



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 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 E, “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.