

# 2022 First Quarter Report

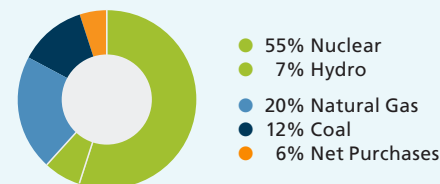
## SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA

(Dollars in thousands)

Three months ended or as of March 31,	2022	2021	2020
Total revenues	\$ 237,909	\$ 165,317	\$ 198,003
Total assets and deferred outflows of resources	\$11,802,373	\$11,443,709	\$11,028,547
Weighted average interest cost <sup>(1)</sup>	3.91%	3.87%	4.23%
Total cost to MEAG Power Participants (cents per kWh)	6.97	6.81	7.39
Peak demand (MW)	1,807	1,701	1,709

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

## MEAG POWER DELIVERED ENERGY



**62% Non-Emitting\***

\*12-month rolling average, as of March 31, 2022

## FIRST THREE MONTHS' PERFORMANCE

### Revenue and Expense Analysis

**Revenues:** For the three months ended March 31, 2022 (YTD 2022), total revenues were \$237.9 million, compared with \$165.3 million for the same period in 2021 (YTD 2021). Participant and other revenues increased \$71.5 million and \$1.1 million, respectively.

Participant revenues increased due mainly to changes in the fair value of financial instruments (see "Non-operating expense (income), net") and higher Participant billings for certain operating expenses, mainly purchased power and fuel, as discussed below.

**Operating expenses:** YTD 2022 operating expenses increased 19.1% to \$161.9 million, compared with \$136.0 million for YTD 2021, primarily related to these components:

- Total fuel expense increased \$13.7 million mainly due to a significant increase in coal generation related to scheduled outages and market conditions.
- Purchased power increased \$15.6 million primarily due to scheduled outages, higher replacement power purchase prices and coal conservation dispatch factors.
- A \$4.1 million decrease in other generating or operating expense was primarily due to margins from a sale of natural gas pipeline capacity, partially offset by an increase in nuclear maintenance expense related to a scheduled refueling outage.

**Non-operating expense (income), net:** YTD 2022 net non-operating expense, which includes interest expense and other related components such as amortization of debt discount and expense, investment income, net change in the fair value of financial instruments, interest capitalized and subsidy on Build America Bonds, totaled \$57.6 million, compared with \$19.1 million in YTD 2021. The \$38.5 million increase was due primarily to changes in the following components:

- A decrease of \$45.8 million in the fair value of financial instruments was mainly due to an increase in interest rates.
- Interest capitalized increased \$7.7 million primarily due to additional capital investment in Vogtle Units 3&4.

The weighted average interest rate of MEAG Power's debt was 3.91% in YTD 2022, comparable to 3.87% in YTD 2021.

### Operations

During YTD 2022, energy delivered to MEAG Power Participants increased 13.9% from YTD 2021 due mainly to Participants' customer load growth and economic recovery from COVID-19. Total power cost to the Participants, including hydro energy purchased from the Southeastern Power Administration, was 6.97 cents/kilowatt-hour (kWh) for YTD 2022, compared with 6.81 cents/kWh for YTD 2021. The increase was primarily due to higher Participant billings for purchased power and fuel (see "Operating Expenses"), which was partially offset by the increase in energy delivered.

### Key Recent Developments Pertaining to Vogtle Units 3&4

Key recent developments pertaining to Vogtle Units 3&4 are outlined below. For additional information and definitions of certain terms, see MEAG Power's 2021 Annual Information Statement or the Official Statements dated June 29, 2022 (OS), pertaining to MEAG Power's Plant Vogtle Units 3&4 Project J and Project M Series 2022A Bonds, as well as the OS for the Project P Series 2022A Bonds and Taxable Series 2022B Bonds, which totaled \$375.2 million (see "Recent Financings" below).

### NRC Authorization for Unit 3 Fuel Load, Startup Testing and Operations

On August 3, 2022, the U.S. Nuclear Regulatory Commission (NRC) announced its 103(g) finding that authorizes Southern Nuclear Operating Company, Inc. (Southern Nuclear) to load nuclear fuel and operate Unit 3 in accordance with the Combined Operating License (COL). The 103(g) finding affirms that all 398 inspections, tests and analyses have been performed, and all acceptance criteria, collectively known as ITAACs, have been met on Unit 3, as required by the COL. The completion of these ITAACs provides the NRC assurance that the unit meets strict nuclear safety and quality standards. The NRC requires each ITAAC closure notice to be verified before fuel load. Receipt of this 103(g) finding indicates that the unit has been constructed and will be operated in conformance with its COL and NRC regulations. No further NRC findings are necessary in order for Southern Nuclear to load fuel, which will be followed by several months of startup testing and operations (see below).

### Cost and Schedule

Based on the construction cost estimate set forth in the twenty-sixth Vogtle Construction Monitoring (VCM) report, and other construction cost estimates, and based on in-service dates of March 2023 and December 2023 for Unit 3 and Unit 4, respectively, it is estimated that the Vogtle Units 3&4 Project Entities' in-service cost will be, in the aggregate, approximately \$7.3 billion, including construction and financing costs through the estimated in-service dates, initial fuel load costs, and switchyard and transmission costs and contingencies established by both Georgia Power Company (GPC) at the project level for all co-owners and by the Vogtle Units 3&4 Project Entities. Additional financing needs relating to reserve funds and other fund deposits required under MEAG Power's and the Vogtle Units 3&4 Project Entities' financing documents result in total financing needs of approximately \$7.8 billion, of which approximately \$341 million remains to be financed after the bond issuances discussed in the "Recent Financings" section below. This forecast includes MEAG Power's portion of project-level construction contingency of \$74 million and is based on projected in-service dates at the end of the first quarter 2023 and fourth quarter 2023 for Unit 3 and Unit 4, respectively. On July 28, 2022, GPC released its Second Quarter 2022 Form 10-Q, which disclosed an increase in the total project capital cost forecast to replenish construction contingency. MEAG Power's share of the increase to the project capital cost forecast is approximately \$17.9 million.

The latest schedule extension triggered the requirement that the holders of at least 90% of the ownership interests in Vogtle Units 3&4 must vote to continue construction. Subsequently, effective February 25, 2022, holders of 100% of such ownership interests had voted to continue construction.

Fuel load for Unit 3 is projected during the fourth quarter 2022. Unit 3's projected in-service date of March 2023 primarily depends on the volume and completion of construction remediation work, completion of work packages, including inspection records, and other documentation necessary to begin fuel load, the pace of system and area turnovers, and the progression of startup and other testing.

Recent achievements and milestones for Unit 4 include open vessel testing activities and completion of: (i) the containment vessel integrated leak rate test, (ii) integrated flush activities and (iii) hydrostatic testing of steam generators. Bulk electrical construction continues, with the focus on achievement of additional testing milestones later in 2022, which will allow hot functional testing to begin. Unit 4's projected schedule primarily depends on Unit 3's progress through fuel load, startup and testing; overall construction productivity and production levels improving, particularly in electrical installation, including terminations; and appropriate levels of craft laborers, particularly electricians and pipefitters, being added and maintained. Any further delays could result in later in-service dates and cost increases.

### Tender Option and Co-Owner Disagreement

MEAG Power and Oglethorpe Power Corporation (OPC) do not agree with GPC on either the starting dollar amount for the determination of cost increases subject to the cost-sharing and tender provisions of the Global Amendments or the extent to which COVID-19-related costs impact the calculation. The tender option becomes effective upon the actual construction costs for Vogtle Units 3&4 equaling the VCM 19 construction cost forecast (VCM 19 Forecast), plus \$2.1 billion. MEAG Power and OPC do not agree with GPC on the amount constituting the VCM 19 Forecast. MEAG Power and OPC believe that the VCM 19 Forecast amount is \$17.1 billion, whereas GPC believes that the amount is \$18.38 billion.

On June 17, 2022, and July 26, 2022, OPC and the City of Dalton, Georgia, respectively, notified GPC of their purported exercises of their tender options. MEAG Power and the Project Entities have not yet made a decision with respect to the exercise of the tender option. MEAG Power, the Project Entities and GPC have extended the time period for exercising the tender option to September 26, 2022.

MEAG Power estimates that, if all three of the Vogtle Units 3&4 Project Entities exercised the tender option under the Global Amendments and there are no additional construction cost increases necessary to complete the units, the aggregate capacity entitlement of the Vogtle Units 3&4 Project Entities would be reduced by 32.1 megawatts (MW), and the aggregate ownership interests in Vogtle Units 3&4 would be 21.2%. Under this scenario, MEAG Power estimates that the Project Entities would achieve a cost savings of approximately \$173 million over the life of the project. This analysis further assumes that MEAG Power and the Project Entities prevail in court with respect to the disputed issues. If GPC were to prevail,

there would be virtually no cost savings achieved by MEAG Power or MWs transferred to GPC.

### Litigation Regarding Co-Owner Disagreement

Upon unsuccessful completion of a dispute resolution process, on June 18, 2022, MEAG Power and the Project J Entity, the Project M Entity and the Project P Entity filed suit in the Superior Court of Fulton County, Georgia, against GPC requesting the court to declare that the Global Amendments provide for the following: (a) that with respect to the Vogtle Units 3&4, GPC is required to pay 55.7% of the actual "Qualifying Construction Costs" (as defined in the Global Amendments) between \$17.9 billion and \$18.7 billion and that GPC is required to pay 65.7% of Qualifying Construction Costs between \$18.7 billion and \$19.2 billion; and, (b) that, with respect to the tender option provision under the Global Amendments, (i) the VCM 19 Forecast equals \$17.1 billion; (ii) the current estimate at completion exceeds VCM 19 Forecast plus \$2.1 billion; and (iii) the time period for the plaintiffs to exercise their tender options began on June 14, 2022, and continues through August 27, 2022. The complaint seeks declaratory equitable relief, injunctive relief, compensatory damages in an amount to be proven at trial, interest and attorney fees with respect to the foregoing issues. If any Vogtle Units 3&4 Project Entity does not give notice of its tender of a portion of its ownership interest in Vogtle Units 3&4 to GPC by the end of the period for doing so, then MEAG Power will reassess the portion of the litigation relating to the tender offer for such Vogtle Units 3&4 Project Entity. On July 25, 2022, GPC filed its answer in the lawsuit filed by MEAG Power and the Vogtle Units 3&4 Project Entities and included counterclaims seeking a declaratory judgment that the starting dollar amount is \$18.38 billion and that costs related to force majeure events are excluded prior to calculating the cost-sharing and tender provisions and when calculating GPC's related financial obligations. MEAG Power, the Project Entities and GPC have extended the time period for exercising the tender option to September 26, 2022.

OPC also filed a lawsuit against GPC on June 18, 2022, with respect to its cost-sharing and tender-option rights under the Global Amendments, requesting similar relief in the Superior Court of Fulton County, Georgia. GPC filed a counterclaim against OPC on July 28, 2022. As described above, OPC elected to tender a portion of its ownership interest in Vogtle Units 3&4.

### Recent Financings

To finance additional construction costs, on July 12, 2022, MEAG Power issued the following Plant Vogtle Units 3&4 Project Bonds:

- \$212.0 million of Project J Bonds, Series 2022A;
- \$51.2 million of Project M Bonds, Series 2022A;
- \$50.4 million of Project P Bonds, Series 2022A; and
- \$61.6 million of Project P Bonds, Taxable Series 2022B.

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## CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

(In thousands)	March 31, 2022							March 31, 2021	
	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Eliminations	Total	Total
<b>Assets and Deferred Outflows of Resources</b>									
Property, plant and equipment, net	\$1,888,423	\$655,580	\$174,083	\$5,420,409	\$ -	\$2,069	\$ -	<b>\$ 8,140,564</b>	\$ 7,632,284
Other non-current assets	769,074	102,493	38,031	1,165,874	245,982	-	-	<b>2,321,454</b>	2,353,217
Current assets	259,933	89,688	100,051	263,943	367,388	482	(3,320)	<b>1,078,165</b>	1,201,894
Deferred outflows of resources	188,716	102,154	(29,045)	365	-	-	-	<b>262,190</b>	256,314
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$3,106,146</b>	<b>\$949,915</b>	<b>\$283,120</b>	<b>\$6,850,591</b>	<b>\$613,370</b>	<b>\$2,551</b>	<b>\$(3,320)</b>	<b>\$11,802,373</b>	<b>\$11,443,709</b>
<b>Liabilities and Deferred Inflows of Resources</b>									
Long-term debt	\$1,556,005	\$326,760	\$74,011	\$6,616,046	\$ -	\$ -	\$ -	<b>\$ 8,572,822</b>	\$ 8,323,686
Non-current liabilities	648,247	166,986	(236)	3,030	245,380	-	-	<b>1,063,407</b>	1,004,340
Current liabilities	177,697	30,593	57,039	230,177	367,990	62	(3,320)	<b>860,238</b>	884,515
Deferred inflows of resources	724,197	425,576	152,306	1,338	-	2,489	-	<b>1,305,906</b>	1,231,168
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$3,106,146</b>	<b>\$949,915</b>	<b>\$283,120</b>	<b>\$6,850,591</b>	<b>\$613,370</b>	<b>\$2,551</b>	<b>\$(3,320)</b>	<b>\$11,802,373</b>	<b>\$11,443,709</b>

## CONDENSED CONSOLIDATED STATEMENT OF NET REVENUES (UNAUDITED)

(In thousands)	Three months ended March 31, 2022							Three months ended March 31, 2021	
	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Eliminations	Total	Total
<b>Revenues:</b>									
Participant <sup>1</sup>	\$141,883	\$36,467	\$17,124	\$18,967	\$ -	\$211	\$ -	<b>\$214,652</b>	\$143,187
Other	7,719	1,594	2,369	11,549	-	26	-	<b>23,257</b>	22,130
<b>Total revenues</b>	<b>149,602</b>	<b>38,061</b>	<b>19,493</b>	<b>30,516</b>	<b>-</b>	<b>237</b>	<b>-</b>	<b>237,909</b>	<b>165,317</b>
Operating expenses	110,620	32,578	18,484	-	-	237	-	<b>161,919</b>	135,964
Net operating revenues	38,982	5,483	1,009	30,516	-	-	-	<b>75,990</b>	29,353
Non-operating expense, net	38,982	5,483	1,009	12,097	-	-	-	<b>57,571</b>	19,144
Change in net costs to be recovered from Participants or Competitive Trust obligations	-	-	-	18,419	-	-	-	<b>18,419</b>	10,209
<b>Net Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<sup>1</sup> Net of over-recovery of \$4.6 million and \$3.7 million for the three months ended March 31, 2022 and 2021, respectively. These amounts are included in current liabilities and may not be indicative of future results.

These condensed consolidated financial statements, which include the accounts of the Power Revenue Bond Resolution (Project One), the General Power Revenue Bond Resolution (General Resolution Projects), the Combined Cycle Project Bond Resolution (Combined Cycle Project), the Vogtle Units 3&4 Projects and Project Entities, the Municipal Competitive Trust and the Telecommunications Project (Telecom Project), should be read in conjunction with MEAG Power's 2021 audited financial statements.

### THE MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

The Municipal Electric Authority of Georgia (MEAG Power) is a nonprofit, statewide generation and transmission organization. Recognized as one of the leading joint action agencies in the country, MEAG Power is among the top public power companies nationwide in terms of annual net generation, megawatt-hour sales and electric revenue. Its diverse, clean energy portfolio — delivering 66% emissions-free energy in 2021 — compares favorably with both the state and national averages. Created by the Georgia General Assembly in 1975, MEAG Power provides reliable, competitive wholesale electricity to its 49 member communities (Participants), who own their local distribution systems. MEAG Power also monitors and advocates on energy issues at the state and federal levels on behalf of its Participants.