



## **Municipal Electric Authority of Georgia**

### **ANNUAL INFORMATION STATEMENT**

**For The Fiscal Year Ended December 31, 2009**

The following documents (collectively, the “Annual Information Statement”) set forth certain information concerning MEAG Power (including, among other things, MEAG Power’s outstanding debt, its Projects, certain of its Participants and its audited consolidated financial statements for its fiscal years 2009 and 2008). The information contained in the Annual Information Statement speaks only as of the date thereof, and MEAG Power assumes no duty to update any information contained in the Annual Information Statement.

In accordance with the provisions of Rule 15c2-12, as amended (“Rule 15c2-12”), promulgated by the United States Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended, MEAG Power has filed the Annual Information Statement with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access (“EMMA”) website currently located at <http://emma.msrb.org> pursuant to Rule 15c2-12 in satisfaction of MEAG Power’s obligations under certain continuing disclosure undertakings made by MEAG Power pursuant to Rule 15c2-12 with respect to certain issues of its bonds. Because of limitations inherent in the electronic transmission of documents, the appearance (but not the content) of the Annual Information Statement on this website may differ from the version thereof filed with the MSRB through the EMMA website.

In accordance with Rule 15c2-12, MEAG Power may, from time to time, include by specific reference in the official statements or other offering documents relating to its securities all or any portion of the information contained in the Annual Information Statement, to the extent specified in such official statements or other offering documents (and subject to any provision of any such official statement or other offering document modifying, supplementing or superseding any such included portion). The Annual Information Statement is provided on this website for informational purposes only and must not be considered to be an offer to sell or the solicitation of an offer to buy any securities of MEAG Power in any jurisdiction, which offer or solicitation may only be made by an official statement or other offering document.

Each viewer acknowledges that (a) MEAG Power is not, by the Annual Information Statement, offering to sell any securities, nor soliciting an offer to buy any securities, (b) the Annual Information Statement will not be construed by the viewer as any description of MEAG Power, any of its Participants or the other parties referred to therein or their respective affairs at any time subsequent to the date of the Annual Information Statement nor will the viewer assume from the availability of the Annual Information Statement on this website that the affairs of MEAG Power, any of its Participants or the other parties referred to therein have not changed since the date of the Annual Information Statement and (c) because the information contained in the Annual Information Statement may be out of date or incomplete, the Annual Information Statement must not be relied upon in connection with any decision to purchase or sell any securities of MEAG Power.

**SUMMARY OF 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 G and under APPENDIX F, “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.

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 F, “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 F, "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 F,

## “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 F.

### **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 F 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.