Contracts.

Telecommunications Project Obligation Shares

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

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

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

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

On 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 Telecommunications Bonds. The 2009 Telecommunications Bonds were paid at maturity on December 15, 2015. As a result, no Telecommunications Bonds remain outstanding.

Acquisition and Construction of the Telecommunications Project

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

Annual Budgets

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

the Telecommunications Project required by any governmental agency having jurisdiction or for which MEAG Power otherwise is responsible.

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

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

Telecommunications Participants' Obligations to Pay

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

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

Default

Failure of the Telecommunications Participant to make any payments due under its Telecommunications Contract will constitute a default on the part of the Telecommunications Participant. In the event of a default by a Telecommunications Participant, such Telecommunications Participant will remain liable for its Obligation Share of Annual Telecommunications Project Costs, and for all other amounts due under the Telecommunications Contract. In such event, MEAG Power will have the right to recover any amount in default, and may bring any suit, action, or proceeding in law or in equity necessary to enforce any obligation to make payment under the Telecommunications Contract against the Telecommunications Participant. Also, each Telecommunications Contract provides that in the event of default in any payment by the Telecommunications Participant, such Telecommunications Participant must

provide for the assessment and collection of an annual property tax sufficient to meet its obligations under its Telecommunications Contract. Specific performance is provided as a means to enforce such provision.

Termination or Amendment

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

**CC PARTICIPANT
ANNUAL GROSS DEBT SERVICE RESPONSIBILITIES**

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**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

TOTAL

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	100.00%	5,886,425.16	2016	100.00%	8,685,198.78	2016	100.00%	14,401,312.50
2017	100.00%	5,885,250.16	2017	100.00%	8,700,198.76	2017	100.00%	14,233,562.50
2018	100.00%	5,850,899.96	2018	100.00%	8,690,448.76	2018	100.00%	13,991,312.50
2019	100.00%	5,815,900.00	2019	100.00%	21,737,698.76	2019	100.00%	1,724,925.00
2020	100.00%	5,643,650.02	2020	100.00%	7,888,698.76	2020	100.00%	13,469,925.00
2021	100.00%	5,598,400.00	2021	100.00%	7,875,198.76	2021	100.00%	13,268,950.00
2022	100.00%	5,569,250.02	2022	100.00%	7,885,313.76	2022	100.00%	13,029,950.00
2023	100.00%	209,000.00	2023	100.00%	27,710,626.26	2023	0.00%	-
2024	100.00%	209,000.00	2024	100.00%	27,400,376.28	2024	0.00%	-
2025	100.00%	1,024,000.00	2025	100.00%	5,820,376.26	2025	0.00%	-
2026	100.00%	1,015,287.50	2026	100.00%	5,808,906.26	2026	0.00%	-
2027	100.00%	1,010,150.00	2027	100.00%	5,798,843.78	2027	0.00%	-
2028	100.00%	1,003,350.00	2028	100.00%	5,791,843.78	2028	0.00%	-
2029	100.00%	989,887.50	2029	100.00%	5,787,593.78	2029	0.00%	-
Total D/S		<u>\$45,710,450.32</u>	Total D/S		<u>\$155,581,322.74</u>	Total D/S		<u>\$84,119,937.50</u>
Maximum %		100.00%	Maximum %		100.00%	Maximum %		100.00%

(1) Amounts shown in this column include debt service on \$36,590,000 in aggregate principal amount of MEAG Power's Combined Cycle Project Revenue Bonds, Series 2003A that were outstanding as of October 31, 2013 (the "Redeemed 2003A CC Bonds"). As described in "MEAG POWER – Bulk Power Supply Operations – *The Combined Cycle Project – General*" in the Annual Information Statement, on November 1, 2013, the Redeemed 2003A CC Bonds were redeemed with the proceeds of an advance under the CC Project Revolving Credit Agreement. MEAG Power expects to issue additional CC Bonds (the "Additional CC Bonds") in order to refund such advance, and intends that the principal of the Additional CC Bonds will be due on the same dates and in the same amounts as the principal of the Redeemed 2003A CC Bonds. As a result, upon the issuance of the Additional CC Bonds, MEAG Power expects that the debt service on all CC Bonds to be outstanding will be lower than the respective amounts shown in this column.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

ACWORTH

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.96%	56,281.26	2016	2.72%	235,980.00	2016	3.01%	432,912.50
2017	1.01%	59,431.26	2017	2.66%	231,780.00	2017	3.07%	436,662.50
2018	0.98%	57,125.00	2018	2.66%	231,530.00	2018	3.11%	435,162.50
2019	0.94%	54,950.00	2019	3.02%	656,030.00	2019	3.43%	59,225.00
2020	1.02%	57,700.00	2020	2.71%	214,030.00	2020	3.34%	449,225.00
2021	0.99%	55,200.00	2021	2.64%	207,780.00	2021	3.44%	456,300.00
2022	1.04%	57,750.00	2022	2.63%	207,375.00	2022	3.50%	455,550.00
2023	0.00%	-	2023	2.82%	782,500.00	2023	0.00%	-
2024	0.00%	-	2024	2.84%	777,000.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$398,437.52</u>	Total D/S		<u>\$3,544,005.00</u>	Total D/S		<u>\$2,725,037.50</u>
Maximum %		1.04%	Maximum %		3.02%	Maximum %		3.50%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

ADEL

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.64%	37,856.26	2016	2.11%	183,172.50	2016	2.43%	349,487.50
2017	0.79%	46,668.76	2017	2.13%	184,972.50	2017	2.36%	336,237.50
2018	0.77%	44,875.00	2018	2.19%	190,722.50	2018	2.38%	333,587.50
2019	0.83%	48,200.00	2019	2.35%	510,972.50	2019	2.69%	46,350.00
2020	0.82%	46,200.00	2020	2.15%	169,972.50	2020	2.61%	351,350.00
2021	0.79%	44,200.00	2021	2.09%	164,972.50	2021	2.73%	362,250.00
2022	0.85%	47,250.00	2022	2.10%	165,687.50	2022	2.69%	350,750.00
2023	0.00%	-	2023	2.21%	611,750.00	2023	0.00%	-
2024	0.00%	-	2024	2.22%	609,000.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$315,250.02</u>	Total D/S		<u>\$2,791,222.50</u>	Total D/S		<u>\$2,130,012.50</u>
Maximum %		0.85%	Maximum %		2.35%	Maximum %		2.73%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

ALBANY

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.82%	48,468.45	2016	2.32%	201,253.97	2016	2.54%	366,487.50
2017	0.83%	48,864.66	2017	2.28%	198,639.06	2017	2.58%	367,737.50
2018	0.82%	47,976.92	2018	2.29%	199,035.25	2018	2.64%	368,837.50
2019	0.83%	48,142.83	2019	2.55%	553,779.71	2019	2.91%	50,237.50
2020	0.85%	48,142.83	2020	2.27%	179,374.00	2020	2.86%	385,237.50
2021	0.86%	48,043.77	2021	2.26%	178,135.89	2021	2.90%	384,800.00
2022	0.88%	48,880.75	2022	2.24%	176,456.02	2022	2.97%	387,300.00
2023	0.00%	-	2023	2.38%	660,608.17	2023	0.00%	-
2024	0.00%	-	2024	2.41%	659,370.05	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$338,520.21</u>	Total D/S		<u>\$3,006,652.12</u>	Total D/S		<u>\$2,310,637.50</u>
Maximum %		0.88%	Maximum %		2.55%	Maximum %		2.97%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

BARNESVILLE

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.00%	-	2016	0.67%	58,380.00	2016	0.84%	121,537.50
2017	0.00%	-	2017	0.66%	57,180.00	2017	0.82%	116,787.50
2018	0.00%	-	2018	0.64%	55,680.00	2018	0.80%	112,187.50
2019	0.00%	-	2019	0.73%	159,180.00	2019	0.75%	12,987.50
2020	0.00%	-	2020	0.60%	47,430.00	2020	0.80%	107,987.50
2021	0.00%	-	2021	0.58%	45,930.00	2021	0.74%	98,700.00
2022	0.00%	-	2022	0.57%	44,625.00	2022	0.72%	94,200.00
2023	0.00%	-	2023	0.54%	148,500.00	2023	0.00%	-
2024	0.00%	-	2024	0.52%	141,750.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		\$0.00	Total D/S		\$758,655.00	Total D/S		\$664,387.50
Maximum %		0.00%	Maximum %		0.73%	Maximum %		0.84%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

BLAKELY

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.37%	21,625.00	2016	1.06%	92,087.50	2016	1.24%	178,250.00
2017	0.44%	25,962.50	2017	1.04%	90,487.50	2017	1.20%	171,500.00
2018	0.43%	24,937.50	2018	1.02%	88,487.50	2018	1.25%	175,050.00
2019	0.41%	23,975.00	2019	1.20%	261,487.50	2019	1.37%	23,625.00
2020	0.41%	22,975.00	2020	1.09%	85,737.50	2020	1.33%	178,625.00
2021	0.39%	21,975.00	2021	1.06%	83,237.50	2021	1.37%	181,500.00
2022	0.38%	21,000.00	2022	1.09%	86,062.50	2022	1.41%	183,250.00
2023	0.00%	-	2023	1.13%	314,000.00	2023	0.00%	-
2024	0.00%	-	2024	1.13%	309,750.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$162,450.00</u>	Total D/S		<u>\$1,411,337.50</u>	Total D/S		<u>\$1,091,800.00</u>
Maximum %		0.44%	Maximum %		1.20%	Maximum %		1.41%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

BRINSON

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.01%	484.66	2016	0.02%	2,012.48	2016	0.03%	3,652.32
2017	0.01%	488.63	2017	0.02%	1,986.32	2017	0.03%	3,675.79
2018	0.01%	479.75	2018	0.02%	1,990.28	2018	0.03%	3,671.35
2019	0.01%	481.40	2019	0.03%	5,537.60	2019	0.03%	497.98
2020	0.01%	481.41	2020	0.02%	1,793.68	2020	0.03%	3,845.19
2021	0.01%	480.42	2021	0.02%	1,781.30	2021	0.03%	3,842.75
2022	0.01%	488.79	2022	0.02%	1,764.49	2022	0.03%	3,840.89
2023	0.00%	-	2023	0.02%	6,605.84	2023	0.00%	-
2024	0.00%	-	2024	0.02%	6,593.47	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$3,385.06</u>	Total D/S		<u>\$30,065.46</u>	Total D/S		<u>\$23,026.27</u>
Maximum %		0.01%	Maximum %		0.03%	Maximum %		0.03%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

BUFORD

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	2.13%	125,406.26	2016	5.86%	508,680.00	2016	6.52%	938,312.50
2017	2.15%	126,306.26	2017	5.86%	509,680.00	2017	6.56%	933,062.50
2018	2.16%	126,437.50	2018	5.79%	502,930.00	2018	6.70%	937,962.50
2019	2.09%	121,625.00	2019	6.54%	1,420,930.00	2019	7.46%	128,612.50
2020	2.16%	121,625.00	2020	5.80%	457,430.00	2020	7.30%	983,612.50
2021	2.17%	121,375.00	2021	5.77%	454,180.00	2021	7.42%	983,950.00
2022	2.26%	126,000.00	2022	5.67%	447,250.00	2022	7.55%	984,200.00
2023	0.00%	-	2023	6.09%	1,686,750.00	2023	0.00%	-
2024	0.00%	-	2024	6.15%	1,685,250.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$868,775.02</u>	Total D/S		<u>\$7,673,080.00</u>	Total D/S		<u>\$5,889,712.50</u>
Maximum %		2.26%	Maximum %		6.54%	Maximum %		7.55%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

CAIRO

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.46%	26,887.50	2016	1.13%	98,550.00	2016	1.42%	205,100.00
2017	0.44%	25,962.50	2017	1.11%	96,550.00	2017	1.38%	197,100.00
2018	0.43%	24,937.50	2018	1.08%	94,050.00	2018	1.32%	184,400.00
2019	0.41%	23,975.00	2019	1.23%	266,550.00	2019	1.30%	22,475.00
2020	0.41%	22,975.00	2020	1.02%	80,300.00	2020	1.32%	177,475.00
2021	0.39%	21,975.00	2021	0.92%	72,800.00	2021	1.32%	175,250.00
2022	0.38%	21,000.00	2022	0.96%	75,875.00	2022	1.25%	162,250.00
2023	0.00%	-	2023	0.95%	264,000.00	2023	0.00%	-
2024	0.00%	-	2024	0.92%	252,000.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$167,712.50</u>	Total D/S		<u>\$1,300,675.00</u>	Total D/S		<u>\$1,124,050.00</u>
Maximum %		0.46%	Maximum %		1.23%	Maximum %		1.42%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

CALHOUN

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	1.31%	77,150.00	2016	3.73%	324,315.00	2016	4.11%	592,362.50
2017	1.35%	79,637.50	2017	3.66%	318,515.00	2017	4.18%	595,112.50
2018	1.31%	76,562.50	2018	3.70%	321,265.00	2018	4.24%	592,662.50
2019	1.35%	78,675.00	2019	4.11%	893,515.00	2019	4.69%	80,912.50
2020	1.34%	75,425.00	2020	3.70%	291,765.00	2020	4.61%	620,912.50
2021	1.38%	77,175.00	2021	3.66%	288,265.00	2021	4.68%	620,950.00
2022	1.41%	78,750.00	2022	3.62%	285,750.00	2022	4.74%	617,700.00
2023	0.00%	-	2023	3.84%	1,064,000.00	2023	0.00%	-
2024	0.00%	-	2024	3.89%	1,065,750.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$543,375.00</u>	Total D/S		<u>\$4,853,140.00</u>	Total D/S		<u>\$3,720,612.50</u>
Maximum %		1.41%	Maximum %		4.11%	Maximum %		4.74%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

CAMILLA

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	1.30%	76,393.76	2016	1.89%	164,340.00	2016	2.08%	299,837.50
2017	1.26%	73,881.26	2017	1.91%	166,540.00	2017	2.13%	303,587.50
2018	1.30%	76,062.50	2018	1.93%	167,790.00	2018	2.12%	297,037.50
2019	1.26%	73,175.00	2019	2.11%	458,790.00	2019	2.39%	41,162.50
2020	1.33%	75,175.00	2020	1.90%	150,040.00	2020	2.35%	316,162.50
2021	1.37%	76,925.00	2021	1.85%	145,790.00	2021	2.36%	313,600.00
2022	1.32%	73,500.00	2022	1.87%	147,125.00	2022	2.45%	319,350.00
2023	0.00%	-	2023	2.09%	578,750.00	2023	0.00%	-
2024	0.00%	-	2024	2.11%	577,500.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$525,112.52</u>	Total D/S		<u>\$2,556,665.00</u>	Total D/S		<u>\$1,890,737.50</u>
Maximum %		1.37%	Maximum %		2.11%	Maximum %		2.45%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

CARTERSVILLE

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	3.46%	203,787.50	2016	6.16%	534,855.00	2016	7.41%	1,067,637.50
2017	3.37%	198,087.50	2017	6.02%	524,055.00	2017	7.21%	1,026,137.50
2018	3.27%	191,425.00	2018	5.82%	505,555.00	2018	7.09%	991,437.50
2019	3.18%	185,225.00	2019	6.54%	1,422,305.00	2019	6.92%	119,362.50
2020	3.17%	178,725.00	2020	5.48%	432,555.00	2020	7.05%	949,362.50
2021	2.99%	167,225.00	2021	5.39%	424,305.00	2021	6.86%	910,750.00
2022	2.89%	161,175.00	2022	5.23%	412,625.00	2022	6.71%	874,250.00
2023	14.32%	29,925.00	2023	5.26%	1,457,500.00	2023	0.00%	-
2024	14.32%	29,925.00	2024	5.08%	1,391,250.00	2024	0.00%	-
2025	15.62%	159,925.00	2025	0.00%	-	2025	0.00%	-
2026	14.65%	148,750.00	2026	0.00%	-	2026	0.00%	-
2027	14.14%	142,812.50	2027	0.00%	-	2027	0.00%	-
2028	13.64%	136,875.00	2028	0.00%	-	2028	0.00%	-
2029	13.23%	130,937.50	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$2,064,800.00</u>	Total D/S		<u>\$7,105,005.00</u>	Total D/S		<u>\$5,938,937.50</u>
Maximum %		15.62%	Maximum %		6.54%	Maximum %		7.41%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

COMMERCE

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.11%	6,706.26	2016	0.25%	21,460.00	2016	0.36%	51,312.50
2017	0.11%	6,506.26	2017	0.24%	21,060.00	2017	0.35%	49,312.50
2018	0.11%	6,250.00	2018	0.24%	20,560.00	2018	0.34%	47,462.50
2019	0.10%	6,000.00	2019	0.30%	65,060.00	2019	0.33%	5,737.50
2020	0.10%	5,750.00	2020	0.22%	17,310.00	2020	0.34%	45,737.50
2021	0.10%	5,500.00	2021	0.21%	16,810.00	2021	0.33%	43,900.00
2022	0.09%	5,250.00	2022	0.21%	16,375.00	2022	0.32%	41,900.00
2023	0.00%	-	2023	0.24%	66,000.00	2023	0.00%	-
2024	0.00%	-	2024	0.23%	63,000.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		\$41,962.52	Total D/S		\$307,635.00	Total D/S		\$285,362.50
Maximum %		0.11%	Maximum %		0.30%	Maximum %		0.36%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

COVINGTON

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	3.64%	214,031.26	2016	7.55%	655,706.26	2016	4.57%	658,325.00
2017	3.63%	213,856.26	2017	7.52%	653,906.26	2017	4.63%	658,575.00
2018	3.63%	212,450.00	2018	7.54%	655,156.26	2018	4.67%	653,775.00
2019	3.63%	211,287.50	2019	5.96%	1,295,906.26	2019	5.21%	89,800.00
2020	3.80%	214,537.50	2020	7.85%	619,156.26	2020	5.08%	684,800.00
2021	3.79%	212,287.50	2021	7.86%	619,156.26	2021	5.18%	687,250.00
2022	3.77%	210,012.50	2022	7.80%	615,086.26	2022	5.30%	691,000.00
2023	22.61%	47,262.50	2023	5.64%	1,562,023.76	2023	0.00%	-
2024	22.61%	47,262.50	2024	5.69%	1,558,523.76	2024	0.00%	-
2025	22.19%	227,262.50	2025	23.66%	1,377,273.76	2025	0.00%	-
2026	22.53%	228,712.50	2026	23.70%	1,376,968.76	2026	0.00%	-
2027	22.74%	229,687.50	2027	23.62%	1,369,531.26	2027	0.00%	-
2028	22.94%	230,187.50	2028	23.65%	1,370,031.26	2028	0.00%	-
2029	22.75%	225,212.50	2029	23.72%	1,372,531.26	2029	0.00%	-
Total D/S		<u>\$2,724,050.02</u>	Total D/S		<u>\$15,100,957.64</u>	Total D/S		<u>\$4,123,525.00</u>
Maximum %		22.94%	Maximum %		23.72%	Maximum %		5.30%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

CRISP CO.

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	1.77%	104,281.26	2016	4.53%	393,847.50	2016	5.26%	758,000.00
2017	1.71%	100,843.76	2017	4.62%	402,247.50	2017	5.26%	749,250.00
2018	1.74%	102,000.00	2018	4.70%	408,247.50	2018	5.30%	740,850.00
2019	1.77%	103,150.00	2019	5.21%	1,133,497.50	2019	5.71%	98,537.50
2020	1.84%	103,900.00	2020	4.84%	381,997.50	2020	5.67%	763,537.50
2021	1.86%	104,400.00	2021	4.96%	390,747.50	2021	5.67%	752,650.00
2022	1.79%	99,750.00	2022	5.08%	400,187.50	2022	5.71%	743,400.00
2023	0.00%	-	2023	4.87%	1,350,250.00	2023	0.00%	-
2024	0.00%	-	2024	4.91%	1,344,000.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$718,325.02</u>	Total D/S		<u>\$6,205,022.50</u>	Total D/S		<u>\$4,606,225.00</u>
Maximum %		1.86%	Maximum %		5.21%	Maximum %		5.71%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

DOUGLAS

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	1.21%	71,027.60	2016	2.98%	258,977.50	2016	3.71%	534,050.00
2017	1.17%	68,628.84	2017	2.92%	253,777.50	2017	3.61%	513,300.00
2018	1.13%	65,918.44	2018	2.85%	247,277.50	2018	3.53%	493,450.00
2019	1.09%	63,387.48	2019	3.25%	705,777.50	2019	3.48%	60,037.50
2020	1.08%	60,743.18	2020	2.61%	206,027.50	2020	3.56%	480,037.50
2021	1.04%	58,098.90	2021	2.60%	204,777.50	2021	3.43%	455,550.00
2022	1.00%	55,530.16	2022	2.46%	194,187.50	2022	3.38%	439,800.00
2023	0.00%	-	2023	2.56%	709,500.00	2023	0.00%	-
2024	0.00%	-	2024	2.47%	677,250.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$443,334.60</u>	Total D/S		<u>\$3,457,552.50</u>	Total D/S		<u>\$2,976,225.00</u>
Maximum %		1.21%	Maximum %		3.25%	Maximum %		3.71%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

ELBERTON

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	1.13%	66,687.50	2016	1.51%	131,455.00	2016	1.78%	256,762.50
2017	1.09%	64,375.00	2017	1.48%	128,855.00	2017	1.73%	246,762.50
2018	1.06%	61,812.50	2018	1.45%	125,605.00	2018	1.70%	237,212.50
2019	1.02%	59,425.00	2019	1.60%	347,355.00	2019	1.64%	28,312.50
2020	1.01%	56,925.00	2020	1.37%	107,855.00	2020	1.69%	228,312.50
2021	0.88%	49,425.00	2021	1.39%	109,605.00	2021	1.65%	219,400.00
2022	0.85%	47,250.00	2022	1.35%	106,625.00	2022	1.61%	209,400.00
2023	0.00%	-	2023	1.35%	374,000.00	2023	0.00%	-
2024	0.00%	-	2024	1.30%	357,000.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$405,900.00</u>	Total D/S		<u>\$1,788,355.00</u>	Total D/S		<u>\$1,426,162.50</u>
Maximum %		1.13%	Maximum %		1.60%	Maximum %		1.78%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

ELLAVILLE

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.11%	6,706.26	2016	0.23%	20,022.50	2016	0.31%	44,762.50
2017	0.11%	6,506.26	2017	0.23%	19,622.50	2017	0.30%	43,012.50
2018	0.11%	6,250.00	2018	0.22%	19,122.50	2018	0.30%	41,412.50
2019	0.10%	6,000.00	2019	0.25%	53,622.50	2019	0.28%	4,800.00
2020	0.10%	5,750.00	2020	0.21%	16,372.50	2020	0.26%	34,800.00
2021	0.10%	5,500.00	2021	0.14%	10,872.50	2021	0.29%	38,400.00
2022	0.09%	5,250.00	2022	0.14%	10,687.50	2022	0.28%	36,650.00
2023	0.00%	-	2023	0.22%	60,500.00	2023	0.00%	-
2024	0.00%	-	2024	0.21%	57,750.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$41,962.52</u>	Total D/S		<u>\$268,572.50</u>	Total D/S		<u>\$243,837.50</u>
Maximum %		0.11%	Maximum %		0.25%	Maximum %		0.31%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

FAIRBURN

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.52%	30,838.40	2016	0.82%	70,860.00	2016	1.05%	150,887.50
2017	0.51%	29,784.76	2017	0.92%	79,860.00	2017	1.02%	145,137.50
2018	0.49%	28,609.97	2018	0.90%	78,110.00	2018	1.07%	149,687.50
2019	0.47%	27,490.02	2019	1.02%	221,360.00	2019	1.11%	19,125.00
2020	0.47%	26,343.88	2020	0.98%	77,360.00	2020	1.14%	154,125.00
2021	0.45%	25,197.72	2021	1.08%	85,110.00	2021	1.08%	143,000.00
2022	0.43%	24,069.04	2022	1.11%	87,750.00	2022	1.12%	146,500.00
2023	0.00%	-	2023	0.99%	275,500.00	2023	0.00%	-
2024	0.00%	-	2024	1.00%	273,000.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$192,333.79</u>	Total D/S		<u>\$1,248,910.00</u>	Total D/S		<u>\$908,462.50</u>
Maximum %		0.52%	Maximum %		1.11%	Maximum %		1.14%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

FITZGERALD

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.80%	47,006.26	2016	2.03%	176,640.00	2016	2.45%	352,700.00
2017	0.77%	45,418.76	2017	1.99%	173,040.00	2017	2.38%	338,950.00
2018	0.75%	43,625.00	2018	1.94%	168,540.00	2018	2.33%	325,800.00
2019	0.72%	41,950.00	2019	2.16%	469,040.00	2019	2.24%	38,562.50
2020	0.71%	40,200.00	2020	1.83%	144,290.00	2020	2.29%	308,562.50
2021	0.69%	38,450.00	2021	1.71%	134,790.00	2021	2.27%	301,450.00
2022	0.66%	36,750.00	2022	1.73%	136,125.00	2022	2.17%	282,700.00
2023	0.00%	-	2023	1.71%	472,750.00	2023	0.00%	-
2024	0.00%	-	2024	1.63%	446,250.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$293,400.02</u>	Total D/S		<u>\$2,321,465.00</u>	Total D/S		<u>\$1,948,725.00</u>
Maximum %		0.80%	Maximum %		2.16%	Maximum %		2.45%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

FORT VALLEY

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.33%	19,368.76	2016	0.67%	58,252.50	2016	0.94%	135,750.00
2017	0.32%	18,706.26	2017	0.66%	57,052.50	2017	0.95%	135,500.00
2018	0.31%	17,937.50	2018	0.64%	55,552.50	2018	0.90%	125,300.00
2019	0.30%	17,225.00	2019	0.39%	84,052.50	2019	0.91%	15,737.50
2020	0.20%	11,475.00	2020	0.71%	56,052.50	2020	0.93%	125,737.50
2021	0.20%	10,975.00	2021	0.69%	54,302.50	2021	0.91%	120,700.00
2022	0.19%	10,500.00	2022	0.67%	52,812.50	2022	0.88%	115,200.00
2023	0.00%	-	2023	0.65%	181,500.00	2023	0.00%	-
2024	0.00%	-	2024	0.63%	173,250.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$106,187.52</u>	Total D/S		<u>\$772,827.50</u>	Total D/S		<u>\$773,925.00</u>
Maximum %		0.33%	Maximum %		0.71%	Maximum %		0.95%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

GRANTVILLE

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.08%	4,597.00	2016	0.21%	18,272.50	2016	0.23%	32,412.50
2017	0.08%	4,441.74	2017	0.21%	17,872.50	2017	0.22%	31,162.50
2018	0.07%	4,266.32	2018	0.20%	17,372.50	2018	0.21%	29,912.50
2019	0.07%	4,102.52	2019	0.19%	41,872.50	2019	0.22%	3,800.00
2020	0.07%	3,931.38	2020	0.19%	15,122.50	2020	0.21%	28,800.00
2021	0.07%	3,760.24	2021	0.19%	14,622.50	2021	0.21%	27,650.00
2022	0.06%	3,593.98	2022	0.12%	9,187.50	2022	0.24%	31,400.00
2023	0.00%	-	2023	0.16%	44,000.00	2023	0.00%	-
2024	0.00%	-	2024	0.15%	42,000.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		\$28,693.18	Total D/S		\$220,322.50	Total D/S		\$185,137.50
Maximum %		0.08%	Maximum %		0.21%	Maximum %		0.24%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

GRIFFIN

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	3.32%	195,715.63	2016	9.36%	812,663.57	2016	10.24%	1,474,860.18
2017	3.35%	197,315.47	2017	9.22%	802,104.62	2017	10.43%	1,484,336.71
2018	3.31%	193,730.82	2018	9.25%	803,704.47	2018	10.60%	1,482,541.15
2019	3.34%	194,400.77	2019	10.29%	2,236,162.69	2019	11.66%	201,089.52
2020	3.44%	194,400.76	2020	9.18%	724,312.32	2020	11.53%	1,552,742.31
2021	3.47%	194,000.81	2021	9.13%	719,312.81	2021	11.69%	1,551,757.25
2022	3.54%	197,380.48	2022	9.04%	712,529.49	2022	11.90%	1,551,009.11
2023	0.00%	-	2023	9.63%	2,667,535.99	2023	0.00%	-
2024	0.00%	-	2024	9.72%	2,662,536.50	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$1,366,944.74</u>	Total D/S		<u>\$12,140,862.46</u>	Total D/S		<u>\$9,298,336.23</u>
Maximum %		3.54%	Maximum %		10.29%	Maximum %		11.90%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

HOGANSVILLE

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.24%	14,162.50	2016	0.16%	14,175.00	2016	0.59%	85,187.50
2017	0.23%	13,700.00	2017	0.16%	14,175.00	2017	0.57%	81,437.50
2018	0.31%	18,187.50	2018	0.16%	14,175.00	2018	0.48%	67,837.50
2019	0.30%	17,475.00	2019	0.41%	89,175.00	2019	0.00%	-
2020	0.30%	16,725.00	2020	0.64%	50,425.00	2020	0.00%	-
2021	0.20%	10,975.00	2021	0.68%	53,425.00	2021	0.00%	-
2022	0.19%	10,500.00	2022	0.59%	46,500.00	2022	0.00%	-
2023	0.00%	-	2023	0.20%	55,000.00	2023	0.00%	-
2024	0.00%	-	2024	0.19%	52,500.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$101,725.00</u>	Total D/S		<u>\$389,550.00</u>	Total D/S		<u>\$234,462.50</u>
Maximum %		0.31%	Maximum %		0.68%	Maximum %		0.59%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

LaGRANGE

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	5.02%	295,612.50	2016	14.86%	1,290,237.50	2016	9.14%	1,316,862.50
2017	4.99%	293,512.50	2017	14.85%	1,291,837.50	2017	9.26%	1,317,362.50
2018	5.04%	294,800.00	2018	14.78%	1,284,337.50	2018	9.42%	1,317,612.50
2019	5.09%	296,250.00	2019	11.78%	2,561,337.50	2019	10.39%	179,162.50
2020	5.26%	296,750.00	2020	15.38%	1,213,587.50	2020	10.24%	1,379,162.50
2021	5.30%	296,750.00	2021	15.29%	1,204,087.50	2021	10.44%	1,385,100.00
2022	5.32%	296,550.00	2022	15.30%	1,206,817.50	2022	10.61%	1,382,100.00
2023	31.36%	65,550.00	2023	10.83%	3,001,067.50	2023	0.00%	-
2024	31.36%	65,550.00	2024	10.95%	2,999,567.50	2024	0.00%	-
2025	30.82%	315,550.00	2025	47.21%	2,747,567.50	2025	0.00%	-
2026	31.39%	318,675.00	2026	47.12%	2,737,162.50	2026	0.00%	-
2027	31.29%	316,087.50	2027	47.21%	2,737,906.26	2027	0.00%	-
2028	31.70%	318,025.00	2028	47.12%	2,728,906.26	2028	0.00%	-
2029	31.75%	314,250.00	2029	47.16%	2,729,406.26	2029	0.00%	-
Total D/S		<u>\$3,783,912.50</u>	Total D/S		<u>\$29,733,826.28</u>	Total D/S		<u>\$8,277,362.50</u>
Maximum %		31.75%	Maximum %		47.21%	Maximum %		10.61%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

LAWRENCEVILLE

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.31%	18,387.90	2016	0.79%	68,702.50	2016	0.94%	135,500.00
2017	0.30%	17,766.90	2017	0.77%	67,302.50	2017	0.95%	135,250.00
2018	0.29%	17,065.22	2018	0.70%	60,552.50	2018	0.97%	135,050.00
2019	0.28%	16,410.00	2019	0.85%	184,052.50	2019	0.87%	14,987.50
2020	0.28%	15,725.44	2020	0.71%	56,302.50	2020	0.89%	119,987.50
2021	0.27%	15,040.88	2021	0.69%	54,552.50	2021	0.87%	115,200.00
2022	0.26%	14,375.86	2022	0.67%	53,062.50	2022	0.84%	109,950.00
2023	0.00%	-	2023	0.67%	186,750.00	2023	0.00%	-
2024	0.00%	-	2024	0.63%	173,250.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$114,772.20</u>	Total D/S		<u>\$904,527.50</u>	Total D/S		<u>\$765,925.00</u>
Maximum %		0.31%	Maximum %		0.85%	Maximum %		0.97%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

MARIETTA

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	56.58%	3,330,487.50	2016	4.73%	410,492.50	2016	2.27%	326,512.50
2017	56.61%	3,331,475.00	2017	5.01%	435,492.50	2017	2.63%	374,762.50
2018	56.89%	3,328,862.50	2018	5.00%	434,242.50	2018	2.72%	380,612.50
2019	57.22%	3,327,575.00	2019	3.58%	777,992.50	2019	2.99%	51,650.00
2020	59.01%	3,330,575.00	2020	5.19%	409,492.50	2020	2.98%	401,650.00
2021	59.51%	3,331,575.00	2021	5.25%	413,492.50	2021	2.98%	395,900.00
2022	59.77%	3,328,500.00	2022	5.23%	412,437.50	2022	3.05%	397,900.00
2023	0.00%	-	2023	15.00%	4,156,500.00	2023	0.00%	-
2024	0.00%	-	2024	15.17%	4,158,000.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$23,309,050.00</u>	Total D/S		<u>\$11,608,142.50</u>	Total D/S		<u>\$2,328,987.50</u>
Maximum %		59.77%	Maximum %		15.17%	Maximum %		3.05%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

MONROE

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.34%	20,118.76	2016	1.45%	125,782.50	2016	1.39%	200,412.50
2017	0.33%	19,456.26	2017	1.36%	117,982.50	2017	1.39%	197,662.50
2018	0.32%	18,687.50	2018	1.32%	114,732.50	2018	1.36%	189,962.50
2019	0.31%	17,975.00	2019	1.34%	291,482.50	2019	1.33%	22,925.00
2020	0.31%	17,225.00	2020	1.26%	99,232.50	2020	1.36%	182,925.00
2021	0.29%	16,475.00	2021	1.16%	90,982.50	2021	1.36%	180,750.00
2022	0.28%	15,750.00	2022	1.18%	93,437.50	2022	1.29%	167,500.00
2023	0.00%	-	2023	1.03%	286,000.00	2023	0.00%	-
2024	0.00%	-	2024	1.00%	273,000.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$125,687.52</u>	Total D/S		<u>\$1,492,632.50</u>	Total D/S		<u>\$1,142,137.50</u>
Maximum %		0.34%	Maximum %		1.45%	Maximum %		1.39%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

NEWNAN

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	3.63%	213,841.94	2016	4.91%	426,217.50	2016	5.93%	853,737.50
2017	3.51%	206,561.72	2017	4.80%	417,817.50	2017	5.76%	820,487.50
2018	3.39%	198,405.06	2018	4.69%	407,317.50	2018	5.64%	788,737.50
2019	3.28%	190,769.96	2019	5.25%	1,141,817.50	2019	5.46%	94,200.00
2020	3.24%	182,812.26	2020	4.42%	349,067.50	2020	5.64%	759,200.00
2021	3.12%	174,854.54	2021	4.30%	338,567.50	2021	5.50%	729,250.00
2022	3.00%	167,111.92	2022	4.24%	334,562.50	2022	5.30%	691,000.00
2023	0.00%	-	2023	4.43%	1,226,500.00	2023	0.00%	-
2024	0.00%	-	2024	4.27%	1,170,750.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$1,334,357.40</u>	Total D/S		<u>\$5,812,617.50</u>	Total D/S		<u>\$4,736,612.50</u>
Maximum %		3.63%	Maximum %		5.25%	Maximum %		5.93%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

NORCROSS

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	2.48%	145,743.76	2016	2.52%	219,050.00	2016	4.15%	597,387.50
2017	2.46%	145,006.26	2017	2.55%	222,250.00	2017	4.19%	596,387.50
2018	2.54%	148,600.00	2018	2.45%	213,250.00	2018	4.26%	595,337.50
2019	2.53%	147,000.00	2019	2.34%	509,250.00	2019	0.00%	-
2020	0.00%	-	2020	0.00%	-	2020	0.00%	-
2021	0.00%	-	2021	0.00%	-	2021	0.00%	-
2022	0.00%	-	2022	0.00%	-	2022	0.00%	-
2023	0.00%	-	2023	0.00%	-	2023	0.00%	-
2024	0.00%	-	2024	0.00%	-	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$586,350.02</u>	Total D/S		<u>\$1,163,800.00</u>	Total D/S		<u>\$1,789,112.50</u>
Maximum %		2.54%	Maximum %		2.55%	Maximum %		4.26%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

PALMETTO

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.29%	17,363.40	2016	0.43%	37,232.50	2016	0.45%	65,362.50
2017	0.28%	16,772.26	2017	0.36%	31,432.50	2017	0.48%	67,862.50
2018	0.28%	16,109.96	2018	0.35%	30,682.50	2018	0.47%	65,262.50
2019	0.27%	15,490.02	2019	0.44%	94,932.50	2019	0.45%	7,787.50
2020	0.26%	14,843.88	2020	0.33%	25,932.50	2020	0.47%	62,787.50
2021	0.25%	14,197.72	2021	0.32%	25,182.50	2021	0.45%	60,300.00
2022	0.24%	13,569.04	2022	0.31%	24,562.50	2022	0.44%	57,550.00
2023	0.00%	-	2023	0.36%	99,000.00	2023	0.00%	-
2024	0.00%	-	2024	0.34%	94,500.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$108,346.28</u>	Total D/S		<u>\$463,457.50</u>	Total D/S		<u>\$386,912.50</u>
Maximum %		0.29%	Maximum %		0.44%	Maximum %		0.48%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

QUITMAN

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.11%	6,768.76	2016	0.24%	20,960.00	2016	0.24%	34,512.50
2017	0.11%	6,506.26	2017	0.18%	15,560.00	2017	0.30%	43,262.50
2018	0.11%	6,250.00	2018	0.23%	20,310.00	2018	0.26%	36,662.50
2019	0.10%	6,000.00	2019	0.25%	54,810.00	2019	0.31%	5,300.00
2020	0.10%	5,750.00	2020	0.22%	17,560.00	2020	0.30%	40,300.00
2021	0.10%	5,500.00	2021	0.22%	17,060.00	2021	0.29%	38,650.00
2022	0.09%	5,250.00	2022	0.21%	16,625.00	2022	0.32%	41,900.00
2023	0.00%	-	2023	0.24%	66,250.00	2023	0.00%	-
2024	0.00%	-	2024	0.25%	68,250.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$42,025.02</u>	Total D/S		<u>\$297,385.00</u>	Total D/S		<u>\$240,587.50</u>
Maximum %		0.11%	Maximum %		0.25%	Maximum %		0.32%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

SANDERSVILLE

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.49%	28,893.76	2016	1.14%	98,815.00	2016	1.47%	211,662.50
2017	0.56%	32,968.76	2017	1.18%	102,415.00	2017	1.43%	203,412.50
2018	0.54%	31,687.50	2018	1.27%	110,415.00	2018	1.43%	200,462.50
2019	0.52%	30,475.00	2019	1.42%	307,915.00	2019	1.33%	22,925.00
2020	0.52%	29,225.00	2020	1.59%	125,415.00	2020	1.36%	182,925.00
2021	0.59%	32,975.00	2021	1.61%	126,415.00	2021	1.36%	180,750.00
2022	0.57%	31,500.00	2022	1.75%	137,750.00	2022	1.29%	167,500.00
2023	0.00%	-	2023	1.31%	364,000.00	2023	0.00%	-
2024	0.00%	-	2024	1.34%	367,500.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$217,725.02</u>	Total D/S		<u>\$1,740,640.00</u>	Total D/S		<u>\$1,169,637.50</u>
Maximum %		0.59%	Maximum %		1.75%	Maximum %		1.47%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

SYLVESTER

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.35%	20,868.76	2016	0.94%	82,012.50	2016	1.10%	157,787.50
2017	0.34%	20,206.26	2017	0.98%	85,612.50	2017	1.07%	151,787.50
2018	0.33%	19,437.50	2018	1.02%	88,612.50	2018	1.08%	151,087.50
2019	0.32%	18,725.00	2019	1.09%	236,362.50	2019	1.19%	20,525.00
2020	0.41%	22,975.00	2020	0.97%	76,612.50	2020	1.15%	155,525.00
2021	0.39%	21,975.00	2021	0.94%	74,362.50	2021	1.20%	159,500.00
2022	0.38%	21,000.00	2022	0.92%	72,437.50	2022	1.25%	162,250.00
2023	0.00%	-	2023	1.00%	275,750.00	2023	0.00%	-
2024	0.00%	-	2024	1.02%	278,250.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$145,187.52</u>	Total D/S		<u>\$1,270,012.50</u>	Total D/S		<u>\$958,462.50</u>
Maximum %		0.41%	Maximum %		1.09%	Maximum %		1.25%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

THOMASTON

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.00%	-	2016	0.77%	67,202.50	2016	0.94%	134,887.50
2017	0.00%	-	2017	0.76%	65,802.50	2017	0.91%	129,637.50
2018	0.00%	-	2018	0.74%	64,052.50	2018	0.89%	124,687.50
2019	0.00%	-	2019	0.82%	177,302.50	2019	0.87%	14,987.50
2020	0.00%	-	2020	0.69%	54,802.50	2020	0.89%	119,987.50
2021	0.00%	-	2021	0.67%	53,052.50	2021	0.87%	115,200.00
2022	0.00%	-	2022	0.65%	51,562.50	2022	0.84%	109,950.00
2023	0.00%	-	2023	0.61%	170,250.00	2023	0.00%	-
2024	0.00%	-	2024	0.57%	157,500.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		\$0.00	Total D/S		\$861,527.50	Total D/S		\$749,337.50
Maximum %		0.00%	Maximum %		0.82%	Maximum %		0.94%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

THOMASVILLE

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	5.04%	296,581.26	2016	6.84%	593,755.00	2016	7.14%	1,028,437.50
2017	5.09%	299,481.26	2017	7.28%	633,155.00	2017	6.91%	983,187.50
2018	5.05%	295,512.50	2018	7.83%	680,405.00	2018	6.72%	939,987.50
2019	5.11%	296,962.50	2019	7.34%	1,595,155.00	2019	6.36%	109,775.00
2020	5.27%	297,462.50	2020	9.11%	718,905.00	2020	6.64%	894,775.00
2021	5.31%	297,462.50	2021	9.76%	768,905.00	2021	6.36%	844,450.00
2022	5.34%	297,262.50	2022	10.24%	807,660.00	2022	6.15%	800,950.00
2023	31.70%	66,262.50	2023	7.06%	1,956,035.00	2023	0.00%	-
2024	31.70%	66,262.50	2024	7.13%	1,952,535.00	2024	0.00%	-
2025	31.37%	321,262.50	2025	29.13%	1,695,535.00	2025	0.00%	-
2026	31.43%	319,150.00	2026	29.18%	1,694,775.00	2026	0.00%	-
2027	31.83%	321,562.50	2027	29.17%	1,691,406.26	2027	0.00%	-
2028	31.72%	318,262.50	2028	29.23%	1,692,906.26	2028	0.00%	-
2029	32.28%	319,487.50	2029	29.13%	1,685,656.26	2029	0.00%	-
Total D/S		<u>\$3,812,975.02</u>	Total D/S		<u>\$18,166,788.78</u>	Total D/S		<u>\$5,601,562.50</u>
Maximum %		32.28%	Maximum %		29.23%	Maximum %		7.14%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

WASHINGTON

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.36%	21,368.76	2016	0.84%	73,230.00	2016	1.11%	159,987.50
2017	0.35%	20,706.26	2017	0.95%	82,230.00	2017	1.08%	153,737.50
2018	0.43%	24,937.50	2018	0.93%	80,480.00	2018	1.06%	147,787.50
2019	0.41%	23,975.00	2019	1.08%	233,730.00	2019	1.00%	17,225.00
2020	0.41%	22,975.00	2020	1.13%	89,230.00	2020	1.06%	142,225.00
2021	0.39%	21,975.00	2021	1.29%	101,480.00	2021	0.99%	131,600.00
2022	0.38%	21,000.00	2022	1.38%	108,500.00	2022	0.96%	125,600.00
2023	0.00%	-	2023	0.99%	275,500.00	2023	0.00%	-
2024	0.00%	-	2024	1.00%	273,000.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$156,937.52</u>	Total D/S		<u>\$1,317,380.00</u>	Total D/S		<u>\$878,162.50</u>
Maximum %		0.43%	Maximum %		1.38%	Maximum %		1.11%

(1) See the footnote to the table on page S-3.

**CC Project Participants Annual Gross Debt Service Responsibilities
As of December 31, 2015**

WEST POINT

Series 2003A⁽¹⁾			Series 2010A			Series 2012A		
Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S	Bond Year Ending October 31,	% of Total Annual D/S	\$ D/S
2016	0.25%	14,918.76	2016	1.56%	135,550.00	2016	0.61%	87,675.00
2017	0.33%	19,456.26	2017	1.46%	127,350.00	2017	0.66%	94,425.00
2018	0.32%	18,687.50	2018	1.48%	128,600.00	2018	0.65%	90,825.00
2019	0.31%	17,975.00	2019	1.01%	219,600.00	2019	0.72%	12,487.50
2020	0.31%	17,225.00	2020	1.60%	125,850.00	2020	0.72%	97,487.50
2021	0.29%	16,475.00	2021	1.60%	126,350.00	2021	0.74%	98,700.00
2022	0.28%	15,750.00	2022	1.61%	127,250.00	2022	0.72%	94,200.00
2023	0.00%	-	2023	0.91%	253,500.00	2023	0.00%	-
2024	0.00%	-	2024	0.92%	252,000.00	2024	0.00%	-
2025	0.00%	-	2025	0.00%	-	2025	0.00%	-
2026	0.00%	-	2026	0.00%	-	2026	0.00%	-
2027	0.00%	-	2027	0.00%	-	2027	0.00%	-
2028	0.00%	-	2028	0.00%	-	2028	0.00%	-
2029	0.00%	-	2029	0.00%	-	2029	0.00%	-
Total D/S		<u>\$120,487.52</u>	Total D/S		<u>\$1,496,050.00</u>	Total D/S		<u>\$575,800.00</u>
Maximum %		0.33%	Maximum %		1.61%	Maximum %		0.74%

(1) See the footnote to the table on page S-3.