

2017 SECOND QUARTER REPORT

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SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA

(Dollars in thousands)

Six months ended or as of June 30,	2017	2016	2015
Total revenues	\$ 304,409	\$ 344,730	\$ 310,465
Total assets and deferred outflows of resources	\$ 8,898,291	\$ 9,085,146	\$ 8,832,306
Weighted average interest cost ⁽¹⁾	4.06%	4.08%	4.24%
Total cost to MEAG Power Participants (cents per kWh) ⁽²⁾	7.01	6.98	6.74
Peak demand (MW)	1,758	1,891	1,934

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

⁽²⁾ Funds from the Municipal Competitive Trust were applied to lower the Participants' generation billings.

DELIVERED ENERGY BY SOURCE

68% Clean/Emissions-Free through June 30, 2017



Nuclear	62%
Hydro	6%
Gas	18%
Coal	10%
Net purchases	4%

The methodology to determine the resources retained for native load was adjusted during 2016 in order to better match the actual billed quantities. This adjustment assigned a higher share of sales to coal resources than was done through June 2016, resulting in more emissions-free resources being retained.

SIX MONTHS' PERFORMANCE

Revenue and Expense Analysis

Revenues: Total revenues year-to-date through June 30, 2017 (YTD 2017) were \$304.4 million, compared with \$344.7 million for the same period of 2016 (YTD 2016). Participant revenues decreased \$47.1 million, while other revenues increased \$6.8 million.

Participant revenues decreased due mainly to a \$33.1 million increase in deferred inflows of resources. In comparison with YTD 2016, when the termination of a long-term lease transaction (2016 Lease Termination) resulted in a significant decrease in deferred inflows of resources, YTD 2017 activity was primarily related to normal timing differences between amounts billed and expenses determined in accordance with accounting principles generally accepted in the United States. Participant revenue requirements also decreased due to a reduction in certain operating expenses and debt service. These factors were partially offset by a planned reduction of \$9.4 million in fund transfers from the Municipal Competitive Trust applied to lower Participant billings (Competitive Trust Funding) in Project One, which increased Participant revenues.

The increase in other revenues was primarily due to an increase of \$3.7 million in billings to JEA and PowerSouth pertaining to scheduled debt principal payments for Project J and Project P of the Vogtle Units 3&4 Projects. Off-system energy sales also increased \$2.8 million, due to higher pricing of the energy sold.

Operating expenses: YTD 2017 operating expenses decreased 14.5% to \$285.6 million, compared with \$334.2 million for YTD 2016, when expenses related to the 2016 Lease Termination occurred. Such expenses were not incurred during YTD 2017, which was the primary factor in other generating and operating expense decreasing \$54.1 million. A decrease of \$6.8 million in certain maintenance expenses, mainly related to scheduled nuclear and Combined Cycle Project (CC Project) maintenance was also a factor.

These factors were partially offset by an increase of \$3.1 million in total fuel expense due to increases of \$5.4 million and \$3.0 million in natural gas and coal, respectively, which were partially offset by a \$5.6 million decrease in nuclear fuel expense. The increase in natural gas expense was due to a significant increase in gas prices when compared to near all-time low prices in early 2016, which was partially offset by a 7.7% decrease in generation from the CC Project. Coal expense increased due to a 12.6% increase in consumption, which was partially offset by a 4.2% decrease in price. Both the decrease in CC Project generation and the increase in coal consumption were primarily related to the higher natural gas prices. Nuclear fuel expense decreased due mainly to lower on-site storage costs and a 1.9% decrease in generation related to certain outages, as well as a 1.6% decrease in amortization rates.

Non-operating expense (income), net: 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 \$54.9 million for YTD 2017, compared with \$64.9 million for YTD 2016. This 15.4% decrease was due primarily to changes in the following components of net non-operating expense:

- A \$9.9 million decrease in amortization of debt discount and expense was primarily related to lower accretion as a result of the 2016 Lease Termination, as well as premium amortization on certain 2016 bond issuances.
- A decrease of \$11.2 million in investment income and an increase of \$5.1 million in the fair value of financial instruments were mainly due to comparison with 2016 activity related to the 2016 Lease Termination, as well as normal repositioning of certain fixed-income holdings within the decommissioning trust account (Decommissioning Trust). Also, during YTD 2017, investment income decreased due to lower investment balances, while fair value increased as a result of an increase in equity securities held in the Decommissioning Trust during that period.
- Interest capitalized increased \$6.9 million due primarily to additional capital investment in Vogtle Units 3&4.

MEAG Power's debt had a weighted average interest rate of 4.06% and 4.08% for YTD 2017 and YTD 2016, respectively, with the slight decrease primarily due to maturity of high-cost, fixed-rate debt in January 2017, partially offset by higher interest rates on unhedged variable-rate borrowings.

Operations

Energy delivered to MEAG Power Participants through YTD 2017 decreased 3.8% compared with YTD 2016, due mainly to weather impacts. Warmer winter weather and a cooler month of June significantly reduced heating and cooling degree hours, respectively. Total power cost to the Participants YTD 2017, including hydro energy purchased from the Southeastern Power Administration, was 7.01 cents/kilowatt-hour (kWh) compared with 6.98 cents/kWh for YTD 2016. The slight increase was mainly related to the decreases in energy delivered and Competitive Trust Funding, which were partially offset by the reduction in Participant billings for certain operating expenses.

Update Regarding Vogtle Units 3&4

MEAG Power, along with the other Vogtle Co-Owners, supports completion of the Vogtle Units 3&4 project with Southern Nuclear as the project manager. The recommendation to continue construction is based on the results of a comprehensive schedule, cost-to-complete and cancellation assessment. Georgia Power Company (GPC) has requested that the Georgia Public Service Commission (GPSC) approve the new estimated schedule and cost to complete for Vogtle Units 3&4 in connection with the 17th Vogtle Construction Monitoring Report filing. The GPSC is expected to make a decision on GPC's filing by February 2018.

MEAG Power expects that, based on the current estimated in-service dates of late-2021 and late-2022 for Vogtle Unit No. 3 and Unit No. 4, respectively, and assuming 100% recovery of the Vogtle Units 3&4 Project Entities' aggregate \$835.4 million share of the payments from Toshiba under the Guarantee Settlement Agreement, the Vogtle Units 3&4 Project Entities' estimated in-service

Update Regarding Vogtle Units 3&4

cost will be approximately \$5.7 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 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 \$6.1 billion, of which approximately \$1.4 billion of additional funding will be required.

In connection with the recommendation to continue with construction, the Vogtle Co-Owners agreed on a term sheet to amend the existing joint

ownership agreements to provide for additional Vogtle Co-Owner approval requirements. Under the term sheet, the holders of at least 90% of the ownership interests in Vogtle Units 3&4 must vote to continue construction if certain adverse events occur.

For additional information, see MEAG Power's filings with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) website dated August 30, 2017 and September 1, 2017, as well as any additional EMMA filings through the date of publication of MEAG Power's unaudited financial statements for its quarter ending September 30, 2017.

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

(In thousands)	June 30, 2017								June 30, 2016
	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Eliminations	Total	Total
Assets and Deferred Outflows of Resources									
Property, plant and equipment, net	\$1,872,369	\$ 680,841	\$206,727	\$2,821,958	\$ –	\$5,463	\$ –	\$5,587,358	\$5,044,691
Other non-current assets	591,873	172,787	46,644	3,134,641	396,587	–	(1,918,211)	2,424,321	2,832,705
Current assets	290,336	148,632	50,599	92,559	222,533	728	(18,193)	787,194	1,069,958
Deferred outflows of resources	89,559	3,751	5,847	261	–	–	–	99,418	137,792
Total Assets and Deferred Outflows of Resources	\$2,844,137	\$1,006,011	\$309,817	\$6,049,419	\$619,120	\$6,191	\$(1,936,404)	\$8,898,291	\$9,085,146
Liabilities and Deferred Inflows of Resources									
Long-term debt	\$1,856,588	\$ 592,363	\$193,687	\$4,127,414	\$ –	\$ –	\$ (186,166)	\$6,583,886	\$6,797,099
Non-current liabilities	539,210	79,042	(171)	1,762,192	213,430	–	(1,732,045)	861,658	848,943
Current liabilities	191,615	94,073	28,897	159,730	405,690	278	(18,193)	862,090	1,019,514
Deferred inflows of resources	256,724	240,533	87,404	83	–	5,913	–	590,657	419,590
Total Liabilities and Deferred Inflows of Resources	\$2,844,137	\$1,006,011	\$309,817	\$6,049,419	\$619,120	\$6,191	\$(1,936,404)	\$8,898,291	\$9,085,146

CONDENSED CONSOLIDATED STATEMENT OF NET REVENUES (UNAUDITED)

(In thousands)	Six months ended June 30, 2017								Six months ended June 30, 2016 ⁽²⁾
	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Units 3&4 Projects and Project Entities	Municipal Competitive Trust	Telecom Project	Eliminations	Total	Total
Revenues:									
Participant ⁽¹⁾	\$146,040	\$50,075	\$39,994	\$ 3,591	\$ –	\$439	\$ –	\$240,139	\$287,248
Other	28,302	23,503	6,739	5,679	–	47	–	64,270	57,482
Total revenues	174,342	73,578	46,733	9,270	–	486	–	304,409	344,730
Operating expenses	155,168	65,298	43,130	–	21,537	488	–	285,621	334,166
Net operating revenues (loss)	19,174	8,280	3,603	9,270	(21,537)	(2)	–	18,788	10,564
Non-operating expense (income), net	19,174	8,280	3,603	24,039	(229)	(2)	–	54,865	64,852
Change in net costs to be recovered from Participants or Competitive Trust obligations	–	–	–	(14,769)	(21,308)	–	–	(36,077)	(54,288)
Net Revenues	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –

⁽¹⁾ Net of over-recovery of \$19.8 million and \$14.0 million for the six months ended June 30, 2017 and 2016, respectively. These amounts are included in current liabilities and may not be indicative of future results.

⁽²⁾ Certain prior-year amounts have been reclassified to conform to the current year presentation with no impact on total revenues.

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 2016 audited financial statements.

THE MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

MEAG Power is a nonprofit entity that was created by the Georgia General Assembly in 1975 to generate and transmit reliable, competitively priced wholesale electric power to 49 Participant communities throughout the state. These communities have access to MEAG Power's multibillion-dollar resources, including some of the lowest-cost, emissions-free energy in the region, as well as one of the most diversified fuel portfolios. MEAG Power operates in one of the largest and fastest-growing regions in the United States because of Georgia's attractive logistics, pro-business environment and talented workforce.