

NEW ISSUE – FULL BOOK-ENTRY

Nixon Peabody LLP, Special Tax Counsel to MEAG Power, is of the opinion that interest on the Series 2010A Taxable Bonds (as defined herein) is not excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the opinion of Special Tax Counsel, under existing law and assuming compliance with the tax covenants described herein and the accuracy of certain representations and certifications made by MEAG Power described herein, interest on the Series 2010B Tax-Exempt Bonds (as defined herein) is excluded from gross income for Federal income tax purposes under Section 103 of the Code. Special Tax Counsel is further of the opinion that such interest on the Series 2010B Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Special Tax Counsel is further of the opinion that, by virtue of the Act (as defined herein), the Series 2010A&B Bonds (as defined below), the transfer thereof and the interest thereon are exempt from taxation by the State of Georgia and any of its political subdivisions. See, however, "TAX MATTERS" herein for a description of certain other tax considerations.

Municipal Electric Authority of Georgia



**\$1,224,265,000 Plant Vogtle Units 3&4 Project J Bonds, Taxable Series 2010A
(Issuer Subsidy – Build America Bonds)**

\$24,170,000 Plant Vogtle Units 3&4 Project J Bonds, Series 2010B (Tax-Exempt)

Dated: Date of Delivery

Due: April 1, as shown on page (i) hereof

The above-captioned bonds offered hereby (the "Series 2010A&B Bonds") are to be issued to finance and refinance a portion of MEAG Power's costs associated with Project J (as described below). The Series 2010A&B Bonds will be payable from and secured by a pledge of the revenues of MEAG Power derived from Project J and other moneys and securities pledged under the Project J Bond Resolution (as defined herein). Such revenues include, generally, payments received by MEAG Power from the sale of output and services of Project J to (1) JEA, a municipally owned electric utility and a body politic and corporate and an independent agency of the City of Jacksonville, Florida, for the initial twenty years of commercial operation of each of Vogtle Units 3&4 (as described below) pursuant to a take-or-pay power purchase agreement and (2) 39 municipalities located in the State of Georgia (the "Project J Participants") thereafter pursuant to take-or-pay power sales contracts, as described more particularly herein. See "SUMMARY OF PROJECT J PPA – JEA's Payment Obligations" in APPENDIX I hereto and "SUMMARY OF PROJECT J POWER SALES CONTRACTS – Project J Participants' Obligations to Pay" in APPENDIX J hereto.

Vogtle Units 3&4 are two 1,102 megawatt ("MW") nominally rated nuclear generating units currently being developed by MEAG Power and three other co-owners at Plant Vogtle in Burke County, Georgia. MEAG Power's ownership interest in Vogtle Units 3&4 is 22.7 percent, representing approximately 500.308 MW of nominally rated generating capacity. MEAG Power has structured its ownership interest in Vogtle Units 3&4 as three separate projects, as more particularly described herein. Project J comprises approximately 41.175 percent of MEAG Power's ownership interest in Vogtle Units 3&4, representing approximately 206.000 MW of capacity. Under certain circumstances and subject to certain conditions described herein, MEAG Power may transfer its ownership interest in Vogtle Units 3&4, including its interest in Project J, to three wholly owned special purpose companies to be formed by MEAG Power. See "DOE LOAN GUARANTEE PROGRAM" herein.

Amounts owed by JEA under its power purchase agreement with MEAG Power will constitute "Contract Debt," which is payable from revenues of its "Electric System" as a "Cost of Operation and Maintenance" prior to any payments from such revenues for indebtedness of the "Electric System" not constituting "Contract Debt," all as more particularly described herein.

None of the Series 2010A&B Bonds will be an obligation of the State of Georgia, and the State of Georgia will not be obligated to make any payments, levy any taxes or impose any charges in connection with MEAG Power or the Series 2010A&B Bonds. However, the payment obligations of each Project J Participant under its Project J Power Sales Contract (as defined herein) are general obligations to the payment of which its full faith and credit are pledged.

The Series 2010A&B Bonds will be subject to redemption prior to maturity, as described herein.

The Series 2010A&B Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which initially will act as securities depository as described herein. Purchases of Series 2010A Taxable Bonds will be made in book-entry form only, in the principal amount of \$1,000 or any integral multiple thereof, and purchases of Series 2010B Tax-Exempt Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, both through brokers or dealers who are, or who act through, DTC participants. *For information regarding minimum unit sales for purchasers outside the United States, see "INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES" herein.* Beneficial owners of the Series 2010A&B Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2010A&B Bonds. Semiannual interest on the Series 2010A&B Bonds is payable each April 1 and October 1, commencing October 1, 2010, as more fully described herein. So long as DTC or its nominee is the registered owner of the Series 2010A&B Bonds, payments of the principal of and interest on such bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto.

MATURITY SCHEDULE – See Page (i) Hereof

The Series 2010A&B Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to MEAG Power. Certain legal matters will be passed upon for MEAG Power by Peter M. Degan of Alston & Bird LLP, Atlanta, Georgia, General Counsel to MEAG Power. Certain matters with respect to Federal and State of Georgia tax law will be passed upon for MEAG Power by Nixon Peabody LLP, Washington, D.C., Special Tax Counsel to MEAG Power. Certain legal matters will be passed upon for the Underwriters by their counsel, King & Spalding LLP, New York, New York. Certain legal matters will be passed upon for JEA by the Office of General Counsel of the City of Jacksonville, Florida. It is expected that the Series 2010A&B Bonds will be available for delivery in book-entry form only through the facilities of DTC for the accounts of its participants, including Clearstream Banking, société anonyme, and Euroclear Bank S.A./N.V., as operator of the Euroclear system, against payment in New York, New York on or about March 11, 2010.

Goldman, Sachs & Co.

**Citi
BMO Capital Markets**

**Morgan Stanley
FirstSouthwest**

**J.P. Morgan
Wells Fargo Securities**



Existing Vogtle
Units 1 & 2

This is an aerial rendering of a nuclear power plant site. The image shows a large, flat, paved area containing several industrial buildings and two large, white, conical cooling towers. In the background, two more cooling towers are visible, emitting white steam. The site is surrounded by green fields and a blue sky with light clouds. Two callout boxes with black borders and white text are present. One box, located in the upper center, points to the existing units. The other box, located in the lower left, points to the area designated for additional units.

Additional Vogtle
Units 3 & 4

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA (MEAG POWER)

**MATURITIES, AMOUNTS, INTEREST RATES,
PRICES OR YIELDS AND CUSIP NUMBERS**

Dated: Date of Delivery

Due: April 1, as shown below

\$1,224,265,000
Plant Vogtle Units 3&4 Project J Bonds,
Taxable Series 2010A (Issuer Subsidy – Build America Bonds)

\$1,224,265,000 6.637% Term Bonds due April 1, 2057 – Price 100%
CUSIP Number 626207YF5[†]
ISIN Number US626207YF57[†]
Common Code 049421486[‡]

\$24,170,000
Plant Vogtle Units 3&4 Project J Bonds,
Series 2010B (Tax-Exempt)

Year	Amount	Interest Rate	Yield	CUSIP[†]	ISIN[†]	Common Codes[‡]
2017	\$ 6,175,000	5.00%	2.91%	626207 YG3	US626207YG31	049421613
2018	10,950,000	5.00	3.17	626207 YH1	US626207YH14	049421770
2019	5,175,000	5.00	3.36	626207 YJ7	US626207YJ79	049422237
2020	460,000	5.00	3.54	626207 YL2	US626207YL26	049423985
2040	1,410,000	5.00	4.90*	626207 YK4	US626207YK43	049422717

[†] Copyright 2009, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP and ISIN data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a subsidiary of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP and ISIN numbers have been assigned by an independent company not affiliated with MEAG Power and are included solely for the convenience of the registered owners of the applicable Series 2010A&B Bonds. Neither MEAG Power nor the Underwriters are responsible for the selection or uses of these CUSIP or ISIN numbers, and no representation is made as to their correctness on the applicable Series 2010A&B Bonds or as included herein. The CUSIP or ISIN number for a specific maturity is subject to being changed after the issuance of the Series 2010A&B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2010A&B Bonds.

[‡] The Common Codes are provided herein by Euroclear Bank S.A./N.V. Common Codes are provided for convenience of reference only. Neither MEAG Power nor the Underwriters take any responsibility for the accuracy of such numbers.

* Yield to April 1, 2020, the first call date.

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

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Philadelphia, Pennsylvania

Independent Auditors

PRICEWATERHOUSECOOPERS LLP
Atlanta, Georgia

Participants

Acworth*
Adel*
Albany*
Barnesville*
Blakely*
Brinson
Buford
Cairo*
Calhoun*
Camilla*
Cartersville*
College Park*

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Norcross*
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Palmetto*
Quitman
Sandersville
Sylvania*
Sylvester*
Thomaston*
Thomasville*
Washington*
West Point*
Whigham

* Participants in Project J.

Trustee

WELLS FARGO BANK, NATIONAL ASSOCIATION

No dealer, broker, salesman or any other person has been authorized by MEAG Power to give any information or to make any representations, other than the information and representations contained herein, in connection with the offering of the Series 2010A&B Bonds, and if given or made, such other information or representations must not be relied upon as having been authorized by MEAG Power or the Underwriters. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Series 2010A&B Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The information set forth herein has been furnished by MEAG Power, the Participants, JEA and other sources which are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of MEAG Power or the Participants since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THIS OFFICIAL STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS. IN THIS RESPECT, THE WORDS “MAY,” “WILL,” “FORECAST,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “EXPECT,” “INTEND,” “BELIEVE” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE BASED ON THE CURRENT EXPECTATIONS OF THE PARTY MAKING SUCH STATEMENTS AS WELL AS ASSUMPTIONS MADE BASED ON THE INFORMATION CURRENTLY AVAILABLE TO SUCH PARTY. A NUMBER OF IMPORTANT FACTORS AFFECTING MEAG POWER’S BUSINESS AND FINANCIAL RESULTS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN THE FORWARD-LOOKING STATEMENTS ARE DISCLOSED IN THIS OFFICIAL STATEMENT. SEE THE SECTION ENTITLED “RISK FACTORS” IN THIS OFFICIAL STATEMENT FOR SOME OF THESE FACTORS. IN LIGHT OF THESE AND OTHER RISKS, UNCERTAINTIES AND ASSUMPTIONS, ACTUAL EVENTS OR RESULTS MAY BE MATERIALLY DIFFERENT FROM THOSE EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT, OR MAY NOT OCCUR. MEAG POWER HAS NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENT, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2010A&B BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES 2010A&B BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2010A&B BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH LAWS. THE SERIES 2010A&B BONDS WILL NOT HAVE BEEN RECOMMENDED BY THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR ANY OTHER FEDERAL, STATE OR FOREIGN SECURITIES COMMISSION OR REGULATORY AUTHORITY, AND NO SUCH COMMISSIONS AND

REGULATORY AUTHORITIES WILL HAVE REVIEWED OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2010A&B BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SERIES 2010A&B BONDS MAY HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION THEREFROM IN OTHER JURISDICTIONS CANNOT BE REGARDED AS A RECOMMENDATION THEREOF BY ANY SUCH JURISDICTION. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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**INFORMATION CONCERNING OFFERING RESTRICTIONS
IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES**

MINIMUM UNIT SALES

THE SERIES 2010A TAXABLE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF \$1,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 100 UNITS (BEING 100 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF \$100,000). THE SERIES 2010B TAX-EXEMPT BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF \$5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 20 UNITS (BEING 20 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF \$100,000).

NOTICE TO RESIDENTS OF THE EUROPEAN ECONOMIC AREA

NO ACTION HAS BEEN OR WILL BE TAKEN IN ANY JURISDICTION THAT WOULD PERMIT A PUBLIC OFFERING OF ANY OF THE SERIES 2010A&B BONDS, OR POSSESSION OR DISTRIBUTION OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING MATERIAL, IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. EACH UNDERWRITER SHALL COMPLY WITH ALL RELEVANT LAWS, REGULATIONS AND DIRECTIVES IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS, SELLS OR DELIVERS SERIES 2010A&B BONDS OR HAS IN ITS POSSESSION OR DISTRIBUTES THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING MATERIAL, IN ALL CASES AT ITS OWN EXPENSE.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WHICH HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE (EACH, A “RELEVANT MEMBER STATE”), EACH UNDERWRITER HAS SEVERALLY REPRESENTED AND AGREED THAT WITH EFFECT FROM AND INCLUDING THE DATE ON WHICH THE PROSPECTUS DIRECTIVE IS IMPLEMENTED IN THAT RELEVANT MEMBER STATE (THE “RELEVANT IMPLEMENTATION DATE”) IT HAS NOT MADE AND WILL NOT MAKE AN OFFER OF THE SERIES 2010A&B BONDS WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT TO THE PUBLIC IN THAT RELEVANT MEMBER STATE OR, WHERE APPROPRIATE, APPROVED IN ANOTHER RELEVANT MEMBER STATE AND PUBLISHED AND NOTIFIED TO THE COMPETENT AUTHORITY IN THAT RELEVANT MEMBER STATE, ALL IN ACCORDANCE WITH THE PROSPECTUS DIRECTIVE AS IMPLEMENTED IN THAT RELEVANT MEMBER STATE, UNTIL THE END DATE SPECIFIED IN SUCH PROSPECTUS, EXCEPT THAT IT MAY, WITH EFFECT FROM AND INCLUDING THE RELEVANT IMPLEMENTATION DATE, MAKE AN OFFER OF SUCH SERIES 2010A&B BONDS TO THE PUBLIC IN THAT RELEVANT MEMBER STATE AT ANY TIME:

(A) TO LEGAL ENTITIES WHICH ARE AUTHORIZED OR REGULATED TO OPERATE IN THE FINANCIAL MARKETS OR, IF NOT SO AUTHORIZED OR REGULATED, WHOSE CORPORATE PURPOSE IS SOLELY TO INVEST IN SECURITIES;

(B) TO ANY LEGAL ENTITY WHICH HAS TWO OR MORE OF (1) AN AVERAGE OF AT LEAST 250 EMPLOYEES DURING THE LAST FINANCIAL YEAR; (2) A TOTAL BALANCE SHEET OF MORE THAN €43,000,000, AND (3) AN ANNUAL NET TURNOVER OF

MORE THAN €50,000,000, AS SHOWN IN ITS LAST ANNUAL OR CONSOLIDATED ACCOUNTS;

(C) TO FEWER THAN 100 NATURAL OR LEGAL PERSONS (OTHER THAN QUALIFIED INVESTORS AS DEFINED IN THE PROSPECTUS DIRECTIVE) SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER OR UNDERWRITERS NOMINATED BY MEAG POWER FOR ANY SUCH OFFER; OR

(D) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 3(2) OF THE PROSPECTUS DIRECTIVE,

PROVIDED THAT NO SUCH OFFER OF THE SERIES 2010A&B BONDS REFERRED TO ABOVE SHALL REQUIRE MEAG POWER OR ANY UNDERWRITER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE OR SUPPLEMENT A PROSPECTUS PURSUANT TO ARTICLE 16 OF THE PROSPECTUS DIRECTIVE.

FOR PURPOSES OF THIS PROVISION, THE EXPRESSION AN “OFFER OF THE SERIES 2010A&B BONDS TO THE PUBLIC” IN RELATION TO ANY SERIES 2010A&B BONDS IN ANY RELEVANT MEMBER STATE MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE SERIES 2010A&B BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE FOR THE SERIES 2010A&B BONDS, AS THE SAME MAY BE VARIED IN THAT MEMBER STATE BY ANY MEASURE IMPLEMENTING THE PROSPECTUS DIRECTIVE IN THAT MEMBER STATE, AND THE EXPRESSION “PROSPECTUS DIRECTIVE” MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN EACH RELEVANT MEMBER STATE.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

EACH UNDERWRITER HAS SEVERALLY REPRESENTED AND AGREED THAT (I) IT HAS ONLY COMMUNICATED OR CAUSED TO BE COMMUNICATED AND WILL ONLY COMMUNICATE OR CAUSE TO BE COMMUNICATED AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE “FSMA”)) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE SERIES 2010A&B BONDS IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO MEAG POWER; AND (II) IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE SERIES 2010A&B BONDS IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

NOTICE TO RESIDENTS OF FRANCE

EACH UNDERWRITER HAS SEVERALLY REPRESENTED AND AGREED TO AND WITH MEAG POWER THAT IT HAS NOT OFFERED OR SOLD, AND WILL NOT OFFER OR SELL, DIRECTLY, OR INDIRECTLY, THE SERIES 2010A&B BONDS TO THE PUBLIC IN THE REPUBLIC OF FRANCE WITHIN THE MEANING OF ARTICLE L.411-1 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER AND THAT OFFERS AND SALES OF THE SERIES 2010A&B BONDS IN FRANCE WILL EITHER (1) RELATE TO SERIES 2010A&B

BONDS THE NOMINAL VALUE PER UNIT OF WHICH AMOUNTS AT LEAST TO €50,000 OR (2) BE MADE ONLY TO QUALIFIED INVESTORS (INVESTISSEURS QUALIFIÉS) LISTED UNDER ARTICLE D.411-1 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER OR TO A RESTRICTED CIRCLE OF INVESTORS (CERCLE RESTREINT D'INVESTISSEURS) OF LESS THAN 100 INVESTORS PURSUANT TO ARTICLE D.411-2 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER, OR TO PERSONS PROVIDING PORTFOLIO MANAGEMENT FINANCIAL SERVICES FOR THE ACCOUNT OF THIRD PARTIES (PERSONNES FOURNISSANT LE SERVICE D'INVESTISSEMENT DE GESTION DE PORTEFEUILLE POUR COMPTE DE TIERS), ALL ACTING FOR THEIR OWN ACCOUNT AS DEFINED IN AND IN ACCORDANCE WITH ARTICLES L.411-2, D.411-1, D.411-2, D.754-1 AND D.764-1 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER.

IN ADDITION, EACH UNDERWRITER HAS SEVERALLY REPRESENTED AND AGREED TO AND WITH MEAG POWER THAT IT HAS NOT DISTRIBUTED OR CAUSED TO BE DISTRIBUTED AND WILL NOT DISTRIBUTE OR CAUSE TO BE DISTRIBUTED IN THE REPUBLIC OF FRANCE THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING MATERIAL RELATING TO THE SERIES 2010A&B BONDS OTHER THAN IN ACCORDANCE TO L.411-1, L.411-2, L.412-1 AND L.621-8 TO L.621-8-3 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER TO INVESTORS TO WHOM OFFERS AND SALES OF THE SERIES 2010A&B BONDS IN FRANCE MAY BE MADE AS DESCRIBED ABOVE AND THAT THIS OFFICIAL STATEMENT HAS NOT BEEN SUBMITTED FOR APPROVAL (VISA) BY THE AUTORITÉ DES MARCHÉS FINANCIERS UNDER THE CONDITIONS SET OUT INTER ALIA BY ARTICLES 212-1 ET SEQ. OF THE GENERAL REGULATIONS (RÈGLEMENT GÉNÉRAL) OF THE AUTORITÉ DES MARCHÉS FINANCIERS AND DOES NOT CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF SERIES 2010A&B BONDS.

NOTICE TO RESIDENTS OF ITALY

EACH UNDERWRITER SEVERALLY REPRESENTS AND AGREES TO AND WITH MEAG POWER THAT IT HAS NOT OFFERED, SOLD OR DELIVERED, WILL NOT OFFER, SELL OR DELIVER, HAS NOT DISTRIBUTED AND WILL NOT DISTRIBUTE AND HAS NOT MADE AND WILL NOT MAKE AVAILABLE IN ITALY ANY SERIES 2010A&B BONDS, THE OFFICIAL STATEMENT NOR ANY OTHER OFFERING MATERIAL RELATING TO THE SERIES 2010A&B BONDS OTHER THAN:

(A) TO PROFESSIONAL INVESTORS (“INVESTITORI QUALIFICATI”), AS DEFINED ON THE BASIS OF THE DIRECTIVE 2003/71/EC (DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING) AND AS DEFINED IN CONSOB REGULATION ON INTERMEDIARIES NO. 16190 OF OCTOBER 29, 2007, PURSUANT TO ARTICLE 100, PARAGRAPH 1, LETTER (A), OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998 (THE “FINANCIAL SERVICES ACT”) OR IN OTHER CIRCUMSTANCES WHERE AN EXPRESS EXEMPTION FROM COMPLIANCE WITH THE RESTRICTIONS TO THE OFFERINGS TO THE PUBLIC APPLIES, AS PROVIDED UNDER THE FINANCIAL SERVICES ACT OR CONSOB REGULATION NO. 11971/1999, AND IN ACCORDANCE WITH APPLICABLE ITALIAN LAWS AND REGULATIONS; AND

(B) IN CIRCUMSTANCES WHICH ARE EXEMPTED FROM THE RULES ON PUBLIC OFFERINGS PURSUANT TO ARTICLE 100 OF THE FINANCIAL SERVICES ACT

AND CONSOB REGULATION ON ISSUERS AS AMENDED FROM TIME TO TIME. ANY OFFER, SALE OR DELIVERY OF THE SERIES 2010A&B BONDS OR DISTRIBUTION OF COPIES OF THE OFFICIAL STATEMENT OR ANY OTHER DOCUMENT RELATING TO THE SERIES 2010A&B BONDS IN ITALY UNDER CLAUSE (A) ABOVE OR THIS CLAUSE (B) MUST BE:

(I) MADE BY AN INVESTMENT FIRM, BANK OR FINANCIAL INTERMEDIARY PERMITTED TO CONDUCT SUCH ACTIVITIES IN ITALY IN ACCORDANCE WITH THE FINANCIAL SERVICES ACT, THE LEGISLATIVE DECREE NO. 385 OF SEPTEMBER 1, 1993, AS AMENDED FROM TIME TO TIME (THE BANKING ACT), AND CONSOB REGULATION ON INTERMEDIARIES NO. 16190 OF OCTOBER 29, 2007; AND

(II) IN ACCORDANCE WITH ANY OTHER APPLICABLE LAWS AND REGULATIONS.

NOTICE TO RESIDENTS OF GERMANY

EACH OF THE UNDERWRITERS HAS SEVERALLY AGREED AND REPRESENTED TO AND WITH MEAG POWER TO COMPLY WITH THE FOLLOWING OFFERING AND SELLING RESTRICTIONS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY.

EACH OF THE UNDERWRITERS HAS SEVERALLY AGREED WITH MEAG POWER THAT IT SHALL NOT OFFER OR SELL THE SERIES 2010A&B BONDS IN THE FEDERAL REPUBLIC OF GERMANY OTHER THAN IN COMPLIANCE WITH THE GERMAN SECURITIES PROSPECTUS ACT (WERTPAPIERPROSPEKTGESETZ), THE GERMAN SECURITIES SALES PROSPECTUS ACT (WERTPAPIER-VERKAUFSPROSPEKTGESETZ), AND THE GERMAN INVESTMENT ACT (INVESTMENTGESETZ), RESPECTIVELY, AND ANY OTHER LAWS AND REGULATIONS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY GOVERNING THE ISSUE, THE OFFERING AND THE SALE OF THE SERIES 2010A&B BONDS.

THE SERIES 2010A&B BONDS MAY NEITHER BE NOR ARE INTENDED TO BE DISTRIBUTED BY WAY OF PUBLIC OFFERING, PUBLIC ADVERTISEMENT OR IN A SIMILAR MANNER WITHIN THE MEANING OF SECTIONS 2 NO. 4 AND SECTION 3 PARA. 1 OF THE GERMAN SECURITIES PROSPECTUS ACT (WERTPAPIERPROSPEKTGESETZ), SECTION 8F(1) OF THE GERMAN SECURITIES SALES PROSPECTUS ACT (WERTPAPIER-VERKAUFSPROSPEKTGESETZ) AND SECTIONS 1 AND 2(11) OF THE GERMAN INVESTMENT ACT (INVESTMENTGESETZ) NOR SHALL THE DISTRIBUTION OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENT RELATING TO THE SERIES 2010A&B BONDS CONSTITUTE SUCH PUBLIC OFFER.

THE DISTRIBUTION OF THE SERIES 2010A&B BONDS HAS NOT BEEN NOTIFIED, AND THE SERIES 2010A&B BONDS ARE NOT REGISTERED OR AUTHORIZED FOR PUBLIC DISTRIBUTION, IN THE FEDERAL REPUBLIC OF GERMANY UNDER THE GERMAN SECURITIES PROSPECTUS ACT (WERTPAPIERPROSPEKTGESETZ) OR THE GERMAN INVESTMENT ACT (INVESTMENTGESETZ). ACCORDINGLY, THIS OFFICIAL STATEMENT HAS NOT BEEN FILED OR DEPOSITED WITH THE GERMAN FEDERAL FINANCIAL SUPERVISORY AUTHORITY (BUNDESANSTALT FÜR FINANZDIENSTLEISTUNGSAUFSICHT – BAFIN).

NOTICE TO RESIDENTS OF HONG KONG

THE SERIES 2010A&B BONDS HAVE NOT BEEN AUTHORISED BY THE SECURITIES AND FUTURES COMMISSION IN HONG KONG FOR PUBLIC OFFERING IN HONG KONG, NOR HAS A COPY OF THIS OFFICIAL STATEMENT BEEN REGISTERED WITH THE REGISTRAR OF COMPANIES IN HONG KONG.

THE SERIES 2010A&B BONDS MAY NOT BE OFFERED OR SOLD BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE, OR FORM PART OF, AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES ORDINANCE (CAP.32 OF THE LAWS OF HONG KONG), OR (II) TO “PROFESSIONAL INVESTORS” WITHIN THE MEANING OF THE SECURITIES AND FUTURES ORDINANCE (CAP.571 OF THE LAWS OF HONG KONG) AND ANY RULES MADE THEREUNDER, OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A “PROSPECTUS” WITHIN THE MEANING OF THE COMPANIES ORDINANCE (CAP.32 OF THE LAWS OF HONG KONG), AND NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE SERIES 2010A&B BONDS MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO SERIES 2010A&B BONDS WHICH ARE OR ARE INTENDED TO BE SOLD OR OTHERWISE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO “PROFESSIONAL INVESTORS” WITHIN THE MEANING OF THE SECURITIES AND FUTURES ORDINANCE (CAP.571 OF THE LAWS OF HONG KONG) AND ANY RULES MADE THEREUNDER.

NOTICE TO RESIDENTS OF JAPAN

THE SERIES 2010A&B BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE LAW OF JAPAN (LAW NO. 25 OF 1948, AS AMENDED, THE “FINANCIAL INSTRUMENTS AND EXCHANGE LAW”) AND THE SERIES 2010A&B BONDS WILL NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (WHICH TERM AS USED HEREIN MEANS ANY PERSON RESIDENT IN JAPAN, INCLUDING ANY CORPORATION OR OTHER ENTITY ORGANIZED UNDER THE LAWS OF JAPAN), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO A RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FINANCIAL INSTRUMENTS AND EXCHANGE LAW AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

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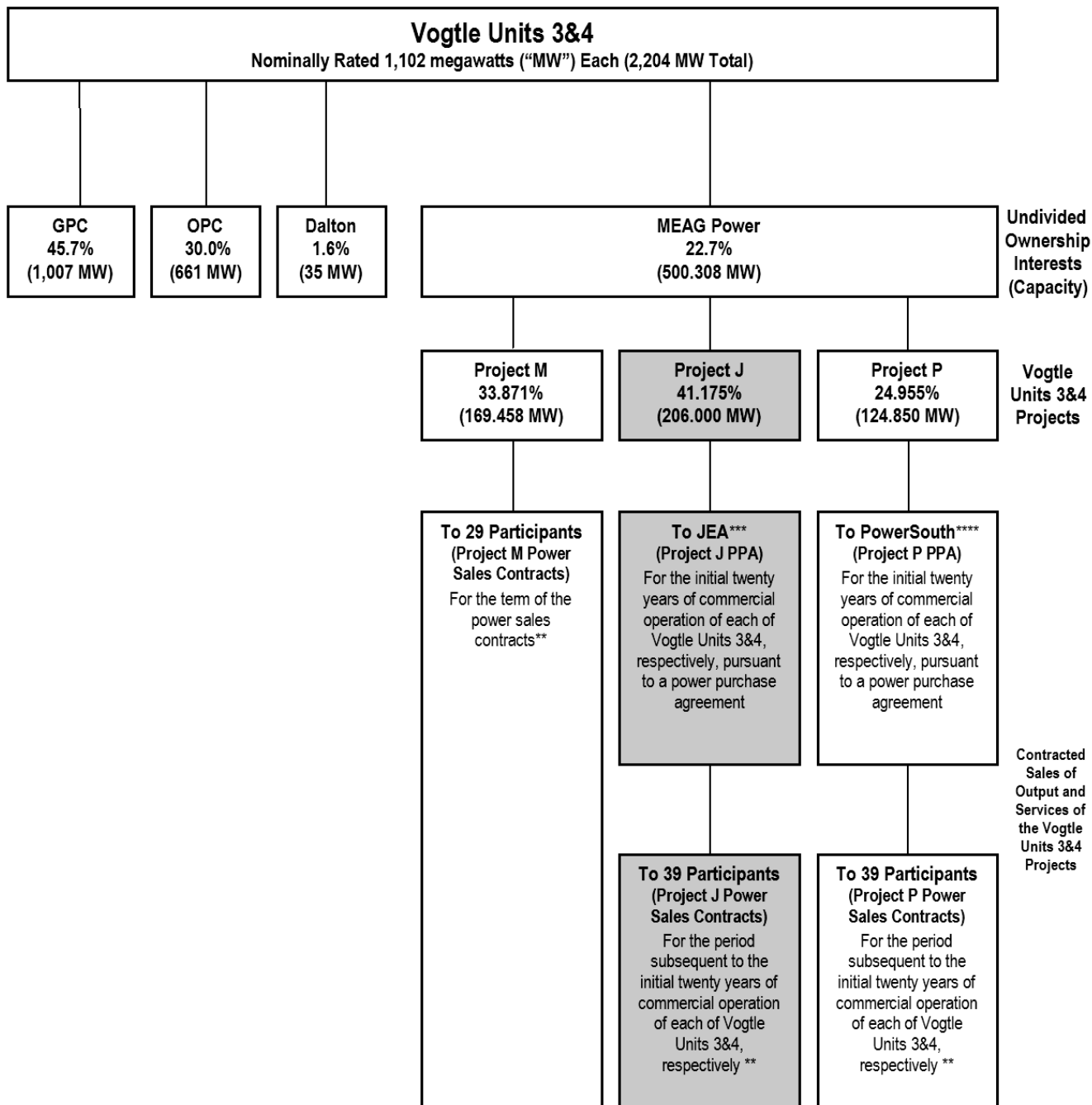
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**Contracted Sales of
Output of the Vogtle Units 3&4 Projects ***
(all data are approximations)



* This chart only describes the sales of output and services of MEAG Power’s interest in the Vogtle Units 3&4 Projects.
 ** See “THE PARTICIPANTS” herein.
 *** JEA, a municipally owned electric utility and a body politic and corporate and an independent agency of the City of Jacksonville, Florida.
 **** PowerSouth Energy Cooperative (“PowerSouth”), a rural electric generation and transmission cooperative located in Andalusia, Alabama.

SUMMARY

The following summary contains information about Municipal Electric Authority of Georgia (“MEAG Power”), the offering and the terms of the Series 2010A&B Bonds (as defined herein) that MEAG Power believes is important. This Official Statement (the “Official Statement”) should be read in its entirety, including the Appendices hereto and the Updated Annual Information Statement (as defined herein) and other documents included herein by reference, for a complete understanding of MEAG Power, the offering and the Series 2010A&B Bonds.

MEAG POWER

General	MEAG Power was created by the State of Georgia for the purpose of owning and operating electric generation and transmission facilities to supply bulk electric power to political subdivisions of the State of Georgia which owned and operated electric distribution systems as of March 18, 1975. MEAG Power currently provides bulk electric power to 48 cities and one county in the State of Georgia (the “ Participants ”) pursuant to separate power sales contracts with each Participant. MEAG Power’s assets include ownership interests in ten electric generating units, all of which 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. Additionally, MEAG Power owns transmission facilities that, together with those of other utilities, form a statewide, integrated transmission system.
Planned Resources	In order to meet an expected increase in the aggregate baseload capacity and energy demands of certain Participants, MEAG Power is a participant in the development of two additional nuclear generating units, Plant Vogtle Unit Nos. 3 and 4, to be located at Plant Vogtle (“ Vogtle Units 3&4 ”), each with a nominally rated generating capacity of 1,102 MW. MEAG Power’s ownership interest in Vogtle Units 3&4 is 22.7 percent, which represents approximately 500.308 MW of nominally rated generating capacity. Currently, commercial operation of Vogtle Units 3&4 is scheduled to commence in 2016 and 2017, respectively. A portion of the output and services of MEAG Power’s ownership interest in Vogtle Units 3&4 initially will be surplus to the Participants’ needs. As a result, MEAG Power has structured its ownership interest in Vogtle Units 3&4 as three separate projects such that all of the output and services of its interests in Vogtle Units 3&4 is expected to be used as a baseload generation resource for load serving entities during the projected useful life of Vogtle

Units 3&4. These three projects (discussed further below) are referred to herein as:

- “**Project M,**” involving separate take-or-pay power sales contracts with 29 of the 49 Participants for a term not to exceed 50 years from June 15, 2008;
- “**Project J,**” involving (1) a take-or-pay power purchase agreement (such power purchase agreement, as amended, the “**Project J PPA**”) with JEA (“**JEA**”), a municipally owned electric utility and a body politic and corporate and an independent agency of the City of Jacksonville, Florida (the “**City**”), relating to the initial twenty years of commercial operation of each of Vogtle Units 3&4 and (2) separate take-or-pay power sales contracts with 39 of the 49 Participants for a term not to exceed 50 years from June 15, 2008 (the Project J Participants are identified on page (ii) hereof); and
- “**Project P,**” involving (1) a take-or-pay power purchase agreement with PowerSouth Energy Cooperative, a rural electric generation and transmission cooperative located in Andalusia, Alabama (“**PowerSouth**”), relating to the initial twenty years of commercial operation of each of Vogtle Units 3&4 and (2) separate take-or-pay power sales contracts with 39 of the 49 Participants for a term not to exceed 50 years from June 15, 2008.

Project M, Project J and Project P are collectively referred to herein as the “**Vogtle Units 3&4 Projects.**”

Other Information.....

For more information relating to MEAG Power, see “MEAG POWER” herein and “MEAG POWER” in the Updated Annual Information Statement.

THE OFFERING

Securities Offered.....

\$1,224,265,000 of Plant Vogtle Units 3&4 Project J Bonds, Taxable Series 2010A (Issuer Subsidy – Build America Bonds) (the “**Series 2010A Taxable Bonds**”) and \$24,170,000 of Plant Vogtle Units 3&4 Project J Bonds, Series 2010B (Tax-Exempt) (the “**Series 2010B Tax-Exempt Bonds**”) and, together with the Series 2010A Taxable Bonds, the “**Series 2010A&B Bonds**”). The Series 2010A Taxable Bonds will be issued in denominations of \$1,000 or any integral multiple thereof. The Series 2010B Tax-Exempt Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. See “DESCRIPTION OF SERIES 2010A&B BONDS” herein.

Maturity and Interest Payment Dates

The Series 2010A&B Bonds will bear interest at the rates and mature on the dates set forth on page (i) of this Official Statement. Semiannual interest on the Series 2010A&B

Bonds of both series is payable each April 1 and October 1, commencing October 1, 2010.

Optional Redemption

The Series 2010A Taxable Bonds will be subject to redemption prior to maturity at the election of MEAG Power as a whole or in part at any time at a redemption price equal to the greater of (i) 100 percent of the principal amount thereof or (ii) the Discounted Value thereof (as defined herein), together, in either case, with accrued interest to the redemption date. See “DESCRIPTION OF SERIES 2010A&B BONDS – Redemption of Series 2010A Taxable Bonds – *Optional Redemption*” herein.

The Series 2010B Tax-Exempt Bonds will be subject to redemption prior to maturity at the election of MEAG Power in whole or in part at any time on and after April 1, 2020, at a redemption price equal to 100 percent of the principal amount thereof, together with accrued interest to the redemption date. See “DESCRIPTION OF SERIES 2010A&B BONDS – Redemption of Series 2010B Tax-Exempt Bonds – *Optional Redemption*” herein.

Extraordinary Optional Redemption of Series 2010A Taxable Bonds

The Series 2010A Taxable Bonds also will be subject to redemption prior to maturity at the election of MEAG Power, in whole or in part, on any date following the occurrence of an “Extraordinary Event” (as defined herein), at a redemption price equal to the greater of (i) 100 percent of the principal amount thereof or (ii) the Discounted Value thereof (as such term is defined herein, except that for purposes of calculating such Discounted Value, the Discount Yield (as defined herein) shall be equal to the Blended Treasury Yield (as defined herein) plus one percent), together, in either case, with accrued interest to the redemption date. See “DESCRIPTION OF SERIES 2010A&B BONDS – Redemption of Series 2010A Taxable Bonds – *Extraordinary Optional Redemption*” herein.

Sinking Fund Redemption

The Series 2010A Taxable Bonds also will be subject to mandatory redemption at a redemption price of 100 percent of the principal amount thereof, plus accrued interest, through sinking fund installments commencing April 1, 2018 and on each April 1 thereafter to and including April 1, 2056. See “DESCRIPTION OF SERIES 2010A&B BONDS – Redemption of Series 2010A Taxable Bonds – *Sinking Fund Redemption*” herein.

Use of Proceeds.....

The proceeds of the Series 2010A Taxable Bonds will be used to (i) fund a portion of the costs of acquisition and construction of Project J, (ii) refinance a portion of the outstanding 2009 Project J Notes (as defined herein), (iii) fund certain capitalized interest on the Series 2010A Taxable Bonds, (iv) provide moneys to fund a debt service reserve account established under the Project J Bond

Resolution (as defined herein) and (v) pay the costs of issuance of the Series 2010A Taxable Bonds.

The proceeds of the Series 2010B Tax-Exempt Bonds will be used to (i) refinance a portion of the outstanding 2009 Project J Notes, (ii) fund certain capitalized interest on the Series 2010B Tax-Exempt Bonds, (iii) provide moneys to fund a debt service reserve account established under the Project J Bond Resolution and (iv) pay the costs of issuance of the Series 2010B Tax-Exempt Bonds.

DTC Eligibility

The Series 2010A&B Bonds will be issued in fully registered form and deposited with The Depository Trust Company, New York, New York (“**DTC**”). The Series 2010A&B Bonds will initially be issued in book-entry form. Persons may own beneficial interests in the Series 2010A&B Bonds through DTC, Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) or the Euroclear Bank S.A./N.V. (“**Euroclear**”), directly if they are participants of such systems, or indirectly through organizations that are participants in such systems. Transfers of beneficial interests in the Series 2010A&B Bonds will be effected only through records maintained by DTC and its direct and indirect participants, subject to some exceptions. See “BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES” in APPENDIX A hereto.

Federal Income Tax Status of the Series 2010A&B Bonds

Nixon Peabody LLP, Special Tax Counsel to MEAG Power (“**Special Tax Counsel**”), is of the opinion that interest on the Series 2010A Taxable Bonds is not excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “**Code**”). In the opinion of Special Tax Counsel, under existing law and assuming compliance with the tax covenants described herein and the accuracy of certain representations and certifications made by MEAG Power described herein, interest on the Series 2010B Tax-Exempt Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. Special Tax Counsel is further of the opinion that such interest on the Series 2010B Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Special Tax Counsel is further of the opinion that, by virtue of the Act (as defined herein), the Series 2010A&B Bonds, the transfer thereof and the interest thereon are exempt from taxation by the State of Georgia and any of its political subdivisions. See, however, “TAX MATTERS” herein for a description of certain other tax considerations. See “BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES” in APPENDIX A hereto.

Other Information..... For more information relating to the Series 2010A&B Bonds, see “DESCRIPTION OF SERIES 2010A&B BONDS” herein.

JEA

General..... JEA is a body politic and corporate organized and existing under the laws of the State of Florida and is an independent agency of the City. JEA was established in 1968 to own and manage the Electric System (as defined herein) which had been owned by the City since 1895. In 2007, the latest year for which such information is available, JEA was the seventh largest municipally-owned electric utility in the United States in terms of number of customers. During its fiscal year ended September 30, 2009, the Electric System served an average of 417,225 customer accounts in a service area which covers virtually the entire City and parts of neighboring counties. Total revenues, including investment income, for the Electric System for fiscal year 2009, net of revenues received by JEA from the FPL-Power Park Sale (as defined in the herein defined JEA Annual Disclosure Report), were approximately \$1,336,350,000.

Other Information..... See “JEA” herein as well as “JEA DISCLOSURE” and “JEA’S FINANCIAL STATEMENTS” in APPENDICES C and D, respectively, hereto.

THE PARTICIPANTS

General..... The Participants consist of 48 cities and one county, all political subdivisions of the State of Georgia. Geographically, the Participants are located throughout the State of Georgia in 39 of its 159 counties. Collectively, the Participants served approximately 309,000 customer accounts, representing a total population of approximately 635,000, during 2009. For more information about the Participants see “THE PARTICIPANTS” herein. See also “MEAG POWER – Bulk Power Supply Operations – *Supplemental Bulk Power Supply*” in the Updated Annual Information Statement.

Project J Participants..... The “**Project J Participants**” are the 39 Participants who have elected to enter into separate take-or-pay power sales contracts (such power sales contracts, as amended, the “**Project J Power Sales Contracts**”) with MEAG Power for the purchase of the output and services of MEAG Power’s ownership interest in Vogtle Units 3&4 related to Project J for a term not to exceed 50 years from June 15, 2008. The payment obligations of the Project J Participants thereunder are described under “SUMMARY OF PROJECT J POWER SALES CONTRACTS – Project J Participants’ Obligations to Pay” in APPENDIX J hereto. As set forth more fully therein, each Project J Participant’s payment obligations are general obligations to the payment of which its full faith and credit are pledged.

Other Information..... For certain financial and statistical data and other information regarding the eight largest Project J Participants, which represent approximately 59 percent of the Obligation Shares (as specified in “THE PARTICIPANTS” herein) of Project J, see “INFORMATION REGARDING THE MAJOR PARTICIPANTS IN PROJECT J” in APPENDIX E hereto.

**PLAN OF FINANCE FOR MEAG POWER’S INTERESTS
IN VOGTLE UNITS 3&4**

Overall..... MEAG Power estimates the aggregate costs of acquisition and construction of its ownership interests in Vogtle Units 3&4, including construction costs, financing costs and contingencies, initial fuel load costs and switchyard and transmission costs, will be approximately \$3.7 billion, of which approximately \$1.2 billion relates to Project M, \$1.5 billion relates to Project J and \$1.0 billion relates to Project P. MEAG Power’s costs incurred through September 30, 2009, aggregating approximately \$240 million for the three projects, have been paid primarily with the proceeds of bond anticipation notes, aggregating \$493,555,000 in principal amount, issued in April and May 2009.

MEAG Power’s plan of finance with regard to such estimated costs of acquisition and construction, including the refinancing of the foregoing bond anticipation notes, includes the issuance of bonds in 2010 for the three Vogtle Units 3&4 Projects in the aggregate principal amount of approximately \$2,666,765,000, including (a) for Project M, “Build America Bonds” (as defined below) and tax-exempt bonds in the aggregate principal amount of \$1,028,945,000, pursuant to a separate offering document; (b) for Project J, the bonds offered hereby; and (c) for Project P, Build America Bonds and tax-exempt bonds in the aggregate principal amount of approximately \$389,385,000, pursuant to a separate offering document. The plan of finance also calls for MEAG Power to negotiate and enter into definitive loan documentation with the Federal Financing Bank (“**FFB**”) and the U.S. Department of Energy (“**DOE**”) pursuant to the Conditional Commitment (as defined herein and referred to below). In order to fund costs of construction not funded with proceeds of the initial bond financings, MEAG Power may enter into definitive agreements for the Guaranteed Loans (as defined herein) pursuant to such loan documentation, issue additional bonds, or both, depending on which is more economical to MEAG Power. See “DOE LOAN GUARANTEE PROGRAM” for a summary of the Conditional Commitment.

MEAG Power adopted the foregoing plan of finance for its interests in Vogtle Units 3&4 to achieve several financial objectives. The plan of finance will maximize the benefits

to MEAG Power of financing with Build America Bonds by providing for their issuance while the statutory authority for such bonds remains in effect. MEAG Power’s issuance of the Build America Bonds and the Series 2010B Tax-Exempt Bonds offered hereby and its issuance of bonds for Project M and for Project P during the first quarter of 2010 pursuant to the plan of finance will lock in today’s relatively low prevailing interest rates for approximately 73 percent of the financing necessary to fund the total currently estimated costs of acquisition and construction relating to its interests in Vogtle Units 3&4 (in the case of Project J, the bonds offered hereby will constitute approximately 85 percent of the financing necessary to fund the currently estimated costs of acquisition and construction relating to MEAG Power’s interests in Vogtle Units 3&4 related to Project J). Also, the plan of finance substantially mitigates MEAG Power’s need for market access to complete its funding requirements with respect to its interests in Vogtle Units 3&4. Taking into account the proceeds of the bonds offered hereby and the proceeds of the bonds to be issued for Project M and Project P during the first quarter of 2010, the proceeds of the earlier interim financings and the amount of the Guaranteed Loans set forth in the Conditional Commitment, MEAG Power will have funds and loan commitments in an amount equal to approximately 124 percent of the total currently estimated costs of acquisition and construction relating to its interests in Vogtle Units 3&4.

Bond Financings

Bonds to finance the acquisition and construction of MEAG Power’s ownership interest in the Vogtle Units 3&4 Projects will be issued pursuant to three separate bond resolutions corresponding to the Vogtle Units 3&4 Projects. Debt obligations issued under each bond resolution will be payable from and secured by a pledge of revenues of MEAG Power derived from the applicable Vogtle Units 3&4 Project and other moneys and securities pledged under such Vogtle Units 3&4 Project’s bond resolution. The bond resolution and the revenues and funds established thereunder relating to a particular Vogtle Units 3&4 Project is separate from the bond resolutions and the revenues and funds established thereunder relating to the other Vogtle Units 3&4 Projects and any of MEAG Power’s other projects.

MEAG Power intends to designate as “Build America Bonds” (“**Build America Bonds**”) for purposes of the American Recovery and Reinvestment Act of 2009 (the “**Recovery Act**”) under each of the Vogtle Units 3&4 Project bond resolutions, respectively, certain of the bonds it issues to finance costs of acquisition and construction of Vogtle Units 3&4, including the Series 2010A Taxable Bonds offered hereby. As a result, pursuant to the

Recovery Act, MEAG Power, *provided* it complies with the requirements of such Act, is entitled to receive cash subsidy payments rebating a portion of the interest on the applicable Build America Bonds from the U.S. Treasury equal to 35 percent of the interest payable on such bonds. All cash subsidy payments received by MEAG Power from the U.S. Treasury in respect of the interest payable on any Build America Bonds will constitute Revenues (as defined herein) for all purposes of the applicable bond resolution, subject to the provisions thereof permitting the application of such cash subsidy payments for the purposes and on the terms and conditions set forth therein.

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 of and interest on the Series 2010A Taxable Bonds whether or not it receives such cash subsidy payments.

DOE Loan Guarantee Program.....

In order to obtain an assured source of financing at a locked-in spread over the yields on U.S. Treasury securities and augment its financing alternatives, MEAG Power applied in 2008 for DOE loan guarantees to finance a portion of its costs of construction of Vogtle Units 3&4. Along with two other Vogtle Co-Owners (as defined herein), MEAG Power was selected by DOE to move forward with final due diligence and negotiations of the terms and conditions of a loan guarantee term sheet (the “**Term Sheet**”). DOE offered the Term Sheet to MEAG Power, and MEAG Power accepted the Term Sheet and paid the required portion of a facility fee to DOE and, as a result, the Term Sheet became a conditional commitment (the “**Conditional Commitment**”) for DOE-guaranteed loans (the “**Guaranteed Loans**”). MEAG Power expects to commence negotiation of definitive agreements (the “**Definitive Agreements**”) reflecting the terms and conditions of the Conditional Commitment during 2010. If MEAG Power enters into the Definitive Agreements for the Guaranteed Loans, MEAG Power will divide its undivided ownership interest in Vogtle Units 3&4 into three separate undivided interests and then transfer such interests to three wholly owned special purpose limited liability subsidiaries to be formed by MEAG Power (the “**Project Entities**”). In connection with such transfers, there would be amendments to the bond resolutions, the power sales contracts and other agreements relating to the Vogtle Units 3&4 Projects that would change the security for the Series 2010A&B Bonds and materially alter the rights and remedies of the holders thereof. See “RISK FACTORS – DOE Financing Restructuring Requirements” herein for a description of certain significant changes to the security for the Series 2010A&B Bonds that will occur if MEAG Power enters into the Definitive Agreements for the Guaranteed Loans. As described herein, upon the issuance of the Series

2010A&B Bonds, the Project J Bond Resolution will permit MEAG Power to amend the Project J Bond Resolution (without the consent of the holders of the Project J Bonds (as defined herein), including the holders of the Series 2010A&B Bonds), and related documents in any respect determined by MEAG Power to be necessary or desirable to accommodate the Guaranteed Loans, subject to the satisfaction of conditions and requirements set forth therein. See also “DOE LOAN GUARANTEE PROGRAM” herein and “SUMMARY OF CERTAIN PROVISIONS OF DOE CONDITIONAL COMMITMENT” in APPENDIX L hereto.

SECURITY FOR SERIES 2010A&B BONDS

Pledge.....	The Series 2010A&B Bonds will be secured on a parity with all other bonds issued pursuant to the Project J Bond Resolution (the “ Project J Bonds ”) by a pledge of the Trust Estate (as defined herein), including the proceeds of the sale of Project J Bonds and the revenues of MEAG Power derived from Project J, including payments from JEA under the Project J PPA and the Project J Participants under their respective Project J Power Sales Contracts, and other moneys and securities pledged under the Project J Bond Resolution. Such payments are required to be made by JEA and the Project J Participants whether or not Project J or any part thereof is completed, is operating or operable or its output is suspended, interrupted, interfered with, reduced, curtailed or terminated in whole or in part. Each Project J Participant’s payment obligations under its Project J Power Sales Contract are general obligations to the payment of which the applicable Project J Participant’s full faith and credit are pledged, as briefly described below under “– Project J Participants’ Rate Covenant.”
MEAG Power Rate Covenant.....	MEAG Power has covenanted in the Project J Bond Resolution, which has been validated in State of Georgia court proceedings, 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 J as required to provide revenues at least sufficient in each calendar year, together with other available funds, for the payment during such calendar year of operating expenses, scheduled debt service on the Project J Bonds, amounts required for reserves under the Project J Bond Resolution, and all other charges or liens payable from such revenues.
Project J PPA	In connection with the establishment of Project J, MEAG Power entered into the Project J PPA with JEA pursuant to which, for the initial twenty years of commercial operation of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, respectively, MEAG Power will provide, and JEA will take, the output and services corresponding to 41.175

percent of MEAG Power’s interest in Vogtle Units 3&4. JEA’s payment obligations under the Project J PPA are payable whether or not Project J 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. See “SECURITY FOR SERIES 2010A&B BONDS – Project J PPA” herein and “SUMMARY OF PROJECT J PPA” in APPENDIX I hereto.

JEA’s Rate Covenant

JEA has covenanted to maintain and collect rates and charges for the electric services 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, to pay all other amounts payable from and all lawful charges against or liens on the revenues of its Electric System.

Project J Power Sales Contracts

MEAG Power also has entered into separate Project J Power Sales Contracts with the Project J Participants pursuant to which, for the contract period subsequent to the initial twenty years of commercial operation of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, respectively, MEAG Power will provide and the Project J Participants will take, their respective Obligation Shares of the output and services corresponding to 41.175 percent of MEAG Power’s interest in Vogtle Units 3&4. The Obligation Shares of the Project J Participants aggregate 100 percent. The Project J Participants’ payment obligations under their respective Project J Power Sales Contracts are payable whether or not Project J 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 Project J Power Sales Contracts contain “step-up” provisions that require each Project J Participant to increase its Obligation Share, up to a cap of 130 percent of its original Obligation Share, if an event of default has occurred with respect to one or more other Project J Participants under their Project J Power Sales Contracts. See “SECURITY FOR SERIES 2010A&B BONDS – Project J Power Sales Contracts” herein and “SUMMARY OF PROJECT J POWER SALES CONTRACTS” in APPENDIX J hereto.

Project J Participants’ Rate Covenant

Each Project J Participant has covenanted in its Project J Power Sales Contract to maintain and collect rates to provide revenues sufficient, together with available electric system reserves, to make payments due under its Project J Power Sales Contract. If payment is not made from the revenues of the electric system of a Project J Participant or from other funds thereof, such Project J 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 Project J Power Sales Contract, whether or not electric power and energy is actually received by such Project J Participant. If any such provision or appropriation is not made for a fiscal year, then the chief fiscal officer of such Project J Participant is required, in accordance with the provisions of the Act, to set up as an appropriation on the accounts of such Project J Participant the amounts required to pay its obligations under its Project J Power Sales Contract, and such appropriation will have the same legal status as if the Project J Participant had included the amount of the appropriation in its general revenue or appropriation measure.

For more information relating to the Project J Bond Resolution, see “SECURITY FOR SERIES 2010A&B BONDS” herein and “SUMMARY OF PROJECT J BOND RESOLUTION” in APPENDIX K hereto.

Debt Service Reserve Account

The Project J Bond Resolution establishes a Debt Service Reserve Account in the Debt Service Fund (each as defined herein) and requires that such account be funded in an amount equal to the Debt Service Reserve Requirement, which means, as of any date of calculation, an amount equal to the greatest amount of the Adjusted Aggregate Debt Service (as defined herein) on Project J Bonds for the current or any future calendar year. See “SECURITY FOR SERIES 2010A&B BONDS – Debt Service Reserve Account” herein for further information relating to the calculation of the Debt Service Reserve Requirement for Project J Bonds that constitute Build America Bonds and for information concerning replenishment of the Debt Service Reserve Account when there is a deficiency therein.

Debt Service Arrearages

For a discussion of certain circumstances under which there may be a deficiency in the Debt Service Account in the Debt Service Fund, see “SECURITY FOR SERIES 2010A&B BONDS – Debt Service Arrearages” herein.

In addition, see “SECURITY FOR SERIES 2010A&B BONDS – Debt Service Reserve Account” and “– Arrearage Funds” herein and “SUMMARY OF PROJECT J BOND RESOLUTION – Initial Power Purchaser Arrearages Fund” and “– Project J Participant Arrearages Fund” in APPENDIX K hereto.

VOGTLE UNITS 3&4

General

Vogle Units 3&4 are being supplied and constructed by a consortium (the “**Consortium**”) consisting of Westinghouse Electric Company LLC (“**Westinghouse**”) and Stone & Webster, Inc. (“**Stone & Webster**”). Currently, commercial

operation of Vogtle Units 3&4 is scheduled to commence in 2016 and 2017, respectively.

Technology

Vogtle Units 3&4 will consist of two Westinghouse AP1000 reactors (each with a nominally rated generating capacity of 1,102 MW), two natural draft cooling towers, intake and discharge structures, a switchyard for transmission access and numerous ancillary structures supporting the power generation process. Westinghouse reports that the AP1000 received “final design approval” from the Nuclear Regulatory Commission (the “NRC”) in September 2004 and that the NRC issued the final design certification rule (“DCR”) for the AP1000 design on January 27, 2006. Westinghouse is seeking to amend the AP1000 DCR to incorporate the revisions set forth in Design Certification Documents 16 and 17. The AP1000 is the first and only reactor in its class of technological development, referred to as “Generation III+,” to receive such certification from the NRC. The AP1000 is a pressurized water reactor with passive safety systems which, according to Westinghouse, are designed to achieve and maintain safe shutdown in case of design basis accidents without operator action, AC power or pumps. According to Westinghouse’s website, the AP1000’s simplified design of safety systems, normal operating systems, the control room, construction techniques and instrumentation and control systems make an AP1000 plant less expensive to build, operate and maintain. Because Westinghouse estimates that operation and maintenance costs represent approximately 75 percent of a nuclear plant’s fixed production costs, it anticipates that the AP1000 design will reduce production and capital costs and provide an economic alternative to contemporary fossil-fueled plants.

Construction and Licensing

See “VOGTLE UNITS 3&4 – Construction and Licensing of Vogtle Units 3&4” herein for information concerning licenses and permits required for construction and operation of Vogtle Units 3&4 and the status thereof.

EPC Contract

Georgia Power Company (“GPC”), as agent, on behalf of itself and the other Vogtle Co-Owners, is party to an Engineering, Procurement and Construction Contract (the “EPC Contract”) with the Consortium. Pursuant to the EPC Contract, the Consortium will supply and construct two 1,102 MW nuclear units using the Westinghouse AP1000 technology, with the exception of certain owner-supplied items. Under the EPC Contract, the Vogtle Co-Owners will pay a purchase price that is subject to certain price escalations and adjustments, adjustments for change orders and performance bonuses as well as provisions allocating the risks of cost overruns. MEAG Power’s estimated in-service costs of Vogtle Units 3&4, including

construction costs, financing costs and contingencies, initial fuel load costs and switchyard and transmission costs, is approximately \$3.7 billion.

Each Vogtle Co-Owner is severally (and not jointly) liable to the Consortium, based on its ownership share, for all amounts owed to the Consortium under the EPC Contract. The EPC Contract provides for certain liquidated damages upon the Consortium's failure to comply with schedule and performance guarantees, as well as certain bonuses payable to the Consortium for early completion and unit performance. The Consortium's liability for those liquidated damages and for warranty claims is subject to a cap. The payment obligations of Westinghouse are guaranteed by Toshiba Corporation and certain of the payment obligations of Stone & Webster are guaranteed by The Shaw Group, Inc. For additional information concerning the EPC Contract, see "VOGTLE UNITS 3&4 – EPC Contract" herein.

Joint Ownership Arrangement

Vogtle Units 3&4 will be co-owned by MEAG Power, GPC, Oglethorpe Power Corporation (an Electric Membership Corporation) ("**OPC**") and the City of Dalton, Georgia ("**Dalton**"). GPC has a 45.7 percent ownership interest in Vogtle Units 3&4 and has been appointed agent for itself and the other co-owners of Vogtle Units 3&4. OPC and Dalton have respective 30.0 percent and 1.6 percent ownership interests in Vogtle Units 3&4. MEAG Power, GPC, OPC and Dalton are collectively referred to herein as the "**Vogtle Co-Owners.**"

Other Information.....

For a description of the obligations, rights and privileges of MEAG Power and the other Vogtle Co-Owners in Vogtle Units 3&4, see "VOGTLE UNITS 3&4 – Vogtle Units 3&4 Ownership Agreement" and "– Vogtle Operating Agreement" herein. For references to available information relating to two of the Vogtle Co-Owners, GPC and OPC, see "VOGTLE UNITS 3&4 – Co-Owners of Vogtle Units 3&4" herein.

THE VOGTLE UNITS 3&4 PROJECTS

Project M.....

Project M comprises approximately 33.871 percent of MEAG Power's ownership interest in Vogtle Units 3&4, representing approximately 169.458 MW of nominally rated generating capacity. In connection with the establishment of Project M, MEAG Power has entered into separate take-or-pay power sales contracts (such power sales contracts, as amended, the "**Project M Power Sales Contracts**") with 29 of the 49 Participants (in such capacity, the "**Project M Participants**") pursuant to which MEAG Power will provide, and the Project M Participants will take, the output and services corresponding to 33.871 percent of MEAG Power's interest in Vogtle Units 3&4. For a discussion of the Project M Participants' payment

obligations under the Project M Power Sales Contracts, see “THE VOGTLE UNITS 3&4 PROJECTS – Project M – *Payment Obligations of the Project M Participants Under the Project M Power Sales Contracts*” herein.

See “THE VOGTLE UNITS 3&4 PROJECTS – Project M” herein.

Project J.....

Project J comprises approximately 41.175 percent of MEAG Power’s ownership interest in Vogtle Units 3&4, representing approximately 206.000 MW of nominally rated generating capacity.

See “SECURITY FOR SERIES 2010A&B BONDS – Project J PPA” herein and “SUMMARY OF PROJECT J PPA” in APPENDIX I hereto for a description of the Project J PPA.

See “SECURITY FOR SERIES 2010A&B BONDS – Project J Power Sales Contracts” herein and “SUMMARY OF PROJECT J POWER SALES CONTRACTS” in APPENDIX J hereto for a description of the Project J Power Sales Contracts.

Project P.....

Project P comprises approximately 24.955 percent of MEAG Power’s ownership interest in Vogtle Units 3&4, representing approximately 124.850 MW of nominally rated generating capacity. In connection with the establishment of Project P, MEAG Power has entered into a take-or-pay power purchase agreement (such power purchase agreement, as amended, the “**Project P PPA**”) with PowerSouth pursuant to which, for the initial twenty years of commercial operation of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, respectively, MEAG Power will provide, and PowerSouth will take, the output and services corresponding to 24.955 percent of MEAG Power’s interest in Vogtle Units 3&4. For a discussion of PowerSouth’s payment obligations under the Project P PPA, see “THE VOGTLE UNITS 3&4 PROJECTS – Project P – *Payment Obligations of PowerSouth Under the Project P PPA*” herein.

MEAG Power has also entered into separate take-or-pay power sales contracts (such power sales contracts, as amended, the “**Project P Power Sales Contracts**”) with 39 Participants (in such capacity, the “**Project P Participants**”) pursuant to which, for the contract period subsequent to the initial twenty years of commercial operation of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, respectively, MEAG Power will provide, and the Project P Participants will take, the output and services corresponding to 24.955 percent of MEAG Power’s interest in Vogtle Units 3&4. The Project P

Participants are the same 39 Participants that constitute the Project J Participants. For a discussion of the Project P Participants' payment obligations under the Project P Power Sales Contracts, see "THE VOGTLE UNITS 3&4 PROJECTS – Project P – *Payment Obligations of the Project P Participants Under the Project P Power Sales Contracts*" herein.

See "THE VOGTLE UNITS 3&4 PROJECTS – Project P" herein.

RISK FACTORS

General

Certain risks could affect the payments to be made with respect to the Series 2010A&B Bonds. See "RISK FACTORS" beginning on page 65 herein for a discussion of such risks. Such discussion is not exhaustive, should be read in conjunction with all other parts of this Official Statement and the documents included by reference in this Official Statement, and should not be considered as a complete description of all risks that could affect such payments. Prospective investors should analyze carefully the information contained or included by reference in this Official Statement and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement. See also "INCLUSION OF CERTAIN INFORMATION BY REFERENCE" herein.

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MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

***\$1,224,265,000 Plant Vogtle Units 3&4 Project J Bonds,
Taxable Series 2010A (Issuer Subsidy – Build America Bonds)***

***\$24,170,000 Plant Vogtle Units 3&4 Project J Bonds,
Series 2010B (Tax-Exempt)***

INTRODUCTORY STATEMENT

This Official Statement (this “Official Statement”), which includes the cover page and inside cover page hereof and the appendices hereto, is furnished in connection with the issuance by the Municipal Electric Authority of Georgia (“MEAG Power”) of its Plant Vogtle Units 3&4 Project J Bonds, Taxable Series 2010A (Issuer Subsidy – Build America Bonds) (the “Series 2010A Taxable Bonds”) and Plant Vogtle Units 3&4 Project J Bonds, Series 2010B (Tax-Exempt) (the “Series 2010B Tax-Exempt Bonds”) and, together with the Series 2010A Taxable Bonds, the “Series 2010A&B Bonds”) to be issued under MEAG Power’s Plant Vogtle Additional Units PPA Project Bond Resolution adopted October 16, 2008 (the “Original Project J Bond Resolution”), as supplemented, amended and restated, including as supplemented, amended and restated by the Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution adopted on December 23, 2009 (the “Amended and Restated Project J Bond Resolution”), and as supplemented and amended by the Second Supplemental Plant Vogtle Additional Units PPA Project Bond Resolution adopted on March 3, 2010, authorizing the issuance of the Series 2010A&B Bonds (the “Second Supplemental Project J Bond Resolution; such Original Project J Bond Resolution as so supplemented, amended and restated is hereinafter referred to as the “Project J Bond Resolution”).

In accordance with the terms of the Original Project J Bond Resolution and the Amended and Restated Project J Bond Resolution, the amendment and restatement of the Original Project J Bond Resolution, as theretofore amended, provided for in the Amended and Restated Project J Bond Resolution will become effective upon the issuance of the Series 2010A&B Bonds and the defeasance of the 2009 Project J Notes (as defined herein), and will apply to the Series 2010A&B Bonds. As a result, the description of the Project J Bond Resolution contained in this Official Statement (including APPENDIX K hereto) gives effect to such amendment and restatement.

The Series 2010A Taxable Bonds are to be issued to (i) fund a portion of the costs of acquisition and construction of Project J (as defined herein), (ii) refinance a portion of the outstanding 2009 Project J Notes, (iii) fund certain capitalized interest on the Series 2010A Taxable Bonds, (iv) provide moneys to fund a debt service reserve account established under the Project J Bond Resolution and (v) pay the costs of issuance of the Series 2010A Taxable Bonds. The Series 2010B Tax-Exempt Bonds are being issued to (i) refinance a portion of the outstanding 2009 Project J Notes, (ii) fund certain capitalized interest on the Series 2010B Tax-Exempt Bonds, (iii) provide moneys to fund a debt service reserve account established under the Project J Bond Resolution and (iv) pay the costs of issuance of the Series 2010B Tax-Exempt Bonds. See “PURPOSE OF ISSUE OF SERIES 2010A&B BONDS” herein.

MEAG Power was created by the State of Georgia under the Municipal Electric Authority Act, Ga. L. 1975, p. 107, as amended, O.C.G.A. §§ 46-3-110, *et seq.*, as amended (the “Act”), for the purpose of owning and operating electric generation and transmission facilities to supply bulk electric power to political subdivisions of the State of Georgia which owned and operated electric distribution systems as of March 18, 1975. MEAG Power currently provides bulk electric power to 48 cities and one county in the

State of Georgia (the “Participants”) pursuant to separate power sales contracts with each Participant. MEAG Power’s assets include ownership interests in ten electric generating units, all of which 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. MEAG Power also owns transmission facilities that, together with those of other utilities, form a statewide, integrated transmission system (the “ITS”). For a more detailed description of these ten generating units and MEAG Power’s contractual arrangements with the Participants in connection with these units, see “MEAG POWER – Existing Projects and Resources” herein.

Two of the ten generating units described above are Unit Nos. 1 and 2 at Plant Vogtle, in Burke County, Georgia. MEAG Power is also a participant in the development of two additional nuclear generating units, Unit Nos. 3 and 4, to be located at Plant Vogtle (“Vogtle Units 3&4”), each with a nominally rated generating capacity of 1,102 MW. MEAG Power’s ownership interest in Vogtle Units 3&4 is 22.7 percent, representing approximately 500.308 MW of nominally rated generating capacity. MEAG Power has structured its ownership interest in Vogtle Units 3&4 as three separate “projects.” The first project (“Project M”) comprises approximately 33.871 percent of MEAG Power’s ownership interest, representing approximately 169.458 MW of generating capacity based upon the nominal rating of Vogtle Units 3&4. The second project (“Project J”) comprises approximately 41.175 percent of MEAG Power’s ownership interest, representing approximately 206.000 MW of generating capacity based upon the nominal rating of Vogtle Units 3&4. Lastly, the third project (“Project P”) comprises approximately 24.955 percent of MEAG Power’s ownership interest, representing approximately 124.850 MW of generating capacity based upon the nominal rating of Vogtle Units 3&4. Project M, Project J and Project P are collectively referred to as the “Vogtle Units 3&4 Projects.”

As described herein, the output and services of MEAG Power’s ownership interest in Vogtle Units 3&4 related to Project J will be sold to (i) JEA (“JEA”), a municipally owned electric utility and a body politic and corporate and an independent agency of the City of Jacksonville, Florida (the “City”), for the initial twenty years of commercial operation of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 pursuant to a take-or-pay power purchase agreement (such power purchase agreement, as amended, the “Project J PPA”) and (ii) 39 of the 49 Participants (in such capacity, the “Project J Participants”) for a term not to exceed 50 years from June 15, 2008 pursuant to separate take-or-pay power sales contracts (such power sales contracts, as amended, the “Project J Power Sales Contracts”).

There follows in this Official Statement information concerning MEAG Power, JEA, the Participants, the plan of finance for MEAG Power’s ownership interests in Vogtle Units 3&4, the Series 2010A&B Bonds, Vogtle Units 3&4, the Vogtle Units 3&4 Projects and various risk factors. MEAG Power’s 2008 Financial Statements (as defined in the Updated Annual Information Statement referred to under “INCLUSION OF CERTAIN INFORMATION BY REFERENCE – MEAG Power” herein) are attached as Appendix A to the Updated Annual Information Statement, its interim unaudited financial data for the nine months ended or as of September 30, 2008 and 2009 are attached hereto as APPENDIX B and JEA’s financial statements as of and for the twelve months ended September 30, 2009, are attached hereto as APPENDIX D. No financial statements currently are available for the Vogtle Units 3&4 Projects. MEAG Power’s 2008 Financial Statements are not directly related to Project J. Although the Series 2010A&B Bonds being issued for Project J will be payable solely from, and secured solely by, the revenues of Project J and the funds established under the Project J Bond Resolution, as an economic matter, the operational and financial performance of one project of MEAG Power may affect other projects due to the involvement of most of the Participants in all of the projects and, therefore, such financial statements and information included by specific reference and contained in this Official

Statement relating to MEAG Power's projects other than Project J should be considered by prospective purchasers of the Series 2010A&B Bonds.

All descriptions of documents herein are only summaries and are qualified in their entirety by reference to each such document. Capitalized terms not otherwise defined herein or in the Updated Annual Information Statement are as defined in the Project J Bond Resolution.

INCLUSION OF CERTAIN INFORMATION BY REFERENCE

MEAG Power

In accordance with the provisions of Rule 15c2-12, as amended ("Rule 15c2-12"), promulgated by the U.S. Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on June 29, 2009, MEAG Power filed with Bloomberg Municipal Repository, DPC Data Inc., FT Interactive Data and Standard & Poor's Securities Evaluations, Inc. (such repositories being all of the "Nationally Recognized Municipal Securities Information Repositories" ("NRMSIRs") approved by the SEC pursuant to Rule 15c2-12 as of the date of such filing) a document entitled "Annual Information Statement Dated June 29, 2009 of Municipal Electric Authority of Georgia For the Fiscal Year Ended December 31, 2008" (the "Original Annual Information Statement"). In addition, on July 7, 2009 MEAG Power filed the Original 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>. The Original Annual Information Statement was amended and superseded by the "Updated Annual Information Statement Dated February 17, 2010 of Municipal Electric Authority of Georgia For the Fiscal Year Ended December 31, 2008" (the "Updated Annual Information Statement"). The Updated Annual Information Statement was filed with the MSRB on February 17, 2010. The Updated Annual Information Statement sets forth certain information concerning MEAG Power (including, among other information, the audited consolidated financial statements of MEAG Power as of December 31, 2008 and 2007 and for the fiscal years then ended, MEAG Power's outstanding debt, Project One (as defined herein), the Existing General Resolution Projects (as defined herein), the CC Project (as defined herein), the Vogtle Units 3&4 Projects, the Telecommunications Project (as defined in the Updated Annual Information Statement) and certain of the Participants). ***There is hereby included in this Official Statement by this reference the information contained in the Updated Annual Information Statement, which information should be read in its entirety in conjunction with this Official Statement.***

Copies of the Updated Annual Information Statement may be obtained from the MSRB's EMMA website. Copies of the Updated Annual Information Statement also may be obtained via the Internet from MEAG Power's website as described below.

The Updated Annual Information Statement is available for viewing and downloading from MEAG Power's website (<http://www.meagpower.org>) by selecting "News/Publications," then selecting "Annual Information Statement" and then selecting "Updated Annual Information Statement for Fiscal Year Ended December 31, 2008 with Appendices." ***Except for the Updated Annual Information Statement, none of the other information contained on MEAG Power's website is included by reference in this Official Statement.***

In addition, the current Quarterly Participant Report dated February 1, 2010, with respect to certain Participants heretofore filed by MEAG Power with the MSRB pursuant to Rule 15c2-12 and all documents filed by MEAG Power with the MSRB pursuant to such Rule subsequent to the date of this Official Statement and prior to the termination of the primary offering of the Series 2010A&B Bonds will

be deemed to be included by reference in this Official Statement and to be a part hereof from the date of filing of such documents.

Any statement contained in a document included or deemed to be included by reference herein will be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is included or deemed to be included by reference herein modifies or supersedes such statement. Any such statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

MEAG Power has agreed to provide without charge to each person to whom a copy of this Official Statement has been delivered, upon the written request of such person, a copy of any or all of the documents or filings included herein by reference.

JEA

In accordance with the provisions of Rule 15c2-12, on May 28, 2009, JEA filed a document entitled “Annual Disclosure Report for Fiscal Year Ended September 30, 2008” (the “JEA Annual Disclosure Report”) with DisclosureUSA. In addition, on July 16, 2009, JEA caused the JEA Annual Disclosure Report to be filed with the MSRB, through the MSRB’s EMMA website. The JEA Annual Disclosure Report sets forth certain information concerning JEA, its outstanding debt, the Electric System (as defined herein), its interest in the Power Park and the Scherer 4 Project (each as defined in the JEA Annual Disclosure Report).

As more fully described in the JEA Annual Disclosure Report, certain of the information set forth in the JEA Annual Disclosure Report relates to the Water and Sewer System and the District Energy System (each as defined herein) and the debt of JEA issued with respect thereto.

There is hereby included in this Official Statement by this reference the information contained in the JEA Annual Disclosure Report (other than the information therein relating to the Water and Sewer System and the District Energy System), which information should be read in its entirety in conjunction with this Official Statement, including APPENDIX C hereto. In addition, reference is made to the information in APPENDIX C hereto under the caption “RECENT DEVELOPMENTS,” which information updates and supplements certain of the information contained in the JEA Annual Disclosure Report.

Copies of the JEA Annual Disclosure Report may be obtained from the MSRB’s EMMA website. Copies of the JEA Annual Disclosure Report also may be obtained via the Internet from JEA’s website as described below.

The JEA Annual Disclosure Report is available for viewing and downloading from JEA’s website (<http://www.jea.com>) by selecting “News,” then selecting “JEA Bond Investor,” and then selecting “2008 Annual Disclosure Report as filed with DisclosureUSA” under the heading “Annual Report.” (Please note that there also is available from JEA’s website a separate document entitled “2008 Annual Report;” this document is **not** the JEA Annual Disclosure Report included by reference herein, and is not included by reference herein.) *Furthermore, except for the JEA Annual Disclosure Report (to the extent set forth herein), none of the other information contained on JEA’s website is included by reference in this Official Statement.*

Except as described under the caption “INTRODUCTION – General” in the JEA Annual Disclosure Report, for financing purposes, the debt of JEA relating to its Electric Utility Functions (as

defined in the JEA Annual Disclosure Report), the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources (*i.e.*, (a) the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by the Electric System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) except as described under the caption “INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – *Electric System Obligations Supporting the District Energy System*” in the JEA Annual Disclosure Report, the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services). **Accordingly, potential purchasers of the Series 2010A&B Bonds are advised that the information in the JEA Annual Disclosure Report relating to the Water and Sewer System and the District Energy System is not relevant to a decision to purchase the Series 2010A&B Bonds and should not be taken into account with respect thereto.**

MEAG POWER

General

MEAG Power is a public corporation and an instrumentality of the State of Georgia. As described above, it was created by the Act for the purpose of providing an adequate, dependable and economical wholesale supply of electricity to those political subdivisions of the State of Georgia which owned and operated electric distribution systems on the effective date of the Act and which elected to contract with MEAG Power for the purchase of wholesale power. MEAG Power is empowered to acquire, construct, operate and maintain electric generating and transmission facilities, solely or in common with others, in fulfilling its purpose. MEAG Power is further authorized to employ agents in the construction, operation and maintenance of any of its generating and transmission facilities. In the acquisition of its property, MEAG Power may exercise the power of eminent domain. Incidental to its principal purpose of supplying electricity to the political subdivisions, MEAG Power may also supply wholesale electricity to other persons and entities in order to take advantage of economies of scale in the construction and acquisition of generating and transmission facilities; however, MEAG Power is not empowered to provide electricity at retail to the public.

MEAG Power currently meets the bulk power supply needs of the Participants with a power resource mix comprised of ownership interests in ten electric generating units, all of which 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 MW of nominally rated generating capacity. MEAG Power’s current nuclear resources consist of ownership interests in two nuclear generating units located at Plant Hatch and two located at Plant Vogtle. Its coal-fired resources include ownership interests in two units at Plant Scherer and two units at Plant Wansley, together with a smaller combustion turbine also located at Plant Wansley. Its gas-fired resources consist of a combined cycle unit located at Plant Wansley.

Except for the combined cycle unit at Plant Wansley, which is owned completely by MEAG Power, all in-service generating units are co-owned by MEAG Power, Georgia Power Company (“GPC”), Oglethorpe Power Corporation (an Electric Membership Corporation) (“OPC”) and the City of Dalton, Georgia (“Dalton”). These are the same entities that are participating in Vogtle Units 3&4 and are collectively referred to herein as the “Vogtle Co-Owners.”

For further discussion relating to MEAG Power’s bulk power supply operations, see “MEAG POWER – Existing Projects and Resources” herein and “MEAG POWER – Bulk Power Supply Operations” in the Updated Annual Information Statement.

Existing Projects and Resources

Previously, MEAG Power has undertaken five projects to provide a portion of the bulk power and energy requirements of the Participants. The generating facilities of Project One, Project Two, Project Three and Project Four (each as defined herein), in the aggregate, include ownership interests in nuclear fueled and coal-fired electric generating units, as well as a small interest in an oil-fired combustion turbine unit. In addition, MEAG Power solely owns a gas-fired combined cycle generating facility (the “CC Project”) with a nominal summer capacity of 503 MW. The Participants also purchase 431 MW of hydroelectric capacity from the Southeastern Power Administration (“SEPA”) and certain Participants own generating facilities, which in the aggregate supply 46 MW. The remaining capacity requirements of the Participants are currently being supplied by MEAG Power through purchases from other power suppliers.

In order to reliably supply the load requirements of its Participants, MEAG Power maintains generating capacity resources in an amount at least equal to 115 percent of the combined coincident peak demand (net of SEPA capacity) of its Participants. This fifteen percent margin is referred to as “generating capacity reserves” and is used as a source of replacement power when MEAG Power’s other generating sources are unavailable.

Existing Resources of MEAG Power and its Participants

Resources	Fuel Type	Total Capacity (MW)
Project One, Project Two, Project Three and Project Four ⁽¹⁾		
Plant Hatch Unit Nos. 1 and 2.....	Nuclear	311
Plant Vogtle Unit Nos. 1 and 2.....	Nuclear	522
Plant Wansley Unit Nos. 1 and 2.....	Coal	260
Plant Wansley Combustion Turbine ⁽²⁾	Oil	9
Plant Scherer Unit Nos. 1 and 2.....	Coal	494
CC Project ⁽³⁾	Gas	<u>502</u>
Total Existing Project Resources.....		2,098
Participant Resources		
SEPA Purchases.....	Hydro	431
Participant Generation Resources.....	Coal, Hydro, Gas, Oil	<u>46</u>
Total Existing Participant Resources.....		477
Total Existing Resources.....		<u>2,575</u>

(1) Total capacity values reflect 2009 unit ratings at the production level (B-1) and MEAG Power’s total ownership shares equal to 17.7 percent for Plant Hatch Unit Nos. 1 and 2, 22.7 percent for Plant Vogtle Unit Nos. 1 and 2, 15.1 percent for Plant Wansley Unit Nos. 1 and 2 and the Plant Wansley combustion turbine and 30.2 percent for Plant Scherer Unit Nos. 1 and 2. With respect to Plant Vogtle Unit Nos. 1 and 2, MEAG Power will retain 406 MW over the period from 2010 through November 2012, 473 MW over the period from December 2012 through November 2014 and 495 MW from December 2014 through the retirement of Plant Vogtle Unit Nos. 1 and 2.

(2) The Plant Wansley combustion turbine cannot operate during the months of May through September due to environmental constraints. Consequently, the capacity from the combustion turbine is not reflected when comparing MEAG Power’s resources to peak demand requirements.

(3) Total capacity value reflects 2009 unit ratings at the production level (B-1).

Project One. MEAG Power’s first project (“Project One”), acquired in 1977 and in subsequent transactions, consists of 17.7 percent ownership interests in Plant Hatch and Plant Vogtle, each consisting of two nuclear generating units and common facilities, 10.0 percent ownership interests in the two coal-fired generating units and common facilities at Plant Wansley, including the Plant Wansley Combustion Turbine, 10.0 percent ownership interests in two of the four coal-fired generating units (Plant Scherer

Unit Nos. 1 and 2) and 5.0 percent ownership interests in the common facilities at Plant Scherer, certain transmission system facilities and working capital. MEAG Power's ownership interests included in Project One represent a total of 693 MW of nominally rated nuclear capacity, 335 MW of nominally rated coal-fired capacity and 5 MW of nominally rated combustion turbine capacity. GPC, OPC and Dalton are co-owners with MEAG Power of the generating units. See "CO-OWNERS OF THE PLANTS" in the Updated Annual Information Statement. GPC has contracted to operate and maintain these jointly owned facilities as agent for the respective co-owners, including MEAG Power. For a more detailed description of Project One, see "MEAG POWER – Bulk Power Supply Operations – *Project One Power*" in the Updated Annual Information Statement.

The Existing General Resolution Projects. MEAG Power's second project ("Project Two"), acquired in 1978 and in subsequent transactions, consists of additional 5.1 percent ownership interests in the two coal-fired generating units and the common facilities at Plant Wansley, including the Plant Wansley Combustion Turbine, additional 5.1 percent ownership interests in Plant Scherer Unit Nos. 1 and 2 and an additional 2.55 percent ownership interest in the common facilities at Plant Scherer and working capital. MEAG Power's third project ("Project Three"), acquired in 1980, consists of additional 15.1 percent ownership interests in Plant Scherer Unit Nos. 1 and 2 and an additional 7.55 percent ownership interest in the common facilities at Plant Scherer and working capital. MEAG Power's fourth project ("Project Four"), acquired in 1984, consists of additional 5.0 percent ownership interests in the two nuclear generating units and the common facilities at Plant Vogtle and working capital. Project Two, Project Three and Project Four (collectively, the "Existing General Resolution Projects") represent a total of 115 MW of nominally rated nuclear capacity, 415 MW of nominally rated coal-fired capacity and 3 MW of combustion turbine capacity. For a more detailed description of the Existing General Resolution Projects, see "MEAG POWER – Bulk Power Supply Operations – *Project Two Power, Project Three Power and Project Four Power*" in the Updated Annual Information Statement.

The CC Project. MEAG Power's CC Project is wholly owned by MEAG Power and consists of a gas-fired and steam driven combined cycle power plant that is estimated to have a nominal summer capacity of 503 MW. The CC Project, located at Plant Wansley, began commercial operation on June 1, 2004. For further information with respect to the CC Project, see "MEAG POWER – Bulk Power Supply Operations – *The Combined Cycle Project*" in the Updated Annual Information Statement.

The Telecommunications Project. MEAG Power also established a Telecommunications Project. See "COMPETITION – Certain Responses of MEAG Power to Competition – *Telecommunications Project*" in the Updated Annual Information Statement for a more detailed description of the Telecommunications Project.

Transmission. Bulk Power Supply (as defined in the Updated Annual Information Statement) is furnished by MEAG Power to the Participants through the ITS. Pursuant to a separate Revised and Restated Integrated Transmission System Agreement entered into between GPC and each of MEAG Power, Georgia Transmission Corporation (an Electric Membership Corporation), an affiliate of OPC ("GTC") and Dalton in 1990 (collectively, the "ITS Agreements"), GPC, MEAG Power, GTC and Dalton have agreed to acquire or construct certain transmission system facilities, which facilities form the ITS. Pursuant to the ITS Agreements, each party to the ITS may use all 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.

On December 20, 2006, each owner of the ITS agreed to waive its right under its respective ITS Agreement to terminate that agreement prior to December 31, 2027. Consequently, in accordance with the five-year notice requirement of the ITS Agreements, an owner may provide written notice that it plans to terminate its respective ITS Agreement no earlier than December 31, 2022. 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.

Planned Resources: Vogtle Units 3&4

General. 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 has entered into agreements with the Vogtle Co-Owners providing for the development of two new nuclear electric generating units at Plant Vogtle. Vogtle Units 3&4 will consist of two Westinghouse AP1000 reactors, each with a nominally rated generating capacity of 1,102 MW. Consistent with its ownership interests in Vogtle Units Nos. 1 and 2, MEAG Power has a 22.7 percent undivided ownership interest in Vogtle Units 3&4, which, when completed, will represent approximately 500.308 MW of nominally rated generating capacity. Among others, the major factors contributing to MEAG Power’s decision to participate in the development of Vogtle Units 3&4 were:

- ability of Vogtle Units 3&4 to satisfy the demand requirements of certain of the Participants
- competitive and stable cost profile of Vogtle Units 3&4 compared to other generating options
- MEAG Power’s ability to mitigate certain risks by entering into certain power purchase arrangements with each of JEA and PowerSouth Energy Cooperative, a rural electric generation and transmission cooperative located in Andalusia, Alabama (“PowerSouth”)
- environmental stewardship and the zero carbon emission profile of nuclear power
- ability of Vogtle Units 3&4 to provide reliable power
- MEAG Power’s familiarity with nuclear power and its strong historical relationship with Plant Vogtle and the Vogtle Co-Owners

These factors are discussed below.

Ability of Vogtle Units 3&4 to Satisfy Demand Requirements of Certain Participants. MEAG Power’s decision to pursue development of Vogtle Units 3&4 with the Vogtle Co-Owners was based on several years of careful planning and investigation. MEAG Power initiated this effort in 2005 through the preparation of an Integrated Resource Plan (“IRP”) with the assistance of a consultant, PACE Global Energy Services. The purpose of the IRP process was to develop an optimum resource portfolio to match the energy needs of the Participants. MEAG Power’s IRP focused primarily on maintaining stable and competitive costs for the Participants over a period of twenty years. The IRP included analyses and forecasts of key inputs such as Participant load growth, fuel prices and wholesale power commodity prices. The process identified the Participants’ need for peaking power by 2009 and baseload power by 2021.

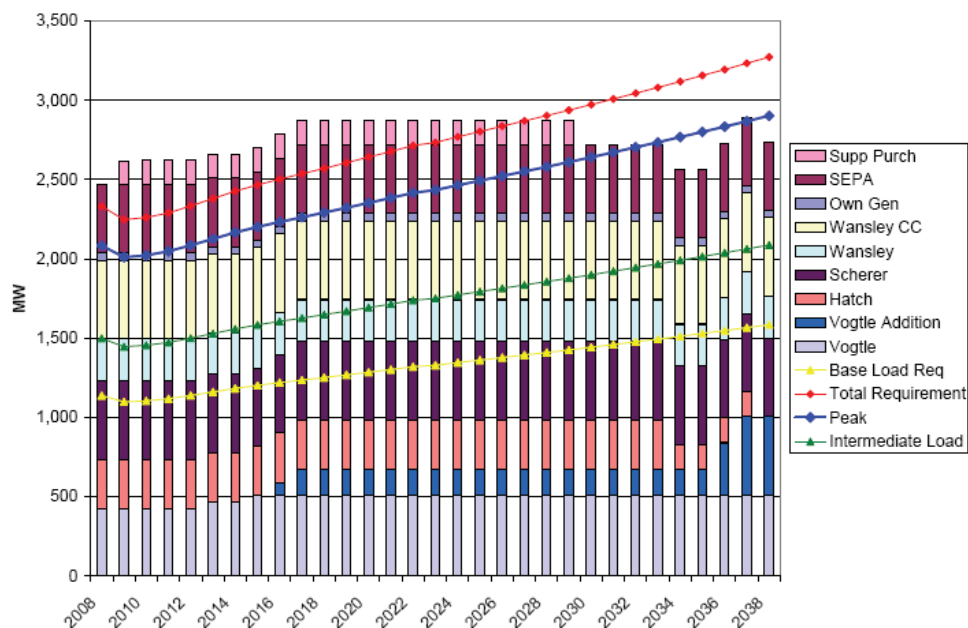
The IRP analysis employed an industry standard dynamic optimization model, Strategist™, to analyze multiple unique potential generation expansion plans to determine which plan would most economically serve the future needs of the Participants. A risk-based analysis was performed on seven of these alternate plans to assess uncertainty and variability in power and fuel prices to project the

economic value (measured by the net present value of total power costs) of each alternative plan. MEAG Power's current generation expansion plan is based, in part, on the results of this analysis, which determined that a plan consisting of simple cycle combustion turbines and nuclear steam turbines provided the best balance of low cost and low risk of all of the potential plans.

The IRP process provided a framework for the addition of future generating resources to provide for the power supply needs of the Participants. In 2007, MEAG Power conducted a planning study for each Participant over the period 2008 through 2038 and evaluated each Participant's need for baseload, intermediate and peaking generating resources over such period. MEAG Power estimated that its need for additional capacity would total 1,800 MW by 2038, including approximately 750 MW of baseload generating capacity. The Participants' need for baseload resources was also evaluated for the initial twenty years of commercial operation of Vogtle Units 3&4 (2017 through 2038). The combined baseload need for the Participants at the mid-point of the initial twenty years of commercial operation of Vogtle Units 3&4 was projected to be approximately 200 MW in 2026 and was project to increase to 750 MW in 2038.

The recent and continuing economic downturn has resulted in reductions in the current and projected power requirements for the Participants. The 2009 peak demand was approximately 6.0 percent lower than the 2008 peak demand. The weakness in the economy is projected to continue into 2010, with flat energy and demand requirements expected. Economic recovery is projected to begin in late 2010 and, along with it, increasing energy and demand requirements. To reflect the effects of the economic downturn, MEAG Power updated its forecast of demand and energy requirements in October 2009 and prepared an updated analysis of projected capacity requirements. Based on the results of the updated analysis, it is projected that the Participants will require 1,050 MW of total additional capacity in 2038, including 500 MW of baseload capacity, compared to the earlier projections of 1,800 MW of total additional capacity requirements and 750 MW of baseload capacity in 2038. MEAG Power believes that the output of Vogtle Units 3&4 will serve the Participants' future baseload generating resource requirements based on the planning studies and updated analyses conducted by MEAG Power. The updated projections of MEAG Power's load requirements, existing generating capacity resources, and projected retained capacity from Vogtle Units 3&4 are presented graphically in the figure below.

MEAG Capacity Requirements and Resources



The need for baseload capacity projected in MEAG Power's initial planning study, as well as the updated analysis of capacity requirements through 2038, is based on conservative assumptions related to the retirement of MEAG Power's existing generating facilities and the projected growth in demand and energy requirements. The planning study and updated capacity requirements analysis reflected, among other things, the retirement of the two nuclear units at Plant Hatch (collectively 286 MW) when the operating licenses for each unit expire in 2034 and 2037, respectively. The study did not reflect retirement of several of MEAG Power's other generating resources that will be candidates for retirement by the end of the planning study period, including Plant Wansley Unit Nos. 1 and 2 (collectively, 261 MW) and Scherer Unit Nos. 1 and 2 (collectively, 489 MW). The combined cycle unit at Plant Wansley (503 MW) will reach retirement age by 2039. With respect to load growth, MEAG Power limited long-term average annual growth rates to less than 1.75 percent in forecasting demand and energy requirements. MEAG Power believes that these growth rates allow for improvements in energy efficiency and conservation measures over time.

Competitive and Stable Cost Profile of Vogtle Units 3&4 Compared to Other Options. With an identified need for baseload power, MEAG Power evaluated the most economic resources for such power. In doing so, MEAG Power engaged R.W. Beck, Inc., an SAIC Company ("R.W. Beck"), in 2008 to work with MEAG Power to investigate several generating resource alternatives that could serve the Participants' forecasted baseload resource requirements. These alternatives included combined cycle combustion turbine technology, a conventional pulverized coal steam turbine, an integrated gasified combined cycle turbine, renewable technologies of various types and Vogtle Units 3&4.

During 2008, MEAG Power and R.W. Beck prepared a risk-based analysis of the projected total average cost of power from Vogtle Units 3&4 and the other generating resource alternatives under consideration. The projected power costs reflected the total ownership costs¹ of various generating resource technologies over a 30-year study period (2008-2037), and included the cost of debt service on bonds that would be issued to finance the generating resources, operation and maintenance costs, insurance costs, administrative and general costs, taxes (if any), costs of emissions, including potential carbon dioxide emissions, and fuel costs. Based on the information available and the considerations and assumptions used to prepare the analysis as of November 2008, (i) the projected net present value total power cost and risk profile² of power from the proposed Vogtle Units 3&4 compared favorably with the projected net present value total power costs and risk profiles of power for the other generating resource alternatives considered by MEAG Power and (ii) Vogtle Units 3&4 were found to have the lowest expected total power supply cost along with the lowest power supply cost uncertainty of all of the generating resource alternatives considered. MEAG Power believes that this resource will provide competitive and stable costs for MEAG Power and its Participants. The analysis has not been updated subsequent to November 2008 and therefore does not reflect any subsequent changed conditions.

Ability to Mitigate Risks with Power Purchase Arrangements. Recognizing that baseload resources are large in size, have lengthy construction schedules and are built infrequently, MEAG Power has historically sold a portion of the output of these resources under power purchase agreements for a period of time following initial commercial operation in order to better match its resources to the needs of the Participants. The same approach was contemplated for the output of Vogtle Units 3&4. MEAG

1 For comparative purposes, the power cost projections only included capital and operating costs of each resource alternative, but did not include the cost of transmission, which was assumed to be generally comparable for the evaluated resource alternatives.

2 For each alternative considered, a risk profile was developed based on the net present value of the total costs in terms of a cumulative probability function and a 90 percent confidence interval for the projected net present value costs. The risk profiles estimated the volatility and uncertainty with respect to fuel costs, environmental costs, interest rates, escalation rates, construction costs, and construction schedules.

Power gave each Participant the option of participating in the proposed Vogtle Units 3&4 and determining the level, if any, of participation in such units, including the portion, if any, that it elects to commit to a power purchase agreement. The subscription process pertaining to Vogtle Units 3&4 was completed by MEAG Power on June 15, 2008. As a result of the contractual commitments made by 41 of the Participants, MEAG Power will own a 22.7 percent undivided ownership interest in Vogtle Units 3&4 representing approximately 500.308 MW of nominally rated generating capacity. The Project M Participants (as defined herein) committed to take approximately 169.458 MW of output and services of Vogtle Units 3&4 upon commercial operation of such units, which was consistent with the projected needs of the Participants for the initial twenty years of commercial operation of Vogtle Units 3&4 (see “– *Ability of Vogtle Units 3&4 to Satisfy Demand Requirements of Certain Participants*” above). The balance of MEAG Power’s interest in the output and services of each of Vogtle Units 3&4 during the initial twenty years of commercial operation of each such unit was targeted for sale to other utilities.

Based on the results of the Participants’ subscription process and in order to ensure that all of the output and services of Vogtle Units 3&4 are used as a baseload generation resource for such units’ entire projected useful lives, MEAG Power structured its interest in Vogtle Units 3&4 as three separate projects, with the output and services of Vogtle Units 3&4 related to one project (Project M) to be taken by 29 Participants (in such capacity, the “Project M Participants”) upon the commencement of commercial operation of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, respectively, for a period of time not to exceed 50 years from June 15, 2008. The output and services of Vogtle Units 3&4 related to the other two projects (Project J and Project P) will be sold to other utilities for the first twenty years of commercial operation of such units and then will be sold to certain of the Participants as hereinafter described. With respect to Project J, MEAG Power entered into a twenty-year power purchase agreement with JEA for the output and services of Vogtle Units 3&4 related to Project J and with respect to Project P, MEAG Power entered into a twenty-year power purchase agreement with PowerSouth, for the output and services of Vogtle Units 3&4 related to Project P. MEAG Power has also entered into separate power sales contracts with 39 of the 49 Participants with respect to each of Project J and Project P under which those Participants are entitled to their respective shares of the output and capacity of the applicable Vogtle Units 3&4 Project upon the conclusion of JEA’s and PowerSouth’s respective entitlements to such output and capacity. The term of such power sales contracts runs through June 15, 2058, but may be terminated on such earlier date on which all of MEAG Power’s bonds for the applicable Vogtle Units 3&4 Project have been paid or provision for payment thereof has been made and the applicable Vogtle Units 3&4 Project is retired from service or disposed of or decommissioned by MEAG Power. As a result of this structure, it is expected that the Participants can benefit from the output and services of MEAG Power’s ownership interests in Vogtle Units 3&4 as needed over time.

See “THE VOGTLE UNITS 3&4 PROJECTS” herein for a more detailed description of the Vogtle Units 3&4 Projects. For a more detailed description of the power purchase agreement with JEA, see “SECURITY FOR SERIES 2010A&B BONDS – Project J PPA” herein and “SUMMARY OF PROJECT J PPA” in APPENDIX I hereto. For a more detailed description of the power purchase agreement with PowerSouth, see “THE VOGTLE UNITS 3&4 PROJECTS – Project P” herein and “SUMMARY OF VOGTLE UNITS 3&4 POWER PURCHASE AGREEMENTS – Project P PPA” in APPENDIX J to the Updated Annual Information Statement.

Environmental Stewardship and Zero Carbon Emissions. MEAG Power also considered ways in which potential future greenhouse gas (“GHG”) legislation and resulting emissions allowance costs could affect resource expansion decisions. The analysis determined that, because nuclear energy, unlike coal- and natural gas-fired power plants, does not emit GHGs, the implementation of any GHG legislation would increase the economic value of generation expansion plans containing nuclear generation resources. The evaluation indicated that nuclear generation costs would remain fairly stable over the life of the study due to minimal impacts from escalating nuclear fuel costs and no impact from escalating

GHG emissions allowance costs. The opposite was true for the various coal and natural gas alternatives. In addition, due to the retirement of Plant Hatch Unit Nos. 1 and 2 and the resultant reduction in non-GHG-emitting generation, the addition of Vogtle Units 3&4 is important in maintaining the current low emission profile of the MEAG Power generation fleet and MEAG Power's focus on environmental stewardship. Consequently, the investigation of GHG impacts further supported the selection of Vogtle Units 3&4 for serving the baseload need of the Participants.

Ability of Vogtle Units 3&4 to Provide Reliable Power. Historically, Plant Vogtle Unit Nos. 1 and 2 have achieved excellent operating records with high unit reliability. Vogtle Units 3&4 are expected to provide the same level of reliable supply as the existing units. Plant Vogtle Unit Nos. 1 and 2 have a Pressurized Water Reactor ("PWR") design and the Vogtle Units 3&4 electric generation systems will operate in the same manner. The major equipment for the Westinghouse AP1000 units are improved versions of the equipment that is currently in service at Plant Vogtle Unit Nos. 1 and 2 and other nuclear and industrial facilities around the world. In addition, Southern Nuclear Operating Company, Inc. ("Southern Nuclear") will be the licensed operator for Vogtle Units 3&4. Southern Nuclear is currently the operator of six other nuclear units, including Plant Vogtle Unit Nos. 1 and 2. MEAG Power believes that Southern Nuclear's familiarity with PWR units, its participation and leadership in key industry efforts as well as its involvement with the design and construction of Vogtle Units 3&4 will be positive factors.

MEAG Power's Familiarity with Nuclear Power and its Strong Historical Relationship with Plant Vogtle and the Vogtle Co-Owners. MEAG Power also considered its working relationship with the Vogtle Co-Owners and its experience with nuclear generation resources. MEAG Power and the Vogtle Co-Owners have jointly owned and operated the nuclear generating units located at Plant Hatch and the two existing nuclear generating units located at Plant Vogtle for over three decades. The Vogtle Co-Owners have collectively worked together to evaluate issues relating to the development, construction, ownership and operation of nuclear-powered generation facilities. MEAG Power believes that the constructive and effective working relationships among the Vogtle Co-Owners will extend to the development, construction, ownership and operation of Vogtle Units 3&4.

Impact of Certain Risk Scenarios on Projected Cost of Power in 2026. As set forth under "RISK FACTORS – Construction and Licensing of Vogtle Units 3&4," construction of large generating plants such as Vogtle Units 3&4 involves significant financial risk as a result of potential delays, cost overruns, regulatory issues and other factors. Construction and operation of Vogtle Units 3&4 are subject to the receipt of certain Federal and state licenses and permits, including the combined construction and operating license (the "COL"), and the resolution of challenges to licenses and permits that have already been issued. The failure to receive or maintain the required licenses and permits can result in costly delays, cancellation or shutdown of the units.

MEAG Power has examined certain risk scenarios to determine the impact of cancellation of Vogtle Units 3&4 on the projected cost of power in 2026, the year when MEAG Power would have to place in service another generating resource in the event Vogtle Units 3&4 are cancelled. Such examination involved projections by MEAG Power of the cost of power in 2026 in each of the following circumstances:

- Vogtle Units 3&4 are placed in service on time and budget (the "Base Case Projection");
- Vogtle Units 3&4 are cancelled at the end of 2011 due to the failure to receive the COL by such time and a 300 MW combined cycle generating unit has been financed and placed in service by MEAG Power by 2026, the year when its full output is needed (the "First Risk Scenario Projection"); and

- Vogtle Units 3&4 are cancelled at the end of the construction period due to the failure of the units to achieve commercial operation and a 300 MW combined cycle generating unit has been financed and placed in service by MEAG Power by 2026, the year when its full output is needed (the “Second Risk Scenario Projection”).

In the preparation of its projections of the cost of power in 2026, MEAG Power has made certain assumptions with respect to conditions that may occur in the future. See “COMPETITION – Certain Responses of MEAG Power to Competition – *Planned Resources: Vogtle Units 3&4 Projects – Impact of Certain Risk Scenarios on Projected Cost of Power in 2026*” in the Updated Annual Information Statement. While MEAG Power believes these assumptions are reasonable for the purpose of such projections, the assumptions are subject to a number of risks and uncertainties, some of which are beyond MEAG Power’s control, and therefore actual conditions may differ substantially from those assumed. In addition, MEAG Power has relied upon certain information and assumptions provided to it 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.

Based on the considerations and assumptions referred to above:

- under the Base Case Projection, (a) the projected average unit cost of power purchased from MEAG Power and SEPA by the Participants is 7.62 cents/kWh and (b) at the retail level, the projected average unit cost of power purchased from the Participants by all customers is 11.1 cents/kWh;
- under the First Risk Scenario Projection, (a) the projected average unit cost of power purchased from MEAG Power and SEPA by the Participants is 8.82 cents/kWh and (b) at the retail level, the projected average unit cost of power purchased from the Participants by all customers is 12.3 cents/kWh; and
- under the Second Risk Scenario Projection, (a) the projected average unit cost of power purchased from MEAG Power and SEPA by the Participants is 9.12 cents/kWh and (b) at the retail level, the projected average unit cost of power purchased from the Participants by all customers is 12.6 cents/kWh.

These projections of average unit cost of power purchased from the Participants compare favorably to the 2026 national All Sectors Average End-Use Price of 12.9 cents/kWh as projected by the U.S. Energy Information Administration Annual Energy Outlook 2010 Early Release Overview dated December 14, 2009.

Current Competition in MEAG Power Service Area

The Georgia Territorial Electric Service Act (the “Territorial Act”), enacted in 1973, regulates the service rights of all retail electric suppliers in the State of Georgia. Pursuant to the Territorial Act, the Georgia Public Service Commission (“GPSC”) has assigned substantially all areas in the state to specified retail suppliers, and these areas cannot be changed without the consent of the GPSC. Such territorial assignments under the Territorial Act are subject to certain exceptions, including an exception that permits the owner of any new facility (with limited exception for those locating within 1973 city limits) having a connected demand upon initial full operation of 900 kilowatts or greater to receive electric service from the retail supplier of its choice.

The Participants are actively engaged in competition with other retail electric suppliers for new industrial and commercial loads. An important factor in this competition is the price of power furnished

by MEAG Power to the Participants. MEAG Power continually monitors its competitive position relative to other wholesale suppliers in the Georgia territory so that it can budget, plan and structure rates to assist the Participants in maintaining competitive pricing for these new industrial and commercial loads.

Certain Responses of MEAG Power to Competition

MEAG Power has been engaged in a program to reduce its costs and otherwise improve its competitive position. In addition to participation in the development of Vogtle Units 3&4, this program has included:

- formation of the Municipal Competitive Trust (the “Municipal Competitive Trust”), discussed below;
- establishment of a power supply arrangement with GPC that affords MEAG Power greater control with respect to the commitment and dispatch of its generating facilities and more flexibility to make purchases and sales in external markets;
- participation in The Energy Authority, Inc., a joint power marketing alliance with certain other public power entities;
- construction of the Telecommunications Project; and
- participation in Colectric Partners, a joint venture with certain other public power entities formed for the purpose of consolidating efforts in new power generation development and for developing methods to aggregate resources.

See “MEAG POWER – Bulk Power Supply Operations” in the Updated Annual Information Statement for additional detail about each of the responses to competition described above.

MEAG Power formed the Municipal Competitive Trust pursuant to a Declaration of Trust, The Municipal Competitive Trust, dated as of January 1, 1999, as amended (the “Trust Agreement”), for the benefit of its Participants and has funded the Municipal Competitive Trust with certain monies that had been accumulated in MEAG Power reserves, including certain rate stabilization monies and sums from the debt service reserves that were released following a successful effort to obtain bondholder consent to amend the Project One Resolution and the General Resolution Projects Resolution (each as defined in the Updated Annual Information Statement). Funds in the Municipal Competitive Trust have been retained and invested, and will be available to reduce future power supply costs of the Participants.

As of September 30, 2009, the net value of the investments in the Municipal Competitive Trust was \$776.1 million, with all Participants participating in the Municipal Competitive Trust.

For additional information regarding the Municipal Competitive Trust, see “COMPETITION – Certain Responses of MEAG Power to Competition – *Municipal Competitive Trust*” in the Updated Annual Information Statement.

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Summary of Selected Financial and Operating Data

The information in the table below provides a summary of selected financial and operating data for MEAG Power. See Appendix A to the Updated Annual Information Statement for MEAG Power's 2008 Financial Statements, including the Notes thereto and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" with respect thereto contained therein. The following supplements the information in the Updated Annual Information Statement with financial data for the nine months ended or as of September 30, 2008 and September 30, 2009. See also "MEAG POWER'S INTERIM UNAUDITED FINANCIAL STATEMENTS" in APPENDIX B hereto.

	For the year ended or as of December 31,			Nine months ended or as of September 30,	
	2006	2007	2008	2008 (7) unaudited	2009 (7) unaudited
	(Dollars in Thousands)				
Revenues	\$ 721,484	\$ 736,039	\$ 771,833	\$ 581,040	\$ 512,124
Expenses:					
Operating expenses (1)	\$ 484,782	\$ 506,490	\$ 530,640	\$ 402,331	\$ 385,272
Interest expense, net	144,190	123,587	185,988	130,023	97,264
Decrease in net costs to be recovered from Participants	92,512	105,962	55,205	48,686	29,588
Total Expenses	\$ 721,484	\$ 736,039	\$ 771,833	\$ 581,040	\$ 512,124
Total Assets	\$4,911,720	\$4,647,852	\$4,563,173	\$4,638,905	\$5,093,096
Property, plant and equipment – net	\$2,135,771	\$2,157,543	\$2,261,040	\$2,220,017	\$2,552,291
Debt Outstanding (excluding defeased bonds)	\$4,099,819	\$3,892,421	\$3,838,067	\$3,936,748	\$4,343,491
Weighted average interest cost (2)	4.85%	4.72%	4.72%	4.78%	3.67%
Energy delivered to Participants – MWh					
By MEAG Power	9,881,358	10,239,416	10,004,463	7,726,763	7,295,714
By SEPA (3)	603,022	528,200	598,298	454,400	501,881
Total Delivered Energy	10,484,380	10,767,616	10,602,761	8,181,163	7,797,595
Percentage Change	0.2%	2.7%	-1.5%	-1.4%	-4.7%
Sales to Other Utilities – MWh	2,676,440	3,026,036	3,012,931	2,097,799	2,360,576
Cost to Participants – cents/kWh (4)					
Total Cost (3)	5.45	5.45	5.68	5.60	5.40
Bulk Power Cost	5.43	5.35	5.54	5.45	5.35
SEPA Cost (3)	5.67	7.49	7.96	8.10	6.17
Peak Demand – MW	1,992	2,117	2,024	2,024	1,903
Percentage Change	0.7%	6.3%	-4.4%	-4.4%	-6.0%
Generating Capacity In Service – MW (5)(6)					
Utilized by MEAG Power	1,451	1,451	1,451	1,451	1,451
Plant Vogtle Sellbacks	115	115	115	115	115
Wansley Combined Cycle Facility	503	503	503	503	503
Total Generating Capacity in Service	2,069	2,069	2,069	2,069	2,069

(1) With respect to Plants Hatch, Wansley, Scherer and Vogtle (Unit Nos. 1 and 2 only), GPC has contracted to operate and maintain the jointly owned facilities as agent for the respective co-owners, including MEAG Power. MEAG Power's proportionate share of plant operating expenses are included in the corresponding operating expense items in the accompanying statements of net revenues set forth in Appendix A to the Updated Annual Information Statement.

(2) Excludes the impact of other net interest expense components such as receipts and payments pertaining to interest rate swap agreements, amortization of debt discount and expense, interest income, the net change in the fair value of financial instruments, and interest capitalized.

(3) MEAG Power's Participants purchase energy directly from SEPA. Such energy is included in these calculations.

(4) Cost related to MEAG Power's electric generating projects.

(5) MW generating capacity is at nominal ratings.

(6) Excludes SEPA capacity which is purchased by the Participants and capacity purchased by MEAG Power from others.

(7) Interim periods include over-recovery adjustments payable to the Participants, pending approval subsequent to year-end by the MEAG Power Board (as defined in the Updated Annual Information Statement). The final 2008 over-recovery has been distributed to all the Participants.

Financial Condition as of September 30, 2009

At September 30, 2009, total assets had increased \$529.9 million from December 31, 2008 due to increases in property, plant and equipment–net (“PP&E”) of \$291.2 million and \$341.3 million in other non-current assets, which were partially offset by decreases in current assets and deferred debits of \$34.0 million and \$68.6 million, respectively. The increase in PP&E was primarily due to a \$213.2 million increase in construction work in progress (“CWIP”), mainly related to site excavation work at Vogtle Units 3&4 (“Vogtle Expansion Projects” for reference purposes in “MEAG POWER’S INTERIM UNAUDITED FINANCIAL STATEMENTS” in APPENDIX B hereto). PP&E in service increased \$108.5 million due mainly to environmental improvements to the coal units and equipment upgrades to the Wansley Combined Cycle Facility, as well as various other equipment upgrades and replacements at the generating plants. A net increase of \$19.5 million in nuclear fuel was due to reloads. These increases in PP&E were partially offset by accumulated depreciation increases totaling \$50.0 million. Special funds accounted for the increase in other non-current assets due to deposits into construction funds from bond proceeds. The decrease in current assets was mainly related to a decrease of \$19.8 million in materials, supplies and other assets due to preliminary survey costs of Vogtle Units 3&4 being transferred to CWIP, special funds which were down \$12.4 million due to debt service payments and disbursements from construction accounts, as well as a decrease of \$10.4 million in securities lending collateral due to market conditions. These decreases in current assets were partially offset by an \$8.1 million increase in fuel stocks due to lower utilization of coal resources as discussed below in “– *Results of Operations for the Nine Months Ended September 30, 2009 – Operating Expenses.*” Deferred debits decreased mainly due to the change in fair market value of interest rate swap obligations, certain investment income, and debt service billings to the Participants exceeding depreciation expense. These decreases in deferred debits were partially offset by transfers from the Municipal Competitive Trust applied to Participant billings in Project One and the Existing General Resolution Projects (“General Resolution Projects” for reference purposes in “MEAG POWER’S INTERIM UNAUDITED FINANCIAL STATEMENTS” in APPENDIX B hereto) in accordance with an amendment to the Municipal Competitive Trust, as discussed below.

Between December 31, 2008 and September 30, 2009, long-term debt (including the current portion) increased by a net amount of \$501.3 million. Bond issuances during 2009 of \$671.4 million were partially offset by reductions in debt from principal payments and refundings. An increase of \$10.0 million in accretion of the lease finance obligation as well as a decrease of \$5.9 million in lines of credit borrowings resulted in a net increase of total debt outstanding of \$505.4 million. Other non-current liabilities increased during this period by \$6.0 million mainly due to Participant funding of new generation projects and normal accretion of asset retirement obligations, which were partially offset by a decrease in interest rate swap obligations. An increase of \$18.5 million in other current liabilities during this period was primarily due to increases in trust funds held for the Participants and construction liabilities, which were partially offset by decreases in securities lending collateral and accrued interest.

Results of Operations for the Nine Months Ended September 30, 2009

Revenues. Billings to the Participants are designed to recover certain costs, as defined by the bond resolutions, as well as power sales and Telecom contracts (as defined in the Updated Annual Information Statement). Participant billings primarily include current operating costs, scheduled debt principal and interest payments and deposits in certain funds. Timing differences between amounts billed and expenses determined in accordance with generally accepted accounting principles are charged or credited to net costs to be recovered from the Participants. Depreciation and certain debt service billings are examples of such timing differences. All costs are billed to the Participants over the period of the applicable contracts. The first amendment to the terms of the Municipal Competitive Trust authorizes MEAG Power to apply funds from certain Municipal Competitive Trust accounts for the purpose of

lowering the Participants' annual generation charges from MEAG Power during the period 2009 through 2018.

Revenues (net of over-recovery adjustments payable to the Participants) through September 30, 2009 were \$512.1 million compared to total revenues of \$581.0 million for the same period of 2008. This 11.9 percent decrease was due mainly to Participant revenues, which were down \$53.5 million due primarily to the funds from the Municipal Competitive Trust applied to offset expenses in Project One and the Existing General Resolution Projects and thereby lowering Participant billings as mentioned previously. For the nine months ended September 30, 2009, such credits applied to offset expenses totaled \$57.5 million. During this period, energy delivered to the Participants decreased 4.7 percent from the same period in 2008 due to the general economic slowdown and summer weather that was cooler than normal, which also contributed to the decrease in Participant revenues. Higher Participant billings for debt service partially offset the impact of these factors.

A decrease of \$15.4 million in other revenues was mainly due to a decline of \$27.8 million in off-system energy sales related to both volume and price, and lower demand resulting from the economic and weather conditions mentioned previously. This decrease was partially offset by an increase of \$9.5 million in contract energy sales.

Operating Expenses. Year-to-date operating expenses through September 30, 2009 decreased 4.2 percent to \$385.3 million, compared to \$402.3 million for the same period in 2008. Fuel expense decreased \$28.7 million primarily due to coal cost. A decrease of \$28.2 million in coal cost resulted from lower utilization of coal resources related to additional days of planned maintenance and increased utilization of the Wansley Combined Cycle Facility due to favorable natural gas prices. Natural gas expense also decreased \$2.5 million due to price, while nuclear fuel expense increased \$2.0 million due to an increase in amortization rates. Other generating expenses decreased \$4.3 million due primarily to reduced planned major maintenance at the nuclear plants. The decreases in fuel and other generating expenses were partially offset by a \$12.5 million increase in purchased power due to new capacity and/or energy purchase agreements, as well as favorable wholesale power market prices resulting in additional off-system purchases and less generation from MEAG Power plants.

Interest Expense, Net. Net interest expense, which includes stated interest expense and other related components such as amortization of debt discount and expense, interest income, net change in the fair value of financial instruments, and interest capitalized, totaled \$97.3 million through September 30, 2009, compared to \$130.0 million for the same period in 2008. This 25.2 percent decrease was mainly due to a \$39.3 million increase in the fair value of financial instruments, primarily related to the value of decommissioning investments. An increase in capitalized interest of \$9.3 million on a portion of the bonds issued in 2009, related to nuclear fuel purchases and Vogtle Units 3&4, as well as a decrease of \$3.0 million in stated interest expense, due to lower interest rates on variable rate bonds, also decreased net interest expense. These factors were partially offset by a \$19.8 million decrease in interest income due primarily to lower interest rates in the market.

Additional Information Relating to MEAG Power

MEAG Power has prepared the Updated Annual Information Statement, which contains certain information concerning MEAG Power. As more fully described under "INCLUSION OF CERTAIN INFORMATION BY REFERENCE" herein, the information contained in the Updated Annual Information Statement is included by reference in this Official Statement. Copies of the Updated Annual Information Statement may be obtained in the manner and from the sources described in "INCLUSION OF CERTAIN INFORMATION BY REFERENCE" herein.

JEA

General

JEA is a body politic and corporate organized and existing under the laws of the State of Florida and is an independent agency of the City. JEA was established in 1968 to own and manage the Electric System which had been owned by the City since 1895. In 1997, the City transferred to JEA the City's combined water and wastewater (sewer) utilities system (the "Water and Sewer System"). In 2004, the City authorized JEA to create a local district energy system and JEA established such a system (the "District Energy System") and transferred to it the chilled water production and distribution assets formerly held as part of the Electric System.

Electric System

In 2007, the latest year for which such information is available, JEA was the seventh largest municipally-owned electric utility in the United States in terms of number of customers. During its fiscal year ended September 30, 2009, the Electric System served an average of 417,226 customer accounts in a service area which covers virtually the entire City and parts of neighboring counties. JEA's total energy sales in fiscal year 2009, net of off-system sales and the energy sold by JEA to Florida Power & Light Company, a Florida corporation ("FPL"), pursuant to the FPL-Power Park Sale (as defined in the JEA Annual Disclosure Report) (see "INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – *Power Park Issue Two Bonds*" and "ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – *Ownership*" in the JEA Annual Disclosure Report), were approximately 12.7 billion kilowatt hours. Total revenues, including investment income, for the Electric System for fiscal year 2009, net of the revenues received by JEA from the FPL-Power Park Sale, were approximately \$1,336,350,000.

Water and Sewer System

The Water and Sewer System is owned and operated by JEA as a combined utilities system, separate and apart from the Electric System. Accordingly, information relating to the Water and Sewer System is not relevant to the obligations of JEA relating to the Electric System.

District Energy System

The District Energy System is owned and operated by JEA as a distinct utilities system, separate and apart from the Electric System and the Water and Sewer System. Accordingly, information relating to the District Energy System is not relevant to the obligations of JEA relating to the Electric System.

Additional Information Relating to JEA

JEA previously prepared the JEA Annual Disclosure Report. The JEA Annual Disclosure Report sets forth certain information concerning JEA, its outstanding debt, the Electric System, its interest in the Power Park and the Scherer 4 Project. As more fully described under "INCLUSION OF CERTAIN INFORMATION BY REFERENCE – JEA" herein, certain information contained in the JEA Annual Disclosure Report is included by reference in this Official Statement. Copies of the JEA Annual Disclosure Report may be obtained in the manner and from the sources described in "INCLUSION OF CERTAIN INFORMATION BY REFERENCE – JEA" herein. See also APPENDIX C hereto for certain updates to the JEA Annual Disclosure Report and APPENDIX D hereto for the most recently audited financial statements of JEA.

THE PARTICIPANTS

General

The Participants consist of 48 cities and one county, all political subdivisions of the State of Georgia. Geographically, the Participants are located throughout the State of Georgia in 39 of its 159 counties. Collectively, the Participants served approximately 309,000 customer accounts, representing a total population of approximately 635,000, during 2009. The electric distribution systems of most of the Participants have been in operation for more than 80 years, and several of these have been in operation for 100 years or more. Many of the Participants owned generating facilities in the past, but as technology improved in the electric utility industry and as economies of scale became more important, the local generating facilities were phased out of service, and Calhoun and Crisp County are the only Participants that now own generating facilities that are connected to the ITS. Until February 1977, the Initial Participants (as defined in the Updated Annual Information Statement) were dependent upon GPC for their wholesale electric requirements in excess of allotments of power from Federally-owned facilities through SEPA and, in the case of Crisp County, self-owned generation. Since that time, MEAG Power has furnished, from the output of Project One, the Existing General Resolution Projects and the CC Project and through purchases from other suppliers, all of the Participants' requirements formerly supplied by GPC, except for certain transactions between Crisp County and GPC. MEAG Power has served all of the requirements of Oxford and Acworth since they became Participants in 1986 and 2002, respectively, and has provided firm bulk power supply to Acworth through wholesale power contracts since 1995. See "MEAG POWER – Bulk Power Supply Operations – *Supplemental Bulk Power Supply*" in the Updated Annual Information Statement.

The Georgia General Assembly enacted legislation (the "Ellaville-Schley County Charter and Unification Commission Act" or the "Ellaville-Schley Act") in May 2009, which created the Ellaville-Schley County Charter and Unification Commission (the "Unification Commission") and authorized it to prepare a proposed charter creating a single county-wide government if, after conducting appropriate studies, the Unification Commission deems such action to be in the best interest of both the City of Ellaville and Schley County. The new government entity, if created, would supersede and replace the existing governments of the City of Ellaville and Schley County. The Ellaville-Schley Act provides that the charter, if adopted, must vest the new county-wide government with all powers formerly exercised by the City of Ellaville and Schley County as well as all powers that are vested in either municipalities or counties by the Georgia Constitution or other applicable law. The charter, if adopted, may also provide for the assumption by the new government of all bonded indebtedness and all other obligations of whatever kind of the existing entities and may further provide for the transfer to the new county-wide government of all contracts of each governmental unit merged into the new county-wide government.

If the Unification Commission supports the creation of the new county-wide government, the proposed charter must be approved both by the United States Department of Justice and by a majority of qualified voters of both the City of Ellaville and Schley County.

The Unification Commission has initiated a study and has conducted an initial public hearing, but has not reached any findings or conclusions as to whether creation of a single county-wide government is in the best interest of the affected governments. However, it has adopted a resolution evidencing its determination that the creation of a single county-wide entity would not be in the best interest of the affected governments if such action impaired the validity or enforceability of the power sales contracts entered into by the City of Ellaville and MEAG Power or adversely affected the collateral pledged to any existing or future holders of bonds issued by MEAG Power relating thereto. See the following table for the City of Ellaville's Entitlement Shares and Obligation Shares (each as defined in the Updated Annual Information Statement) in MEAG Power's various projects.

The following table shows the Participants and their respective Entitlement Shares and Obligation Shares in each of MEAG Power's projects as of December 31, 2009. See "THE PARTICIPANTS" in the Updated Annual Information Statement.

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Participant	Project One Generation Entitlement Shares ⁽¹⁾	Project One Budgeted 2010 Entitlement Transmission Shares ⁽¹⁾	Project Two Obligation Shares ⁽²⁾	Project Three Obligation Shares ⁽²⁾	Project Four Obligation Shares ⁽²⁾	Combined Cycle Obligation Shares ⁽³⁾	Embedded Simple Cycle Obligation Shares ⁽³⁾	Telecommunications Project Obligation Shares ⁽⁴⁾	Project M Obligation Shares ⁽⁵⁾	Project J Obligation Shares ⁽⁵⁾	Project P Obligation Shares ⁽⁵⁾
Acworth	0.000 ⁽⁶⁾ %	1.274%	0.000%	0.000%	0.000%	2.34858%	2.72830%	0.00%	3.89477%	0.11214%	0.11214%
Adel	1.164	1.260	0.762	0.703	1.164	1.89067	2.19640	3.18	2.36047	1.93985	1.93985
Albany	10.105	9.501	14.681	14.223	10.105	0.00000	0.00000	11.58	0.00000	7.55629	7.55629
Barnesville	0.415	0.920	1.034	1.136	0.415	0.68904	0.80050	1.16	0.88518	0.75563	0.75563
Blakely	0.814	0.789	0.837	0.797	0.814	0.93787	1.08950	1.54	0.40954	1.17576	1.17576
Brinson	0.033	0.017	0.015	0.014	0.033	0.00000	0.00000	0.00	0.00000	0.00000	0.00000
Buford	0.570	2.150	1.192	1.328	0.570	5.08235	5.90420	0.00	3.55014	0.00000	0.00000
Cairo	1.783	1.554	1.638	1.591	1.783	1.15649	1.34350	2.32	1.67888	1.81351	1.81351
Calhoun	2.810	3.261	3.787	4.205	2.810	3.21209	3.73150	4.24	5.90117	4.53378	4.53378
Camilla	1.093 ⁽⁷⁾	1.442	0.692	0.649	1.093	1.62642	1.88940	1.54	3.08867	1.69896	1.69896
Cartersville	5.205	5.794	2.433	2.177	5.205	8.42916	9.44650	5.40	8.85175	7.55629	7.55629
College Park	7.707	2.558	2.088	1.613	7.707	0.00000	0.00000	0.00	0.00000	3.14342	3.14342
Commerce	0.641	0.479	0.523	0.478	0.641	0.30103	0.34970	1.54	2.95058	0.26145	0.26145
Covington	2.694	4.859	3.323	3.442	2.694	5.08232	5.90410	3.47	11.80234	1.89331	1.89331
Crisp County	3.431	3.664	0.211	0.097	3.431	4.29921	3.26220	2.70	16.22822	0.54677	0.54677
Doerun	0.119	0.056	0.118	0.110	0.119	0.00000	0.00000	0.00	0.00000	0.00000	0.00000
Douglas	2.625	3.041	2.838	3.036	2.625	4.06574	4.72320	3.08	1.38382	3.32477	3.32477
East Point	7.019	2.202	2.205	1.198	7.019	0.00000	0.00000	0.00	0.00000	0.00000	0.00000
Elberton	1.358	1.473	1.566	1.549	1.358	1.50391	1.74710	2.32	1.88837	1.60193	1.60193
Ellaville	0.307	0.389	0.282	0.288	0.307	0.28299	0.32880	1.16	0.00000	0.30225	0.30225
Fairburn	0.568	0.815	0.647	0.629	0.568	0.44402 ⁽¹⁰⁾	0.51580 ⁽¹⁴⁾	2.55	1.88837	0.61297	0.61297
Fitzgerald	2.950	2.062	1.932	1.834	2.950	2.03287	2.36160	2.70	0.00000	2.41801	2.41801
Forsyth	0.994	0.684	0.825	0.824	0.994	0.00000	0.00000	1.54	0.00000	1.81351	1.81351
Fort Valley	1.564	1.116	1.437	1.321	1.564	0.79287	0.92110	2.32	0.00000	1.57443	1.57443
Grantville	0.083	0.132	0.047	0.042	0.083	0.00000 ⁽¹¹⁾	0.00000 ⁽¹⁵⁾	0.00	0.17704	0.06045	0.06045
Griffin	2.950	4.526	6.070	6.345	2.950	10.03578	11.65850	5.02	10.62210	3.64757	3.64757
Hogansville	0.296	0.295	0.270	0.267	0.296	0.39342	0.45700	0.00	0.29506	0.30225	0.30225
Jackson	0.499	0.518	0.593	0.616	0.499	0.00000	0.00000	0.00	0.00000	0.60450	0.60450
LaFayette	1.615	0.841	1.175	1.074	1.615	0.00000	0.00000	0.00	0.59012	1.20901	1.20901
LaGrange	3.213	4.885	7.888	8.653	3.213	10.16460	11.80820	0.64	4.72093	6.64954	6.64954
Lawrenceville	2.161 ⁽⁷⁾	4.053	4.975	5.587	2.161	0.00000 ⁽¹²⁾	0.00000 ⁽¹⁶⁾	0.00	0.00000	4.53378	4.53378
Mansfield	0.027	0.080	0.090	0.102	0.027	0.00000	0.00000	0.00	0.18235	0.00000	0.00000
Marietta	12.761	11.922	13.370	13.897	12.761	14.04938	2.46390	11.96	0.00000	19.75971	19.75971
Monroe	1.462	1.653	1.471	1.460	1.462	1.22406	1.18720	0.00	1.41628	2.05531	2.05531
Monticello	0.405	0.255	0.244	0.232	0.405	0.00000	0.00000	2.55	0.00000	0.00000	0.00000
Moultrie	3.070	1.782	1.682	1.403	3.070	0.00000	0.00000	3.09	2.95058	1.51126	1.51126
Newnan	1.605	3.782	1.529	1.497	1.605	5.69211	6.61250	5.09	4.72093	2.06498	2.06498
Norcross	0.846	1.377	1.399	1.583	0.846	2.43958	2.83410	1.54	2.24244	1.26946	1.26946
Oxford	0.000 ⁽⁸⁾	0.196	0.191	0.235	0.000 ⁽⁹⁾	0.00000	0.00000	0.00	0.00000	0.00000	0.00000
Palmetto	0.331	0.361	0.335	0.369	0.331	0.00000 ⁽¹³⁾	0.00000 ⁽¹⁷⁾	1.16	0.06786	0.39293	0.39293
Quitman	0.634	0.487	0.730	0.728	0.634	0.20336	0.23620	1.54	0.00000	0.00000	0.00000
Sandersville	0.780 ⁽⁷⁾	1.050	1.225	1.254	0.780	1.23767	1.43780	1.54	0.00000	0.00000	0.00000
Sylvania	3.118	1.028	0.626	0.425	3.118	0.00000	0.00000	1.93	0.00000	1.20901	1.20901
Sylvester	0.979	1.019	1.209	1.211	0.979	0.83492	0.96990	0.00	0.00000	1.51126	1.51126
Thomaston	1.227	1.173	1.467	1.424	1.227	0.78551	0.91250	1.93	0.59012	2.29711	2.29711
Thomasville	4.359	5.941	6.373	6.372	4.359	7.11521	8.26570	5.73	3.54070	4.53378	4.53378
Washington	1.059	0.885	1.418	1.467	1.059	0.93550	1.08680	1.93	0.00000	1.17878	1.17878
West Point	0.426	0.318	0.455	0.417	0.426	0.71127	0.82630	0.00	1.12122	0.57428	0.57428
Whigham	0.125	0.081	0.102	0.098	0.125	0.00000	0.00000	0.00	0.00000	0.00000	0.00000
Total	100.000%	100.000%	100.000%	100.000%	100.000%	100.00000%	100.00000%	⁽¹⁸⁾	100.00000%	100.00000%	100.00000%

(footnotes on following page)

(footnotes from preceding page)

- (1) See “THE PARTICIPANTS – Generation and Transmission Entitlement Shares – Project One” in the Updated Annual Information Statement.
- (2) See “THE PARTICIPANTS – Obligation Shares of the Participants – Existing General Resolution Projects” in the Updated Annual Information Statement.
- (3) See “THE PARTICIPANTS – Obligation Shares of the Participants – CC Project” in the Updated Annual Information Statement.
- (4) See “THE PARTICIPANTS – Obligation Shares of the Participants – Telecommunications Project” in the Updated Annual Information Statement.
- (5) See “THE PARTICIPANTS – Obligation Shares of the Participants – Vogtle Units 3&4 Projects” in the Updated Annual Information Statement.
- (6) Acworth has entered into a Project One power sales contract with MEAG Power that provides for a portion of Sylvania’s Project One Entitlement Share to be transferred to Acworth and for MEAG Power to supply Acworth’s Supplemental Bulk Power Supply. The agreement between Sylvania and Acworth provides for a transfer of 9 MW of Project One capacity. The take-or-pay obligation of Sylvania is not affected. See “INTRODUCTORY STATEMENT – The Participants” in the Updated Annual Information Statement.
- (7) Camilla, Lawrenceville and Sandersville also have entered into IPT (as defined in the Updated Annual Information Statement) contracts with certain other Initial Participants pursuant to which they have purchased portions of the Obligation Shares of such other Initial Participants for a term that is coterminous with the term of such other Initial Participants’ Project One Power Sales Contracts. The take-or-pay obligations of such other Initial Participants are not affected. See “MEAG POWER – Bulk Power Supply Operations – *General*” in the Updated Annual Information Statement.
- (8) Oxford has entered into power sales contracts relating to MEAG Power’s Projects, and the Initial Participants agreed that Oxford would take a 0.191 percent Entitlement Share *pro rata* from the Entitlement Shares of the Initial Participants. The take-or-pay obligations of the Initial Participants are not affected. See “INTRODUCTORY STATEMENT – The Participants” in the Updated Annual Information Statement.
- (9) Oxford and the Initial Participants agreed that Oxford will take a 0.191 percent Project Four Obligation Share *pro rata* from the Project Four Obligation Shares of the Initial Participants. The take-or-pay obligations of the Initial Participants are not affected. See “INTRODUCTORY STATEMENT – The Participants” in the Updated Annual Information Statement.
- (10) Fairburn also has entered into an assignment agreement with Newnan pursuant to which Fairburn will take 0.39761 percentage points of Newnan’s 5.69211 percent Combined Cycle Obligation Share. The take-or-pay obligation of Newnan is not affected. See “MEAG POWER – Bulk Power Supply Operations – *General*” in the Updated Annual Information Statement.
- (11) Grantville has entered into a CC Project power sales contract with MEAG Power and an assignment agreement with Douglas pursuant to which Grantville will take 0.19881 percentage points of Douglas’ 4.06574 percent Combined Cycle Obligation Share. The take-or-pay obligation of Douglas is not affected. See “MEAG POWER – Bulk Power Supply Operations – *General*” in the Updated Annual Information Statement.
- (12) Lawrenceville has entered into a CC Project power sales contract with MEAG Power and an assignment agreement with Douglas pursuant to which Lawrenceville will take 0.79523 percentage points of Douglas’ 4.06574 percent Combined Cycle Obligation Share. The take-or-pay obligation of Douglas is not affected. See “MEAG POWER – Bulk Power Supply Operations – *General*” in the Updated Annual Information Statement.
- (13) Palmetto has entered into a CC Project power sales contract with MEAG Power and an assignment agreement with Newnan in pursuant to which Palmetto will take 0.39761 percentage points of Newnan’s 5.69211 percent Combined Cycle Obligation Share. The take-or-pay obligation of Newnan is not affected. See “MEAG POWER – Bulk Power Supply Operations – *General*” in the Updated Annual Information Statement.
- (14) Fairburn also has entered into an assignment agreement with Newnan pursuant to which Fairburn is obligated to pay 0.46191 percentage points of Newnan’s 6.61250 percent Embedded Simple Cycle Obligation Share. The take-or-pay obligation of Newnan is not affected. See “MEAG POWER – Bulk Power Supply Operations – *General*” in the Updated Annual Information Statement.
- (15) Grantville has entered into a CC Project power sales contract with MEAG Power and an assignment agreement with Douglas pursuant to which Grantville is obligated to pay 0.23095 percentage points of Douglas’ 4.72320 percent Embedded Simple Cycle Obligation Share. The take-or-pay obligation of Douglas is not affected. See “MEAG POWER – Bulk Power Supply Operations – *General*” in the Updated Annual Information Statement.
- (16) Lawrenceville has entered into a CC Project power sales contract with MEAG Power and an assignment agreement with Douglas pursuant to which Lawrenceville is obligated to pay 0.92380 percentage points of Douglas’ 4.72320 percent Embedded Simple Cycle Obligation Share. The take-or-pay obligation of Douglas is not affected. See “MEAG POWER – Bulk Power Supply Operations – *General*” in the Updated Annual Information Statement.
- (17) Palmetto has entered into a CC Project power sales contract with MEAG Power and an assignment agreement with Newnan pursuant to which Palmetto is obligated to pay 0.46191 percentage points of Newnan’s 6.61250 percent Embedded Simple Cycle Obligation Share. The take-or-pay obligation of Newnan is not affected. See “MEAG POWER – Bulk Power Supply Operations – *General*” in the Updated Annual Information Statement.
- (18) The Obligation Shares set forth in the Telecommunications Contracts are taken to only two decimal places and total 99.99 percent. For billing purposes, MEAG Power has extended the percentages to four decimal places, which total 100 percent.

Project J Participants

MEAG Power entered into the Project J Power Sales Contracts with the 39 Participants comprising the Project J Participants. See “SECURITY FOR SERIES 2010A&B BONDS – Project J Power Sales Contracts” herein and “SUMMARY OF PROJECT J POWER SALES CONTRACTS” in APPENDIX J hereto. The payment obligations of the Project J Participants thereunder are described under “SUMMARY OF PROJECT J POWER SALES CONTRACTS – Project J Participants’ Obligations to Pay” in APPENDIX J hereto. As set forth more fully therein, each Project J Participant’s payment obligations are general obligations to the payment of which its full faith and credit are pledged. For certain financial and statistical data and other information regarding the eight largest Project J Participants, which represent approximately 59 percent of the Obligation Shares of Project J, see “INFORMATION REGARDING THE MAJOR PARTICIPANTS IN PROJECT J” in APPENDIX E hereto.

PLAN OF FINANCE FOR MEAG POWER’S INTERESTS IN VOGTLE UNITS 3&4

Overall Plan of Finance

MEAG Power estimates the aggregate costs of acquisition and construction of its ownership interests in Vogtle Units 3&4, including construction costs, financing costs and contingencies, initial fuel load costs and switchyard and transmission costs, will be approximately \$3.7 billion, of which approximately \$1.2 billion relates to Project M, \$1.5 billion relates to Project J and \$1.0 billion relates to Project P (see “MEAG POWER – Planned Resources: Vogtle Units 3&4” herein). Its costs incurred through September 30, 2009, aggregating approximately \$240 million for the three projects, have been paid primarily with the proceeds of interim financings in April and May of 2009, including (a) \$163,610,000 principal amount of bond anticipation notes for Project M maturing May 7, 2010, (b) \$200,960,000 principal amount of bond anticipation notes for Project J maturing May 25, 2010 (the “2009 Project J Notes”) and (c) \$128,985,000 principal amount of bond anticipation notes for Project P maturing June 21, 2010.

MEAG Power’s plan of finance with regard to such estimated costs of acquisition and construction, including the refinancing of the foregoing bond anticipation notes, includes the issuance of bonds in 2010 for the three Vogtle Units 3&4 Projects in the aggregate principal amount of approximately \$2,666,765,000, including (a) for Project M, “Build America Bonds” (as defined below) and tax-exempt Project M Bonds (as defined herein) in the aggregate principal amount of \$1,028,945,000, pursuant to a separate offering document; (b) for Project J, the bonds offered hereby; and (c) for Project P, Build America Bonds and tax-exempt Project P Bonds (as defined herein), in the aggregate principal amount of approximately \$389,385,000, pursuant to a separate offering document. MEAG Power expects to issue the Project M Bonds on or about March 12, 2010 and the Project P Bonds on or about March 16, 2010. The plan of finance also calls for MEAG Power to negotiate and enter into definitive loan documentation with the Federal Financing Bank (“FFB”) and the U.S. Department of Energy (“DOE”) pursuant to the Conditional Commitment referred to and defined below. In order to fund costs of construction not funded with proceeds of the initial bond financings, MEAG Power may enter into definitive agreements for the Guaranteed Loans (as defined herein) pursuant to such loan documentation, issue additional bonds, or both, depending on which is more economical to MEAG Power.

MEAG Power adopted the foregoing plan of finance for its interests in Vogtle Units 3&4 to achieve several financial objectives. The plan of finance will maximize the benefits to MEAG Power of financing with Build America Bonds, described below, by providing for their issuance while the statutory authority for such bonds remains in effect. MEAG Power’s issuance of the Build America Bonds and the

Series 2010B Tax-Exempt Bonds offered hereby and its issuance of bonds for Project M and for Project P during the first quarter of 2010 pursuant to the plan of finance will lock in today's relatively low prevailing interest rates for approximately 73 percent of the financing that will be necessary to fund the total currently estimated costs of acquisition and construction relating to its interests in Vogtle Units 3&4 (in the case of Project J, the bonds offered hereby will constitute approximately 85 percent of the financing necessary to fund the currently estimated costs of acquisition and construction relating to MEAG Power's interests in Vogtle Units 3&4 related to Project J). Also, the plan of finance substantially mitigates MEAG Power's need for market access to complete its funding requirements with respect to its interests in Vogtle Units 3&4. Taking into account the proceeds of the bonds offered hereby and the proceeds of the bonds to be issued for Project M and Project P during the first quarter of 2010, the proceeds of the earlier interim financings and the amount of the Conditional Commitment, MEAG Power will have funds and loan commitments in an amount equal to approximately 124 percent of the total currently estimated costs of acquisition and construction relating to its interests in Vogtle Units 3&4.

Bond Financings

Bond Resolutions. Bonds to finance MEAG Power's costs of acquisition and construction of its ownership interest in Vogtle Units 3&4, including bond anticipation notes, will be issued pursuant to bond resolutions corresponding to each of the three Vogtle Units 3&4 Projects. In the case of Project M, the bonds will be issued pursuant to the Plant Vogtle Additional Units Non-PPA Project Bond Resolution adopted by MEAG Power on October 16, 2008, as supplemented, amended and restated, including as supplemented, amended and restated by the Amended and Restated Plant Vogtle Additional Units Non-PPA Bond Resolution adopted by MEAG Power on December 23, 2009 (as so supplemented, amended and restated, the "Project M Bond Resolution"). In the case of Project J, the bonds will be issued pursuant to the Project J Bond Resolution. In the case of Project P, the bonds will be issued pursuant to the Plant Vogtle Additional Units PPA-2 Project Bond Resolution adopted by MEAG Power on October 16, 2008, as supplemented, amended and restated, including as supplemented, amended and restated by the Amended and Restated Plant Vogtle Additional Units PPA-2 Bond Resolution adopted by MEAG Power on December 30, 2009 (as so supplemented, amended and restated, the "Project P Bond Resolution").

All bonds (including bond anticipation notes) heretofore or hereafter issued under the Project M Bond Resolution, the Project J Bond Resolution and the Project P Bond Resolution are herein referred to as the "Project M Bonds," the "Project J Bonds" and the "Project P Bonds," respectively.

Build America Bonds. As discussed under "DESCRIPTION OF SERIES 2010A&B BONDS – Designation of Series 2010A Taxable Bonds as 'Build America Bonds'" herein, MEAG Power intends to designate the Series 2010A Taxable Bonds offered hereby as "Build America Bonds" ("Build America Bonds") for purposes of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). As a result, pursuant to the Recovery Act, MEAG Power, *provided* it complies with the requirements of such Act, is entitled to receive cash subsidy payments rebating a portion of the interest on the applicable Build America Bonds from the U.S. Treasury equal to 35 percent of the interest payable on such bonds. All cash subsidy payments received by MEAG Power from the U.S. Treasury in respect of the interest payable on any Build America Bonds issued under the Project J Bond Resolution will constitute Revenues (as defined herein) for all purposes of the Project J Bond Resolution, subject to the provisions thereof permitting the application of such cash subsidy payments for the purposes and on the terms and conditions set forth therein. **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 of and interest on the bonds offered hereby whether or not it receives such cash subsidy payments.**

MEAG Power will also designate certain of the Project M Bonds and the Project P Bonds to be issued as Build America Bonds.

DOE Loan Guarantee Program

In order to provide a source of financing for its interests in Vogtle Units 3&4 and augment its financing alternatives, in 2008 MEAG Power submitted an application to DOE for loans guaranteed by DOE pursuant to the Federal loan guarantee solicitation for nuclear projects employing new or significantly improved technology (the “Solicitation”) issued under Title XVII of the Energy Policy Act of 2005, as amended (“Title XVII”). DOE selected Vogtle Units 3&4 as a nuclear-powered generation facility for which it would move forward with final due diligence and negotiations of the terms and conditions of a loan guarantee term sheet (the “Term Sheet”). DOE offered the Term Sheet to MEAG Power, and MEAG Power accepted the Term Sheet and paid the required portion of a facility fee to DOE and, as a result, the Term Sheet became a conditional commitment (the “Conditional Commitment”) for DOE-guaranteed loans (the “Guaranteed Loans”). MEAG Power expects to commence negotiation of definitive agreements (the “Definitive Agreements”) reflecting the terms and conditions of the Conditional Commitment during 2010.

The Conditional Commitment provides that DOE would guarantee three separate Guaranteed Loans to be made by FFB to three wholly owned special purpose limited liability subsidiaries to be formed by MEAG Power (individually, the “Project M Entity,” the “Project J Entity” and the “Project P Entity” and, together, the “Project Entities”). The Conditional Commitment, as described under “DOE LOAN GUARANTEE PROGRAM” herein and in APPENDIX L hereto, sets forth a summary of the proposed principal terms and conditions for the issuance of the Guaranteed Loans. The complete and final terms and conditions of the Guaranteed Loans, if entered into, will be set forth in the Definitive Agreements. Pursuant to the terms of the Conditional Commitment, the Guaranteed Loans may be in the aggregate principal amount of up to \$1,808,910,000 for the Vogtle Units 3&4 Projects, provided that the Guaranteed Loans may not be more than 50 percent of the Eligible Project Costs (as defined herein). The maximum available Guaranteed Loans for each Project Entity also will be subject to additional individual caps.

There can be no assurances that DOE, FFB, MEAG Power and the Project Entities will enter into the Definitive Agreements or, if they enter into the Definitive Agreements, that the terms and conditions thereof will be consistent with the terms and conditions of the Conditional Commitment. If MEAG Power enters into the Definitive Agreements for the Guaranteed Loans, it will divide its ownership interest in Vogtle Units 3&4 into three separate undivided interests and then transfer such interests to the Project Entities, which will be the borrowers of the Guaranteed Loans for the respective projects. As described herein, upon the issuance of the Series 2010A&B Bonds, the Project J Bond Resolution will permit MEAG Power to amend the Project J Bond Resolution (without the consent of the holders of the Project J Bonds, including the holders of the Series 2010A&B Bonds) and the other documents relating to MEAG Power’s undivided ownership interest in Vogtle Units 3&4 in any respect determined by MEAG Power to be necessary or desirable in order to accommodate the Guaranteed Loans, subject to satisfaction of the conditions and requirements set forth therein. For a description of such conditions and a discussion of the terms and conditions relating to the Guaranteed Loans as reflected in the Conditional Commitment and the amendments to the Project J Bond Resolution, the Project J PPA, the Project J Power Sales Contracts and the Vogtle Units 3&4 Project Agreements (as defined herein) that MEAG Power believes will be necessary to enter into the Definitive Agreements, see “DOE LOAN GUARANTEE PROGRAM” herein.

PURPOSE OF ISSUE OF SERIES 2010A&B BONDS

MEAG Power is issuing the Series 2010A Taxable Bonds in order to (i) fund a portion of the costs of acquisition and construction of Project J, (ii) refinance a portion of the outstanding 2009 Project J Notes, (iii) fund certain capitalized interest on the Series 2010A Taxable Bonds, (iv) make a deposit to the Debt Service Reserve Account in the Debt Service Fund (each as defined in the Project J Bond Resolution) and (v) pay the costs of issuance of the Series 2010A Taxable Bonds.

MEAG Power is issuing the Series 2010B Tax-Exempt Bonds in order to (i) refinance a portion of the outstanding 2009 Project J Notes, (ii) fund certain capitalized interest on the Series 2010B Tax-Exempt Bonds, (iii) make a deposit to the Debt Service Reserve Account in the Debt Service Fund and (iv) pay the costs of issuance of the Series 2010B Tax-Exempt Bonds.

A portion of the proceeds of the Series 2010A Taxable Bonds, along with a portion of the proceeds of the Series 2010B Tax-Exempt Bonds and other available funds, will be used to pay the principal of the 2009 Project J Notes and interest thereon when due at maturity as described below. Another portion of the proceeds of the Series 2010A Taxable Bonds will be deposited in the construction fund established under the Project J Bond Resolution (the "Construction Fund") and will be used to provide for the payment of all interest on the Series 2010A Taxable Bonds due on and prior to April 1, 2016 and a portion of the interest coming due on October 1, 2016 and April 1, 2017. A portion of the proceeds of the Series 2010A Taxable Bonds also will be deposited in the Debt Service Reserve Account established pursuant to the Project J Bond Resolution. The remainder of the proceeds will be deposited in the Construction Fund and will be used to (a) fund a portion of the costs of acquisition and construction of Project J and (b) pay the costs of issuance of the Series 2010A Taxable Bonds.

A portion of the proceeds of the Series 2010B Tax-Exempt Bonds will be used to pay a portion of the 2009 Project J Notes, as described above. Another portion of the proceeds of the Series 2010B Tax-Exempt Bonds will be deposited in the Construction Fund and will be used to provide for the payment of all interest on the Series 2010B Tax-Exempt Bonds due on and prior to April 1, 2016 and a portion of the interest coming due on October 1, 2016 and April 1, 2017. A portion of the proceeds of the Series 2010B Tax-Exempt Bonds also will be deposited in the Debt Service Reserve Account established pursuant to the Project J Bond Resolution. The remainder of the proceeds will be deposited in the Construction Fund and will be used to pay the costs of issuance of the Series 2010B Tax-Exempt Bonds.

Pursuant to the terms of an Escrow Deposit Agreement (the "Escrow Deposit Agreement") to be entered into between MEAG Power and Wells Fargo Bank, National Association, as trustee under the Project J Bond Resolution (the "Trustee"), the refinancing of the 2009 Project J Notes will be effected by depositing with the Trustee a portion of the proceeds of the Series 2010A&B Bonds and certain other available moneys which will be used to purchase certain noncallable direct obligations of the United States of America ("Government Obligations"). The Government Obligations will bear interest at such rates and will be scheduled to mature at such times and in such amounts so that, when paid in accordance with their respective terms and together with certain other available amounts, sufficient moneys will be available to pay the principal of and the interest on the 2009 Project J Notes when due at maturity. Principal of and interest on the Government Obligations will be held in trust in one or more separate accounts created under the Escrow Deposit Agreement (together, the "Escrow Account") and used solely for the payment of principal of and interest on the 2009 Project J Notes at their maturity date, subject only to the payment to MEAG Power in accordance with the Escrow Deposit Agreement and the Project J Bond Resolution of any cash not required for such purpose.

Upon compliance with the requirements of the Project J Bond Resolution with respect to defeasance, the 2009 Project J Notes will be deemed paid within the meaning of the Project J Bond

Resolution and, except for the rights of the holders of such 2009 Project J Notes to payments from the Escrow Account, such 2009 Project J Notes will no longer be entitled to any lien, benefit or security under the Project J Bond Resolution and all covenants, agreements and obligations of MEAG Power to the holders of such 2009 Project J Notes will be discharged and satisfied. The refinancing will result in removal of such 2009 Project J Notes from MEAG Power’s consolidated financial statements.

The accuracy of the mathematical computations of the adequacy of the principal of and interest on the Government Obligations to provide for the payment when due of the interest on and the principal of the 2009 Project J Notes will be verified at the time of delivery of the Series 2010A&B Bonds by Samuel Klein and Company, independent certified public accountants. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.

ESTIMATED SOURCES AND USES OF FUNDS

The table below sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2010A&B Bonds.

Sources of Funds:

Principal Amount of Series 2010A&B Bonds	\$ 1,248,435,000.00
Plus: Original Issue Premium	2,957,445.05
Plus: Funds in Construction Fund ⁽¹⁾	<u>67,723,470.97</u>
Total Sources	<u>\$ 1,319,115,916.02</u>

Uses of Funds:

Deposit to Construction Fund ⁽²⁾	\$ 1,038,293,526.54
Deposit to Escrow Account	204,146,416.54
Deposit to Debt Service Reserve Account	65,249,052.38
Underwriters’ Discount and Costs of Issuance	<u>11,426,920.56</u>
Total Uses	<u>\$ 1,319,115,916.02</u>

(1) Includes \$3,232,235.88, an amount equal to the capitalized interest on the 2009 Project J Notes on deposit in the Construction Fund.

(2) To be used to fund a portion of the costs of acquisition and construction of Project J and provide for the payment of all interest on the Series 2010A&B Bonds due on and prior to April 1, 2016 and a portion of interest coming due on October 1, 2016 and April 1, 2017.

DESCRIPTION OF SERIES 2010A&B BONDS

General

The Series 2010A&B Bonds will be issued in the aggregate principal amounts, will bear interest at the rates per annum, payable semiannually on April 1 and October 1 of each year commencing October 1, 2010, and will mature on April 1 in the years and in the principal amounts set forth on page (i) hereof. The Series 2010A&B Bonds will be registered in the name of The Depository Trust Company or its nominee (“DTC”). DTC will act as securities depository for the Series 2010A&B Bonds. The Series 2010A&B Bonds will be issued initially in book-entry form. Persons may own beneficial interests in (a) the Series 2010A Taxable Bonds in denominations of \$1,000 or any integral multiple thereof and (b) the Series 2010B Tax-Exempt Bonds in denominations of \$5,000 or any integral multiple thereof (each such person, a “Beneficial Owner”) through DTC, Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) or the Euroclear Bank S.A./N.V. (“Euroclear”), directly if they are participants of such systems, or indirectly through organizations that are participants in such systems. *For information regarding minimum unit sales for purchasers outside the United States, see “INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED*

STATES” herein. Purchasers of the Series 2010A&B Bonds will not receive or have the right to receive bond certificates except as hereinafter provided. For a further description of DTC and the book-entry only system of registration and transfer of beneficial interests in the Series 2010A&B Bonds as well as the global clearance procedures, see “BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES” in APPENDIX A hereto. The information in APPENDIX A has been furnished by DTC, Euroclear and Clearstream, Luxembourg. No representation is made by the MEAG Power or the Underwriters as to the accuracy or completeness of such information.

So long as the Series 2010A&B Bonds are held in the book-entry only system described in APPENDIX A hereto, the principal of, and interest on, such Series 2010A&B Bonds will be paid through the facilities of DTC, and a Beneficial Owner of the Series 2010A&B Bonds must maintain an account with a broker or dealer who is, or acts through, a Direct Participant (as defined in APPENDIX A hereto) in order to receive payment of the principal of, and interest on, such bond. Clearstream, Luxembourg and Euroclear will hold omnibus positions on behalf of their participants through customers’ securities accounts in Clearstream, Luxembourg’s and Euroclear’s names on the books of their respective depositories, which in turn will hold such positions in customers’ securities accounts in the depositories’ names on the books of DTC.

The Series 2010A&B Bonds may be transferred only on the registry books of MEAG Power kept for that purpose by Wells Fargo Bank, National Association, as Bond Registrar.

Interest on any Series 2010A&B Bond will be paid to the person in whose name such Series 2010A&B Bond is registered on the applicable record date, which is March 15 for interest due on April 1, and September 15 for interest due on October 1. Interest on the Series 2010A&B Bonds will be payable by check or draft of Wells Fargo Bank, National Association, as Paying Agent, mailed to the registered owners at the addresses shown on the registry books of MEAG Power kept for that purpose at the designated corporate trust office of the Bond Registrar, as of the close of business on the applicable record date. Except as otherwise provided in the Project J Bond Resolution with respect to Series 2010A&B Bonds subject to a book-entry only system of registration, the principal and redemption price of all Series 2010A&B Bonds will be payable at the designated corporate trust office of the Paying Agent.

Certain risks could affect the payments to be made with respect to the Series 2010A&B Bonds. See “RISK FACTORS” herein for a discussion of certain risks.

Designation of Series 2010A Taxable Bonds as “Build America Bonds”

MEAG Power intends to elect to treat the Series 2010A Taxable Bonds as Build America Bonds for purposes of the Recovery Act and to receive a cash subsidy from the U.S. Treasury in connection therewith. Pursuant to the Recovery Act, MEAG Power, *provided* it complies with the requirements of such Act, is entitled to receive cash subsidy payments rebating a portion of the interest on the Series 2010A Taxable Bonds from the U.S. Treasury equal to 35 percent of the interest payable on the Series 2010A Taxable Bonds. All cash subsidy payments received by MEAG Power from the U.S. Treasury in respect of the interest payable on any Build America Bonds issued under the Project J Bond Resolution will constitute Revenues for all purposes of the Project J Bond Resolution, subject to the provisions thereof permitting the application of such cash subsidy payments for the purposes and on the terms and conditions set forth therein. **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 of and interest on the Series 2010A Taxable Bonds whether or not it receives such cash subsidy payments.**

Certain Principal Installments of Series 2010A&B Bonds Will Constitute “Refundable Principal Installments”

In accordance with the provisions of the Project J Bond Resolution, (1) \$95,590,000 of the principal amount of the Series 2010A Taxable Bonds and (2) the Series 2010B Tax-Exempt Bonds maturing on April 1, 2040 initially will constitute “Refundable Principal Installments,” as such term is defined in the Project J Bond Resolution (see “SUMMARY OF PROJECT J BOND RESOLUTION – Definitions” in APPENDIX K hereto). As such, it is the intention of MEAG Power that such respective principal amounts constituting Refundable Principal Installments will be paid from moneys which are not Revenues. The Project J Bond Resolution provides that, for purposes of estimating future Debt Service (as defined in the Project J Bond Resolution) on Project J Bonds, certain adjustments are made in the calculation of Debt Service for Refundable Principal Installments. See the definition of “Adjusted Aggregate Debt Service” in “SUMMARY OF PROJECT J BOND RESOLUTION – Definitions” in APPENDIX K hereto.

Redemption of Series 2010A Taxable Bonds

Optional Redemption. The Series 2010A Taxable Bonds will be subject to redemption prior to maturity at the election of MEAG Power as a whole or in part at any time at a redemption price equal to the greater of (i) 100 percent of the principal amount thereof or (ii) the Discounted Value thereof (as defined below), together, in either case, with accrued interest to the redemption date. MEAG Power may select amounts of Series 2010A Taxable Bonds for optional redemption at its sole discretion. All calculations and determinations referred to in this section, except as provided in the preceding sentence, will be made by a financial advisor selected by MEAG Power.

“Discounted Value” means, with respect to the Series 2010A Taxable Bonds to be redeemed, the sum of the amounts obtained by discounting all remaining scheduled payments of principal and interest (exclusive of interest accrued to the date of redemption) on such Series 2010A Taxable Bonds from their respective scheduled payment dates to the applicable redemption date, at a yield (computed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months) equal to the applicable Discount Yield.

“Discount Yield” means, with respect to the Series 2010A Taxable Bonds to be redeemed on a particular date, the Blended Treasury Yield determined with respect to such Series 2010A Taxable Bonds, plus 0.35 percent per annum. The Discount Yield will be calculated assuming semiannual compounding based upon a 360-day year consisting of twelve 30-day months.

“Blended Treasury Yield” means, with respect to the Series 2010A Taxable Bonds to be redeemed, the yield computed by the linear interpolation of two Market Treasury Yields such that the theoretical maturity that corresponds to the interpolated Market Treasury Yield equals the date that corresponds to the remaining average life of the Series 2010A Taxable Bonds to be redeemed. The first Market Treasury Yield will be based on an actively traded U.S. Treasury security or U.S. Treasury index whose maturity is closest to but no later than the date corresponding to the remaining average life of the Series 2010A Taxable Bonds to be redeemed; the second Market Treasury Yield will be based on an actively traded U.S. Treasury security or U.S. Treasury index whose maturity is closest to but no earlier than the date corresponding to the remaining average life of the Series 2010A Taxable Bonds to be redeemed. Notwithstanding the foregoing, if the date that corresponds to the remaining average life of the Series 2010A Taxable Bonds to be redeemed is later than the latest maturity of any actively traded U.S. Treasury security or U.S. Treasury index, then the Blended Treasury Yield shall be the Market Treasury Yield of the actively traded U.S. Treasury security or U.S. Treasury index having such latest maturity.

“Market Treasury Yield” means that yield, assuming semiannual compounding based upon a 360-day year consisting of twelve 30-day months, which is equal to:

- (i) the yield for the applicable maturity of an actively traded U.S. Treasury security, reported, as of 11:00 a.m., New York City time, on the Valuation Date on the display designated as “Page PX1” of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in U.S. Treasury securities); or
- (ii) if the yield described in (i) above is not reported as of such time or the yield reported as of such time is not ascertainable, the most recent yield data for the applicable U.S. Treasury maturity index from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m., New York City time, on the Valuation Date; or
- (iii) if the yields described in (i) and (ii) above are not reported as of such time or the yields reported as of such time are not ascertainable, the yield for the applicable maturity of an actively traded U.S. Treasury security shall be based upon the average of yield quotations for such security (after excluding the highest and lowest quotations) as of 3:30 p.m., New York City time, on the Valuation Date received from no less than five primary dealers in U.S. government securities selected by MEAG Power.

Each yield quotation for each actively traded U.S. Treasury security required in (i) and (iii) above shall be determined using the average of the bid and ask prices for that security.

“Valuation Date” means the third business day preceding the redemption date.

Extraordinary Optional Redemption. The Series 2010A Taxable Bonds also will be subject to redemption prior to maturity at the election of MEAG Power as a whole or in part on any date following the occurrence of an “Extraordinary Event” (as defined below) at a redemption price equal to the greater of (i) 100 percent of the principal amount thereof or (ii) the Discounted Value thereof (as such term is defined above under “– *Optional Redemption*” above, except that for purposes of calculating such Discounted Value, the Discount Yield shall be equal to the Blended Treasury Yield plus one percent), together, in either case, with accrued interest to the redemption date. MEAG Power may select amounts of Series 2010A Taxable Bonds for optional redemption at its sole discretion. All calculations and determinations referred to in this section, except as provided in the preceding sentence, will be made by a financial advisor selected by MEAG Power.

An “Extraordinary Event” will have occurred if an Authorized Officer of the Authority (as such term is defined in the Project J Bond Resolution) determines that a material adverse change has occurred to Section 54AA or 6431 of the Internal Revenue Code of 1986 (the “Code”) (as such Sections were added by Section 1531 of the Recovery Act, pertaining to “Build America Bonds”) or there is any guidance published by the Internal Revenue Service (the “IRS”) or the U.S. Treasury with respect to such Sections or any other determination by the IRS or the U.S. Treasury, which determination is not the result of any act or omission by MEAG Power to satisfy the requirements to qualify to receive the 35 percent cash subsidy payment from the U.S. Treasury, pursuant to which MEAG Power’s 35 percent cash subsidy payment from the U.S. Treasury is reduced or eliminated.

Sinking Fund Redemption. The Series 2010A Taxable Bonds also will be subject to redemption through sinking fund installments on April 1, 2018 and on each April 1 thereafter in each of the years set forth in the table below. The redemption price will be 100 percent of the principal amount of the Series

2010A Taxable Bonds so to be redeemed plus accrued interest, if any, to the redemption date. Such sinking fund installments will be sufficient to redeem the following principal amounts of the Series 2010A Taxable Bonds:

Series 2010A Taxable Bonds

Year	Principal Amount	Year	Principal Amount
2018	\$ 465,000	2038	\$26,805,000
2019	6,805,000	2039	27,965,000
2020	12,075,000	2040	29,170,000
2021	13,075,000	2041	30,435,000
2022	13,640,000	2042	31,740,000
2023	14,230,000	2043	33,110,000
2024	14,845,000	2044	34,540,000
2025	15,485,000	2045	36,030,000
2026	16,150,000	2046	37,585,000
2027	16,845,000	2047	39,210,000
2028	17,575,000	2048	40,900,000
2029	18,330,000	2049	42,665,000
2030	19,125,000	2050	44,505,000
2031	19,945,000	2051	46,425,000
2032	20,810,000	2052	48,425,000
2033	21,705,000	2053	50,515,000
2034	22,640,000	2054	52,695,000
2035	23,620,000	2055	54,970,000
2036	24,640,000	2056	89,090,000
2037	25,700,000	2057*	89,780,000

* Maturity

Giving effect solely to the sinking fund schedule set forth above, the average life of the Series 2010A Taxable Bonds, calculated from the date of delivery thereof, will be approximately 33.95 years.

In determining the amount of Series 2010A Taxable Bonds to be redeemed with any sinking fund installment therefor, there will be deducted the principal amount of any Series 2010A Taxable Bonds which have been purchased or redeemed with amounts accumulated in the Debt Service Account in the Debt Service Fund with respect to such sinking fund installment. In addition, if any Series 2010A Taxable Bonds are purchased or redeemed other than by operation of the Debt Service Account in the Debt Service Fund, such Series 2010A Taxable Bonds so purchased or redeemed shall be credited *pro rata* against each remaining sinking fund installment for the Series 2010A Taxable Bonds as nearly as practicable in the proportion each such remaining sinking fund installment bears to the total outstanding amount of the Series 2010A Taxable Bonds, subject to the authorized denominations applicable to the Series 2010A Taxable Bonds.

Selection of Series 2010A Taxable Bonds to be Redeemed. Any redemption of less than all of the Series 2010A Taxable Bonds shall be allocated among registered holders of the Series 2010A Taxable Bonds to be redeemed as nearly as practicable in proportion to the principal amounts of the Series 2010A Taxable Bonds owned by each registered holder, subject to the authorized denominations applicable to the Series 2010A Taxable Bonds. Subject to the foregoing, if less than all of the Series 2010A Taxable Bonds are to be redeemed, the particular Series 2010A Taxable Bonds to be redeemed shall be selected by

the Trustee in such manner as the Trustee may determine fair and appropriate. So long as DTC or a successor securities depository is the sole registered holder of the Series 2010A Taxable Bonds, it is MEAG Power's intent that redemption allocations made by DTC and the DTC participants and such other intermediaries that may exist between MEAG Power and the Beneficial Owners be made in accordance with these same proportional provisions. MEAG Power can provide no assurance that DTC, the DTC participants or any other intermediaries will allocate redemptions among Beneficial Owners on such a proportional basis. See "BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" in APPENDIX A hereto.

Redemption of Series 2010B Tax-Exempt Bonds

Optional Redemption. The Series 2010B Tax-Exempt Bonds maturing on April 1, 2040 will be subject to redemption prior to maturity at the election of MEAG Power in whole or in part at any time on and after April 1, 2020, at a redemption price equal to 100 percent of the principal amount thereof, together with accrued interest to the redemption date.

Selection of Series 2010B Tax-Exempt Bonds to be Redeemed. If less than all of the Series 2010B Tax-Exempt Bonds maturing on April 1, 2040 are to be redeemed, the Series 2010B Tax-Exempt Bonds maturing on April 1, 2040 to be redeemed shall be selected by the Trustee in such manner as the Trustee may determine fair and appropriate. For so long as a book-entry only system of registration is in effect with respect to the Series 2010B Tax-Exempt Bonds, in the event that less than all of the Series 2010B Tax-Exempt Bonds maturing on April 1, 2040 are to be so redeemed, the particular Beneficial Owner(s) to receive payment of the redemption price with respect to beneficial ownership interests in such Series 2010B Tax-Exempt Bonds shall be selected by DTC and the Direct Participants and/or Indirect Participants. See "BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" in APPENDIX A hereto.

Notice of Redemption

Notice of redemption will be given by the Trustee by first-class mail, postage prepaid, not fewer than 25 days before the redemption date, to the holders of the Series 2010A&B Bonds (or portions thereof) of the series and maturity which are to be redeemed, at their last addresses, if any, appearing upon the registry books. Notice having been given in the manner provided in the Project J Bond Resolution, unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, the Series 2010A&B Bonds (or portions thereof) of the series and maturity so called for redemption will become due and payable on such redemption date at the applicable redemption price, plus interest accrued and unpaid to the redemption date.

For so long as a book-entry only system of registration is in effect with respect to the Series 2010A&B Bonds, notices of redemption will be mailed to DTC or its successors. Any failure of DTC to convey such notice to any Direct Participants, any failure of Direct Participants to convey such notice to any Indirect Participants (as defined in APPENDIX A hereto) or any failure of Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency or the validity of the redemption of the Series 2010A&B Bonds. See "BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" in APPENDIX A hereto.

Tax Covenant Relating to Series 2010B Tax-Exempt Bonds

With respect to the requirements relating to the Code, MEAG Power has covenanted in the Second Supplemental Project J Bond Resolution, in connection with the Series 2010B Tax-Exempt Bonds, as follows:

“Tax Covenants. 1. In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2010B Tax-Exempt Bonds, and for no other purpose, [MEAG Power] covenants to comply with each applicable requirement of the Code necessary to qualify the Series 2010B Tax-Exempt Bonds as obligations described in Section 103(a) of the Code. In furtherance of the covenant contained in the preceding sentence, [MEAG Power] agrees to comply with the Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986 (the ‘Tax Certificate’) executed by [MEAG Power] on the Delivery Date, as such Tax Certificate may be amended from time to time.

2. [MEAG Power] covenants and agrees with the Trustee and the Holders of the Series 2010B Tax-Exempt Bonds that [MEAG Power] shall not take any action or omit to take any action, which action or omission, if reasonably expected on the Delivery Date, would cause interest on any of the Series 2010B Tax-Exempt Bonds to be included in gross income for federal income tax purposes.

3. [MEAG Power] shall make any and all payments required to be made to the United States Department of the Treasury in connection with the Series 2010B Tax-Exempt Bonds pursuant to Section 148(f) of the Code.

4. Notwithstanding any other provisions of the [Project J Bond] Resolution to the contrary, so long as necessary in order to maintain the exclusion from gross income for federal income tax purposes under Section 103(a) of the Code of interest on the Series 2010B Tax-Exempt Bonds, the covenants contained in this Section shall survive the payment of the Series 2010B Tax-Exempt Bonds and the interest thereon, including any payment or defeasance thereof pursuant to Section 1201 of the [Project J Bond] Resolution.

5. Notwithstanding any other provision of this Second Supplemental [Project J Bond] Resolution or the [Project J Bond] Resolution to the contrary, (a) upon [MEAG Power’s] failure to observe or refusal to comply with the covenants contained in subsections 1 through 3 above, the Holders of the Series 2010B Tax-Exempt Bonds shall be entitled to the rights and remedies provided to Holders under the [Project J Bond] Resolution and this Second Supplemental [Project J Bond] Resolution, other than the right (which is hereby abrogated solely in regard to [MEAG Power’s] failure to observe or refusal to comply with the covenants contained in subsections 1 through 3 above) to declare the principal of all [Project J] Bonds then Outstanding, and the interest accrued thereon, to be due and payable and (b) the Holders of the [Project J] Bonds of any Series other than the Series 2010B Tax-Exempt Bonds shall not be entitled to exercise any right or remedy provided to Holders under the [Project J Bond] Resolution based upon [MEAG Power’s] failure to observe, or refusal to comply with, the covenants contained in subsections 1 through 3 above.”

Annual Debt Service on Outstanding Project J Bonds

Set forth below is the annual debt service payable by MEAG Power on outstanding Project J Bonds after giving effect to the issuance of the Series 2010A&B Bonds contemplated hereby.

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**Summary of Annual Debt Service on Outstanding Project J Bonds
(After Giving Effect to Issuance of the Series 2010A&B Bonds)
(Dollars in Thousands)**

Year Ending March 31,	Series 2010A Taxable Bonds			Series 2010B Tax-Exempt Bonds			Series 2010A&B Bonds
	Principal	Interest ⁽¹⁾	Total	Principal	Interest ⁽¹⁾	Total	Total ⁽¹⁾
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2017	-	\$29,533,986.32	\$29,533,986.32	\$ 6,175,000.00	\$647,500.00	\$ 6,822,500.00	\$36,356,486.32
2018	\$ 465,000.00	52,815,404.26	53,280,404.26	10,950,000.00	899,750.00	11,849,750.00	65,130,154.26
2019	6,805,000.00	52,795,343.92	59,600,343.92	5,175,000.00	352,250.00	5,527,250.00	65,127,593.92
2020	12,075,000.00	52,501,772.82	64,576,772.82	460,000.00	93,500.00	553,500.00	65,130,272.82
2021	13,075,000.00	51,980,851.28	65,055,851.28	-	70,500.00	70,500.00	65,126,351.28
2022	13,640,000.00	51,416,789.24	65,056,789.24	-	70,500.00	70,500.00	65,127,289.24
2023	14,230,000.00	50,828,352.82	65,058,352.82	-	70,500.00	70,500.00	65,128,852.82
2024	14,845,000.00	50,214,463.52	65,059,463.52	-	70,500.00	70,500.00	65,129,963.52
2025	15,485,000.00	49,574,042.78	65,059,042.78	-	70,500.00	70,500.00	65,129,542.78
2026	16,150,000.00	48,906,012.14	65,056,012.14	-	70,500.00	70,500.00	65,126,512.14
2027	16,845,000.00	48,209,293.08	65,054,293.08	-	70,500.00	70,500.00	65,124,793.08
2028	17,575,000.00	47,482,591.34	65,057,591.34	-	70,500.00	70,500.00	65,128,091.34
2029	18,330,000.00	46,724,397.06	65,054,397.06	-	70,500.00	70,500.00	65,124,897.06
2030	19,125,000.00	45,933,631.68	65,058,631.68	-	70,500.00	70,500.00	65,129,131.68
2031	19,945,000.00	45,108,569.62	65,053,569.62	-	70,500.00	70,500.00	65,124,069.62
2032	20,810,000.00	44,248,132.36	65,058,132.36	-	70,500.00	70,500.00	65,128,632.36
2033	21,705,000.00	43,350,378.56	65,055,378.56	-	70,500.00	70,500.00	65,125,878.56
2034	22,640,000.00	42,414,013.98	65,054,013.98	-	70,500.00	70,500.00	65,124,513.98
2035	23,620,000.00	41,437,313.08	65,057,313.08	-	70,500.00	70,500.00	65,127,813.08
2036	24,640,000.00	40,418,334.48	65,058,334.48	-	70,500.00	70,500.00	65,128,834.48
2037	25,700,000.00	39,355,352.56	65,055,352.56	-	70,500.00	70,500.00	65,125,852.56
2038	26,805,000.00	38,246,641.72	65,051,641.72	-	70,500.00	70,500.00	65,122,141.72
2039	27,965,000.00	37,090,260.62	65,055,260.62	-	70,500.00	70,500.00	65,125,760.62
2040	29,170,000.00	35,883,836.50	65,053,836.50	1,410,000.00 ⁽⁴⁾	70,500.00	1,480,500.00	66,534,336.50
2041	30,435,000.00	34,625,428.12	65,060,428.12	-	-	-	65,060,428.12
2042	31,740,000.00	33,312,447.02	65,052,447.02	-	-	-	65,052,447.02
2043	33,110,000.00	31,943,167.54	65,053,167.54	-	-	-	65,053,167.54
2044	34,540,000.00	30,514,785.58	65,054,785.58	-	-	-	65,054,785.58
2045	36,030,000.00	29,024,712.72	65,054,712.72	-	-	-	65,054,712.72
2046	37,585,000.00	27,470,360.52	65,055,360.52	-	-	-	65,055,360.52
2047	39,210,000.00	25,848,924.80	65,058,924.80	-	-	-	65,058,924.80
2048	40,900,000.00	24,157,385.82	65,057,385.82	-	-	-	65,057,385.82
2049	42,665,000.00	22,392,939.36	65,057,939.36	-	-	-	65,057,939.36
2050	44,505,000.00	20,552,349.92	65,057,349.92	-	-	-	65,057,349.92
2051	46,425,000.00	18,632,381.98	65,057,381.98	-	-	-	65,057,381.98
2052	48,425,000.00	16,629,584.28	65,054,584.28	-	-	-	65,054,584.28
2053	50,515,000.00	14,540,505.56	65,055,505.56	-	-	-	65,055,505.56
2054	52,695,000.00	12,361,263.20	65,056,263.20	-	-	-	65,056,263.20
2055	54,970,000.00	10,087,974.54	65,057,974.54	-	-	-	65,057,974.54
2056	89,090,000.00 ⁽²⁾	7,716,541.26	96,806,541.26	-	-	-	96,806,541.26
2057	89,780,000.00 ⁽³⁾	3,873,154.10	93,653,154.10	-	-	-	93,653,154.10

- (1) Net of (a) capitalized interest funded from the proceeds of the Series 2010A&B Bonds and (b) cash subsidy payments from the U.S. Treasury in respect of interest on the Series 2010A Taxable Bonds. See "DESCRIPTION OF SERIES 2010A&B BONDS – Designation of Series 2010A Taxable Bonds as 'Build America Bonds.'"
- (2) Of such amount, \$31,750,000 initially constitutes a "Refundable Principal Installment" within the meaning of the Project J Bond Resolution and is intended to be paid with moneys that are not Revenues. See "– Certain Principal Installments of Series 2010A&B Bonds Will Constitute 'Refundable Principal Installments'" above.
- (3) Of such amount, \$63,840,000 initially constitutes a "Refundable Principal Installment" within the meaning of the Project J Bond Resolution and is intended to be paid with moneys that are not Revenues. See "– Certain Principal Installments of Series 2010A&B Bonds Will Constitute 'Refundable Principal Installments'" above.
- (4) Such principal amount initially constitutes a "Refundable Principal Installment" within the meaning of the Project J Bond Resolution and is intended to be paid with moneys that are not Revenues. See "– Certain Principal Installments of Series 2010A&B Bonds Will Constitute 'Refundable Principal Installments'" above.

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SECURITY FOR SERIES 2010A&B BONDS

Pledge of the Trust Estate

The Project J Bonds, including the Series 2010A&B Bonds, are direct and special obligations of MEAG Power. The Project J Bonds are payable from and secured by a pledge of the Trust Estate, which is defined in the Project J Bond Resolution to include (i) the proceeds of the sale of the Project J Bonds, (ii) the Revenues, (iii) the Initial Power Purchaser Arrearages Payments and the Initial Power Purchaser Resale Revenues, (iv) the Project J Participant Arrearages Payments and the Project J Participant Resale Revenues and (v) all funds established by the Project J Bond Resolution, including the investments, if any, thereof; *provided, however*, that amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund are not pledged to secure, and will not be applied to the payment of, the principal or redemption price of and interest on any Bond Anticipation Notes or the principal or redemption price of and interest on any Parity Obligations. See “SUMMARY OF PROJECT J BOND RESOLUTION – Definitions” in APPENDIX K hereto for definitions of the terms “Bond Anticipation Notes,” “Debt Service Reserve Account,” “Debt Service Fund,” “Initial Power Purchaser Arrearages Payment,” “Initial Power Purchaser Resale Revenues,” “Parity Obligations,” “Project J Participant Arrearages Payment” and “Project J Participant Resale Revenues.” (For a discussion of the Debt Service Reserve Account in the Debt Service Fund, see “– Debt Service Reserve Account” below and “SUMMARY OF PROJECT J BOND RESOLUTION – Debt Service Fund—Debt Service Reserve Account” in APPENDIX K hereto.)

“Revenues” is defined in the Project J Bond Resolution to mean (a) all revenues, income, rents and receipts derived by MEAG Power from or attributable to the ownership and operation of Project J, including all revenues attributable to Project J or to the payment of the costs thereof received by MEAG Power under the Project J PPA, the Project J Power Sales Contracts or under any other contract for the sale of power, energy or other service from Project J or any part thereof or any contractual arrangement with respect to the use of Project J or any portion thereof or the services, output or capacity thereof, but will not include (1) any such revenues, income, rents or receipts derived from or attributable to the sale of any output from Vogtle Unit 3 or Vogtle Unit 4 prior to such unit’s commercial operation date and (2) any amount payable by JEA under the Project J PPA in respect of JEA’s Additional Compensation Obligation (as such term is defined in the Project J PPA), (b) the proceeds of any insurance covering business interruption loss relating to Project J, (c) the proceeds of any liquidated damages payable by a contractor to or for the account of MEAG Power and allocable to Project J for delay and (d) interest accrued on any moneys or securities held pursuant to the Project J Bond Resolution and paid or required to be paid into the revenue fund established pursuant to the Project J Bond Resolution (the “Revenue Fund”); *provided, however*, that (x) 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 Satisfaction Date (each term as defined in the Project J Bond Resolution), all Initial Power Purchaser Arrearages Payments and all Initial Power Purchaser Resale Revenues will not constitute Revenues, and all such payments and resale revenues will be used and applied as provided in the Project J Bond Resolution 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 (as defined in the Project J Bond Resolution), all Project J Participant Arrearages Payments and all Project J Participant Resale Revenues will not constitute Revenues, and all such payments and resale revenues will 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 U.S. Treasury in respect of the interest payable on any Build America Bonds issued under the Project J Bond Resolution will constitute Revenues for all purposes of the Project J Bond Resolution.

If MEAG Power enters into definitive agreements for the Guaranteed Loans, there will be amendments to the financing documents that would change the security for the Series 2010A&B Bonds

and materially alter the rights and remedies of the holders thereof. See “DOE LOAN GUARANTEE PROGRAM – Anticipated Amendments to Project J PPA, Project J Power Sales Contracts, Project J Bond Resolution and Vogtle Units 3&4 Project Agreements to Accommodate the Project J Entity’s Guaranteed Loan” herein.

Rate Covenant of MEAG Power

MEAG Power has covenanted in the Project J 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 J as required to provide revenues at least sufficient in each calendar year, together with other available funds, for the payment during such calendar year of operating expenses, scheduled Debt Service on the Project J Bonds, amounts required for reserves under the Project J Bond Resolution, and all other charges or liens payable from such revenues.

Nature of MEAG Power’s Obligations

The Project J Bonds, including the Series 2010A&B Bonds, do not constitute a debt of, a loan by, or a pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, or of JEA or any Project J Participant. Rather, the Project J Bonds are payable from the Trust Estate. The issuance of any Project J Bonds does not obligate the State of Georgia or any political subdivision thereof, or JEA or any Project J Participant, to levy or pledge any form of taxation whatever for the payment thereof. No bondholder, and no receiver or trustee in connection therewith, has the right to enforce the payment of any Project J Bond against any property of the State of Georgia or any political subdivision thereof, or of JEA or any Project J Participant, nor does any Project J Bond constitute a charge, lien or encumbrance, whether legal or equitable, upon any such property. However, in the Project J Bond Resolution, MEAG Power has covenanted to enforce the obligation of any Project J Participant to pay the amounts required by its Project J Power Sales Contract, which is an obligation to which each Project J Participant’s full faith and credit is pledged. Further, in the Project J Bond Resolution, MEAG Power has covenanted to enforce the obligation of JEA to pay amounts required by the Project J PPA.

Project J PPA

General. As more fully described below, under the Project J PPA, MEAG Power has agreed to sell to JEA, and JEA has agreed to purchase from MEAG Power, all of the capacity, energy and related services (hereinafter under this heading “– Project J PPA,” “Output”) of Vogtle Units 3&4 related to Project J for a period of twenty years beginning with the commercial operation date of the applicable unit, and JEA is obligated to pay all of MEAG Power’s costs related to Project J with respect thereto. For a more complete description of the Project J PPA see “SUMMARY OF PROJECT J PPA” in APPENDIX I hereto.

Sale and Purchase of Output. For a period of twenty years beginning with the commercial operation date of Plant Vogtle Unit No. 3, MEAG Power is obligated to provide, and JEA is obligated to take from MEAG Power, all of the Output of such unit related to Project J. Separately, for a period of twenty years beginning with the commercial operation date of Plant Vogtle Unit No. 4, MEAG Power is obligated to provide, and JEA is obligated to take from MEAG Power, all of the Output of Plant Vogtle Unit No. 4 related to Project J.

Payment Obligations Under the Project J PPA

Payments in Respect of Debt Service. With respect to the Project J Bonds of any series attributable to Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, (a) JEA is obligated to pay the interest

component of Debt Service of such Project J Bonds for a period of 240 months beginning on the day following the date to which all interest on such Project J Bonds is capitalized and (b) JEA is obligated to pay the principal component of Debt Service of such Project J Bonds for a period of 240 months beginning on the day following the date that is twelve months prior to the date on which the first principal installment for such Project J Bonds is due. As used under this heading “– *Payment Obligations Under the Project J PPA*,” the term “Debt Service” has the meaning set forth in the Project J PPA. See “SUMMARY OF PROJECT J PPA – Project J Annual Budgets” in APPENDIX I hereto. Debt Service does not include any acceleration of the maturity of Project J Bonds.

In the event that MEAG Power issues Project J Bonds for Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 after its commercial operation date, or issues Refunding Bonds for Project J, the time periods during which JEA is obligated under the Project J PPA in respect of Debt Service on such Project J Bonds may differ from the time periods described in the preceding paragraph. See “SUMMARY OF PROJECT J PPA – JEA’s Payment Obligations” in APPENDIX I hereto. In any such case, as more fully described under “– Project J Power Sales Contracts – *Payment Obligations Under the Project J Power Sales Contracts – Payments in Respect of Debt Service*” below, the obligations of the Project J Participants in respect of such Debt Service will begin immediately upon expiration of the respective time periods during which JEA is obligated therefor.

Payments in Respect of Annual Costs Other than Debt Service. With regard to Project J Annual Costs (as defined under “SUMMARY OF PROJECT J PPA – Project J Annual Budgets” in APPENDIX I hereto) other than Debt Service, JEA is obligated to pay all such Project J Annual Costs (a) with respect to Plant Vogtle Unit No. 3, for a period of twenty years beginning with its commercial operation date and (b) with respect to Plant Vogtle Unit No. 4, for a period of twenty years beginning with its commercial operation date.

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 or Plant Vogtle Unit No. 4, the payment obligations of JEA in respect of Debt Service related to Project J and other Project J Annual Costs, as described above, will not be affected. However, with respect to costs of acquisition and construction in the event of cancellation or termination of either or both of such units before the commercial operation date or dates, JEA will be obligated under the Project J PPA to pay 50 percent of any remaining costs of acquisition and construction, including decommissioning or disposal costs, that have not been financed with Project J Bonds. In the event of cancellation or termination of either or both such units after the commercial operation date or dates, JEA will be obligated under the Project J PPA to pay Project J Annual Costs allocated to the cancelled unit or units for a period of twenty years following the commercial operation date of such cancelled unit, including a portion of the decommissioning or disposal costs but no more than 50 percent of such costs.

JEA’s Rate Covenant

In the Project J PPA, 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.

Nature of JEA’s Obligations

The Project J PPA provides that amounts owed by JEA thereunder will constitute a Contract Debt, which is payable from revenues of JEA’s Electric System as a Cost of Operation and Maintenance

under its Electric System Resolution. Such payments are payable from the revenues of JEA's Electric System prior to any payments from such revenues for indebtedness of the Electric System not constituting Contract Debts. For definitions of the capitalized terms used in this paragraph, see "SUMMARY OF PROJECT J PPA – Nature of JEA's Obligations" in APPENDIX I hereto.

The Project J PPA further provides that JEA's payment obligations under the Project J PPA (other than its obligation to pay its Additional Compensation Obligation) are payable whether or not Project J is completed or is 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 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.

Project J Power Sales Contracts

General. As more fully described below, under the Project J Power Sales Contracts, beginning with the expiration of the respective twenty-year periods during which JEA is obligated to take the entire capacity, energy and related services (hereinafter under this heading "– Project J Power Sales Contracts," "Output") of Vogtle Units 3&4 related to Project J, MEAG Power has agreed to sell to each Project J Participant, and each Project J Participant has agreed to purchase from MEAG Power, its respective Obligation Share of all of the Output of Vogtle Units 3&4 related to Project J, and each Project J Participant is obligated to pay its respective Obligation Share of all of MEAG Power's costs related to Project J. For a more complete description of the Project J Power Sales Contracts, see "SUMMARY OF PROJECT J POWER SALES CONTRACTS" in APPENDIX J hereto.

Sale and Purchase of Output. Beginning with the expiration of the applicable twenty-year period during which JEA is obligated to take the Output of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 related to Project J, MEAG Power is obligated to provide to the Project J Participants, and the Project J Participants are obligated to take from MEAG Power, the Project J Participants' respective Obligation Shares of such Output. The Obligation Shares of the Project J Participants aggregate 100 percent.

Payment Obligations Under the Project J Power Sales Contracts

Payments in Respect of Debt Service. With respect to the Project J Bonds of any series attributable to Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4, (a) the Project J Participants are obligated to pay their respective Obligation Shares of the interest and principal components of Debt Service on such Project J Bonds beginning, in each case, at the time JEA ceases to be obligated for such interest component or principal component, that is, upon the expiration of the applicable 240-month period during which JEA is obligated for such interest component or principal component. As used under this heading "– *Payment Obligations Under the Project J Power Sales Contracts*," the term "Debt Service" has the meaning set forth in the Project J Power Sales Contracts. See "SUMMARY OF PROJECT J POWER SALES CONTRACTS – Annual Budgets" in APPENDIX J hereto. Debt Service does not include any acceleration of the maturity of Project J Bonds.

As described under "– Project J PPA – *Payment Obligations Under the Project J PPA – Payments in Respect of Debt Service*" above, in the event that MEAG Power issues Project J Bonds for one of the units after its commercial operation date, or issues Refunding Bonds for Project J, the time periods during which JEA is obligated under the Project J PPA in respect of Debt Service on such Project J Bonds may differ from the time periods described therein. In any such case, the obligations of the Project J Participants in respect of the principal and interest components of such Debt Service will begin immediately upon expiration of the applicable time period during which JEA is obligated therefor.

Payments in Respect of Annual Costs Other than Debt Service. With regard to Project J Annual Costs other than Debt Service, the Project J Participants are obligated to pay their respective Obligation Shares of all such Project J Annual Costs (a) for the entire period during which JEA is obligated therefor, provided that their respective obligations shall be discharged to the extent MEAG Power receives payment therefor from JEA and (b) from and after the expiration of such period.

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 or Plant Vogtle Unit No. 4, the payment obligations of the Project J Participants in respect of Debt Service related to Project J and other Project J Annual Costs, as described above, will not be affected. However, with respect to costs of acquisition and construction in the event of cancellation or termination of either or both of such units, whether before or after the commercial operation date or dates, the Project J Participants will be obligated under their respective Project J Power Sales Contracts to pay their respective Obligation Shares of 50 percent of any remaining costs of acquisition and construction, including decommissioning or disposal costs, that have not been financed with Project J Bonds.

Event of Default by a Project J Participant Under a Project J Power Sales Contract. Failure by a Project J Participant to make any payment due under its Project J 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 Project J Participant, cease and discontinue providing services to such Project J Participant under such Project J Power Sales Contract. If the default continues for more than 180 days or if a non-defaulting Project J Participant exercises a right of first refusal to purchase a *pro rata* share of such defaulting Project J Participant's Obligation Share of the output and services of Project J, whichever occurs first, MEAG Power may permanently discontinue providing service from Project J to the defaulting Project J Participant. Each Project J Participant expressly waives any claim to interest payments recovered by MEAG Power as a result of a default under its Project J Power Sales Contract. The Project J Power Sales Contracts also provide that in the event of default in any payment by a Project J Participant, such Project J Participant must provide for the assessment and collection of an annual tax sufficient to make all payments due under the Project J Power Sales Contract in each year over the remainder of the term of the Project J 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 Project J Participant under its Project J Power Sales Contract and discontinuation of such Project J Participant's service from Project J, MEAG Power shall first offer to transfer a *pro rata* portion of the defaulting Project J Participant's Obligation Share to all other non-defaulting Project J Participants. Any such portion of the defaulting Project J Participant's Obligation Share which is declined by any non-defaulting Project J Participant will be reoffered *pro rata* to the non-defaulting Project J Participants which have accepted in full the first offer. Such reoffering will be repeated until such defaulting Project J Participant's Obligation Share has been reallocated in full or until all non-defaulting Project J Participants have declined to take any additional portion of such defaulting Project J Participant's Obligation Share. If less than all of the defaulting Project J Participant's Obligation Share is accepted by the non-defaulting Project J Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Project J Participant's Obligation Share for the remaining term of the associated Project J 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 Project J Bonds intended to be exempt or the security for the Project J Bonds. If less than all of the defaulting Project J Participant's Obligation Share for Project J is transferred to non-defaulting Project J Participants or otherwise sold, MEAG Power shall transfer the remaining portion of such defaulting Project J Participant's Obligation Share, on a *pro rata* basis (based on the respective original Obligation Shares of the Project J Participants in Project J), to all other non-defaulting Project J

Participants. After such transfer, each non-defaulting Project J Participant shall be obligated to pay for its increased Obligation Share. Notwithstanding the foregoing, no Project J 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 its Project J Power Sales Contract. In the event that less than all of the defaulting Project J Participant's Obligation Share has been sold or transferred to non-defaulting Project J Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Project J Participant's Obligation Share or energy associated therewith to any person, firm, association or corporation, public or private, on terms and conditions acceptable to MEAG Power; *provided*, that such sales may not adversely affect the tax-exempt status of the Project J Bonds intended to be exempt. The defaulting Project J Participant shall remain liable under its Project J 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 Project J Participant's Obligation Share that has been sold or transferred.

Project J Participants' Rate Covenant

Each Project J 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 Project J Participant to (1) pay MEAG Power all amounts payable under its Project J 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, business like manner. If payment is not made from the revenues of the electric system of a Project J Participant or from other funds thereof, such Project J Participant is required to include in its general revenue or appropriation measure an annual tax levy in amounts sufficient to make the payments required under its Project J Power Sales Contract, whether or not electric power and energy will actually be received by such Project J Participant. If any such provision or appropriation is not made for a fiscal year, then the chief fiscal officer of such Project J Participant is required, in accordance with the provisions of the Act, to set up as an appropriation on the accounts of such Project J Participant the amounts required to pay its obligations under its Project J Power Sales Contract, and such appropriation will have the same legal status as if the Project J Participant had included the amount of the appropriation in its general revenue or appropriation measure. In the event a Project J Participant fails to pay all amounts under its Project J Power Sales Contract., MEAG Power's remedies under each Project J Power Sales Contract include specific performance to compel such Project J Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder.

Nature of Project J Participants' Obligations

The payment obligations of the Project J Participants under their respective Project J Power Sales Contracts are payable whether or not Project J is completed or is 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 not subject to reduction, whether by offset or otherwise, and are not conditional upon the performance or non-performance by any party of any agreement for any cause whatsoever. Each Project J Participant's payment obligations under its Project J Power Sales Contract are general obligations to the payment of which its full faith and credit are pledged.

Debt Service Arrearages

The Project J Bond Resolution provides that the Project J Participants are not responsible for any Debt Service that remains unpaid as a result of a default by JEA under the Project J PPA, and JEA is not responsible for any new or additional Debt Service that goes unpaid as a result of defaults by a Project J Participant under its Project J Power Sales Contract after the Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date. JEA will remain responsible for any Debt Service that remains

unpaid as a result of a default by JEA under the Project J PPA, and each Project J Participant will remain responsible for any amount that goes unpaid as a result of a default by it under its Project J Power Sales Contract. Amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund under the Project J Bond Resolution will be used to make up a deficiency in the Debt Service Account in the Debt Service Fund as a result of any such non-payment. However, neither JEA nor the Project J Participants are responsible for replenishment of the Debt Service Reserve Account as a result of the default of the other party. As a result, should either JEA, on the one hand, or the Project J Participants, on the other hand, default on their respective Debt Service-related responsibilities, bondholders will not be able to look to the non-defaulting party to make up such deficiency.

Additional Project J Bonds

The Project J Bond Resolution permits the issuance of additional Project J Bonds, including Bond Anticipation Notes, for certain purposes relating to Project J. In addition, under the Project J Bond Resolution, upon satisfaction of the conditions contained therein, MEAG Power is permitted to issue or incur certain Parity Obligations which may be secured by a pledge of, and a lien on, the Trust Estate on a parity with the pledge and lien created by the Project J Bond Resolution to secure the Project J Bonds. The Project J Bond Resolution also permits, upon satisfaction of the conditions contained therein, MEAG Power to issue or incur certain Subordinated Obligations which may be secured by a pledge of the subordinated bond fund created pursuant to the Project J Bond Resolution (the “Subordinated Bond Fund”), which pledge will be subordinate in all respects to the pledge of the Trust Estate discussed above and created by the Project J Bond Resolution in favor of the Project J Bonds and Parity Obligations. See “SUMMARY OF PROJECT J BOND RESOLUTION – Definitions” in APPENDIX K hereto for a definition of the term “Subordinated Obligation.” See also “SUMMARY OF PROJECT J BOND RESOLUTION – Subordinated Bonds,” “– Credit Facilities, Liquidity Facilities and Qualified Hedging Contracts” and “– Commercial Paper Notes” in APPENDIX K hereto.

Flow of Funds Under Project J Bond Resolution

All Revenues received under the Project J Bond Resolution will be deposited promptly in the Revenue Fund. Amounts in the Revenue Fund will be paid out from time to time for application therefrom as follows:

1. Amounts in the Revenue Fund will be paid out from time to time for reasonable and necessary Operating Expenses (as defined in the Project J Bond Resolution).

2. No later than the last business day of each month, amounts will be withdrawn from the Revenue 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 will equal the Accrued Aggregate Debt Service (as defined in the Project J Bond Resolution) plus, to the extent not theretofore deposited therein as Debt Service, the amount coming due in such month on Parity Obligations (other than Parity Reimbursement Obligations (as defined in the Project J Bond Resolution)); *provided, however*, that, for the purposes of computing the amount on deposit in said Account, there will be excluded the amount, if any, set aside in said Account from the proceeds of Project J Bonds, Subordinated Bonds (as defined in the Project J Bond Resolution) 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 (ii) subject to the second, third and fourth provisos below, for credit to the Debt Service Reserve Account, the amount, if any, required so that the balance in said Account will 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 “SUMMARY OF PROJECT J BOND RESOLUTION – Debt Service Fund—Debt Service Reserve Account” in APPENDIX K hereto for a discussion of the ability to deposit a Financial Guaranty in the Debt Service Reserve Account); *provided, however*, that so long as there is held in the Debt Service Fund an amount sufficient to pay in full all outstanding Project J Bonds and Parity Obligations in accordance with their terms (including principal or applicable sinking fund Redemption Price (as defined in the Project J Bond Resolution) and interest thereon), no deposits will 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 will 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*, that, except as provided in the following proviso, any other deficiency in such Account will 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 will be discharged and the deposits, if any, required to be made for the balance of such period will be determined on the basis of the new valuation; and *provided, further*, that (x) 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 Satisfaction Date, no such deposit will be required in respect of any withdrawal from such Account made as a result of a default by JEA in the making of any payment due under the Project J PPA 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 will be required from payments made to MEAG Power by JEA pursuant to the Project J PPA 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;

(2) In the Subordinated Bond Fund, such amounts as are required to pay (i) principal or sinking fund installments of and interest on each issue of the Subordinated Bonds coming due in such months and reserves therefor, as required by the supplemental resolution authorizing such issue of Subordinated Bonds and (ii) amounts coming due in such month on Subordinated Obligations; and

(3) In the Reserve and Contingency Fund, an amount equal to one twelfth (1/12th) (or such greater fraction as may be appropriate if the period is less than twelve months) of the greater of (a) the total amount provided in the then current Annual Budget to be deposited in said fund during the then current calendar year or (b) an amount equal to ten percent of the sum of (i) the Aggregate Debt Service for the then current calendar year on all Project J Bonds other than Bond Anticipation Notes then outstanding and all Parity Obligations other than Parity Commercial Paper Notes then outstanding and (ii) the aggregate amount of the principal of and interest on all Subordinated Bonds and all

Subordinated Obligations other than Subordinated Commercial Paper Notes then Outstanding (as defined in the Project J Bond Resolution) that is deemed to accrue during the then current 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; *provided, however*, that no such deposit will be required to be made until the month following the month in which the date on which the first unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation occurs.

During any period during which the Accrued Aggregate Debt Service is calculated in the manner provided in the final proviso of the first sentence of the definition thereof (see “SUMMARY OF PROJECT J BOND RESOLUTION – Definitions” in APPENDIX K hereto), no later than each interest payment date for any Build America Bonds issued under the Project J Bond Resolution then Outstanding, MEAG Power shall withdraw (a) on or prior to the date on which the second unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation occurs, from the Construction Fund and (b) after the date on which the second unit of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 to achieve commercial operation occurs, from the Revenue Fund and, in either such case, transfer to the Trustee, 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 U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date.

See “SUMMARY OF PROJECT J BOND RESOLUTION – Application of Revenues” in APPENDIX K hereto.

Debt Service Reserve Account

The Project J Bond Resolution establishes a Debt Service Reserve Account in the Debt Service Fund and requires that such Account be funded in an amount equal to the Debt Service Reserve Requirement, which means, as of any date of calculation, an amount equal to the greatest amount of the Adjusted Aggregate Debt Service on Project J Bonds for the 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 the 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 Debt Service Reserve Account under such applicable Federal income tax laws and regulations. For purposes of calculating the Debt Service Reserve Requirement: (a) the Debt Service Reserve Requirement will take into account any series of Project J Bonds only for so long as any Project J Bonds of such series remain outstanding, but Bond Anticipation Notes will not be deemed to be Project J Bonds for purposes of this provision; (b) in the event that the Project J Bonds of any series (or any portion thereof) constitute Build America Bonds, then until such time, if any, as MEAG Power, for whatever reason, no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Project J Bonds, for purposes of calculating the Debt Service Reserve Requirement, the interest on the Project J Bonds of such series will be calculated net of the amount of such subsidy; *provided*, that in the event that the cash subsidy payments from the U.S. Treasury are permanently reduced, then the amount of the Debt Service Reserve Requirement will be increased to reflect the amount of interest payable on such Project J Bonds that no longer is payable to MEAG Power by the U.S. Treasury, and such increase will 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

ceases to receive cash subsidy payments from the U.S. Treasury in respect of the interest payable on any such Project J Bonds, then the amount of the Debt Service Reserve Requirement will increase to reflect the full amount of interest payable on such Project J Bonds, and such increase will 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 will 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 will be refunded in whole or in part, the Debt Service Reserve Requirement will 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.

The Project J Bond Resolution provides 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. See “SUMMARY OF PROJECT J BOND RESOLUTION – Debt Service Fund—Debt Service Reserve Account” in APPENDIX K hereto.

Reserve and Contingency Fund

If at any time the amount in the Debt Service Account in the Debt Service Fund will be less than the requirement of such Account under the Project J Bond Resolution, or the amount in the Debt Service Reserve Account in the Debt Service Fund will be less than the Debt Service Reserve Requirement, then MEAG Power, upon requisition by the Trustee, will transfer from the Reserve and Contingency Fund to the Trustee for deposit in the Debt Service Account or the Debt Service Reserve Account, as the case may be, the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency (or, if the amount in the Reserve and Contingency Fund will be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and the Debt Service Reserve Account, then the amount in the Reserve and Contingency Fund will be applied first to make up the deficiency in the Debt Service Account, and any balance remaining will be applied to make up the deficiency with respect to the Debt Service Reserve Account); *provided, however*, that (x) 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 Satisfaction Date, amounts deposited to the Reserve and Contingency Fund from payments made to MEAG Power by the Project J Participants may not be so withdrawn if the purpose for such withdrawal is to make up any such deficiency that resulted from a default by JEA in the making of any payment due under the Project J PPA 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 JEA may 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.

If on the last day of any calendar year the balance of moneys and securities 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 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 Project J Participants’ Debt Service Commencement 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 may not be so withdrawn if the purpose for such withdrawal is to make up any such deficiency that resulted from a default by JEA in the making of any payment due under the Project J PPA 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 JEA may 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 will be transferred to the Revenue Fund.

Arrearage Funds

If at any time 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 Satisfaction Date, either (a) amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund, the Subordinated Bond Fund or the Reserve and Contingency Fund are applied to cure a deficiency in the Debt Service Account in said Debt Service Fund pursuant to the Project J Bond Resolution, or (b) the principal or Redemption Price of, or interest on, any Project J Bond are due and unpaid, in either such case, as a result of a default by JEA in the making of any payment due under the Project J PPA, there will be established an Initial Power Purchaser Arrearages Fund, to be held by the Trustee, into which all Initial Power Purchaser Arrearages Payments and all Initial Power Purchaser Resale Revenues will be deposited and from which, among other things, unpaid principal or Redemption Price of, or interest on, the Project J Bonds will be paid, as more fully provided in the Project J Bond Resolution. See "SUMMARY OF PROJECT J BOND RESOLUTION – Initial Power Purchaser Arrearages Fund" in APPENDIX K hereto.

If at any time 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, either (a) amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund, the Subordinated Bond Fund or the Reserve and Contingency Fund are applied to cure a deficiency in the Debt Service Account in said Debt Service Fund pursuant the Project J Bond Resolution or (b) the principal or Redemption Price of, or interest on, any Project J Bond are due and unpaid, in either such case, 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, there will 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 will be deposited and from which, among other things, unpaid principal or Redemption Price of, or interest on, the Project J Bonds will be paid, as more fully provided in the Project J Bond Resolution. See "SUMMARY OF PROJECT J BOND RESOLUTION – Project J Participant Arrearages Fund" in APPENDIX K hereto.

Project J Bond Validation Proceedings

The Superior Court of Fulton County, Georgia, in the case of *State of Georgia v. Municipal Electric Authority of Georgia, et al.*, Civil Action No. 2008CV159297, by judgment entered on November 18, 2008 (the "2008 Vogtle Validation Judgment"), validated and confirmed a total of \$6,010,140,000 of Project J Bonds (a) to finance or refinance the costs of acquisition and construction and financing costs of Project J and (b) to refund all or any portion of any outstanding Project J Bonds or all or any portion of any outstanding subordinated bonds issued pursuant to the Project J Bond Resolution. The 2008 Vogtle Validation Judgment also provided that such validated Project J Bonds, when issued, will be the valid and binding obligations of MEAG Power in accordance with their terms and the terms of the Project J Bond Resolution and validated and confirmed (a) the security for the payment of the Project J Bonds and (b) all of the terms and provisions of the Project J PPA and the Project J Power Sales

Contracts in the respective forms in which the Project J PPA and the Project J Power Sales Contracts were initially executed.

Subsequent to the entry of the 2008 Vogtle Validation Judgment, certain of the terms and provisions of the Project J PPA were amended. While such amendments to the Project J PPA were not presented to the court in either the 2008 validation proceedings referred to above or the 2010 validation proceedings referred to below, Peter M. Degnan, Esq., of Alston & Bird LLP, General Counsel to MEAG Power, is of the opinion that the Project J PPA, as amended, is a valid and binding obligation of MEAG Power enforceable in accordance with its terms, except as enforcement may be limited by any applicable bankruptcy moratorium or other laws relating to enforcement of creditors' rights.

Additionally, the Superior Court of Fulton County, Georgia, in the case of *State of Georgia v. Municipal Electric Authority of Georgia, et al.*, Civil Action No. 2009CV179503, by judgment entered on January 19, 2010 (the "2010 Vogtle Validation Judgment"), (x) validated and confirmed the amendments to the Project J Bond Resolution provided for in the Amended and Restated PPA Bond Resolution adopted by MEAG Power on December 23, 2009, and (y) confirmed that (i) the 2008 Vogtle Validation Judgment remains in full force and effect and (ii) the Project J Bonds to be issued in accordance with the 2008 Vogtle Validation Judgment, as supplemented in the validation proceeding relating to the 2010 Vogtle Validation Judgment, and the respective security therefor, are, and remain, confirmed and validated.

Amendments to Project J Bond Resolution

To the extent MEAG Power enters into definitive agreements for the Guaranteed Loans, the Project J Bond Resolution provides that MEAG Power may adopt (without the consent of the holders of the Project J Bonds, including the holders of the Series 2010A&B Bonds), at any time and from time to time, a supplemental resolution for the purposes of amending the Project J Bond Resolution in any respect determined by MEAG Power to be necessary and desirable in order to accommodate such DOE-guaranteed financing and reflect the transfer of MEAG Power's ownership interest in Project J to the Project J Entity so long as certain conditions are met. For a description of certain amendments to the Project J Bond Resolution that are anticipated to be made in the event MEAG Power enters into definitive agreements for the Guaranteed Loans, see "DOE LOAN GUARANTEE PROGRAM – Anticipated Amendments to Project J PPA, Project J Power Sales Contracts, Project J Bond Resolution and Vogtle Units 3&4 Project Agreements to Accommodate the Project J Entity's Guaranteed Loan – *Conditions Under Project J Bond Resolution to DOE Financing*" and "*– Anticipated Amendments to Project J Bond Resolution*" herein.

DOE LOAN GUARANTEE PROGRAM

Background

In order to obtain an assured source of financing at a locked-in spread over U.S. Treasury securities for its undivided ownership interests in Vogtle Units 3&4 and augment its financing alternatives, MEAG Power submitted an application to DOE for the Guaranteed Loans in 2008 pursuant to the Solicitation issued under Title XVII. DOE selected Vogtle Units 3&4 as a nuclear-powered generation facility for final due diligence and negotiations of the terms and conditions of a conditional loan guarantee commitment under the Solicitation. DOE offered the Term Sheet to MEAG Power, and MEAG Power accepted the Term Sheet and paid the required portion of a facility fee to DOE and, as a result, the Term Sheet became the Conditional Commitment for the Guaranteed Loans. MEAG Power expects to commence negotiation of the Definitive Agreements reflecting the terms and conditions of the Conditional Commitment during 2010.

MEAG Power has negotiated the Term Sheet and subsequently entered into the Conditional Commitment with DOE and FFB. In addition to its positive effect on the cost of financing, the availability of the Guaranteed Loans would substantially mitigate MEAG Power's need to access the market to complete its funding requirements with respect to its undivided ownership interests in Vogtle Units 3&4. The proceeds of the Series 2010A&B Bonds, when combined with the proceeds of the 2009 Project J Notes, and after taking into account the amount of the Guaranteed Loans set forth in the Conditional Commitment with respect to Project J, would provide MEAG Power with funds and loan commitments in an amount equal to approximately 120 percent of the total currently estimated costs of construction of Project J.

The terms and conditions of the Conditional Commitment, which are described herein and in APPENDIX L hereto, sets forth a summary of the proposed principal terms and conditions for the issuance of the Guaranteed Loans to the Project Entities. The complete and final terms and conditions of the Guaranteed Loans will be set forth in the Definitive Agreements among DOE, FFB, MEAG Power and the Project Entities, which MEAG Power expects to commence negotiating during 2010. There can be no assurance as to whether DOE, FFB, MEAG Power and the Project Entities will enter into the Definitive Agreements or, if they enter into the Definitive Agreements, as to the terms and provisions of such Definitive Agreements. Assuming MEAG Power and DOE reach agreement on the terms of the Definitive Agreements, MEAG Power currently expects that it will request advances under the Guaranteed Loans for one or more of the Vogtle Units 3&4 Projects. However, if at the time funding is needed, the cost of the Guaranteed Loans is more expensive than financing in the capital markets, MEAG Power will likely use the most economic means of financing the Vogtle Units 3&4 Projects. There can be no assurances that MEAG Power will request advances under the Guaranteed Loans.

If MEAG Power enters into the Definitive Agreements for the Guaranteed Loans, (a) it will divide its undivided ownership interest in Vogtle Units 3&4 into three separate undivided interests and then transfer such interests to the Project Entities and (b) certain amendments to the Project J Bond Resolution, the Project J PPA, the Project J Power Sales Contracts and the Vogtle Units 3&4 Project Agreements will be necessary to accommodate the Guaranteed Loans. As described herein, upon the issuance of the Series 2010A&B Bonds, the Project J Bond Resolution will permit MEAG Power, subject to specific terms and conditions, to amend the Project J Bond Resolution (without the consent of the holders of the Project J Bonds, including the holders of the Series 2010A&B Bonds) and the other documents relating to MEAG Power's undivided ownership interest in Vogtle Units 3&4 in any respect determined by MEAG Power to be necessary or desirable in order to accommodate the Guaranteed Loans subject to satisfaction of the conditions and requirements set forth therein. See “– Anticipated Amendments to Project J PPA, Project J Power Sales Contracts, Project J Bond Resolution and Vogtle Units 3&4 Project Agreements to Accommodate the Project J Entity's Guaranteed Loan” below.

Discussed below are the terms and conditions relating to the Guaranteed Loans as reflected in the Conditional Commitment and the amendments that MEAG Power anticipates will be necessary if it enters into the Definitive Agreements for the Guaranteed Loans, which amendments will change the security for the Series 2010A&B Bonds and materially alter the rights and remedies of the holders thereof. However, there can be no assurances that the terms and conditions of the final Definitive Agreements will conform to the terms and conditions set forth in the Conditional Commitment, or that the Definitive Agreements will be executed. See “RISK FACTORS - DOE Financing Restructuring Requirements” herein.

Conditional Commitment

The Conditional Commitment, including the Summary of Terms and Conditions attached thereto, sets forth a summary of the proposed principal terms and conditions for the issuance of the Guaranteed Loans. The complete and final terms and conditions of the Guaranteed Loans and related obligations will

be set forth in the Definitive Agreements. The date of the first availability of the funds to the Project Entities under the Conditional Commitment is referred to herein as the “Financial Closing.” The Conditional Commitment provides that Financial Closing will be subject to numerous and substantial conditions precedent.

The Conditional Commitment provides that the Guaranteed Loans may be in the aggregate principal amount of up to \$1,808,910,000 for the Vogtle Units 3&4 Projects, provided that the Guaranteed Loans may not be more than 50 percent of the aggregate construction and start-up costs, including capitalized interest, of the Project Entities’ undivided interests in Vogtle Units 3&4 that are eligible to be funded with the proceeds of the Guaranteed Loans (the “Eligible Project Costs”). The maximum available Guaranteed Loans for each Project Entity also will be subject to additional individual caps. Once issued under the Definitive Agreements, DOE’s loan guarantee will be irrevocable and unconditional and will pledge the full faith and credit of the United States of America to the payment of the Guaranteed Loans. See “SUMMARY OF CERTAIN PROVISIONS OF DOE CONDITIONAL COMMITMENT” in APPENDIX L hereto.

The Conditional Commitment may be terminated in certain circumstances. See “SUMMARY OF CERTAIN PROVISIONS OF DOE CONDITIONAL COMMITMENT – Limitations on and Termination of the Conditional Commitment” in APPENDIX L hereto.

Structure

The Conditional Commitment provides that, on or prior to the Financial Closing, MEAG Power will divide its entire 22.7 percent undivided ownership interest in Vogtle Units 3&4 into three separate undivided interests and then transfer such interests to the Project Entities as follows: a 7.6887 percent undivided interest to the Project M Entity; a 9.3466 percent undivided interest to the Project J Entity; and a 5.6647 percent undivided interest to the Project P Entity.

The Conditional Commitment provides that the Project Entities will be the borrowers of the Guaranteed Loans. On or prior to entry into the Definitive Agreements, MEAG Power will enter into a take-or-pay, “hell or high water” power purchase agreement with each Project Entity for all of the power, energy and other services generated by such Project Entity’s ownership interest in Vogtle Units 3&4. These power purchase agreements between MEAG Power and each Project Entity will be “back-to-back” arrangements requiring MEAG Power to make payments to the Project Entity to the extent that MEAG Power has received payment under its corresponding power purchase or sale arrangements.

Because the Series 2010A&B Bonds relate to Project J and because Project J may be funded in part through the Guaranteed Loan relating to Project J, the information set forth herein describes the terms and conditions of the Conditional Commitment principally as they relate to Project J and the Project J Entity, even though the Conditional Commitment contains similar terms and conditions with respect to Project M and Project P, subject mostly to differences in dollar amounts and percentages, with a few material exceptions (including, without limitation, that the provisions relating to the “Standstill Period” referred to and defined under “– DOE Events of Default; Remedies” below will apply only to Project J and Project P, but will not apply to Project M).

The Guaranteed Loan; Equity Commitment

The Conditional Commitment provides that the Project J Entity may request advances under its Guaranteed Loan in accordance with a financial plan and construction budget submitted to and approved by DOE. The aggregate principal amount of the Guaranteed Loan to the Project J Entity as reflected in the Conditional Commitment may not exceed the lesser of \$728,236,000 and 41.88156 percent of the

Project J Entity's Eligible Project Costs. This percentage may be increased with DOE consent, but not in excess of 50 percent, based on changes in market conditions and reductions in the amounts that the other Project Entities may borrow under their respective Guaranteed Loans. Eligible Project Costs include, and a portion of the Project J Entity's Guaranteed Loan will be able to be used solely to provide, a debt service reserve facility with respect to such Guaranteed Loan.

The Conditional Commitment obligates MEAG Power to fund through equity contributions to the Project J Entity all costs, including cost overruns, related to the construction and start-up of the Project J Entity's undivided interest in Vogtle Units 3&4 that are not funded through the Project J Entity's Guaranteed Loan. The Conditional Commitment recognizes that MEAG Power will obtain funds for the required equity contributions through issuances of Project J Bonds, including the Series 2010A&B Bonds. The Conditional Commitment provides that the terms and conditions of all Project J Bonds issued to fund equity contributions to the Project J Entity will be on terms and conditions satisfactory to DOE.

The Conditional Commitment provides that advances may be used to reimburse the Project J Entity for Eligible Project Costs (other than interest on the Project J Bonds issued by MEAG Power to fund equity contributions to the Project J Entity, including the Series 2010A&B Bonds), consistent with a DOE-approved financial plan and construction budget. Advances also may be used to reimburse MEAG Power to the extent such reimbursement would not cause its equity contribution to the Project J Entity to be less than that required by the Definitive Agreements, subject to certain limitations relating to known or anticipated cost overruns.

Term of Guaranteed Loan

The Conditional Commitment provides that the outstanding principal amount of each Guaranteed Loan will be payable in quarterly installments. The Conditional Commitment provides that the Project J Entity's Guaranteed Loan will mature on the 30th anniversary of the Financial Closing with quarterly principal installments for all but the final maturity based on level-debt amortization over a period of 40 years, commencing from the projected commercial operation date of Vogtle Units 3&4 (determined as of the date of the Financial Closing). The remaining outstanding principal amount will be payable on the last quarterly date before the 30th anniversary of the Financial Closing.

The Conditional Commitment provides that the interest rate determined for each advance of the Project J Entity's Guaranteed Loan may be a rate fixed to maturity or fixed for a specified interest period. The interest rate on each advance will be the sum of (i) a rate based on a U.S. Treasury yield for an equivalent term, plus (ii) a spread specified by FFB in the Definitive Agreements based on its policy guidelines.

The Project J Entity's Guaranteed Loan will be subject to mandatory and voluntary prepayment provisions. The Conditional Commitment obligates the Project J Entity to make mandatory prepayments of its Guaranteed Loan upon the occurrence of certain events, including (i) with the proceeds of insurance to the extent such proceeds are not used to rebuild or restore Vogtle Units 3&4 or upon a total loss to either unit, (ii) the receipt of liquidated damages under the EPC Contract (as defined herein) other than amounts used to pay to construct, rebuild or restore Vogtle Units 3&4 or amounts of delay liquidated damages needed to pay financing and operating costs payable during the period of delay, (iii) the sale of assets no longer used or useful in connection with Vogtle Units 3&4 in excess of an agreed amount, and (iv) at DOE's request if MEAG Power prepays Project J Bonds, including the Series 2010A&B Bonds, issued to fund equity contributions to the Project J Entity other than in connection with a refunding or in connection with the redemption of Project J Bonds with excess bond proceeds not necessary to fund the construction or start-up of Vogtle Units 3&4.

The Conditional Commitment provides that the Project J Entity may voluntarily prepay any advance under its Guaranteed Loan in whole but not in part, subject to a minimum prepayment amount.

Collateral

The Conditional Commitment requires that the Project J Entity's Guaranteed Loan be secured by various assets (collectively, the "Collateral"), including, among other things, the Project J Entity's rights or interests in: (i) Vogtle Units 3&4, (ii) all governmental approvals and permits for Vogtle Units 3&4, (iii) the project documents and other contracts and agreements relating to Vogtle Units 3&4, (iv) nuclear fuel purchased for Vogtle Units 3&4, (v) all revenues, accounts receivable, investment property of or equity contributions to the Project J Entity, including the Project Accounts (as defined herein and referred to below) of the Project J Entity, (vi) subject to certain requirements of the Nuclear Regulatory Commission (the "NRC") and other limitations, the nuclear decommissioning trust fund to be established with respect to Project J, and (vii) certain collateral shared with the holders of the Project J Bonds. The Guaranteed Loan to the Project J Entity also will be secured by MEAG Power's pledge of its equity interest in the Project J Entity and such other collateral as may be required by DOE or FFB following completion of their due diligence.

The security interests in the Collateral would be granted in favor of a collateral agent or other agent designated by DOE. The Guaranteed Loan would not be subordinate to any other loan or other debt obligation and DOE will have a first-priority perfected security interest in its Collateral, subject only to customary permitted liens and the arrangements relating to the flow of funds. The Series 2010A&B Bonds will not be secured by a lien on the Collateral other than with respect to the shared collateral referred to in clause (vii) of the prior paragraph.

Project Accounts

The Conditional Commitment provides that MEAG Power and the Project J Entity will establish and maintain project accounts (the "Project Accounts") as more particularly set forth in "SUMMARY OF CERTAIN PROVISIONS OF DOE CONDITIONAL COMMITMENT – Project Accounts" in APPENDIX L hereto.

Flow of Funds

The Conditional Commitment provides that Revenues attributable to Project J will be received by MEAG Power and deposited into the Revenue Fund. In the case of JEA, Revenues will be received by direct deposit to such Revenue Fund. The Conditional Commitment provides that during any period (other than a period when JEA is obligated to make payments with respect to debt service on the Project J Entity's Guaranteed Loan and is in payment default under the Project J PPA), amounts in such Revenue Fund will be applied to the following purposes, in the following order of priority:

First, MEAG Power will pay each month to the custodian under a collateral agreement for the benefit of DOE (the "Collateral Agreement") the amount of budgeted operation and maintenance expenses allocable to the Project J Entity's interest in Vogtle Units 3&4 for such month, for deposit to the Project J Entity's operation and maintenance fund held by it.

Second, MEAG Power will, on a parity basis, (a) transfer to the Trustee for deposit in the Debt Service Account in the Debt Service Fund established pursuant to the Project J Bond Resolution principal and interest accruing during such month on the Project J Bonds (including the Series 2010A&B Bonds), and (b) transfer to the custodian under the Collateral Agreement for

deposit to the Project J Entity's Guaranteed Loan debt service account held by it principal and interest accruing during such month on the Project J Entity's Guaranteed Loan.

Third, MEAG Power will, on a parity basis, (a) transfer to the Trustee for deposit in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Project J Bond Resolution such amount as is necessary to restore the balance in such account to the requirement therefor (subject to certain provisions permitting certain types of deficiencies to be funded over a longer period), and (b) transfer to the custodian under the Collateral Agreement for deposit in the Project J Entity's Guaranteed Loan debt service reserve account held by it such amount as is necessary to fund or restore the balance in such account to the requirement therefor (subject to certain provisions permitting certain types of deficiencies to be funded over a longer period).

Fourth, MEAG Power will transfer to the Trustee for deposit in the Subordinated Bond Fund principal and interest accruing on any Subordinated Bonds during such month.

Fifth, MEAG Power will, on a parity basis, (a) deposit in the Reserve and Contingency Fund, an amount equal to ten percent of the principal and interest accruing during such month on the Project J Bonds (including the Series 2010A&B Bonds) and any Subordinated Bonds, and (b) transfer to the custodian under the Collateral Agreement for deposit in the Project J Entity's Guaranteed Loan reserve and contingency fund held by it an amount equal to ten percent of the principal and interest accruing during such month on the Project J Entity's Guaranteed Loan.

Sixth, at year end, surpluses are to be funded back to JEA or the Project J Participants, as applicable, subject to the terms of the Definitive Agreements.

The Conditional Commitment provides that the Definitive Agreements will address the flow of funds and allocation of Revenues in circumstances other than that described immediately above, including with respect to circumstances where the output of Vogtle Units 3&4 related to the Project J Entity's ownership interest is being sold to the market following a payment default by JEA under the Project J PPA as described in more detail under “– DOE Events of Default; Remedies” below. In this case, the net proceeds of such sales of the output and services of Vogtle Units 3&4 related to Project J would be used first to pay accrued and unpaid principal and interest on the Project J Entity's Guaranteed Loan (after payment of operation and maintenance expenses) before being applied for any other purposes (including without limitation, for debt service on the Project J Bonds (including the Series 2010A&B Bonds)).

DOE Events of Default; Remedies

The Conditional Commitment provides that the Definitive Agreements will contain extensive events of default (“DOE Events of Default”), subject to agreed qualifications, exceptions and grace periods. See “SUMMARY OF CERTAIN PROVISIONS OF DOE CONDITIONAL COMMITMENT – DOE Events of Default” in APPENDIX L hereto.

As of the Financial Closing, DOE will be considered to, and will, have the rights, powers, privileges and remedies of FFB under the Definitive Agreements. Upon the occurrence and continuation of a DOE Event of Default, DOE may, subject to the other provisions of the Definitive Agreements: (i) foreclose on the Collateral; (ii) suspend or terminate further advances under the Project J Entity's Guaranteed Loan; (iii) accelerate the maturity of the Project J Entity's Guaranteed Loan; (iv) perfect and maintain the security interests granted by the Project J Entity; (v) set off and apply amounts to the satisfaction of the Project J Entity's Guaranteed Loan under the Definitive Agreements; (vi) cure defaults; (vii) protect and enforce its rights and remedies by appropriate proceedings; (viii) exercise all contractual

rights available to it; and (ix) take all other actions as DOE may reasonably require to provide for the care, preservation, protection and maintenance of its Collateral.

The Conditional Commitment provides that the rights of DOE following the occurrence and during the continuance of a DOE Event of Default are subject to several limitations and restrictions during a specified standstill period (the “Standstill Period”). The Standstill Period will exist under the Definitive Agreements if a DOE Event of Default has occurred and is continuing solely as a result of JEA’s failure to satisfy its payment obligations under the Project J PPA. The Standstill Period will not exist if (i) any other DOE Event of Default has occurred and is continuing; (ii) MEAG Power fails at any time during the continuance of such DOE Event of Default to use its best efforts to resell the power, energy and other services of Project J (a) into the market in a manner intended to maximize recovery of the Project J Entity’s Guaranteed Loan and the Project J Bonds pursuant to a plan of recovery approved by DOE or (b) as otherwise directed by DOE; or (iii) the proceeds of such sales are applied other than as provided in the Definitive Agreements and the Project J Bond Resolution.

During the Standstill Period, DOE may not accelerate the maturity of the Project J Entity’s Guaranteed Loan or foreclose on or cause a transfer of ownership of the interest of the Project J Entity in Vogtle Units 3&4. Upon the occurrence of a bankruptcy or insolvency event relating to the Project J Entity, however, the Project J Entity’s Guaranteed Loan, together with interest accrued thereon and all other amounts due under the applicable Definitive Agreements, will immediately mature and become due and payable even if the Standstill Period is otherwise in effect. The Project J Bond Resolution similarly will provide that the holders of the Project J Bonds and the Trustee will not accelerate the maturity of the Project J Bonds (including the Series 2010A&B Bonds) during the Standstill Period.

Subrogation

The Conditional Commitment provides that upon any DOE Event of Default in respect of the Project J Entity’s Guaranteed Loan, DOE will be subrogated to, and FFB will be deemed to have assigned to DOE, without recourse or the need for further action, all of FFB’s right, title and interest on that Guaranteed Loan and the Definitive Agreements.

Limitations of Conditional Commitment

MEAG Power anticipates that it, the Project Entities, DOE and FFB will agree to enter into Definitive Agreements on terms and conditions substantially similar to the terms and conditions contained in the Conditional Commitment. None of MEAG Power, the Project Entities, DOE and FFB is obligated to consummate the transactions contemplated therein, or to do so on the terms and conditions contained therein.

Anticipated Amendments to Project J PPA, Project J Power Sales Contracts, Project J Bond Resolution and Vogtle Units 3&4 Project Agreements to Accommodate the Project J Entity’s Guaranteed Loan

General. The Conditional Commitment provides that on or before the Financial Closing, MEAG Power would be required to modify the Project J PPA, the Project J Power Sales Contracts, the Project J Bond Resolution and the Vogtle Units 3&4 Project Agreements to reflect the terms and conditions of the Conditional Commitment, as more fully provided in the Definitive Agreements. Upon the issuance of the Series 2010A&B Bonds, the Project J Bond Resolution will permit MEAG Power to amend the Project J Bond Resolution (without the consent of the holders of the Project J Bonds, including the holders of the Series 2010A&B Bonds) and such other documents in any respect determined by MEAG Power to be

necessary or desirable in order to accommodate the Project J Entity's Guaranteed Loan, subject to satisfaction of the conditions and requirements set forth therein.

Conditions Under Project J Bond Resolution to DOE Financing. If MEAG Power enters into the Definitive Agreements for the Project J Entity's Guaranteed Loan, the Project J Bond Resolution provides that MEAG Power may adopt (without the consent of the holders of the Project J Bonds, including the holders of the Series 2010A&B Bonds), at any time and from time to time, a supplemental resolution 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 accommodate the Guaranteed Loan and reflect the transfer of MEAG Power's ownership interest in Project J to the Project J Entity, subject to satisfaction of the conditions and requirements set forth therein. Such conditions and requirements and certain anticipated amendments to the Project J Bond Resolution, the Project J PPA, the Project J Power Sales Contracts and the Vogtle Units 3&4 Project Agreements are described below.

- MEAG Power divides its undivided ownership interest in Vogtle Units 3&4 into three separate undivided interests;
- MEAG Power transfers to the Project J Entity an undivided ownership interest in Project J (the "Project J Ownership Interest");
- MEAG Power assigns to the Project J Entity the portion of its rights and obligations under the Vogtle Units 3&4 Project Agreements attributable to the Project J Ownership Interest;
- MEAG Power and the Project J Entity enter into a power purchase agreement (the "MEAG Power/Project J Entity Power Purchase Agreement") that provides for the sale to MEAG Power of all power, energy and other services produced by the Project J Ownership Interest on the terms set forth therein, and may provide that it will terminate following the exercise by DOE of any remedy of foreclosure (a "DOE Foreclosure") of the Project J Ownership Interest following a default with respect to the Guaranteed Loan;
- The Project J Bond Resolution, the Vogtle Units 3&4 Project Agreements, the Project J PPA and the Project J Power Sales Contracts are amended as determined by MEAG Power to be necessary or desirable in order to accommodate DOE-guaranteed financing subject to satisfaction of the conditions and requirements set forth therein;
- In the event of a DOE Foreclosure, the supplemental resolution will provide that Excess Proceeds (as defined under "*– Power Purchase Agreement with the Project J Entity and Amendments to Project J PPA and Project J Power Sales Contracts as a Result of DOE Financing*") are applied to the retirement, by purchase, redemption or defeasance, of Project J Bonds (which may include the Series 2010A&B Bonds);
- The Project J Bond Resolution, as amended by such supplemental resolution, and the Vogtle Units 3&4 Project Agreements, the Project J PPA, and the Project J Power Sales Contracts, as amended, will have been the subject of a judgment of validation rendered by the Superior Court of Fulton County, Georgia;
- 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

- Each rating agency then maintaining a rating for the Project J Bonds has notified MEAG Power in writing of the rating(s) that will apply to the Project J Bonds (including the Series 2010A&B 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, will not be lower than such rating agency's rating(s) on the outstanding Project J Bonds (including the Series 2010A&B Bonds) then in effect (without regard to any third-party credit enhancement).

For a more complete description of the conditions, see the third paragraph under—"SUMMARY OF PROJECT J BOND RESOLUTION – Amendments and Supplemental Resolutions" in APPENDIX K hereto.

Anticipated Amendments to Project J Bond Resolution. The Conditional Commitment provides that if MEAG Power enters into the Definitive Agreements for the Guaranteed Loans, MEAG Power would transfer its Project J Ownership Interest to the Project J Entity and amendments to the Project J Bond Resolution, the Project J PPA, the Project J Power Sales Contracts and the Vogtle Units 3&4 Project Agreements would be necessary to reflect the terms and conditions of the Definitive Agreements. Such amendments would be subject to extensive negotiations with DOE so MEAG Power can give no assurances as to their final form. Anticipated amendments include the following:

- MEAG Power anticipates that the covenants and agreements on the part of MEAG Power in the Project J Bond Resolution would be amended to reflect the transfer of the Project J Ownership Interest to the Project J Entity and that MEAG Power would be purchasing its power, energy and other services from the Project J Entity.
- MEAG Power anticipates that the flow of funds under the Project J Bond Resolution would be amended to conform to the flow of funds contemplated by the Conditional Commitment. See "– Flow of Funds" above.
- MEAG Power anticipates that the "Events of Default" defined and contained in the Project J Bond Resolution would be amended to add thereto a cross default relating to the Project J Entity's Guaranteed Loan.
- MEAG Power anticipates that the remedies upon the occurrence of an Event of Default contained in the Project J Bond Resolution would be amended to suspend, during the continuance of the Standstill Period (see "– DOE Events of Default; Remedies" above), the right of the holders of the Project J Bonds (including the Series 2010A&B Bonds), or the Trustee acting on behalf of such holders, to accelerate principal of and interest on the Project J Bonds.
- MEAG Power anticipates that the Project J Bond Resolution would be amended to provide that, upon a payment default by JEA, MEAG Power will be required (a) to discontinue service to JEA under the Project J PPA, (b) to resell the power, energy and other services of Project J previously available to JEA (i) into the market in a manner intended to maximize recovery of the Project J Entity's Guaranteed Loan and the Project J Bonds pursuant to a plan of recovery approved by DOE or (ii) as otherwise directed by DOE and (c) the proceeds of such sales will be applied first to pay accrued and unpaid debt service on the Guaranteed Loan (after payment of operating and maintenance

expenses of Project J) before being applied for any other purposes (including Debt Service on the Project J Bonds).

Power Purchase Agreement with the Project J Entity and Amendments to Project J PPA and Project J Power Sales Contracts as a Result of DOE Financing. The Conditional Commitment provides that if MEAG Power enters into the Definitive Agreements for the Guaranteed Loans, MEAG Power and the Project J Entity would enter into the MEAG Power/Project J Entity Power Purchase Agreement that provides for the sale to MEAG Power of all power, energy and other services produced by the Project J Ownership Interest. The MEAG Power/Project J Entity Power Purchase Agreement would contain a provision that provides for the termination of such agreement following the exercise by DOE of a DOE Foreclosure of the Project J Ownership Interest following a default with respect to the Guaranteed Loan. Additionally, in the event of a DOE Foreclosure, the MEAG Power/Project J Entity Power Purchase Agreement would provide that the Project J Entity must pay over to MEAG Power any proceeds received by the Project J Entity from the sale of the Project J Ownership Interest following a DOE Foreclosure that are in excess of the amount needed to pay all Guaranteed Loans and that are not required to be used to satisfy the Project J Entity's obligations to any other party ("Excess Proceeds"). The Project J Bond Resolution would be revised to provide that such Excess Proceeds be applied to the retirement, by purchase, redemption or defeasance, of the Project J Bonds.

The Conditional Commitment provides that if MEAG Power enters into the Definitive Agreements for the Guaranteed Loans, the Project J PPA and the Project J Power Sales Contracts would be amended. Such amendments would obligate JEA 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 in the Project J PPA and the Project J Power Sales Contracts, respectively, amounts necessary to pay all of MEAG Power's costs and expenses relating to Project J, including without limitation, all amounts payable by MEAG Power to the Project J Entity pursuant to the MEAG Power/Project J Entity Power Purchase Agreement, including amounts with respect to debt service on the Guaranteed Loan and the costs and expenses of the Project J Entity.

Amendments to Vogtle Units 3&4 Project Agreements. If MEAG Power enters into the Definitive Agreements for the Guaranteed Loans, MEAG Power anticipates that the Vogtle Co-Owners would enter into amendments to the Vogtle Units 3&4 Ownership Agreement, the Vogtle Operating Agreement and the Nuclear Managing Board Agreement (as defined herein and collectively referred to as, the "Vogtle Units 3&4 Project Agreements"). In such amendments, among other things, the Vogtle Co-Owners would consent to the assignment of MEAG Power's interest in Vogtle Units 3&4 to the Project Entities and waive their rights of first refusal, if applicable, in respect of such transfer and the Project Entities would become parties to each Vogtle Units 3&4 Project Agreement in proportion to their respective interests in Vogtle Units 3&4. MEAG Power would also deliver a guaranty to the other Co-Owners guarantying in full each Project Entity's obligations under the Vogtle Units 3&4 Project Agreement.

VOGTLE UNITS 3&4

General

As discussed herein, each of MEAG Power, GPC, OPC and Dalton have agreed to expand the facilities at the existing Plant Vogtle located in Burke County, Georgia, near Waynesboro, Georgia, on the west bank of the Savannah River, by developing Vogtle Units 3&4. Vogtle Units 3&4 will consist of two Westinghouse AP1000 reactors, each with a nominally rated generating capacity of 1,102 MW. MEAG Power's ownership interest in Vogtle Units 3&4 is 22.7 percent, representing approximately 500.308 MW of nominally rated generating capacity, which is divided among Project M, Project J and

Project P, as described herein. Vogtle Units 3&4 are being supplied and constructed by a consortium consisting of Westinghouse Electric Company LLC (“Westinghouse”) and Stone & Webster, Inc. (“Stone & Webster” and, together with Westinghouse, the “Consortium”). See “– EPC Contract” below for a more detailed description of the Consortium and the construction of Vogtle Units 3&4. Currently, commercial operation of Vogtle Units 3&4 is scheduled to commence in 2016 and 2017, respectively.

Vogtle Units 3&4 Technology

Vogtle Units 3&4 will consist of two Westinghouse AP1000 reactors, two natural draft cooling towers, intake and discharge structures, a switchyard for transmission access and numerous ancillary structures supporting the power generation process. Westinghouse reports that the AP1000 received “final design approval” from the NRC in September 2004 and that the NRC issued the final design certification rule (“DCR”) for the AP1000 design on January 27, 2006. Westinghouse is seeking to amend the AP1000 DCR to incorporate the revisions set forth in Design Certification Documents 16 and 17. The AP1000 is the first and only reactor in its class of technological development, referred to as “Generation III+,” to receive such certification from the NRC. The AP1000 is a pressurized water reactor with passive safety systems which, according to Westinghouse, are designed to achieve and maintain safe shutdown in case of design basis accidents without operator action, AC power or pumps. According to Westinghouse’s website, the AP1000’s simplified design of safety systems, normal operating systems, the control room, construction techniques and instrumentation and control systems make an AP1000 plant less expensive to build, operate and maintain. Because Westinghouse estimates that operation and maintenance costs represent approximately 75 percent of a nuclear plant’s fixed production costs, it anticipates that the AP1000 design will reduce production and capital costs and provide an economic alternative to contemporary fossil-fueled plants.

Construction and Licensing of Vogtle Units 3&4

General. MEAG Power currently is working with the other Vogtle Co-Owners to address permitting and licensing matters. As agent under the Vogtle Units 3&4 Development Agreement, GPC is authorized to apply for the issuance of licenses, permits, and other governmental approvals from the NRC and the State of Georgia, as necessary for the development of Vogtle Units 3&4. The following sets forth an approximate schedule for the licensing and construction of Vogtle Units 3&4.

Approximate Licensing and Construction Schedule

<u>Milestone Activity</u>	<u>Date - Scheduled (S) or Actual (A)</u>
EPC Contract Execution	April 8, 2008 (A)
Georgia Public Service Commission Certificate	March 17, 2009 (A)*
Early Site Permit and Limited Work Authorization	August 26, 2009 (A)*
Complete Site Excavation	April 2010 (S)
Complete Site Backfill and additional LWA scope	October 2011 (S)
Combined License Issuance	October 2011 (S)*
Nuclear Island First Concrete	November 2011 (S)
Begin Installation of Major Equipment	March 2013 (S)
Start Up Testing and Fuel Load – Unit 3	October 2015 (S)
Commercial Operation – Unit 3	April 1, 2016 (S)
Start Up Testing and Fuel Load – Unit 4	October 2016 (S)
Commercial Operation – Unit 4	April 1, 2017 (S)

* See “– Combined Construction and Operating License,” “– Early Site Permit and Limited Work Authorization” and “– GPSC Certification of Vogtle Units 3&4” below.

MEAG Power is not required to obtain any Federal, state or local regulatory approvals for the development, construction or operation of Vogtle Units 3&4 in addition to those GPC is obtaining on behalf of the Vogtle Co-Owners.

Combined Construction and Operating License. The NRC is responsible for licensing and regulating the operation of commercial nuclear power plants within the United States. The COL application process is a streamlined nuclear plant licensing process with the NRC. Prior to the development of the existing COL application process, a company seeking to build and operate a nuclear plant would have to first obtain a construction license from the NRC and then an operating license after the plant was built. An applicant was not required to submit a completed design of its nuclear units at the construction permit phase. Before the scheduled completion of construction, an applicant would submit an application for an operating license. At this point, the applicant had to provide the complete design specifications and other information related to the safe operation of the plant, technical specifications for operation of the plant, and a description of operational programs. Many criticized this licensing approach because it effectively deferred resolution of important safety issues until plant construction was well underway. This two-step approach also added considerable uncertainty to the licensing process as an applicant that received a construction license and built a new plant was not guaranteed issuance of an operating license for that plant. Other criticisms included regulatory requirements that kept changing, and a seemingly inefficient and duplicative review and hearing process. To address these problems, the NRC adopted regulations to allow an applicant to seek a COL which authorizes construction of a plant based on its completed design specifications and provides conditional authority for an application to operate the plant, subject to verification that the plant has been constructed in accordance with the license, the approved design, and the NRC's regulations.

The NRC's review under the revised COL application process includes a determination of (i) characteristics of the proposed plant site, including surrounding population, seismology, meteorology, geology and hydrology; (ii) design of the nuclear plant; (iii) anticipated response of the plant to hypothetical accidents; (iv) plant operations including the applicant's technical qualifications to operate the plant; (v) discharges from the plant into the environment (*i.e.*, radiological effluents); and (vi) emergency plans. When the NRC completes its review, it prepares a safety evaluation report summarizing the anticipated effect of the proposed plant on public health and safety. The Advisory Committee on Reactor Safeguards (the "ACRS"), an independent group that provides advice on reactor safety to the NRC, reviews each application to construct or operate a nuclear power plant. The ACRS review begins early in the licensing process, and a series of meetings with the applicant and the NRC may be held. When the ACRS has completed its review, it submits the results in a report to the NRC. An environmental review is then performed to evaluate the potential environmental impacts and benefits of the proposed plant. After completing this review, the NRC issues a draft environmental impact statement for comment by the appropriate Federal, state, and local agencies as well as by the public. Afterwards, the NRC issues a final environmental impact statement that addresses all comments received. Additionally, a public hearing must be held before a construction permit may be issued for a nuclear power plant. The public hearing is conducted by a three-member "Atomic Safety and Licensing Board" ("ASLB"). Members of the public may submit written or oral statements to the licensing board to be entered into the hearing record or they may petition to intervene as full parties in the hearing.

On March 31, 2008, Southern Nuclear, an affiliate of GPC and the operating agent for Vogtle Units 3&4, filed an application with the NRC for a COL for Vogtle Units 3&4. The NRC's decision with respect to the Vogtle Units 3&4 COL is currently scheduled for Fall 2011.

On August 27, 2009, the NRC issued letters to Westinghouse revising the review schedules needed to certify the Westinghouse AP1000 standard design for new reactors and expressed concerns related to the availability of adequate information and the shield building design. The shield building

protects the containment and provides structural support to the containment cooling water supply. GPC, on behalf of the MEAG Power and the other Vogtle Co-Owners, is continuing to work with Westinghouse and the NRC to resolve these concerns. GPC has advised MEAG Power that “[w]hile [GPC] believes that there is risk that COL will not be issued as currently scheduled, [GPC] notes that the NRC has not announced that it cannot do so nor has it revised the design approval schedule.” Any possible delays in the Westinghouse AP1000 design certification schedule, including those addressed by the NRC in their letters, are not currently expected to affect the projected commercial operation dates for Vogtle Units 3&4. GPC has further advised MEAG Power that the ultimate outcome of this matter cannot be determined at this time.

Two groups of intervenors have asserted contentions in connection with the COL application process. The first group, consisting of the same environmental groups challenging the ESP (as defined and discussed under “– *Early Site Permit and Limited Work Authorization*” below), asserted three contentions in November 2008, only one of which was allowed to proceed by the ASLB. The remaining contention will be addressed in a summary disposition proceeding scheduled for the early part of 2010. The second group of intervenors filed a petition in October 2009 which was denied by the ASLB in January of 2010. The time to appeal the denial of that petition to intervene has expired. Although the time to seek review of the denial of the petition by the United States Court of Appeals for the District of Columbia Circuit does not technically expire until 60 days after the issuance of a final order by the NRC, any petition for review to the Court of Appeals of the denial of the intervention would be subject to challenge for failure to exhaust administrative remedies.

Early Site Permit and Limited Work Authorization. In 2006, Southern Nuclear filed an application with the NRC for an Early Site Permit (“ESP”) for Vogtle Units 3&4. On August 26, 2009, the NRC issued an ESP and Limited Work Authorization (“LWA”) for Vogtle Units 3&4. The ESP addresses many site-related safety and environmental issues, and determines the site is suitable for construction and operation of a nuclear power plant. The LWA allows a limited scope of construction activities at the site such as placement of engineered backfill, retaining walls, lean concrete, mudmats, and a waterproof membrane. Excavation of the foundation areas for both Vogtle Units 3&4 began in August 2009. A number of environmental groups appealed the issuance of the ESP to the NRC in July 2009 and that appeal was dismissed in January 2010. On October 22, 2009, a petition for judicial review was filed on behalf of the same environmental groups in the United States Court of Appeals for the District of Columbia Circuit, appealing the NRC’s issuance of the ESP. No action has been taken with respect to such petition as of the date of this Official Statement.

GPSC Certification of Vogtle Units 3&4. Although MEAG Power specifically does not require any approvals from the GPSC, GPC is required to obtain certification of the proposed construction of Vogtle Units 3&4 from the GPSC. GPC filed an application for certification to the GPSC on August 1, 2008. On March 17, 2009, the GPSC approved GPC’s application to certify Vogtle Units 3&4. The Certification Order (as defined in the EPC Contract) has been issued by the GPSC and the full notice to proceed was issued by Southern Nuclear to the Consortium on March 31, 2009. An untimely application to intervene and an application for reconsideration of the Certification Order were filed on April 9, 2009 by a Fulton County taxpayer group seeking a reversal of the Certification Order. The same taxpayer group filed a lawsuit in the Superior Court of Fulton County, Georgia, on April 29, 2009, requesting that the court reverse the Certification Order on the grounds that it allowed GPC to recover construction work in progress in its rate base. An additional application for reconsideration of the Certification Order was filed on April 9, 2009 by the Southern Alliance for Clean Energy (“SACE”), an existing intervening party in the proceeding. SACE also filed a lawsuit in the Superior Court of Fulton County, Georgia, on June 15, 2009, respecting, among other things, judicial review of the Certification Order. The GPSC has denied each of the applications for intervention and reconsideration and no action has been taken with respect to the foregoing lawsuits as of the date of this Official Statement. MEAG Power cannot predict

the outcome of the remaining challenges to the Certification Order or the impact on Vogtle Units 3&4 if any of the challenges is successful. These challenges will have no impact on the obligations of the Project M Participants, the Project J Participants or the Project P Participants under their respective power sales contracts pertaining to Project M, Project J or Project P, as applicable, nor on the obligations of JEA or PowerSouth under the Project J PPA or the Project P PPA (as defined herein), as applicable.

GPC reports that on August 31, 2009, GPC filed with the GPSC its first semi-annual construction monitoring report for Vogtle Units 3&4 for the period ended June 30, 2009, which did not include any change to the estimated construction cost as certified by the GPSC in March 2009. The GPSC conducted hearings between November 2009 and January 2010 in review of this report and rendered its decision on February 26, 2010, approving a stipulation between GPC and GPSC staff. The stipulation provides, among other things, for (i) verification and approval of certain expenditures, (ii) refinements to the reporting process for future semi-annual construction monitoring reports, and (iii) protocols for the independent construction monitor, regarding, among other things, site access, on-site office space and notice, meeting and inspecting procedures and policies. GPC filed with the GPSC the second semi-annual construction monitoring report on March 1, 2010 for the period ended December 31, 2009.

EPC Contract

On April 8, 2008, GPC, on behalf of itself and the other Vogtle Co-Owners, entered into an Engineering, Procurement and Construction Contract (the “EPC Contract”) with the Consortium. Pursuant to the EPC Contract, the Consortium will supply and construct two 1,102 MW nuclear units using the Westinghouse AP1000 technology, with the exception of certain owner-supplied items. Under the EPC Contract, the Vogtle Co-Owners will pay a purchase price that would be subject to certain price escalations and adjustments, adjustments for change orders and performance bonuses as well as provisions allocating the risks of cost overruns. MEAG Power’s estimated in-service costs of Vogtle Units 3&4, including construction costs, financing costs and contingencies, initial fuel load costs and switchyard and transmission costs is approximately \$3.7 billion.

Each Vogtle Co-Owner is severally (and not jointly) liable to the Consortium, based on its ownership share, for all amounts owed to the Consortium under the EPC Contract. The EPC Contract provides for certain liquidated damages upon the Consortium’s failure to comply with schedule and performance guarantees, as well as certain bonuses payable to the Consortium for early completion and unit performance. The Consortium’s liability for those liquidated damages and for warranty claims is subject to a cap. The payment obligations of Westinghouse are guaranteed by Toshiba Corporation and certain of the payment obligations of Stone & Webster are guaranteed by The Shaw Group, Inc. In the event of certain credit rating downgrades of any Vogtle Co-Owner, the downgraded Vogtle Co-Owner would be required to provide a letter of credit or other credit enhancement to the Consortium. Performance under the EPC Contract was subject to certification by the GPSC of GPC’s ownership interest in Vogtle Units 3&4. In addition, the Vogtle Co-Owners may terminate the EPC Contract at any time for their convenience, *provided* that the Vogtle Co-Owners will pay certain termination costs and, at certain stages of the work, cancellation fees to the Consortium. The Consortium may terminate the EPC Contract under certain circumstances, including delays in receipt of the COL or delivery of full notice to proceed, 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.

Joint Ownership Arrangement

On May 13, 2005, the Vogtle Co-Owners entered into the Plant Vogtle Owners Agreement Authorizing Development, Construction, Licensing and Operation of Additional Generating Units, as

amended by Amendment No. 1 thereto, dated as of April 21, 2006, and as further amended by Amendment No. 2 thereto, dated as of April 8, 2008 (as amended, the “Vogtle Units 3&4 Development Agreement”) pursuant to which each Vogtle Co-Owner authorized the development, construction, licensing and operation of Vogtle Units 3&4. The Vogtle Co-Owners have agreed to participate in the development of Vogtle Units 3&4 at the same ownership interest levels as each currently has with respect to Plant Vogtle Unit Nos. 1 and 2, as shown in the following table:

<u>Vogtle Co-Owner</u>	<u>Undivided Ownership Interest</u>
MEAG Power.....	22.7%
GPC	45.7
OPC	30.0
Dalton	1.6
Total.....	<u>100.0%</u>

The Vogtle Co-Owners agreed to use the existing Plant Vogtle land, common facilities and support services in connection with the development of Vogtle Units 3&4, with each Vogtle Co-Owner bearing its share of the costs associated with the construction and ownership in proportion to its ownership interest. Pursuant to the Vogtle Units 3&4 Development Agreement, GPC was designated as the agent of the Vogtle Co-Owners and authorized to develop, license, engineer, contract, operate and maintain Vogtle Units 3&4 on behalf of the Vogtle Co-Owners.

Each Vogtle Co-Owner will own its respective ownership interest in each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 as a tenant in common with the other Vogtle Co-Owners and shall have the related rights and obligations (including payment therefor), and be entitled to the output of each such unit, in proportion to its ownership interest.

On April 21, 2006, the Vogtle Co-Owners entered into a Second Amended and Restated Nuclear Managing Board Agreement, as amended by Amendment No. 1 thereto, dated as of April 8, 2008 (as amended, the “Nuclear Managing Board Agreement”) which, among other things, designated Southern Nuclear as operating agent for Vogtle Units 3&4. Southern Nuclear already serves as operating agent for Plant Hatch and Plant Vogtle Unit Nos. 1 and 2. While Southern Nuclear is the operating agent for Plant Vogtle, GPC is still responsible to the Vogtle Co-Owners for its agency functions, including the operation, maintenance and decommissioning of Plant Hatch and Plant Vogtle pursuant to the applicable agreements, and is responsible for the performance of Southern Nuclear in its capacity as operating agent.

See “DOE LOAN GUARANTEE PROGRAM – Anticipated Amendments to Project J PPA, Project J Power Sales Contracts, Project J Bond Resolution and Vogtle Units 3&4 Project Agreements to Accommodate the Project J Entity’s Guaranteed Loan – *Amendments to Vogtle Units 3&4 Project Agreements*” herein for a discussion of the proposed changes to the Nuclear Managing Board Agreement if MEAG Power enters into definitive agreements for the Guaranteed Loans.

Vogtle Units 3&4 Ownership Agreement

The Vogtle Co-Owners are parties to a Plant Alvin W. Vogtle Additional Units Ownership Participation Agreement, dated as of April 21, 2006, as amended by Amendment No. 1 thereto, dated as of April 8, 2008 (as amended, the “Vogtle Units 3&4 Ownership Agreement”). The Vogtle Units 3&4 Ownership Agreement governs the ownership rights and responsibilities of the Vogtle Co-Owners of Vogtle Units 3&4 and the authority and responsibilities of GPC, as agent, for the Vogtle Co-Owners. See

“SUMMARY OF VOGTLE UNITS 3&4 PROJECT AGREEMENTS – Vogtle Units 3&4 Ownership Agreement” in APPENDIX H hereto. See also “DOE LOAN GUARANTEE PROGRAM – Anticipated Amendments to Project J PPA, Project J Power Sales Contracts, Project J Bond Resolution and Vogtle Units 3&4 Project Agreements to Accommodate the Project J Entity’s Guaranteed Loan – *Amendments to Vogtle Units 3&4 Project Agreements*” herein for a discussion of the proposed changes to the Vogtle Units 3&4 Ownership Agreement if MEAG Power enters into definitive agreements for the Guaranteed Loans.

Vogtle Operating Agreement

The Vogtle Co-Owners are parties to a Plant Alvin W. Vogtle Nuclear Units Amended and Restated Operating Agreement, dated as of April 21, 2006, as amended by Amendment No. 1 to Plant Alvin W. Vogtle Nuclear Units Amended and Restated Operating Agreement, dated as of April 8, 2008 (as amended, the “Vogtle Operating Agreement”). The Vogtle Operating Agreement will govern the rights and responsibilities of the Vogtle Co-Owners, and the authority and responsibilities of GPC, as agent, with respect to the management, operation and maintenance of Vogtle Units 3&4 and rights to the output thereof following commercial operation. The Vogtle Operating Agreement applies to Plant Vogtle Unit No. 1 and Plant Vogtle Unit No. 2 as well as Vogtle Units 3&4. See “SUMMARY OF VOGTLE UNITS 3&4 PROJECT AGREEMENTS – Vogtle Operating Agreement” in APPENDIX H hereto. See also “DOE LOAN GUARANTEE PROGRAM – Anticipated Amendments to Project J PPA, Project J Power Sales Contracts, Project J Bond Resolution and Vogtle Units 3&4 Project Agreements to Accommodate the Project J Entity’s Guaranteed Loan – *Amendments to Vogtle Units 3&4 Project Agreements*” herein for a discussion of the proposed changes to the Vogtle Operating Agreement if MEAG Power enters into definitive agreements for the Guaranteed Loans.

Additional Information

Both GPC and OPC are subject to the informational requirements of the Exchange Act and, in accordance therewith, file reports and other information with the SEC. Such reports and other information can be inspected at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. Additionally, certain securities of GPC are listed on the New York Stock Exchange, and reports and other information concerning GPC can be inspected at the office of such Exchange.

THE VOGTLE UNITS 3&4 PROJECTS

Project M

General. Project M comprises approximately 33.871 percent of MEAG Power’s ownership interest in Vogtle Units 3&4 representing approximately 169.458 MW of generating capacity based upon the nominal rating of the proposed Vogtle Units 3&4. MEAG Power will issue Project M Bonds to finance acquisition and construction costs relating to Project M, with credit supporting such Project M Bonds consisting, in general, of the Project M Participants’ payments to MEAG Power under their respective power sales contracts (the “Project M Power Sales Contracts”).

Right to Output Under Project M Power Sales Contracts. Under the Project M Power Sales Contracts, commencing on the commercial operation date of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, respectively, MEAG Power will provide to each Project M Participant, and each

Project M Participant will take from MEAG Power, output and services of such unit attributable to Project M.

Payment Obligations of Project M Participants Under the Project M Power Sales Contracts. Each Project M Participant will be responsible for its Obligation Share of all of MEAG Power's costs relating to Project M. The Project M Power Sales Contracts will continue in full force and effect at least until such time, not to exceed 50 years from June 15, 2008, as all Project M Bonds have been paid or provision for such payment has been made.

In the event of a default by a Project M Participant under its Project M Power Sales Contract and discontinuation of such Project M Participant's service from Project M, MEAG Power shall first offer to transfer a *pro rata* portion of the defaulting Project M Participant's Obligation Share to all other non-defaulting Project M Participants. Any such portion of the defaulting Project M Participant's Obligation Share which is declined by any non-defaulting Project M Participant will be reoffered *pro rata* to the non-defaulting Project M Participants which have accepted in full the first offer. Such reoffering will be repeated until such defaulting Project M Participant's Obligation Share has been reallocated in full or until all non-defaulting Project M Participants have declined to take any additional portion of such defaulting Project M Participant's Obligation Share. If less than all of the defaulting Project M Participant's Obligation Share is accepted by the non-defaulting Project M Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Project M Participant's Obligation Share for the remaining term of the associated Project M Power Sales Contract to any person, firm, association or corporation, public or private; *provided, however*, that such sales may not adversely affect the tax-exempt status of the Project M Bonds that are intended to be tax-exempt or the security for the Project M Bonds. If less than all of the defaulting Project M Participant's Obligation Share for Project M is transferred to non-defaulting Project M Participants or otherwise sold, MEAG Power shall transfer the remaining portion of such defaulting Project M Participant's Obligation Share, on a *pro rata* basis (the respective original Obligation Shares of the Project M Participants in Project M), to all other non-defaulting Project M Participants; *provided, however*, that no Project M 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 its Project M Power Sales Contract. After such transfer, each non-defaulting Project M Participant shall be obligated to pay for its increased Obligation Share. In the event that less than all of the defaulting Project M Participant's Obligation Share has been sold or transferred to non-defaulting Project M Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Project M 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 sales may not adversely affect the tax-exempt status of the Project M Bonds intended to be tax-exempt. The defaulting Project M Participant shall remain liable under its Project M 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 Project M Participant's Obligation Share that has been sold or transferred.

Financing Matters. See "PLAN OF FINANCE FOR MEAG POWER'S INTERESTS IN VOGTLE UNITS 3&4" herein for a description of the financing of the Vogtle Units 3&4 Projects, including Project M.

Project J

General. Project J comprises approximately 41.175 percent of MEAG Power's ownership interest in Vogtle Units 3&4 representing approximately 206.000 MW of generating capacity based upon the nominal rating of the proposed Vogtle Units 3&4. MEAG Power will issue Project J Bonds to finance acquisition and construction costs relating to Project J, with credit supporting such Project J Bonds

consisting, in general, of JEA's payments to MEAG Power under the Project J PPA and the Project J Participants' payments to MEAG Power under their respective Project J Power Sales Contracts, each as described herein.

Project J PPA. See "SECURITY FOR SERIES 2010A&B BONDS – Project J PPA" herein and "SUMMARY OF PROJECT J PPA" in APPENDIX I hereto for a description of certain provisions of the Project J PPA.

Payment Obligations of JEA Under the Project J PPA. See "SUMMARY OF PROJECT J PPA – JEA's Payment Obligations" in APPENDIX I hereto for a description of the payment obligations of JEA under the Project J PPA.

Project J Power Sales Contracts. See "SECURITY FOR SERIES 2010A&B BONDS – Project J Power Sales Contracts" herein and "SUMMARY OF PROJECT J POWER SALES CONTRACTS" in APPENDIX J hereto for a description of certain provisions of the Project J Power Sales Contracts.

Payment Obligations of the Project J Participants Under the Project J Power Sales Contracts. See "SUMMARY OF PROJECT J POWER SALES CONTRACTS – Project J Participants' Obligations to Pay" in APPENDIX J hereto for a description of the payment obligations of the Project J Participants under the Project J Power Sales Contracts.

Financing Matters. See "PLAN OF FINANCE FOR MEAG POWER'S INTERESTS IN VOGTLE UNITS 3&4" herein for a description of the financing of the Vogtle Units 3&4 Projects, including Project J.

Project P

General. Project P comprises approximately 24.955 percent of MEAG Power's ownership interest in Vogtle Units 3&4 representing approximately 124.850 MW of generating capacity based upon the nominal rating of the proposed Vogtle Units 3&4. MEAG Power will issue Project P Bonds to finance acquisition and construction costs relating to Project P, with credit supporting such Project P Bonds consisting, in general, of PowerSouth's payments to MEAG Power under the Project P PPA and the payments to MEAG Power from 39 of its Participants (in such capacity, the "Project P Participants") under their respective power sales contracts with MEAG Power (such power sales contracts, as amended, the "Project P Power Sales Contracts").

Right to Output Under the Project P PPA. Pursuant to a take-or-pay power purchase agreement (such power purchase agreement, as amended, the "Project P PPA") between PowerSouth and MEAG Power, for a period of twenty years beginning with the commercial operation date of Plant Vogtle Unit No. 3, MEAG Power is obligated to provide, and PowerSouth is obligated to take from MEAG Power, all of the output of such unit related to Project P. Separately, for a period of twenty years beginning with the commercial operation date of Plant Vogtle Unit No. 4, MEAG Power is obligated to provide, and PowerSouth is obligated to take from MEAG Power, all of the output of Plant Vogtle Unit No. 4 related to Project P.

Payment Obligations of PowerSouth Under the Project P PPA. The payment obligations of PowerSouth under the Project P PPA are comparable to those of JEA under the Project J PPA. See "SECURITY FOR SERIES 2010A&B BONDS – Project J PPA – *Payment Obligations of JEA Under the Project J PPA*" herein. For a description of PowerSouth's payment obligations under the Project P PPA, including its obligation to pay Project P annual costs and debt service in the case of a Project P delay or

Project P termination, see “SUMMARY OF VOGTLE UNITS 3&4 POWER PURCHASE AGREEMENTS – Project P PPA” in Appendix J to the Updated Annual Information Statement.

PowerSouth has covenanted to maintain and collect rates and charges for the electric services of its wholesale load so as to provide revenues sufficient, together with available electric distribution system 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.

Right to Output Under the Project P Power Sales Contracts. Under separate Project P Power Sales Contracts with each Project P Participant, MEAG Power has agreed to provide to each Project P Participant, and each Project P Participant has agreed to take from MEAG Power, output and services of Vogtle Units 3&4 related to Project P and related reserve, emergency and interchange service beginning with the expiration of the applicable twenty-year period during which PowerSouth is obligated to take the entire output and services of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 related to Project P.

Payment Obligations of the Project P Participants Under the Project P Power Sales Contracts. The payment obligations of the Project P Participants under the Project P Power Sales Contracts are comparable to those of the Project J Participants under the Project J Power Sales Contracts. For a discussion of the Project P Participants’ payment obligations, 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 K to the Updated Annual Information Statement.

In the event of a default by a Project P Participant under its Project P Power Sales Contract and discontinuation of such Project P Participant’s service from Project P, MEAG Power shall first offer to transfer a *pro rata* portion of the defaulting Project P Participant’s Obligation Share to all other non-defaulting Project P Participants. Any such portion of the defaulting Project P Participant’s Obligation Share which is declined by any non-defaulting Project P Participant will be reoffered *pro rata* to the non-defaulting Project P Participants which have accepted in full the first offer. Such reoffering will be repeated until such defaulting Project P Participant’s Obligation Share has been reallocated in full or until all non-defaulting Project P Participants have declined to take any additional portion of such defaulting Project P Participant’s Obligation Share. If less than all of the defaulting Project P Participant’s Obligation Share is accepted by the non-defaulting Project P Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Project P Participant’s Obligation Share for the remaining term of the associated Project P Power Sales Contract to any person, firm, association or corporation, public or private; *provided, however*, that such sales may not adversely affect the tax-exempt status of the Project P Bonds that are intended to be tax-exempt or the security for the Project P Bonds. If less than all of the defaulting Project P Participant’s Obligation Share for Project P is transferred to non-defaulting Project P Participants or otherwise sold, MEAG Power shall transfer the remaining portion of such defaulting Project P Participant’s Obligation Share, on a *pro rata* basis (based on the respective Obligation Shares of the Project P Participants in Project P), to all other non-defaulting Project P Participants; *provided, however*, that no Project P 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 its Project P Power Sales Contract. After such transfer, each non-defaulting Project P Participant shall be obligated to pay for its increased Obligation Share. In the event that less than all of the defaulting Project P Participant’s Obligation Share has been sold or transferred to non-defaulting Project P Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Project P 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 sales may not adversely affect the tax-exempt status of the Project P Bonds

intended to be exempt. The defaulting Project P Participant shall remain liable under its Project P 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 Project P Participant's Obligation Share that has been sold or transferred.

Financing Matters. See "PLAN OF FINANCE FOR MEAG POWER'S INTERESTS IN VOGTLE UNITS 3&4" herein for a description of the financing of the Vogtle Units 3&4 Projects, including Project P.

RISK FACTORS

The following is a discussion of certain risks that could affect payments to be made with respect to the Series 2010A&B Bonds. Such discussion is not exhaustive, should be read in conjunction with all other parts of this Official Statement and should not be considered a complete description of all risks that could affect payments with respect to the Series 2010A&B Bonds. Prospective purchasers of the Series 2010A&B Bonds should analyze carefully the information contained in this Official Statement, including the Appendices attached hereto and the Updated Annual Information Statement incorporated by reference herein.

Construction and Licensing of Vogtle Units 3&4

The construction of large generating plants such as Vogtle Units 3&4 involves significant financial risk. Delays or cost overruns may be incurred as a result of such risks as (a) shortages and inconsistent quality of equipment, materials and labor, (b) work stoppages, (c) permits, approvals and other regulatory matters, (d) adverse weather conditions, (e) unforeseen engineering problems, (f) environmental and geological conditions, (g) delays or increased costs to interconnect MEAG Power's facilities to transmission grids, (h) unanticipated increases in the costs of materials and labor, (i) performance by engineering, construction or procurement contractors, (j) increases in the cost of debt financing and (k) attention to other projects. Moreover, no nuclear plants have been constructed in the United States using advanced designs such as the Westinghouse AP1000 reactor. Therefore, estimating the cost of construction of any new nuclear plant is inherently uncertain and, as a result, MEAG Power and its Participants, JEA and PowerSouth could be exposed to additional risk of cost uncertainty in connection with the Vogtle Units 3&4 Projects. The Vogtle Co-Owners have entered into the EPC Contract with the Consortium for a contract price that is subject to certain price escalations and adjustments, adjustments for change orders and performance bonuses. See "VOGTLE UNITS 3&4 – EPC Contract" herein.

Construction and operation of Vogtle Units 3&4 are subject to the receipt of certain Federal and state licenses and permits, including, among others, the COL, and the resolution of challenges to licenses and permits that have already been issued. Failure to receive or maintain the required licenses and permits can result in costly delays, cancellation or shutdown of the units. For a summary of the current status of required licenses and permits, see "VOGTLE UNITS 3&4 – Construction and Licensing of Vogtle Units 3&4" herein.

Availability and Cost of Capital

In the event the costs of Vogtle Units 3&4 increase and MEAG Power has not obtained the Guaranteed Loans from DOE, MEAG Power will have to raise additional funds in the capital markets. MEAG Power has successfully accessed the capital markets in the past and believes it will be able to do so in the future based on its current credit ratings for the debt relating to the Vogtle Units 3&4 Projects. However, such credit ratings reflect the views of the rating agencies, which could change at any point in

the future. In the event such credit ratings were lowered, MEAG Power's borrowing costs for the Vogtle Units 3&4 Projects could increase and its potential pool of investors, funding sources and liquidity could decrease.

In addition, certain market disruptions could constrain, at least temporarily, MEAG Power's ability to maintain sufficient liquidity and to access capital on favorable terms or at all. These disruptions include: (a) market conditions generally; (b) an economic downturn or recession; (c) instability in the financial markets; (d) a tightening of lending and lending standards by banks and other credit providers; (e) the overall health of the energy industry; (f) negative events in the energy industry, such as a bankruptcy of an unrelated energy company; (g) lender concerns regarding potential cost overruns associated with nuclear construction; (h) war or threat of war; or (i) terrorist attacks or threatened attacks on MEAG Power's facilities or the facilities of unrelated energy companies.

If MEAG Power's ability to access capital becomes significantly constrained for any of the reasons stated above, its ability to finance the costs of the Vogtle Units 3&4 Projects could be limited, its interest costs could increase and the cost of power from the Vogtle Units 3&4 Projects could be adversely affected.

Vogtle Units 3&4 Technology

For a discussion of possible risks presented in using advanced designs like the Westinghouse AP1000 reactor, which have not previously been licensed and used in the United States, see "VOGTLE UNITS 3&4 – Vogtle Units 3&4 Technology" herein.

Counterparty Risks

MEAG Power is a party to numerous contracts related to its interests in Vogtle Units 3&4, including, without limitation, the co-ownership and operating agreements with the Vogtle Co-Owners and the EPC Contract with the Consortium. The failure or refusal of another party to such a contract to honor its obligations thereunder could result in material construction delays or inability to complete or operate the units and materially increase the costs associated with the units. MEAG Power cannot give any assurance as to the ability of its counterparties to carry out their respective obligations. For a description of certain obligations, rights and privileges of MEAG Power and the other Co-Owners under the Vogtle Units 3&4 Project Agreements, see "SUMMARY OF VOGTLE UNITS 3&4 PROJECT AGREEMENTS" in APPENDIX H hereto. For a description of certain obligations of the Consortium under the EPC Contract, see "VOGTLE UNITS 3&4 – EPC Contract" herein.

DOE Financing Restructuring Requirements

For information concerning the changes in the financing structure that would be necessary to accommodate DOE-guaranteed financing in the event MEAG Power enters into the Definitive Agreements for such financing, including, among others, the transfer of title to the Vogtle Units 3&4 Projects to the Project Entities, the granting of a lien thereon in favor of DOE and anticipated amendments to the financing documents that would change the security for the Series 2010A&B Bonds and materially alter the rights and remedies of the holders thereof, see "DOE LOAN GUARANTEE LOAN PROGRAM" herein.

Such changes to security include the transfer of MEAG Power's Project J Ownership Interest to the Project J Entity and the assignment by MEAG Power to the Project J Entity of its rights and obligations under the Vogtle Units 3&4 Project Agreements attributable to the Project J Ownership Interest. The MEAG Power/Project J Entity Power Purchase Agreement will provide for the sale to

MEAG Power of all power, energy and services provided by the Project J Ownership Interest. The Conditional Commitment provides that the Definitive Agreements will provide that DOE will have the right to foreclose on the Project J Ownership Interest following a DOE Event of Default. Currently, no debt holder has the right to foreclose on Project J. In addition, the Conditional Commitment provides that upon the occurrence of a DOE Event of Default resulting from a JEA payment default and after MEAG Power has discontinued service to JEA under the Project J PPA and is reselling the power, energy and other services of Project J into the market, the proceeds of such sales will go first to pay unpaid debt service on the Project J Entity's Guaranteed Loan and, thereafter, for other purposes including Debt Service on the Project J Bonds. As a result, all or a portion of the Project J Bonds may not be paid. Additionally, the Project J Bond Resolution currently provides that a percentage of the holders of the Project J Bonds may accelerate Project J Bonds upon a default under the Project J Bond Resolution. The Conditional Commitment provides that there will be a Standstill Period during a DOE Event of Default as a result of JEA's failure to pay under the Project J PPA. The Project J Bond Resolution will be modified to provide that the holders of Project J Bonds and the Trustee under the Project J Bond Resolution will not accelerate the maturity of the Project J Bonds during the Standstill Period. During such Standstill Period, DOE will not have the right to accelerate the maturity of the Project J Entity's Guaranteed Loan or foreclose on the Project J Entity's interest in Vogtle Units 3&4. The Standstill Period will end in the event that (a) MEAG Power fails to use its best efforts to sell the power, energy and other services of Project J into the market in a manner intended to maximize recovery of the Guaranteed Loans and Project J Bonds pursuant to a plan of recovery approved by DOE (or as otherwise approved by DOE) or (b) all revenues are not applied as provided for in the Definitive Agreements.

Contractual Risks Relating to Project M and Project P

As described herein, MEAG Power's undivided ownership interest in Vogtle Units 3&4 is divided into three separate projects with separate contractual arrangements with different parties for each project. However, the Vogtle Units 3&4 Ownership Agreement does not distinguish among the three projects and treats MEAG Power's interest in Vogtle Units 3&4 as one interest. As a result, a payment default with respect to one of the Vogtle Units 3&4 Projects which results in a payment default under the Vogtle Units 3&4 Ownership Agreement could result in suspension or loss of the rights to output and capacity from Vogtle Units 3&4 which would impact the rights to output and capacity from Vogtle Units 3&4 of the non-defaulting Vogtle Units 3&4 Projects. Any such default could have a materially adverse impact on the Series 2010A&B Bonds. See "SUMMARY OF VOGTLE UNITS 3&4 PROJECT AGREEMENTS – Vogtle Units 3&4 Ownership Agreement – Remedies for Non-Payment" in APPENDIX H hereto. However, as more fully described under "THE VOGTLE UNITS 3&4 PROJECTS – Project P – Payment Obligations of the Project P Participants Under the Project P Power Sales Contracts" and "SECURITY FOR SERIES 2010A&B BONDS – Project J Power Sales Contracts – Payment Obligations Under the Project J Power Sales Contracts" herein, with regard to amounts payable as Project J Annual Costs (other than Debt Service) under the Project J PPA and Project P Annual Costs (other than Debt Service) under the Project P PPA, the Project J Participants and the Project P Participants, respectively, are obligated to pay their respective Obligation Shares of all such costs related to Project J and Project P, respectively, for the entire period during which JEA or PowerSouth (as applicable) is obligated therefor and the Project J Participants and the Project P Participants are discharged from such obligations only to the extent MEAG Power receives payment therefor from JEA or PowerSouth (as applicable).

Certain Payment Defaults Under Project J PPA and Project J Power Sales Contracts

Under the Project J PPA, JEA is obligated, in general, to pay the principal and interest components of Debt Service (as defined in the Project J PPA) of Project J Bonds of each series attributable to each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 for a 240-month period.

Under its Project J Power Sales Contract, each Project J Participant's obligation to pay its Obligation Share of the principal and interest components of Debt Service of Project J Bonds of each series attributable to each such unit commences upon the expiration of such 240-month period. The Project J Bond Resolution provides that the Project J Participants are not responsible for principal or interest that remains unpaid by JEA under the Project J PPA and JEA is not responsible for any new or additional principal or interest that goes unpaid as a result of a default by a Project J Participant under its Project J Power Sales Contract after the Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date. JEA will remain responsible for any principal or interest that remains unpaid by as a result of a default by JEA under the Project J PPA, and each Project J Participant will remain responsible for any amount that goes unpaid as a result of a default by it under its Project J Power Sales Contract. Amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund under the Project J Bond Resolution will be used to make up a deficiency in the Debt Service Account in the Debt Service Fund as a result of any such non-payment. However, neither JEA nor the Project J Participants are responsible for replenishment of the Debt Service Reserve Account as a result of the default of the other party. As a result, should either JEA, on the one hand, or the Project J Participants, on the other hand, default on their respective debt service-related responsibilities, bondholders will not be able to look to the non-defaulting party to make up such deficiency.

Contractual Risks Relating to Project J Power Sales Contracts

As described under "SUMMARY OF PROJECT J POWER SALES CONTRACTS – Project J Participants' Obligations to Pay" in APPENDIX J hereto, the Project J Participants are obligated to make payments to MEAG Power under the Project J Power Sales Contracts on an unconditional, "take-or-pay" basis, and the Project J Power Sales Contracts contain "step-up" provisions that require each Project J Participant to increase its Obligation Share, up to a cap of 130 percent of its original Obligation Share, if an event of default has occurred with respect to another Project J Participant under its Project J Power Sales Contract.

In the event that several of the Project J Participants default under their Project J Powers Sales Contracts, it may not be possible for MEAG Power to increase the Obligation Shares of the non-defaulting Project J Participants to an aggregate amount equal to 100 percent of the capacity of Project J. In that event, if Project J has reached commercial operation, the Project J Power Sales Contracts require that MEAG Power use its reasonable best efforts to sell the remaining portion(s) of the defaulting Project J Participants' entitlements to the capacity of Project J on such terms and conditions as are acceptable to MEAG Power to any person, firm, association or corporation, public or private. Although MEAG Power believes that it would be able to market the excess output of Project J under those circumstances, MEAG Power cannot give any assurance that it will be able to make any such sales on terms that will produce Revenues sufficient to enable MEAG Power to meet all of its obligations with respect to Project J, including Debt Service on the Series 2010A&B Bonds. If Project J has not reached commercial operation, there may not be Revenues sufficient to enable MEAG Power to meet all of its obligations with respect to Project J, including Debt Service on the Series 2010A&B Bonds.

Notwithstanding the foregoing, a defaulting Project J Participant remains liable under its Project J Powers Sales Contract, except that its obligations are reduced to the extent that payment has been received by MEAG Power for the portion of the defaulting Project J Participants' Obligation Share that has been sold or transferred. In addition, in the Project J Bond Resolution, MEAG Power has covenanted to enforce the obligation of any Project J Participant to pay the amounts required by its Project J Power Sales Contract, which is an obligation of the Project J Participant to which its full faith and credit are pledged.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase from MEAG Power the Series 2010A&B Bonds at an aggregate underwriting discount of \$9,514,737.19 from the initial public offering prices of such Series 2010A&B Bonds. The Underwriters will be obligated to purchase all the Series 2010A&B Bonds if any such Series 2010A&B Bonds are purchased. The public offering prices of the Series 2010A&B Bonds may be changed, from time to time, by the Underwriters. The Underwriters are Goldman, Sachs & Co., Citigroup Global Markets Inc., Morgan Stanley & Co. Incorporated, J.P. Morgan Securities Inc., BMO Capital Markets GKST Inc., First Southwest Company and Wachovia Bank, National Association.

Citigroup Inc. and Morgan Stanley, the respective parent companies of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated, each an underwriter of the Series 2010A&B Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC. for its selling efforts in connection with their respective allocations of Series 2010A&B Bonds.

J.P. Morgan Securities Inc., one of the underwriters of the Series 2010A&B Bonds, has entered into an agreement (the “Distribution Agreement”) with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings, including the Series 2010A&B Bonds, at the original issue prices. Pursuant to the Distribution Agreement, J.P. Morgan Securities Inc. will share a portion of its underwriting compensation with respect to the Series 2010A&B Bonds with UBS Financial Services Inc.

BMO Capital Markets is the trade name for certain capital markets and investment banking services of Bank of Montreal and its subsidiaries, including BMO Capital Markets GKST Inc., which is a direct, wholly-owned subsidiary of Harris Financial Corp., which is itself a wholly-owned subsidiary of Bank of Montreal.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wachovia Bank, National Association.

Wachovia Bank, National Association, one of the underwriters of the Series 2010A&B Bonds, and Wells Fargo Bank, National Association, the Trustee, are affiliates of each other and subsidiaries of Wells Fargo & Company.

TAX MATTERS

Series 2010A Taxable Bonds

IRS Circular 230 Notice. The advice under this caption “– Series 2010A Taxable Bonds” concerning certain income tax consequences of the acquisition, ownership and disposition of the Series 2010A Taxable Bonds was written to support the promotion or marketing of the Series 2010A Taxable Bonds. To ensure compliance with requirements imposed by the IRS, Nixon Peabody LLP, Special Tax Counsel to MEAG Power (“Special Tax Counsel”) informs prospective investors that (i) any Federal tax advice contained in this Official Statement (including any attachments) or in writings furnished by

Special Tax Counsel to MEAG Power is not intended to be used, and cannot be used, by any bondowner, for the purpose of avoiding penalties that may be imposed on the bondowner under the Code, and (ii) each bondowner should seek advice based on the bondowner's particular circumstances from an independent tax advisor.

Build America Bonds. The Series 2010A Taxable Bonds will be issued as "Build America Bonds" and MEAG Power will elect to receive cash subsidy payments from the U.S. Treasury equal to 35 percent of the interest payable by MEAG Power on the Series 2010A Taxable Bonds. Under no circumstances will the owners of the Series 2010A Taxable Bonds be entitled to a credit against the taxes imposed by the Code with respect to such bonds or the interest thereon.

General. The following is a summary of certain anticipated United States Federal income tax consequences of the purchase, ownership and disposition of the Series 2010A Taxable Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. The summary generally addresses Series 2010A Taxable Bonds held as capital assets and does not purport to address all aspects of Federal income taxation that may affect particular investors in the light of their individual circumstances or certain types of investors subject to special treatment under the Federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Series 2010A Taxable Bonds as a hedge against currency risks or as a position in a "straddle" for tax purposes, or persons whose functional currency is not the United States dollar. Special Tax Counsel will render its opinion upon issuance of the Series 2010A&B Bonds in substantially the form attached hereto as APPENDIX O. Potential purchasers of the Series 2010A Taxable Bonds should consult their own tax advisors in determining the Federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2010A Taxable Bonds.

In the opinion of Special Tax Counsel, interest on the Series 2010A Taxable Bonds is not excluded from gross income for Federal income tax purposes and so will be fully subject to Federal income taxation. Purchasers other than those who purchase the Series 2010A Taxable Bonds in the initial offering at their principal amounts will be subject to Federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2010A Taxable Bonds. In general, interest paid on the Series 2010A Taxable Bonds and recovery of accrued market discount, if any, will be treated as ordinary income to a bondholder, and after adjustment for the foregoing principal payments will be treated as a return of capital.

In all events, purchasers of the Series 2010A Taxable Bonds should consult their own tax advisers regarding such matters.

Market Discount. Any owner who purchases a Series 2010A Taxable Bond at a price which includes market discount in excess of a prescribed *de minimis* amount (*i.e.*, at a purchase price that is less than its adjusted issue price in the hands of an original owner) will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Series 2010A Taxable Bond as ordinary income to the extent of any remaining accrued market discount (described under this caption) or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

An owner of a Series 2010A Taxable Bond who acquires such Series 2010A Taxable Bond at a market discount also may be required to defer, until the maturity date of such Series 2010A Taxable Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such Series 2010A Taxable Bond in excess of the aggregate amount of interest includable in such owner's gross income for the taxable year with respect to such Series 2010A Taxable Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2010A Taxable Bond for the days during the taxable year on which the owner held the Series 2010A Taxable Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2010A Taxable Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Series 2010A Taxable Bondowner elects to include such market discount in income currently as described above.

Sale or Redemption of Series 2010A Taxable Bonds. A bondowner's tax basis for a Series 2010A Taxable Bond is the price such owner pays for the Series 2010A Taxable Bond plus the amount of any market discount previously included in income and reduced on account of any payments received (other than payments of "qualified stated interest"). Gain or loss recognized on a sale, exchange or redemption of a Series 2010A Taxable Bond, measured by the difference between the amount realized and the Series 2010A Taxable Bond basis as so adjusted, will generally give rise to capital gain or loss if the Series 2010A Taxable Bond is held as a capital asset (except as discussed under "*Market Discount*" above). The legal defeasance of the Series 2010A Taxable Bonds may result in a deemed sale or exchange of such Series 2010A Taxable Bonds under certain circumstances, would result in the owners recognizing taxable gain or loss. Owners of the Series 2010A Taxable Bonds should consult their tax advisors as to the Federal income tax consequences of such an event.

Backup Withholding. A bondowner may, under certain circumstances, be subject to "backup withholding" with respect to interest on the Series 2010A Taxable Bonds. Currently, the rate is 28 percent (although the rate may change in the future). This withholding generally applies if the owner of a Series 2010A Taxable Bond (a) fails to furnish the Trustee or other payor with its taxpayer identification number; (b) furnishes the Trustee or other payor an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code; or (d) under certain circumstances, fails to provide the Trustee or other payor with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to bondowners, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Non-U.S. Holders (as defined below). Owners of the Series 2010A Taxable Bonds should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

Non-U.S. Holders. The following discussion addresses only "Non-U.S. Holders," that is, beneficial owners of Series 2010A Taxable Bonds that are not U.S. Holders. For these purposes, "U.S.

Holders” are beneficial owners of Series 2010A Taxable Bonds that are, for U.S. federal income tax purposes: (1) individual citizens or residents of the United States, (2) corporations or other business entities organized under the laws of the United States, any state thereof, or the District of Columbia, (3) estates with income subject to United States federal income tax regardless of its source or (4) trusts subject to primary supervision by a United States court and for which “United States persons” (within the meaning of the Code) control all substantial decisions, and certain other trusts that elect to be treated as United States persons.

General. Except for the possible application of U.S. federal withholding tax (as described below) and backup withholding (as described below), Non-U.S. Holders generally will not be subject to U.S. federal income tax on payments of principal of or interest on the Series 2010A Taxable Bonds, or on any gain realized from (or accrued interest, if any, treated as received in connection with) the sale, redemption, retirement at maturity or other disposition of the Series 2010A Taxable Bonds unless: (1) in the case of interest payments or disposition proceeds representing accrued interest, the Non-U.S. Holder cannot satisfy the requirements of the portfolio interest exception described below (and the Non-U.S. Holder’s U.S. federal income tax liability has not otherwise been fully satisfied through the U.S. federal withholding tax, as described above), (2) in the case of gain, the Non-U.S. Holder is an individual who is present in the United States for 183 or more days during the taxable year of the disposition, such gain is derived from sources within the United States and certain other specific conditions are met (in which case, except as otherwise provided by an applicable income tax treaty, the gain, which may be offset by United States source capital losses, generally will be subject to a flat 30 percent U.S. federal income tax, even though the disposing Non-U.S. Holder is not considered a resident alien under the Code), or (3) the interest or gain is effectively connected with the Non-U.S. Holder’s conduct of a United States trade or business and, if required by an applicable income tax treaty, is attributable to a United States “permanent establishment” maintained by the Non-U.S. Holder (in which case (x) the interest or gain generally will be subject to U.S. federal income tax on a net basis at the regular graduated rates and in the manner applicable to a U.S. Holder and (y) a “branch profits tax” may be imposed at a 30 percent rate, or a lower rate under an applicable income tax treaty, on a non-U.S. corporation that has earnings and profits that are effectively connected with the conduct of a trade or business in the United States).

Portfolio Interest. A Non-U.S. Holder generally will not be subject to U.S. federal withholding tax on payments of principal or interest on a Series 2010A Taxable Bond, under the “portfolio interest exception” of the Code provided that: (1) the Non-U.S. Holder is not a bank receiving interest described in section 881(c)(3)(A) of the Code, (2) such interest is not effectively connected with the Non-U.S. Holder’s conduct of a trade or business in the United States, and (3) the Non-U.S. Holder provides a signed written statement, on an Internal Revenue Service Form W-8BEN (or other applicable form) which can reliably be related to the Non-U.S. Holder, certifying under penalties of perjury that such Non-U.S. Holder is not a United States person within the meaning of the Code and providing the Non-U.S. Holder’s name and address to (x) the issuer or the applicable paying agent or (y) a securities clearing organization, bank or other financial institution that holds customers’ securities in the ordinary course of its trade or business and holds Series 2010A Taxable Bonds on behalf of the Non-U.S. Holder and that certifies to the issuer or the applicable paying agent under penalties of perjury that it, or the bank or financial institution between it and the Non-U.S. Holder, has received from the Non-U.S. Holder a signed, written statement and provides the issuer or the applicable paying agent with a copy of this statement.

Effectively Connected Income. If a Non-U.S. Holder cannot satisfy the requirements of the portfolio interest exception, payments of interest made to such Non-U.S. Holder will be subject to 30 percent U.S. federal withholding tax unless the Non-U.S. Holder provides a properly executed (1) Internal Revenue Service Form W-8ECI (or other applicable form) stating that interest paid on the Series 2010A Taxable Bonds is not subject to U.S. federal withholding tax because it is effectively connected with the Non-U.S. Holder’s conduct of a trade or business in the United States, or (2) Internal Revenue Service

Form W-8BEN (or other applicable form) claiming an exemption from or reduction in U.S. federal withholding tax under an applicable income tax treaty.

Backup Withholding. In addition, backup withholding may apply as explained above unless the Non-U.S. Holder of a Series 2010A Taxable Bond provides to the applicable withholding agent its taxpayer identification number and certain other information or certification of foreign or other exempt status. Any amount withheld under the backup withholding rules is allowable as a credit against the Non-U.S. Holder's actual U.S. federal income tax liability or in some circumstances may be refunded to such Non-U.S. Holder.

ERISA. The Employees Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax qualified retirement plans and individual retirement accounts under the Code (collectively, the "Plans") and persons who, with respect to a Plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. All fiduciaries of Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Series 2010A Taxable Bonds.

State Taxes. Special Tax Counsel is further of the opinion that, by virtue of the Act, the Series 2010A Taxable Bonds, the transfer thereof and the interest thereon are exempt from taxation by the State of Georgia and any of its political subdivisions.

Series 2010B Tax-Exempt Bonds

General. The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2010B Tax-Exempt Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2010B Tax-Exempt Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Series 2010B Tax-Exempt Bonds. MEAG Power has covenanted in the Second Supplemental Project J Bond Resolution to comply with each applicable requirement of the Code necessary to qualify the Series 2010B Tax-Exempt Bonds as obligations described in Section 103(a) of the Code. In addition, MEAG Power and JEA have made certain representations and certifications in the Tax Certificate. Special Tax Counsel will not independently verify the accuracy of those representations and certifications. Special Tax Counsel will render its opinion upon issuance of the Series 2010A&B Bonds in substantially the form attached hereto as APPENDIX O.

In the opinion of Special Tax Counsel, under existing law and assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Series 2010B Tax-Exempt Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. Special Tax Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2010B Tax-Exempt Bonds is excluded from the adjusted current earnings of corporations for purposes of computing the alternative minimum tax imposed on corporations.

Original Issue Premium. The Series 2010B Tax-Exempt Bonds are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Series 2010B Tax-Exempt Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each

Series 2010B Tax-Exempt Bond based on the purchaser's yield to maturity. For purposes of determining gain or loss on the sale or other disposition of a Series 2010B Tax-Exempt Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Series 2010B Tax-Exempt Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Series 2010B Tax-Exempt Bonds. Owners of Series 2010B Tax-Exempt Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Series 2010B Tax-Exempt Bonds.

State Taxes. Special Tax Counsel is further of the opinion that, by the virtue of the Act, the Series 2010B Tax-Exempt Bonds, the transfer thereof and the interest thereon are exempt from taxation by the State of Georgia and any of its political subdivisions.

Ancillary Tax Matters. Ownership of the Series 2010B Tax-Exempt Bonds may result in other Federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit. Ownership of the Series 2010B Tax-Exempt Bonds may also result in other Federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2010B Tax-Exempt Bonds; for certain bonds issued during 2009 and 2010, the Recovery Act modifies the application of those rules as they apply to financial institutions. Prospective investors are advised to consult their own tax advisors regarding these rules.

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Series 2010B Tax-Exempt Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2010B Tax-Exempt Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Special Tax Counsel is not rendering any opinion as to any Federal tax matters other than those attached as APPENDIX O hereto. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Series 2010B Tax-Exempt Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events. Legislative or administrative actions and court decisions, at either the Federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2010B Tax-Exempt Bonds for Federal or state income tax purposes, and thus on the value or marketability of the Series 2010B Tax-Exempt Bonds. This could result from changes to Federal or state income tax rates, changes in the structure of Federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2010B Tax-Exempt Bonds from gross income for Federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the Federal or state income tax treatment of holders of the Series 2010B Tax-Exempt Bonds may occur. Prospective purchasers of the Series 2010B Tax-Exempt Bonds should consult their own tax advisers regarding such matters.

Special Tax Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2010B Tax-Exempt Bonds may affect the tax status of interest on

the Series 2010B Tax-Exempt Bonds. Special Tax Counsel expresses no opinion as to any Federal, State or local tax law consequences with respect to the Series 2010B Tax-Exempt Bonds, or the interest thereon, if any action is taken with respect to the Series 2010B Tax-Exempt Bonds or the proceeds thereof upon the advice or approval of other counsel.

CONTINUING DISCLOSURE UNDERTAKINGS

MEAG Power

Pursuant to a Continuing Disclosure Agreement between MEAG Power and the Trustee to be executed simultaneously with the issuance of the Series 2010A&B Bonds (the “MEAG Power Continuing Disclosure Agreement”), MEAG Power will undertake to provide, for the benefit of registered owners and “Beneficial Owners” of the Series 2010A&B Bonds, on an annual basis, by not later than June 30 in each year commencing June 30, 2010, certain financial information and operating data relating to MEAG Power and each Major Participant (as defined in APPENDIX F hereto) (the “Annual Authority Report”), and to provide notices of the occurrence of certain enumerated events with respect to the Series 2010A&B Bonds, if material. The Annual Authority Report and notices of such material events will be filed by or on behalf of MEAG Power with the MSRB. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the MSRB’s EMMA website, currently located at <http://emma.msrb.org>. The form of the MEAG Power Continuing Disclosure Agreement to be executed by MEAG Power in connection with the issuance and delivery of the Series 2010A&B Bonds is attached hereto as APPENDIX F and reference is hereby made to the form of such document for a full description of the continuing disclosure obligations of MEAG Power with respect to the Series 2010A&B Bonds.

The covenants described in the preceding paragraph have been made in order to assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12.

The failure by MEAG Power to observe or perform any of its obligations under the MEAG Power Continuing Disclosure Agreement will not be deemed an Event of Default under the Project J Bond Resolution. If MEAG Power fails to comply with any provision of the MEAG Power Continuing Disclosure Agreement, any registered owner or “Beneficial Owner” of the Series 2010A&B Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause MEAG Power to comply with its obligations thereunder. However, the MEAG Power Continuing Disclosure Agreement will provide that no registered owner or “Beneficial Owner” of the Series 2010A&B Bonds will have the right to challenge the content or the adequacy of the information contained in any Annual Authority Report or any notice of a material event by judicial proceedings unless the registered owners or “Beneficial Owners” representing at least 25 percent in aggregate principal amount of all Series 2010A&B Bonds then outstanding join in such proceedings.

One of the Participants, East Point, did not have its audited or unaudited financial statements for its fiscal year ended June 30, 2007 completed by July 30, 2008, the date by which MEAG Power was scheduled to file such financial statements with the NRMSIRs. As a result, MEAG Power did not file such financial statements on a timely basis. The audited financial statements were filed with the NRMSIRs on November 4, 2008. East Point is not a participant in Project J.

“Beneficial Owner” will be defined in the MEAG Power Continuing Disclosure Agreement to include any person holding a beneficial ownership interest in the Series 2010A&B Bonds through nominees or depositories (including any person holding such interest through the book-entry only system of DTC), together with any other person who is intended to be a beneficiary under Rule 15c2-12 of the MEAG Power Continuing Disclosure Agreement. IF ANY PERSON SEEKS TO CAUSE MEAG POWER TO COMPLY WITH ITS OBLIGATIONS UNDER THE MEAG POWER CONTINUING

DISCLOSURE AGREEMENT, IT IS THE RESPONSIBILITY OF SUCH PERSON TO DEMONSTRATE THAT IT IS A “BENEFICIAL OWNER” WITHIN THE MEANING OF THE MEAG POWER CONTINUING DISCLOSURE AGREEMENT. As described in “BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES” in APPENDIX A hereto, upon initial issuance, the Series 2010A&B Bonds will be issued only in book-entry form through the facilities of DTC, and the ownership of one or more fully registered Series 2010A&B Bonds of each series and maturity, in the aggregate principal amount thereof, will be registered in the name of Cede & Co., as nominee for DTC. For a description of DTC’s current procedures with respect to the enforcement of bondholders’ rights, see “BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES” in APPENDIX A hereto.

JEA

Pursuant to a Continuing Disclosure Agreement to be executed by JEA simultaneously with the issuance of the Series 2010A&B Bonds (the “JEA Continuing Disclosure Agreement”), JEA will covenant for the benefit of the holders and beneficial owners of the Series 2010A&B Bonds to provide certain financial information and operating data relating to JEA by not later than the June 1 following the end of each of JEA’s fiscal years, commencing with the report for the fiscal year ended September 30, 2009 (the “JEA Annual Information”), and to provide notices of the occurrence of a change in the ratings of JEA’s debt obligations. The JEA Annual Information and the notices of such material events will be filed by or on behalf of JEA with the MSRB. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the MSRB’s EMMA website, currently located at <http://emma.msrb.org>. The specific nature of the information to be contained in the JEA Annual Information or the notices of material events is set forth in the form of the JEA Continuing Disclosure Agreement attached hereto as APPENDIX G.

The covenants described in the preceding paragraph have been made in order to assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12.

As provided in the JEA Continuing Disclosure Agreement, if JEA fails to make a filing required under the JEA Continuing Disclosure Agreement, any holder or beneficial owner of the Series 2010A&B Bonds may institute and maintain, or cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by JEA of such obligation. In addition, as provided in the JEA Continuing Disclosure Agreement, if JEA fails to perform any other obligation under the JEA Continuing Disclosure Agreement, the holders or beneficial owners of not less than ten percent in principal amount of the Series 2010A&B Bonds then outstanding or a trustee appointed by the holders or beneficial owners of not less than 25 percent in principal amount of the Series 2010A&B Bonds then outstanding may institute and maintain, or cause to be instituted and maintained, such proceedings (including any proceedings that contest the sufficiency of any pertinent filing) as may be authorized at law or in equity to obtain the specific performance by JEA of such obligation. IF ANY PERSON SEEKS TO CAUSE JEA TO COMPLY WITH ITS OBLIGATIONS UNDER THE JEA CONTINUING DISCLOSURE AGREEMENT, IT IS THE RESPONSIBILITY OF SUCH PERSON TO DEMONSTRATE THAT IT IS A BENEFICIAL OWNER WITHIN THE MEANING OF THE JEA CONTINUING DISCLOSURE AGREEMENT.

As of the date hereof, JEA has not failed to comply, in any material respect, with the previous continuing disclosure undertakings made by it pursuant to the provisions of Rule 15c2-12.

RATINGS

Moody's Investors Service ("Moody's") has assigned a rating of "A2" to the Series 2010A&B Bonds, Standard & Poor's, a subsidiary of The McGraw-Hill Companies, Inc. ("S&P"), has assigned a rating of "A+" to the Series 2010A&B Bonds and Fitch Ratings ("Fitch") has assigned a rating of "A+" to the Series 2010A&B Bonds.

The respective ratings by S&P, Moody's and Fitch of the Series 2010A&B Bonds reflect only the views of such organizations and any desired explanation of the significance of such ratings and any outlooks or other statements given by the rating agencies with respect thereto should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's, 55 Water Street, New York, New York 10041; and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will be in effect for any given period of time or that they will not be revised upward or downward or withdrawn entirely by such rating agencies if, in the judgment of such agencies, circumstances so warrant. Any such downward revision or withdrawal of any ratings may have an adverse effect on the market price of the Series 2010A&B Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations of the adequacy of the principal of and interest on the Government Obligations to be held in the Escrow Account to pay, on the maturity date therefor, the principal of the 2009 Project J Notes and interest thereon will be verified by Samuel Klein and Company, independent certified public accountants. Such verifications will be based upon certain public information supplied to Samuel Klein and Company by MEAG Power through the Underwriters.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization and issuance of the Series 2010A&B Bonds are subject to the approval of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to MEAG Power, who will render its opinion upon issuance of the Series 2010A&B Bonds in substantially the form attached hereto as APPENDIX M. Orrick, Herrington & Sutcliffe LLP undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement, nor does it express any opinion as to any tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2010A&B Bonds. Certain legal matters are subject to the approval of Peter M. Degnan of Alston & Bird LLP, Atlanta, Georgia, General Counsel to MEAG Power. Certain matters with respect to Federal and State of Georgia tax law will be passed upon for MEAG Power by Nixon Peabody LLP, Washington, D.C., Special Tax Counsel to MEAG Power, who will render its opinion upon issuance of the Series 2010A&B Bonds in substantially the form attached hereto as APPENDIX O. Certain legal matters will be passed upon for the Underwriters by King & Spalding LLP, New York, New York. Certain legal matters will be passed upon for JEA by the Office of General Counsel of the City and, with respect to certain matters of Georgia law, by Rogers Towers, P.A., Jacksonville, Florida.

MISCELLANEOUS

This Official Statement contains forward-looking statements and projections that refer to future matters, which are necessarily dependent on economic conditions and marketplace conditions. Please be aware that such forward-looking statements may differ from actual results and that past performance is not a guarantee of future results.

Any statements made in this Official Statement involving matters of opinion or of estimates or projections, whether or not expressly so stated, are set forth as such and not as representations of fact and no representation is made that any of the estimates or projections will be realized.

The descriptions of documents included in this Official Statement (including the Appendices) do not purport to be complete and are qualified in their entirety by reference to each such document. During the initial offering period, copies of the Project J Bond Resolution, the Project J PPA and the Project J Power Sales Contracts may be obtained from Goldman, Sachs & Co. at 85 Broad Street, New York, NY 10004, Attention: Kevin Langlais, upon payment of a charge for copying and mailing.

The delivery of this Official Statement has been duly authorized by MEAG Power.

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

By: _____ /s/ ROBERT P. JOHNSTON
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

General

The Series 2010A&B Bonds will be available only in book-entry form. DTC will act as the initial securities depository for the Series 2010A&B Bonds. The Series 2010A&B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully-registered bond certificates will be issued for the Series 2010A&B Bonds of each series and maturity, in the aggregate principal amount thereof, and will be deposited with the Trustee on behalf of DTC. Beneficial Owners (defined below) may own beneficial interests in the Series 2010A&B Bonds in the United States through DTC and in Europe through Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and Euroclear Bank S.A./N.V. ("Euroclear"), directly if they are participants of such systems, or indirectly through organizations that are participants in such systems. Clearstream, Luxembourg and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and Euroclear's names on the books of their respective depositories, which in turn will hold such positions in customers' securities accounts in the depositories' names on the books of DTC.

MEAG POWER CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, LUXEMBOURG, CLEARSTREAM, LUXEMBOURG PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2010A&B BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE SERIES 2010A&B BONDS, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SERIES 2010A&B BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2010A&B BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, LUXEMBOURG, CLEARSTREAM, LUXEMBOURG PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THE OFFICIAL STATEMENT TO WHICH THIS APPENDIX A IS ATTACHED.

MEAG POWER WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, LUXEMBOURG, CLEARSTREAM, LUXEMBOURG PARTICIPANTS, EUROCLEAR, EUROCLEAR PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, LUXEMBOURG, CLEARSTREAM, LUXEMBOURG PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, LUXEMBOURG, CLEARSTREAM, LUXEMBOURG PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE SERIES 2010A&B BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, LUXEMBOURG, CLEARSTREAM, LUXEMBOURG PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE PROJECT J BOND

RESOLUTION; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SERIES 2010A&B BONDS.

PORTIONS OF THE INFORMATION BELOW CONCERNING DTC, CLEARSTREAM, LUXEMBOURG AND EUROCLEAR AND THEIR BOOK-ENTRY SYSTEMS ARE BASED ON INFORMATION FURNISHED BY DTC, CLEARSTREAM, LUXEMBOURG AND EUROCLEAR TO MEAG POWER. NO REPRESENTATION IS MADE HEREIN BY MEAG POWER OR THE UNDERWRITERS AS TO THE ACCURACY, COMPLETENESS OR ADEQUACY OF SUCH INFORMATION, OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE OF THE OFFICIAL STATEMENT TO WHICH THIS APPENDIX A IS ATTACHED.

DTC

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2010A&B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2010A&B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2010A&B Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2010A&B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2010A&B Bonds, except in the event that use of the book-entry system for the Series 2010A&B Bonds is discontinued.

SO LONG AS CEDE & CO. (OR ANY OTHER NOMINEE REQUESTED BY DTC) IS THE REGISTERED OWNER OF THE SERIES 2010A&B BONDS, AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OR OWNERS OF THE

SERIES 2010A&B BONDS SHALL MEAN CEDE & CO. (OR SUCH OTHER NOMINEE), AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS.

To facilitate subsequent transfers, all Series 2010A&B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2010A&B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2010A&B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2010A&B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

MEAG Power, the Trustee, the Bond Registrar and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2010A&B Bonds registered in its name for the purpose of: payment of the principal or redemption price of or interest on the Series 2010A&B Bonds; selecting Series 2010A&B Bonds and portions thereof to be redeemed; giving any notice permitted or required to be given to Holders under the Project J Bond Resolution, including any notice of redemption; registering the transfer of Series 2010A&B Bonds; obtaining any consent or other action to be taken by Holders; and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. MEAG Power, the Trustee, the Bond Registrar and the Paying Agent shall not have any responsibility or obligation to any Direct Participant, any person claiming a beneficial ownership interest in the Series 2010A&B Bonds under or through DTC or any Direct Participant, or any other person which is not shown on the registration books of MEAG Power (kept by the Bond Registrar) as being a Holder, with respect to: the accuracy of any records maintained by DTC or any Direct or Indirect Participant regarding ownership interests in the Series 2010A&B Bonds; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal or redemption price of or interest on the Series 2010A&B Bonds; the delivery to any Direct or Indirect Participant or any Beneficial Owner of any notice which is permitted or required to be given to Holders under the Project J Bond Resolution, including any notice of redemption; the selection by DTC or any Direct or Indirect Participant of any person to receive payment in the event of a partial redemption of the Series 2010A&B Bonds of a particular series and maturity; or any consent given or other action taken by DTC as a Holder of the Series 2010A&B Bonds.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2010A&B Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the "record date." The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts securities, such as the Series 2010A&B Bonds, are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Except as described below, neither DTC nor Cede & Co. nor any other nominee of DTC will take any action to enforce covenants with respect to any security registered in the name of Cede & Co. or any other nominee of DTC. Under its current procedures, on the written instructions of a Direct Participant given in accordance with DTC's Procedures, DTC will cause Cede & Co. to sign a demand to exercise certain bondholder rights. In accordance with DTC's current procedures, Cede & Co. will sign such document only as record holder of the quantity of securities referred to therein (which is to be specified in the Direct Participant's request to DTC for such document) and not as record holder of all the securities of that issue registered in the name of Cede & Co. Also, in accordance with DTC's current procedures, all factual representations to the issuer, the trustee or any other party to be made by Cede & Co. in such document must be made to DTC and Cede & Co. by the Direct Participant in its request to DTC.

For so long as the Series 2010A&B Bonds are issued in book-entry form through the facilities of DTC, any Beneficial Owner desiring to cause MEAG Power, the Trustee or JEA to comply with any of its obligations with respect to the Series 2010A&B Bonds must make arrangements with the Direct Participant or Indirect Participant through whom such Beneficial Owner's ownership interest in the Series 2010A&B Bonds is recorded in order for the Direct Participant in whose DTC account such ownership interest is recorded to make the request of DTC described above.

NEITHER MEAG POWER NOR THE TRUSTEE WILL HAVE ANY OBLIGATION TO THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO DTC'S PROCEDURES OR ANY PROCEDURES OR ARRANGEMENTS BETWEEN DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS AND THE PERSONS FOR WHOM THEY ACT RELATING TO THE MAKING OF ANY DEMAND BY CEDE & CO. AS THE REGISTERED OWNER OF THE SERIES 2010A&B BONDS, THE ADHERENCE TO SUCH PROCEDURES OR ARRANGEMENTS OR THE EFFECTIVENESS OF ANY ACTION TAKEN PURSUANT TO SUCH PROCEDURES OR ARRANGEMENTS.

Principal or redemption price of and interest on the Series 2010A&B Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from MEAG Power or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC nor its nominee, MEAG Power or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2010A&B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2010A&B Bonds, such as redemptions, tenders, defaults and proposed amendments to the Project J Bond Resolution. For example, Beneficial Owners of Series 2010A&B Bonds may wish to ascertain that the nominee holding the Series 2010A&B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

As long as the book-entry system is used for the Series 2010A&B Bonds, redemption notices for the Series 2010A&B Bonds shall be sent only to DTC. Any failure of DTC to advise any Direct Participant, or of any Direct Participant to notify any Indirect Participant, or of any Direct or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series 2010A&B Bonds called for such redemption, or of any other action premised on such notice. If less than all of the Series 2010A&B Bonds of a particular series and maturity are being redeemed, DTC's usual practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2010A&B Bonds of such series and maturity to be redeemed. However, MEAG Power understands that, in the case of a partial redemption of taxable bonds of a particular issue maturing on a particular date that are subject to proportional redemption among owners (such as the Series 2010A Taxable Bonds), DTC will reduce the position of each Direct Participant to whose DTC account the taxable bonds of such issue and maturity are credited on a proportional basis,

subject to the authorized denominations. In addition, MEAG Power understands that, in such case, Direct Participants and Indirect Participants to whose accounts interests in such taxable bonds are credited also will reduce the positions of the persons owning beneficial interests in such taxable bonds on a proportional basis, subject to the authorized denominations. MEAG Power can provide no assurance that DTC, the Direct Participants or the Indirect Participants will allocate redemptions of the Series 2010A Taxable Bonds among Beneficial Owners on such a proportional basis.

NEITHER MEAG POWER, THE TRUSTEE, THE BOND REGISTRAR NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.

For every transfer and exchange of a beneficial ownership interest in the Series 2010A&B Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

Clearstream, Luxembourg

Clearstream, Luxembourg was incorporated in 1970 as “Cedel S.A.”, a company with limited liability under Luxembourg law (a société anonyme). Cedel S.A. subsequently changed its name to Cedelbank. On 10 January 2000, Cedelbank’s parent company, Cedel International, société anonyme (“CI”), merged its clearing, settlement and custody business with that of Deutsche Börse AG (“DBAG”). The merger involved the transfer by CI of substantially all of its assets and liabilities (including its shares in Cedelbank), and the transfer by DBAG of its shares in Deutsche Börse Clearing (“DBC”), to a new Luxembourg company, which with effect 14 January 2000 was renamed Clearstream International, société anonyme, and was then 50 percent owned by CI and 50 percent owned by DBAG. Following this merger, the subsidiaries of Clearstream International were also renamed to give them a cohesive brand name. On 18 January 2000, Cedelbank was renamed “Clearstream Banking, société anonyme”, and Cedel Global Services was renamed “Clearstream Services, société anonyme”. On 17 January 2000, Deutsche Börse Clearing AG was renamed “Clearstream Banking AG”. Today Clearstream International is 100 percent owned by DBAG. The shareholders of DBAG are comprised of mainly banks, securities dealers and financial institutions.

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream, Luxembourg in any of 36 currencies, including United States Dollars. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in over 30 countries through established depository and custodial relationships. Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier (“CSSF”) and the Banque Centrale du Luxembourg (“BCL”) which supervise and oversee the activities of Luxembourg banks. Clearstream, Luxembourg’s customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

Clearstream, Luxembourg’s U.S. customers are limited to securities brokers and dealers and banks. Currently, Clearstream, Luxembourg has approximately 2,000 customers located in over 80 countries, including all major European countries, Canada, and the United States. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial

relationship with an account holder of Clearstream, Luxembourg. Clearstream, Luxembourg has established an electronic bridge with Euroclear as the Operator of the Euroclear system (the “Euroclear Operator”) in Brussels to facilitate settlement of trades between Clearstream, Luxembourg and the Euroclear Operator.

Euroclear

Euroclear holds securities and book-entry interests in securities for participating organizations and facilitates the clearance and settlement of securities transactions between Euroclear participants, and between Euroclear participants and participants of certain other securities intermediaries through electronic book-entry changes in accounts of such participants or other securities intermediaries.

Euroclear provides Euroclear participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services. Euroclear participants are investment banks, securities brokers and dealers, banks, central banks, supranationals, custodians, investment managers, corporations, trust companies and certain other organizations. Certain of the managers or underwriters for this offering, or other financial entities involved in this offering, may be Euroclear participants. Non-participants in the Euroclear system may hold and transfer book-entry interests in the Series 2010A&B Bonds through accounts with a participant in the Euroclear system or any other securities intermediary that holds a book-entry interest in the Series 2010A&B Bonds through one or more securities intermediaries standing between such other securities intermediary and Euroclear.

Although Euroclear has agreed to the procedures provided below in order to facilitate transfers of securities among participants in the Euroclear system, and between Euroclear participants and participants of other intermediaries, it is under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time.

Investors electing to acquire Series 2010A&B Bonds through an account with Euroclear or some other securities intermediary must follow the settlement procedures of such an intermediary with respect to the settlement of new issues of securities. Series 2010A&B Bonds to be acquired against payment through an account with Euroclear will be credited to the securities clearance accounts of the respective Euroclear participants in the securities processing cycle for the business day following the settlement date for value as of the settlement date, if against payment.

Investors electing to acquire, hold or transfer Series 2010A&B Bonds through an account with Euroclear or some other securities intermediary must follow the settlement procedures of such an intermediary with respect to the settlement of secondary market transactions in securities. Please be aware that Euroclear will not monitor or enforce any transfer restrictions with respect to the Series 2010A&B Bonds.

Investors who are participants in the Euroclear system may acquire, hold or transfer interests in the Series 2010A&B Bonds by book-entry to accounts with Euroclear. Investors who are not participants in the Euroclear system may acquire, hold or transfer interests in the Series 2010A&B Bonds by book-entry to accounts with a securities intermediary who holds a book-entry interest in the Series 2010A&B Bonds through accounts with Euroclear.

Investors that acquire, hold and transfer interests in the Series 2010A&B Bonds by book-entry through accounts with Euroclear or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the individual Series 2010A&B Bonds.

Euroclear has advised as follows:

Under Belgian law, investors that are credited with securities on the records of Euroclear have a co-property right in the fungible pool of interests in securities on deposit with Euroclear in an amount equal to the amount of interests in securities credited to their accounts. In the event of the insolvency of Euroclear, Euroclear participants would have a right under Belgian law to the return of the amount and type of interests in securities credited to their accounts with Euroclear. If Euroclear did not have a sufficient amount of interests in securities on deposit of a particular type to cover the claims of all participants credited with such interests in securities on Euroclear's records, all participants having an amount of interests in securities of such type credited to their accounts with Euroclear would have the right under Belgian law to the return of their pro-rata share of the amount of interests in securities actually on deposit.

Under Belgian law, Euroclear is required to pass on the benefits of ownership in any interests in securities on deposit with it (such as dividends, voting rights and other entitlements) to any person credited with such interests in securities on its records.

Initial Settlement; Distributions; Actions Upon Behalf of Owners

All of the Series 2010A&B Bonds will initially be registered in the name of Cede & Co., the nominee of DTC. Clearstream, Luxembourg and Euroclear may hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and/or Euroclear's names on the books of their respective U.S. Depository, which, in turn, holds such positions in customers' securities accounts in its U.S. Depository's name on the books of DTC. Citibank, N.A. acts as depository for Clearstream, Luxembourg and JPMorgan Chase Bank acts as depository for Euroclear (the "U.S. Depositories"). Holders of the Series 2010A&B Bonds may hold their Series 2010A&B Bonds through DTC (in the United States) or Clearstream, Luxembourg or Euroclear (in Europe) if they are participants of such systems, or directly through organizations that are participants in such systems. Investors electing to hold their Series 2010A&B Bonds through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional EuroBonds in registered form. Series 2010A&B Bonds will be credited to the securities custody accounts of Euroclear and Clearstream, Luxembourg holders on the business day following the settlement date against payment for value on the settlement date.

Distributions with respect to the Series 2010A&B Bonds held beneficially through Clearstream, Luxembourg will be credited to the cash accounts of Clearstream, Luxembourg customers in accordance with its rules and procedures, to the extent received by its U.S. Depository. Distributions with respect to the Series 2010A&B Bonds held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the terms and conditions governing the relationship between Euroclear and Euroclear participants, to the extent received by its U.S. Depository. Such distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations. Clearstream, Luxembourg or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by an owner of the Series 2010A&B Bonds on behalf of a Clearstream, Luxembourg customer or Euroclear participant only in accordance with the relevant rules and procedures and subject to the U.S. Depository's ability to effect such actions on its behalf through DTC.

Secondary Market Trading

Secondary market trading between participants (other than U.S. Depositories) will be settled using the procedures applicable to U.S. corporate debt obligations in same-day funds. Secondary market trading between Euroclear participants and/or Clearstream, Luxembourg customers will be settled using the procedures applicable to conventional EuroBonds in same-day funds. When Series 2010A&B Bonds

are to be transferred from the account of a participant (other than U.S. Depositories) to the account of a Euroclear participant or a Clearstream, Luxembourg customer, the purchaser must send instructions to the applicable U.S. Depository one business day before the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will instruct its U.S. Depository to receive the Series 2010A&B Bonds against payment. Its U.S. Depository will then make payment to the participant's account against delivery of the Series 2010A&B Bonds. After settlement has been completed, the Series 2010A&B Bonds will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the Euroclear participant's or Clearstream, Luxembourg customers' accounts. Credit for the Series 2010A&B Bonds will appear on the next day (European time) and cash debit will be back-valued to, and the interest on the Series 2010A&B Bonds will accrue from the value date (which would be the preceding day when settlement occurs in New York). If settlement is not completed on the intended value date (*i.e.*, the trade fails), the Euroclear or Clearstream, Luxembourg cash debit will be valued instead as of the actual settlement date.

Euroclear participants and Clearstream, Luxembourg customers will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream, Luxembourg. Under this approach, they may take on credit exposure to Euroclear or Clearstream, Luxembourg until the Series 2010A&B Bonds are credited to their accounts one day later. As an alternative, if Euroclear or Clearstream, Luxembourg has extended a line of credit to them, participants/customers can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream, Luxembourg customers purchasing Series 2010A&B Bonds would incur overdraft charges for one day, assuming they cleared the overdraft when the Series 2010A&B Bonds were credited to their accounts. However, interest on the Series 2010A&B Bonds would accrue from the value date. Therefore, in many cases, the investment income on Series 2010A&B Bonds earned during that one day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's/customer's particular cost of funds. Because the settlement is taking place during New York business hours, participants can employ their usual procedures for sending securities to the applicable U.S. Depository for the benefit of Euroclear participants or Clearstream, Luxembourg customers. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the participant, a cross-market transaction will settle no differently from a trade between two participants.

Due to time zone differences in their favor, Euroclear participants and Clearstream, Luxembourg customers may employ their customary procedure for transactions in which securities are to be transferred by the respective clearing system, through the applicable U.S. Depository to another participant's. In these cases, Euroclear will instruct its U.S. Depository to credit the Series 2010A&B Bonds to the participant's account against payment. The payment will then be reflected in the account of the Euroclear participant or Clearstream, Luxembourg customer the following business day, and receipt of the cash proceeds in the Euroclear participants' or Clearstream, Luxembourg customers' accounts will be back-valued to the value date (which would be the preceding day, when settlement occurs in New York). If the Euroclear participant or Clearstream, Luxembourg customer has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over that one-day period. If settlement is not completed on the intended value date (*i.e.*, the trade fails), receipt of the cash proceeds in the Euroclear participant's or Clearstream, Luxembourg customer's accounts would instead be valued as of the actual settlement date.

Procedures May Change

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to these procedures in order to facilitate transfers of securities among DTC and its participants, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform these procedures and these procedures may be discontinued and may be changed at any time by any of them.

Discontinuation of the Book-Entry-Only System

DTC may discontinue providing its services as depository with respect to the Series 2010A&B Bonds at any time by giving reasonable notice to MEAG Power or the Trustee. In addition, if MEAG Power determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2010A&B Bonds, or (ii) continuation of the system of book-entry-only transfers through DTC is not in the best interests of the Beneficial Owners of the Series 2010A&B Bonds or of MEAG Power, MEAG Power may, upon satisfaction of the applicable procedures of DTC with respect thereto, terminate the services of DTC with respect to the Series 2010A&B Bonds. Upon the resignation of DTC or determination by MEAG Power that DTC is unable to discharge its responsibilities, MEAG Power may, within 90 days, appoint a successor depository. If no such successor is appointed or MEAG Power determines to discontinue the book-entry-only system, Series 2010A&B Bond certificates will be printed and delivered. Transfers and exchanges of Series 2010A&B Bonds shall thereafter be made as provided in the Project J Bond Resolution.

If the book-entry-only system is discontinued with respect to the Series 2010A&B Bonds, the persons to whom the Series 2010A&B Bonds are delivered will be treated as “Holders” for all purposes of the Project J Bond Resolution, including without limitation the payment of principal or redemption price of, and interest on, the Series 2010A&B Bonds, the redemption of the Series 2010A&B Bonds and the giving to MEAG Power or the Trustee of any notice, consent, request or demand pursuant to the Project J Bond Resolution for any purpose whatsoever. In such event, the principal or redemption price of, and interest on, the Series 2010A&B Bonds will be payable as described under the caption “DESCRIPTION OF SERIES 2010A&B BONDS – General” in the Official Statement to which this APPENDIX A is attached.

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APPENDIX B

MEAG POWER'S INTERIM UNAUDITED FINANCIAL STATEMENTS

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Condensed Consolidated Balance Sheet (Unaudited)

(In thousands)	September 30, 2009								Sept. 30, 2008
	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Expansion Projects	Trust Funds	Telecom Project ⁽¹⁾	Eliminations	Total	Total
ASSETS									
Property, plant and equipment - net	\$1,504,976	\$518,052	\$278,337	\$239,545	\$ -	\$11,381	\$ -	\$2,552,291	\$2,220,017
Other non-current assets	527,841	181,113	42,616	264,784	823,840	1,189	(219,318)	1,622,065	1,390,238
Current assets	367,367	123,351	56,972	161,960	184,476	2,186	(230,582)	665,730	734,848
Deferred debits	601,149	140,732	4,432	3,363	(491,417)	(5,249)	-	253,010	293,802
TOTAL ASSETS	\$3,001,333	\$963,248	\$382,357	\$669,652	\$516,899	\$9,507	\$(449,900)	\$5,093,096	\$4,638,905
LIABILITIES									
Long-term debt	\$2,385,697	\$838,001	\$348,991	\$495,974	\$ -	\$7,445	\$(218,388)	\$3,857,720	\$3,392,255
Lease finance obligation	-	-	-	-	309,390	-	-	309,390	296,015
Other non-current liabilities	337,999	56,396	-	-	16,751	515	-	411,661	358,857
Current portion of long-term debt	113,043	46,483	13,735	-	-	1,050	(930)	173,381	194,298
Flexible trust funds held for Participants	-	-	-	-	167,601	-	-	167,601	137,422
Other current liabilities	164,594	22,368	19,631	173,678	23,157	497	(230,582)	173,343	260,058
TOTAL LIABILITIES	\$3,001,333	\$963,248	\$382,357	\$669,652	\$516,899	\$9,507	\$(449,900)	\$5,093,096	\$4,638,905

Condensed Consolidated Statement of Net Revenues (Unaudited)

(In thousands)	Nine months ended September 30, 2009								Nine months ended Sept. 30, 2008 ⁽⁴⁾
	Project One	General Resolution Projects	Combined Cycle Project	Vogtle Expansion Projects	Trust Funds	Telecom and Business Units ⁽¹⁾	Eliminations	Total	Total
Revenues:									
Participant ⁽²⁾	\$223,123	\$118,264	\$54,060	\$ -	\$ -	\$4,109	\$ -	\$399,556	\$453,057
Other	66,247	25,575	20,751	-	-	79	(84)	112,568	127,983
Total revenues	289,370	143,839	74,811	-	-	4,188	(84)	512,124	581,040
Operating expenses ⁽³⁾	175,358	94,405	54,868	-	57,739	2,986	(84)	385,272	402,331
Net operating revenues (loss)	114,012	49,434	19,943	-	(57,739)	1,202	-	126,852	178,709
Net interest expense (income)	59,667	32,590	11,718	-	(7,027)	316	-	97,264	130,023
Decrease (increase) in net costs to be recovered from Participants	54,345	16,844	8,225	-	(50,712)	886	-	29,588	48,686
NET REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

- (1) As discussed in "SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA - Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Updated Annual Information Statement, in order to expand the type of services previously provided to the Participants by the Business Units, the Participants contracted with another organization to provide such services and MEAG Power terminated its Business Units contracts, effective July 1, 2009. Business Units' revenue and expense totals through June 30, 2009 are included in the Condensed Consolidated Statement of Net Revenues.
- (2) Net of over-recovery of \$24.4 million and \$19.1 million for the nine months ended September 30, 2009 and 2008, respectively. These amounts are included in other current liabilities and may not be indicative of future results. The final 2008 over-recovery has been distributed to the Participants.
- (3) Includes \$57.5 million of funding during 2009 from the Municipal Competitive Trust to offset expenses in Project One and the General Resolution Projects.
- (4) Certain amounts have been adjusted to reflect MEAG Power's early adoption of Governmental Accounting Standards Board Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments."

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 Expansion Projects, the Municipal Competitive Trust and the Deferred Lease Financing Trust (Trust Funds), the Telecommunications Project (Telecom), as well as the Distribution Services and the Marketing Services Business Units (Business Units), should be read in conjunction with MEAG Power's 2008 Financial Statements.

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JEA DISCLOSURE

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JEA

General. JEA is a body politic and corporate organized and existing under the laws of the State of Florida and is an independent agency of the City of Jacksonville, Florida (the “City”). JEA was established in 1968 to own and manage the electric utility which had been owned by the City since 1895 (as more particularly defined in the JEA Annual Disclosure Report referred to under “*Inclusion of Information*” below, the “Electric System”). In 1997, the City transferred to JEA the City’s combined water and wastewater (sewer) utilities system (the “Water and Sewer System”). In 2004, the City authorized JEA to create a local district energy system and JEA established such a system (the “District Energy System”) and transferred to it the chilled water production and distribution assets formerly held as part of the Electric System.

Electric System. In 2007, the latest year for which such information is available, JEA was the seventh largest municipally-owned electric utility in the United States in terms of number of customers. During its Fiscal Year ended September 30, 2009, the Electric System served an average of 417,226 customer accounts in a service area which covers virtually the entire City and parts of neighboring counties. JEA’s total energy sales in its Fiscal Year ended September 30, 2009, net of off-system sales and the energy sold by JEA to Florida Power & Light Company, a Florida corporation (“FPL”), pursuant to the FPL-Power Park Sale (see “INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – *Power Park Issue Two Bonds*” and “ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – *Ownership*” in the JEA Annual Disclosure Report), were approximately 12.7 billion kilowatt hours (“kWh”). Total revenues, including investment income, for the Electric System for the Fiscal Year ended September 30, 2009, net of the revenues received by JEA from the FPL-Power Park Sale, were approximately \$1,336,350,000.

Water and Sewer System. The Water and Sewer System is owned and operated by JEA as a combined utilities system, separate and apart from the Electric System. Accordingly, information relating to the Water and Sewer System is not relevant to the debt of JEA relating to the Electric System.

District Energy System. The District Energy System is owned and operated by JEA as a distinct utilities system, separate and apart from the Electric System and the Water and Sewer System. Accordingly, information relating to the District Energy System is not relevant to the debt of JEA relating to the Electric System.

Inclusion of Information. JEA previously has prepared a document entitled “JEA Annual Disclosure Report for Fiscal Year Ended September 30, 2008” (the “JEA Annual Disclosure Report”). The JEA Annual Disclosure Report sets forth certain information concerning JEA, its outstanding debt, the Electric System, its interest in the Power Park and the Scherer 4 Project. ***As more fully described under the caption “Inclusion of Information” below, certain information contained in the JEA Annual Disclosure Report is included by reference in this APPENDIX C.*** Copies of the JEA Annual Disclosure Report may be obtained in the manner and from the sources described under the caption “Inclusion of Information” below.

Inclusion of Information

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, on May 28, 2009, JEA caused the JEA Annual Disclosure Report to be filed with DisclosureUSA. In addition, on July 16, 2009, JEA caused the JEA Annual Disclosure Report to be filed 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>. The

JEA Annual Disclosure Report sets forth certain information concerning JEA, its outstanding debt, the Electric System, its interest in the Power Park and the Scherer 4 Project.

As more fully described in the JEA Annual Disclosure Report, certain of the information set forth in the JEA Annual Disclosure Report relates to the Water and Sewer System and the District Energy System and the debt of JEA issued with respect thereto.

There is hereby included in this APPENDIX C by this reference the information contained in the JEA Annual Disclosure Report (other than the information therein relating to the Water and Sewer System and the District Energy System), which information should be read in its entirety in conjunction with this APPENDIX C. In addition, reference is made to the information in this APPENDIX C under the caption "RECENT DEVELOPMENTS," which information updates and supplements certain of the information contained in the JEA Annual Disclosure Report.

Copies of the JEA Annual Disclosure Report may be obtained from the MSRB's EMMA website (<http://emma.msrb.org>). Copies of the JEA Annual Disclosure Report also may be obtained via the Internet from JEA's website as described below.

The JEA Annual Disclosure Report is available for viewing and downloading from JEA's website (<http://www.jea.com>) by selecting "News," then selecting "JEA Bond Investor," and then selecting "2008 Annual Disclosure Report as filed with DisclosureUSA" under the heading "Annual Report." (Please note that there also is available from JEA's website a separate document entitled "2008 Annual Report"; this document is **not** the JEA Annual Disclosure Report included by reference herein, and is not included by reference herein.) ***Furthermore, except for the JEA Annual Disclosure Report (to the extent set forth herein), none of the other information contained on JEA's website is included by reference in this APPENDIX C.***

Except as described under the caption "INTRODUCTION – General" in the JEA Annual Disclosure Report, for financing purposes, the debt of JEA relating to its Electric Utility Functions, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources (*i.e.*, (a) the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by the Electric System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) except as described under the caption "INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – *Electric System Obligations Supporting the District Energy System*" in the JEA Annual Disclosure Report, the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services). **Accordingly, potential purchasers of the Series 2010A&B Bonds are advised that the information in the JEA Annual Disclosure Report relating to the Water and Sewer System and the District Energy System is not relevant to a decision to purchase the Series 2010A&B Bonds and should not be taken into account with respect thereto.**

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RECENT DEVELOPMENTS

The following information updates and supplements certain of the information contained in the JEA Annual Disclosure Report included by reference herein:

JEA Management and Employees

The following information updates the information contained in the final two paragraphs under the caption “JEA – Management and Employees” in the JEA Annual Disclosure Report:

As of October 1, 2009, JEA had 2,158 budgeted employee positions (exclusive of the Power Park employees referred to below), of which 1,563 were budgeted to the Electric System, 590 were budgeted to the Water and Sewer System and five were budgeted to the District Energy System. Except for 291 appointed managers and a minor number of contract employees, such employees have civil service status. Approximately 1,843 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees (“AFSCME”), the International Brotherhood of Electrical Workers (“IBEW”), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborer’s International Union of North America (“LIUNA”), all of which are affiliated with the AFL-CIO, and by a professional employees’ association and a supervisors’ association that have no AFL-CIO affiliation. JEA has collective bargaining agreements with its employees represented by the foregoing bargaining units. The terms of these collective bargaining agreements expired in September 2009 and currently are under renegotiation.

As of October 1, 2009, JEA had 302 budgeted employees for the Power Park who were engaged in performing the operational, maintenance and administrative tasks associated with operations of the Power Park. All non-managerial persons employed by JEA for the Power Park are governmental (public) employees, can organize under the provisions of Chapter 447, Part II, Florida Statutes, and, as such, are prohibited from participating in strikes or other work stoppages. Approximately 216 of the Power Park employees are represented by IBEW Local 1618. The term of JEA’s collective bargaining agreement with IBEW Local 1618 expired in September 2009 and currently is under renegotiation.

The following is a new additional final paragraph under the caption “JEA – Management and Employees” in the JEA Annual Disclosure Report:

Substantially all of JEA’s employees participate in the City’s pension plan. Employees of the Power Park participate in a separate pension plan. See Note 11 to JEA’s 2009 Financial Statements (as defined herein) set forth in APPENDIX D to the Official Statement to which this APPENDIX C is attached for a discussion of how to obtain additional information on the City’s plan and the total unfunded actuarial liability for the Power Park’s plan. Further, JEA provides a medical benefits plan that it makes available to its retirees. See Note 13 to JEA’s 2009 Financial Statements set forth in APPENDIX D to the Official Statement to which this APPENDIX C is attached for a discussion of this “other post-employment benefit” plan and JEA’s actuarial accrued liability of this plan.

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Certain Demographic Information

The following information updates the information contained in the tables under the caption “JEA – Certain Demographic Information” in the JEA Annual Disclosure Report:

The table below sets forth the labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State of Florida and the United States for the most recent twelve months ending December 2009.

<u>Year</u>	<u>Jacksonville MSA</u>			<u>Unemployment Rate (%)</u>	
	<u>Civilian</u>	<u>Employment</u>	<u>Unemployment Rate (%)</u>	<u>Florida</u>	<u>U.S.</u>
2000	589,348	570,307	3.2	3.8	4.0
2001	595,472	571,030	4.1	4.7	4.7
2002	597,488	565,986	5.3	5.7	5.8
2003	599,466	569,186	5.1	5.3	6.0
2004	607,558	579,685	4.6	4.7	5.5
2005	628,523	605,249	3.7	3.8	5.1
2006	649,806	628,355	3.3	3.4	4.6
2007	669,963	644,247	3.8	4.1	4.6
2008	684,325	644,446	5.8	6.2	5.8
2009	684,982	615,002	10.2	10.5	9.3

Source: Florida Research and Economic Database, <http://fred.labormarketinfo.com/default.asp>.

The table below shows the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for the most recent twelve months ending December 2009.

	<u>Number of Employees</u>	<u>Percent of Distribution</u>
Service	267,000	44.6%
Trade, Transportation and Utilities	130,100	21.8
Government	76,300	12.8
Finance	58,100	9.7
Contract Construction	36,200	6.0
Manufacturing	29,800	5.0
Natural Resources and Mining	<u>400</u>	<u>0.1</u>
Total Non-Agricultural Employment (Except Domestics, Self-Employed And Unpaid Family Workers)	<u>597,900</u>	<u>100.0%</u>

Source: United States Department of Labor.

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Debt Relating to Electric Utility Functions

The following information updates the information contained in the first paragraph under the caption “INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – Electric System Bonds” in the JEA Annual Disclosure Report:

No Electric System Series One or Series Two Bonds remain outstanding under the Electric System Resolution. There are presently outstanding under the Electric System Resolution \$1,539,075,000 in aggregate principal amount of Electric System Revenue Bonds, Series Three (the “Prior Series Electric System Series Three Bonds”), consisting of (a) \$822,360,000 in aggregate principal amount of Variable Rate Electric System Revenue Bonds of various series (the “Prior Series Variable Rate Electric System Bonds”) and (b) \$716,715,000 in aggregate principal amount of fixed rate Electric System Revenue Bonds of various series (the “Prior Series Fixed Rate Electric System Bonds”). All Bonds issued under (and as defined in) the Electric System Resolution, including the Prior Series Electric System Series Three Bonds and all additional Bonds issued under the Electric System Resolution are referred to herein collectively as the “Electric System Bonds.” Pursuant to the Electric System Resolution and the laws of Florida, the amount of Electric System Bonds that may be issued by JEA is not limited and is subject only to approval by the City Council of the City (the “Council”) and satisfaction of the conditions set forth in the Electric System Resolution. JEA has entered into certain floating-to-fixed rate interest rate swap transactions in order to synthetically fix the rates of interest on certain of the Prior Series Variable Rate Electric System Bonds. See “Debt Management Policy” below for information regarding these interest rate swap transactions.

The following information updates the information contained in the second paragraph under the caption “INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – Subordinated Electric System Bonds” in the JEA Annual Disclosure Report:

There are presently outstanding under the Subordinated Electric System Resolution \$1,421,790,000 in aggregate principal amount of Subordinated Bonds, consisting of (a) \$96,600,000 in aggregate principal amount of tax-exempt Electric System Commercial Paper Notes, Series C (the “Series C Commercial Paper Notes”), (b) \$411,955,000 in aggregate principal amount of Variable Rate Electric System Subordinated Revenue Bonds of various series (the “Prior Series Variable Rate Subordinated Bonds”) and (c) \$913,235,000 in aggregate principal amount of fixed rate Electric System Subordinated Revenue Bonds of various series (the “Prior Series Fixed Rate Subordinated Bonds”). JEA has entered into a floating-to-fixed rate interest rate swap transaction in order to synthetically fix the rate of interest on certain of the Prior Series Variable Rate Subordinated Bonds. See “Debt Management Policy” below for information regarding that interest rate swap transaction.

Electric System Generating Facilities

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – Electric System – Electric System Generating Facilities – Planned Additional Capacity” in the JEA Annual Disclosure Report:

Two simple cycle combustion turbines are on schedule to be operative by 2011 at Greenland Energy Center (“Greenland”).

On June 16, 2009, JEA announced that work on the Combined Cycle Conversion project at Greenland would be suspended for the next nine to twelve months. Plans were in the initial stages for the

Combined Cycle Conversion to be complete by June 2013. While that decision is based on many factors, a key factor is the recent and very impactful economic downturn that has resulted in a lower forecast of demand for additional capacity before 2013. Another key factor resulting in the suspension of the project is the uncertainty in the outcome of the pending federal climate change legislation. JEA remains committed to the completion of the project, which will add an additional 185 MW of capacity to the Electric System.

Currently, the timing of the project is deferred subject to future evaluation.

Fuel Mix

The following information updates the information in the table contained under the caption “ELECTRIC UTILITY FUNCTIONS – Electric System – Fuel Mix” in the JEA Annual Disclosure Report:

FUEL MIX ⁽¹⁾

Fiscal Year Ending September 30,	Oil	Gas	Power Park ⁽²⁾		Northside (Coal/ Petcoke) ⁽³⁾	Scherer Unit 4 (Coal)	Southern Coal-Fired Purchases ⁽⁴⁾	Economy Purchases From Other Sources	Total MWh Sales ⁽⁵⁾
			(Coal)	(Petcoke)					
Actual									
2005	7.2%	8.8%	25.7%	6.0%	25.7%	9.5%	11.8%	5.3%	13,660,143
2006	2.8	12.5	23.3	8.8	26.0	8.3	11.9	6.5	14,034,650
2007	2.2	12.3	26.9	6.7	26.0	10.1	11.7	4.2	13,880,020
2008	0.6	16.2	30.1	0.0	25.0	10.2	11.9	6.0	13,690,082
2009	0.4	13.6	29.7	0.0	30.0	11.0	11.5	3.7	13,255,464
Projected									
2010	0.4	17.6	33.9	0.0	27.0	9.2	7.6	4.4	13,122,021
2011	0.5	17.8	33.6	0.0	31.5	11.7	0.0	4.8	13,272,422
2012	0.5	22.5	34.6	0.0	28.8	8.9	0.0	4.8	13,401,702
2013	0.5	20.4	33.9	0.0	29.0	11.5	0.0	4.7	13,532,275
2014	0.4	23.5	32.3	0.0	30.2	8.9	0.0	4.7	13,664,154

(1) Percentages may not add to 100 percent due to rounding.

(2) The Power Park currently is permitted to burn up to 30 percent petcoke and 70 percent coal. See “Power Park Fuel Supply and Transportation” below for a discussion about the non-use of petcoke during the Fiscal Years ending September 30, 2009 and 2010.

(3) The current fuel mix for Northside Units 1 and 2 is: 90 percent petcoke/ten percent coal.

(4) Purchases from Southern are pursuant to a long-term Unit Power Sales agreement.

(5) Actual megawatt-hour (“MWh”) sales include non-firm off-system sales which totaled 593,750 MWh in the Fiscal Year ended September 30, 2006, 649,193 MWh in the Fiscal Year ended September 30, 2007, 457,421 MWh in the Fiscal Year ended September 30, 2008 and 579,730 MWh in the Fiscal Year ended September 30, 2009. Projections include aggregate non-firm off-system sales of 1,699,600 MWh during the Fiscal Years ending September 30, 2010 through 2014.

Fuel Contracts

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – Electric System – Fuel Contracts” in the JEA Annual Disclosure Report:

JEA has solid fuel storage at Northside for a maximum of approximately 25 days of operating inventory. JEA purchases a mix of contract and spot volumes to supply the fuel needs of Northside Units 1 and 2, which operate on a blend of petcoke and coal. During the Fiscal Year ended September 30, 2008, JEA primarily utilized a blend of approximately 85 percent petcoke and 15 percent coal. Beginning

in early April 2009, JEA increased the percentage of petcoke to approximately 90 percent. During the Fiscal Year ended September 30, 2009, JEA purchased approximately 68 percent of its petcoke requirements from Oxbow LLC, 17 percent of its petcoke requirements from Valero, ten percent of its petcoke requirements from Koch Carbon and five percent of its petcoke requirements from Energy Coal SpA. JEA has commitments to purchase approximately 100 percent of the coal and petcoke for the Electric System, the Power Park, and the Scherer 4 Project under long-term contracts through 2010. JEA negotiated a new short-term agreement for 2009 and 2010 with CSX Transportation for rail transportation services to the Power Park. To provide for transportation of coal for Scherer Unit 4, Georgia Power negotiated two agreements with rail carriers during fiscal years 2002 and 2003. The term of the agreement with Burlington Northern and Santa Fe Railway Company extends through calendar year 2013. The contract provides JEA and the other Scherer co-owners with a unilateral right to extend the agreement an additional five years. The agreement with Norfolk Southern Railway Company is an annual agreement with automatic 12-month extensions. Contract terms for coal and petcoke specify minimum annual purchase commitments at certain prices subject to adjustments for price level changes according to the contract. In addition, JEA has remarketing rights under these contracts.

JEA has a commitment to purchase residual fuel oil from BP Products North America, Inc. (“BP”) through August 2012. BP owns the residual fuel oil stored at Northside and has committed to maintain at least 150,000 barrels (15 to 30 days’ supply) for JEA’s use at all times. JEA pays for actual oil consumed within 45 days after each billing period. The agreement allows for both fixed and floating pricing options with a minimum purchase of 785,495.44 barrels of oil over the three-year contract period. BP began compensating JEA for terminalling services in April 2007. The agreement also allows JEA to access additional BP oil in emergency conditions.

JEA’s 1970’s vintage CTs provide less than one percent of JEA’s total energy requirements and are powered by diesel fuel. Diesel fuel is purchased from time to time in the open market as needed.

During the Fiscal Year ended September 30, 2009, JEA purchased the majority of its natural gas under its contract with BG Energy Merchants, LLC. Contract terms for the natural gas specify minimum annual purchase commitments at market prices. JEA has the option to remarket any excess natural gas purchases. In addition, JEA has long-term contracts with Florida Gas Transmission Company for firm gas transportation capacity to allow delivery of additional gas volumes.

JEA and TECO Peoples Gas System (“Peoples”) jointly own pipelines that serve Northside and Brandy Branch. JEA owns a pipeline that delivers natural gas to the Power Park for use during unit starts and for flame stabilization. Peoples owns the pipeline that serves Kennedy and JEA’s Buckman Street wastewater treatment plant. Peoples may interrupt delivery of gas to JEA under certain emergency circumstances.

JEA has developed and implemented a program intended to hedge its exposure to changes in the market prices of oil and natural gas. Pursuant to this program, futures and options contracts may be entered into from time to time to help manage fluctuations in the market prices of oil and natural gas. Realized gains and losses resulting from this program are reflected in JEA’s fuel expense.

For a discussion of fuel contracts relating to the Power Park, see “Power Park Fuel Supply and Transportation” below. For a discussion of JEA’s fuel procurement arrangement for the Scherer 4 Project, see “Scherer 4 Project Fuel Supply” below.

Purchased Power Contracts

The following information updates the information contained in the sixth and seventh paragraphs under the caption “ELECTRIC UTILITY FUNCTIONS – Electric System – Purchased Power Contracts” in the JEA Annual Disclosure Report:

MEAG Power has advised JEA that MEAG Power has created three separate “projects” for the purpose of owning and financing its 22.7 percent undivided ownership interest in the Additional Vogtle Units (representing approximately 500.308 MW of capacity and related energy based upon the nominal rating of the Units), and that MEAG Power’s estimated in-service cost, including construction costs, financing costs and contingencies, initial fuel load costs and switchyard and transmission costs, for its entire 22.7 percent undivided ownership interest in the Additional Vogtle Units is approximately \$3.679 billion, of which approximately \$1.472 billion is allocable to the project (referred to herein as the “PPA Project,” and referred to in the Official Statement to which this APPENDIX C is attached as “Project J”) from which the capacity and energy to be sold to JEA under the Additional Vogtle Units PPA will be derived.

Under the Additional Vogtle Units PPA, MEAG Power is required to allocate the principal of its bonds to be issued to finance the PPA Project to each of the Additional Vogtle Units and, except as described below with respect to (a) bonds issued after the commercial operation date of a particular Additional Vogtle Unit to finance capital improvements to that unit (referred to herein as “post-COD capital improvement bonds”) and (b) refunding bonds, to structure the principal so allocated based upon level monthly debt service over an assumed 40-year period commencing not earlier than twelve months nor later than 36 months following the estimated commercial operation date of the Additional Vogtle Unit to which such principal relates, with the first twenty installments of such principal coming due in the same amounts and on the same dates as are determined as a result of such assumed 40-year amortization. Except in the case of post-COD capital improvement bonds and refunding bonds, JEA is obligated under the Additional Vogtle Units PPA to pay (i) the interest component of debt service of each such series of bonds attributable to a particular Additional Vogtle Unit only for a period of 240 months from and including the month in which such obligation commences and (ii) the principal component of debt service of each such series of bonds attributable to a particular Additional Vogtle Unit only for a period of 240 months from and including the month in which such obligation commences. Since MEAG Power has advised JEA that MEAG Power intends to capitalize all interest accruing on such bonds through the respective estimated commercial operation dates of each Additional Vogtle Unit, it is expected that JEA’s payment obligations with respect to debt service on such bonds will commence on such respective estimated commercial operation dates.

In the case of post-COD capital improvement bonds, under the Additional Vogtle Units PPA, MEAG Power is required (a) to structure the principal of any series of such bonds allocated to each capital improvement item (or group of capital improvement items having comparable estimated useful lives) based upon level monthly debt service over an assumed period commencing on the second April 1 following the estimated in-service date of the capital improvements (or group of capital improvements) and ending on the earlier of (i) the expiration of the term of the applicable unit’s combined construction and operating license, or (ii) 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 such bonds, with each installment of principal due on or before April 1 of the calendar year following the last day on which JEA is entitled to its share of the output of the particular Additional Vogtle Unit coming due in the same amount and on the same date as is determined as a result of such assumed amortization and (b) to capitalize interest on such bonds to such estimated in-service date. In the case of post-COD capital improvement bonds, JEA is obligated under the Additional Vogtle Units PPA to pay (i) the interest component of debt service of each such series of bonds attributable to a particular Additional Vogtle Unit

only during the period that commences on the day following the date to which all interest is capitalized on the bonds of such series and ends on the last day on which JEA is entitled to its share of the output of such unit and (ii) the principal component of debt service of each such series of bonds attributable to a particular Additional Vogtle Unit only during the period that commences on the date that is one (1) year prior to the first due date of such principal and ends on the last day on which JEA is entitled to its share of the output of such unit.

In the case of refunding bonds, under the Additional Vogtle Units PPA, MEAG Power is required to structure the debt service on each such series of bonds in a manner consistent with the principles governing the issuance of bonds under the Additional Vogtle Units PPA, so as to equitably apportion the savings or dissavings, as applicable, resulting from the issuance of such refunding bonds both during the term of the Additional Vogtle Units PPA and during the period following the term of the Additional Vogtle Units PPA during which certain of MEAG Power's participants are entitled to the capacity and energy of the PPA Project and are obligated to pay debt service on such refunding bonds under power sales contracts with MEAG Power relating to the PPA Project. In the case of refunding bonds, JEA is obligated under the Additional Vogtle Units PPA to pay the interest and principal components of debt service of each such series of bonds attributable to a particular Additional Vogtle Unit only for the same number of months as JEA would have been obligated to pay each such component on the refunded bonds had such refunded bonds not been so refunded.

The following information updates the information contained in the second sentence of the tenth paragraph under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – Purchased Power Contracts" in the JEA Annual Disclosure Report:

As of September 30, 2009, the net value of investments in the Municipal Competitive Trust was \$776.1 million.

Solar Power; Bio-Mass Generation

The following information updates the information contained under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – Solar Power; Bio-Mass Generation" in the JEA Annual Disclosure Report:

JEA has signed a power purchase contract with Jacksonville Solar LLC for the purchase of 12.6 MW of solar power. The exclusive letter of intent between JEA and a nationally recognized supplier for 50 MW of biomass power expired on December 31, 2009. JEA and the specific supplier did not enter into a power purchase agreement. JEA has no need for base load power at this time.

Participation in The Energy Authority

The following information updates the information contained under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – Participation in The Energy Authority" in the JEA Annual Disclosure Report:

As of January 1, 2010, JEA is obligated to guaranty, directly or indirectly, The Energy Authority's ("TEA") electric trading activities in an amount up to \$28,929,000 and TEA's natural gas procurement and trading activities up to \$43,800,000; in either case, plus reasonable attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA. Additionally, JEA has agreed to guaranty TEA's trading activities involving electricity, natural gas or any other commodity solely for JEA's benefit and as approved in an amount up

to \$50,000,000. The JEA Board can from time to time increase or (subject to certain limits) decrease the amount of its advances to TEA.

Transmission and Distribution System

The following information updates the information contained in the second, third and fifth paragraphs under the caption “ELECTRIC UTILITY FUNCTIONS – Electric System – Transmission and Distribution System” in the JEA Annual Disclosure Report:

JEA owns a total of 729 miles of transmission lines, of which 676 are overhead miles and 53 are underground. The following table shows the breakdown of miles per kV level:

<u>Voltage (kV)</u>	<u>Overhead (Miles)</u>	<u>Underground (Miles)</u>	<u>Total</u>
69	114	46	159
138	199	3	202
230	288	4	292
500	<u>75</u>	<u>0</u>	<u>75</u>
Total	<u>676</u>	<u>53</u>	<u>729</u>

The 159 miles of 69 kV transmission lines are located in the dense interior section of the Electric System’s service area, in the vicinity of the urban core. The 202 miles of 138 kV lines interconnect substations in most of JEA’s high load and growth areas. The 292 miles of 230 kV lines form a semicircular loop around the City with transformation from the transmission system to the distribution system performed at numerous JEA facilities, which also serve the high load and growth areas. There currently are 100 substations in the JEA service territory. JEA also owns two 500 kV lines jointly with FPL. These lines are connected between the FPL Duval Substation and the GPC system at the Florida state line.

The distribution system covers approximately 6,488 circuit miles and is composed of three voltage levels depending upon the area served. The central business district is served by a 13.2 kV underground secondary network. Surrounding residential and commercial areas are served primarily at 4.16 kV and 26.4 kV, with some 13.2 kV interspersed. Most older areas are served from overhead distribution lines. However, the majority of all new developments, subdivisions, shopping centers and apartment complexes constructed since 1968 are served by underground 26.4 kV distribution.

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Customers and Sales

The following information updates the information contained under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System –Customers and Sales" in the JEA Annual Disclosure Report:

In the Fiscal Year ended September 30, 2009, the Electric System served an average of 417,226 customer accounts. The following table sets forth the electric revenues, the sales of the Electric System and the average number of Electric System accounts, all by customer classification, for Fiscal Years ended September 30, 2005 through 2009.

	2009	2008	2007	2006	2005
Electric revenues (000's omitted):					
Residential	\$ 645,725	\$ 559,042	\$ 490,935	\$ 511,389	\$ 426,316
Commercial and industrial.....	678,218	588,910	490,089	488,304	384,808
Public street lighting.....	14,440	12,066	10,242	10,086	8,622
Sales for resale.....	52,941	49,660	48,522	45,961	41,330
FPL saleback.....	157,898	137,910	137,463	117,816	122,256
TOTAL	<u>\$1,549,222</u>	<u>\$1,347,588</u>	<u>\$1,177,251</u>	<u>\$1,173,556</u>	<u>\$983,332</u>
Sales (MWh):					
Residential	5,300,203	5,363,697	5,478,280	5,650,986	5,542,498
Commercial and industrial.....	6,849,291	7,314,128	7,160,361	7,157,602	6,948,730
Public street lighting.....	120,191	116,966	112,760	110,178	107,757
Sales for resale:					
Territorial.....	406,051	437,870	479,425	522,134	492,716
Off-system	579,730	457,421	649,193	593,750	568,442
FPL saleback.....	2,659,565	2,635,812	3,059,195	2,649,427	2,577,860
TOTAL	<u>15,915,031</u>	<u>16,325,894</u>	<u>16,939,214</u>	<u>16,684,077</u>	<u>16,238,003</u>
Average number of accounts:					
Residential	367,864	365,632	364,284	357,232	349,139
Commercial and industrial.....	45,810	45,207	44,440	41,342	39,151
Public street lighting.....	3,550	3,576	3,565	3,561	3,539
Sales for resale(1).....	2	2	6	7	2
TOTAL	<u>417,226</u>	<u>414,417</u>	<u>412,295</u>	<u>402,142</u>	<u>391,831</u>

⁽¹⁾ Includes FPL but does not include the average number of off-system non-firm sales customers.

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Largest Customers

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – Electric System – Largest Customers” in the JEA Annual Disclosure Report:

The ten largest customer accounts served by the Electric System (other than sales to FPL pursuant to the FPL-Power Park Sale) composed 15.6 percent of the total MWh purchases derived from the operation of the Electric System for the Fiscal Year ended September 30, 2009. The following table sets forth the ten largest Electric System accounts (other than sales to FPL pursuant to the FPL-Power Park Sale) by MWh purchases, during the Fiscal Year ended September 30, 2009.

<u>Customer Accounts</u>	<u>MWh Purchases</u>	<u>Percent of Total</u>
Florida Public Utilities Company	412,608	3.1%
U.S. Navy.....	379,122	2.9
Ameristeel Corp	251,960	1.9
City of Jacksonville	236,034	1.8
Duval County School Board.....	196,081	1.5
Anheuser Busch, Inc.....	147,758	1.1
Stone Container Corp ⁽¹⁾	137,510	1.0
Winn Dixie Stores, Inc.....	117,748	0.9
Publix Supermarkets.....	116,031	0.9
Southern Baptist Hospital.....	<u>82,625</u>	<u>0.6</u>
TOTAL	<u>2,077,477</u>	<u>15.6%</u>

⁽¹⁾ This customer has filed for protection from its creditors under Chapter 11 of the Federal Bankruptcy Code. Since the date of its bankruptcy filing, it is current on all electric and water and sewer accounts with JEA.

Customer Billing Procedures

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – Electric System – Customer Billing Procedures” in the JEA Annual Disclosure Report:

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. JEA’s credit and collection policies provide for deposits which vary with consumption and for late payment penalties for customers who fail to pay each month’s bill within 27 days. The amount of uncollectible accounts is budgeted to be approximately 0.7 percent of gross electric revenues for the Fiscal Year ending September 30, 2010.

Electric System Rates

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – Electric System – Rates” in the JEA Annual Disclosure Report:

In June 2009, the JEA Board approved a decrease of \$10.98 per 1,000 kWh to the fuel and purchased power rate that became effective on October 1, 2009.

The following information updates the information contained in the final two paragraphs under the caption “ELECTRIC UTILITY FUNCTIONS – Electric System – Rates” in the JEA Annual Disclosure Report:

A comparison of residential rates in selected major regional cities, including fuel adjustment and franchise fees, as of January 2010, is shown in the following table, arranged by price of 500 kWh:

<u>City (Utility)</u>	<u>500 kWh</u>	<u>1,000 kWh</u>	<u>2,000 kWh</u>
Ocala (Electric Dept.)	\$74.59	\$139.84	\$270.35
St. Petersburg (Progress Energy Florida)	70.53	131.69	276.29
Tallahassee (Electric Dept.)	67.91	129.50	252.68
Pensacola (Gulf Power Company)	68.63	126.92	243.52
Orlando (Orlando Utilities Comm.)	63.91	119.82	251.64
Tampa (Tampa Electric Company)	60.21	109.91	188.11
Lakeland (Utilities Dept.)	61.29	114.59	228.68
Gainesville (GRU)	60.21	130.46	288.46
JACKSONVILLE (JEA)	59.72	113.77	221.88
Miami (FPL)	51.57	97.14	210.29
Atlanta (GPC)	53.04	95.37	177.12

Source: JEA’s “Quarterly Residential Rate Comparison (January 2010).”

A comparison of non-residential electric rates in selected major regional cities for certain classifications of service for December 2009 (excluding all taxes) is shown in the following table, arranged by price of non-demand 1,500 kWh service:

<u>City (Utility)</u>	<u>Non-Demand 1,500 kWh</u>	<u>Demand 150 kW 60,000 kWh</u>	<u>Demand 500 kW 200,000 kWh</u>
Atlanta (GPC)	\$215.41	\$5,275.89	\$18,448.87
Ocala (Electric Dept.)	207.72	7,123.48	24,160.45
Gainesville (GRU)	205.37	6,779.88	21,990.61
St. Petersburg (Progress Energy Florida)	191.15	6,137.69	20,205.38
Orlando (Orlando Utilities Comm.)	186.29	5,781.00	19,200.00
Tallahassee (Electric Dept.)	168.77	6,395.00	21,109.70
Pensacola (Gulf Power Company)	185.71	5,777.60	19,206.00
Tampa (Tampa Electric Company)	172.51	5,791.50	19,172.00
Lakeland (Utilities Dept.)	172.74	5,709.45	18,924.50
Miami (FPL)	175.63	6,158.31	18,618.37
JACKSONVILLE (JEA)	159.01	5,711.90	18,853.00

Source: For all Florida cities, Florida Municipal Electric Association, Inc.’s “Commercial/Industrial Comparison of Electric Rates” (December 2009); for Atlanta, GPC.

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Environmental Matters

The following information updates the information contained in the first paragraph under the caption “ELECTRIC UTILITY FUNCTIONS – Electric System – Environmental Matters” in the JEA Annual Disclosure Report:

Based on analysis of the cost of remediation and other identified environmental contingencies, approximately \$15,320,000 as of September 30, 2009 is associated with the expected cost of remediating the former wood-preserving facility at the Kennedy Generating Station, Southside Generating Station, and electric equipment repair facility at Pearl Street. There are other environmental matters that could have an impact on JEA; however, the resolution of these matters is uncertain, and no accurate prediction of range of loss is possible at this time.

Environmental Matters – Northside Generating Station Byproduct

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – Electric System – Environmental Matters – Northside Generating Station Byproduct” in the JEA Annual Disclosure Report:

Northside Units 1 and 2 produce a byproduct that consists of fly ash and bed ash. JEA has obtained a permit from the Florida Department of Environmental Protection (the “FDEP”) to beneficially use the processed byproduct material in the State of Florida, subject to certain restrictions. These ash products are combined and processed into civil construction materials presently being marketed as EZBase and EZSorb. In order to provide comprehensive, unified oversight, JEA has recently reorganized its Byproduct Services to include the material handling area and the marketing area under one process. In addition, the expansion of rail capacity, the ability to load rail cars directly from the storage silos, and direct leasing of rail cars has enabled JEA to become a full-service marketer, delivering products by truck or rail. EZSorb and EZBase are currently being transported by truck and rail to civil and environmental remediation/stabilization projects in several Southeastern states.

The Byproducts Storage Area (“BSA”) is an FDEP-permitted, Class I lined storage facility at Northside. As part of the re-permitting process for the BSA, the FDEP is requiring a re-shaping of the BSA to reduce slopes. In order to re-shape to the proper slopes, and maintain the required “table-top” for processing, a considerable amount of material must be removed. The FDEP has approved the current configuration of the BSA, which is now in full compliance with the conditions for re-issuance of the new permit. JEA recorded a \$10 million liability in Fiscal Year 2009 related to resolution of this issue. JEA developed beneficial reuse markets for some of the excess material at a lower cost than landfilling. JEA expects the actual cost to be approximately \$6 million, and spent \$4.7 million as of December 31, 2009.

In 2005 and 2006, JEA’s contract byproduct marketer (who is no longer under contract) sold a significant quantity of material to a small county in Georgia. The county stockpiled the majority of the material at two separate locations. The stockpiling of the material has caused concerns with the Georgia Department of Natural Resources (“GDNR”). The GDNR has requested that JEA apply for and secure a variance from GDNR for the continued use of EZBase in Georgia, similar to the approval JEA has already obtained from the FDEP. In order to alleviate GDNR’s concerns, JEA has offered to assist the county and GDNR in remediating the stockpiled material. JEA recorded a \$10 million liability in Fiscal Year 2009 related to the resolution of this issue.

**Electric System Capital Programs–
Electric System Capital Requirements**

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – Electric System – Capital Programs” in the JEA Annual Disclosure Report:

The Electric System’s capital programs consist of (a) capital requirements for improvements to existing generating facilities that are determined to be necessary as a result of JEA’s annual resource planning process, (b) capital requirements for additional generating capacity and (c) JEA’s remaining capital requirements for transmission and distribution facilities and other capital items. The total capital requirements for the five-year period ending September 30, 2014 are shown in the following table.

**Electric System Capital Requirements
(000’s omitted)**

<u>Fiscal Year Ending September 30.</u>	<u>Amount</u>
2010	\$ 257,000
2011	267,000
2012	206,000
2013	172,000
2014	<u>190,000</u>
Total	<u>\$1,092,000</u>

The total capital requirements for the five-year period ending September 30, 2014 are estimated to be approximately \$1,092 million. It is expected that approximately \$331 million will be provided from the proceeds of bonds and that the balance of the requirements (approximately \$761 million) will be provided from revenues and available funds of the Electric System.

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Power Park Operations

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – Operation” in the JEA Annual Disclosure Report:

The following table shows the capacity factors for the Power Park since 2005. The capacity factor is a measure of the actual output as a percentage of the theoretic maximum output of a generating plant, or an individual unit, as the case may be.

Fiscal Year Ended September 30,	Power Park Capacity Factor		
	Unit 1 (%)	Unit 2 (%)	Total (%)
2005 ⁽¹⁾	76.2	83.3	79.8
2006 ⁽²⁾	88.0	76.5	82.3
2007 ⁽³⁾	90.1	87.7	88.9
2008 ⁽⁴⁾	80.2	75.3	77.8
2009 ⁽⁵⁾	69.2	83.3	76.2

- (1) During this period, Unit 1 underwent a nine-week planned outage.
(2) During this period, Unit 2 underwent a six-week planned outage.
(3) During this period, Unit 1 underwent a two-week planned outage.
(4) During this period, Unit 2 underwent a seven-week planned outage.
(5) During this period, Unit 1 underwent an eight-week planned outage.

Power Park Fuel Supply and Transportation

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – Fuel Supply and Transportation” in the JEA Annual Disclosure Report:

The Power Park was designed with boilers and air quality control systems that permit the use of coal from a wide range of domestic and foreign sources. JEA currently has a long-term coal supply contract with Coal Marketing Company (representing the El Cerrejon project in Colombia) for 2,975,000 tons for 2009, 3,100,000 tons for 2010, and 1,000,000 tons for 2011. JEA will be soliciting offers in early 2010 for the Power Park fuel requirements for 2011 and beyond as well as negotiating with the existing supplier for a possible contract extension through 2016.

The Power Park is permitted to burn a blend of up to 30 percent petcoke and 70 percent coal. As described in “ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – *Capital Improvements*” in the JEA Annual Disclosure Report, selective catalytic reduction (“SCR”) technology was installed at the Power Park and placed in service in early 2009. As a result, it was decided to not burn petcoke at the Power Park in 2009 in order to minimize potential concerns during the start-up of the SCR equipment. JEA does not expect to burn petcoke at the Power Park during the Fiscal Year ending September 30, 2010 due to inventory issues.

JEA has adopted a fuel purchasing strategy for the Power Park designed to minimize its fuel costs through a mix of contract and spot market purchases. JEA anticipates that during 2010 approximately 75 percent of its total coal purchases will be pursuant to the existing contract described above. Any additional coal requirements for the Power Park will be met through purchases on the spot market and/or through negotiation of additional coal supply contracts and/or extension of the existing contract.

The Power Park includes a fuel storage facility that allows for storage of a maximum 85-day supply at normal plant output; JEA customarily maintains a 35- to 45-day inventory. The Power Park also includes a facility for the delivery of waterborne fuel consisting of a dock, traveling clam-shell unloader and 3.5 miles of overland conveyor to the Power Park. The dock can also accommodate self-discharging vessels. Currently, JEA transports domestic coal by rail and foreign coal and (if needed) petcoke by water. JEA owns and maintains 365 aluminum rotary railcars which are used for transporting coal and can be used for transporting petcoke.

Power Park Capital Improvements

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – Capital Improvements” in the JEA Annual Disclosure Report:

JEA’s share of the Power Park’s capital improvements projected for the five-year period ending September 30, 2014 is summarized below.

**Power Park Capital Improvements
(000’s omitted)**

<u>Fiscal Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2010	\$ 27,000
2011	25,000
2012	23,000
2013	19,000
2014	<u>21,000</u>
Total	<u>\$115,000</u>

JEA expects that approximately \$53,000,000 of the total capital improvements will be provided from the proceeds of Power Park Issue Three Bonds and that the balance of the requirements will be provided from available funds of the Power Park.

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Scherer 4 Project Operations

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – The Scherer 4 Project – Operation” in the JEA Annual Disclosure Report:

The following table shows the availability factors and capacity factors for Scherer Unit 4 since 2005.

<u>Calendar Year</u>	<u>Scherer Unit 4</u>	
	<u>Availability Factor (%)</u>	<u>Capacity Factor (%)</u>
2005.....	98.0	75.0
2006 ⁽¹⁾	88.4	76.9
2007.....	95.8	89.8
2008 ⁽¹⁾	89.3	84.2
2009.....	95.5	82.9

⁽¹⁾ During this period, Scherer Unit 4 underwent a six-week planned outage.

Scherer 4 Project Capital Improvements

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – The Scherer 4 Project – Capital Improvements” in the JEA Annual Disclosure Report:

The Scherer 4 Project’s capital improvements projected for the five-year period ending September 30, 2014 are summarized below.

**Scherer 4 Project Capital Improvements
(000’s omitted)**

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2010	\$ 41,000
2011	36,000
2012	13,000
2013	1,000
2014	<u>3,000</u>
Total	<u>\$94,000</u>

The total capital improvements for the five-year period are estimated to be approximately \$94,000,000. JEA expects that approximately \$78,000,000 will be provided from the proceeds of Bulk Power Supply System Bonds (including approximately \$38 million of Bulk Power Supply System Bonds expected to be issued in April 2010) and that the balance of the requirements will be provided from available funds of the Bulk Power Supply System.

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Scherer 4 Project Fuel Supply

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – The Scherer 4 Project – Fuel Supply” in the JEA Annual Disclosure Report:

GPC, under JEA’s direction, purchases coal for JEA’s use of its ownership interest in Scherer Unit 4. JEA has the option to procure its own coal. In 1994, Scherer Units 3 and 4 began burning sub-bituminous coal from the Powder River Basin (“PRB”) located in the western region of the United States. Both of these units are also still capable of burning bituminous coal from eastern sources in the United States. JEA owns 215 aluminum railcars to deliver the PRB coal for use at Plant Scherer. Plant Scherer has in place a Btu accounting system to allocate fuel costs among the owners.

System Load

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – Resource Requirements – System Load” in the JEA Annual Disclosure Report:

From 2005 to 2009, the peak demand for power on JEA’s Electric System increased at a compound annual rate of 1.8 percent per year. From 2005 to 2009, energy output decreased at a compound annual rate of 0.9 percent per year. JEA experienced its highest peak of 3,250 MW on January 11, 2010. The yearly recorded values were as follows:

<u>Fiscal Year</u>	<u>System Peak Demand (MW)⁽¹⁾</u>	<u>Percent Change From Previous Year</u>	<u>Annual Net Energy For Load (GWh)⁽²⁾</u>	<u>Percent Change From Previous Year</u>
2005	2,860	7.2	13,660	3.2
2006	2,919	2.1	13,915	1.9
2007	2,897	(0.8)	13,787	(0.9)
2008	2,914	0.6	13,647	(1.0)
2009	3,064	5.1	13,188	(3.4)

⁽¹⁾ The highest 60 minute net integrated peak demand for that year.

⁽²⁾ Does not include the FPL-Power Park Sale or other off-system sales.

Factors Affecting the Electric Utility Industry

The following information updates the information contained in the fourth paragraph under the caption “ELECTRIC UTILITY FUNCTIONS – Factors Affecting the Electric Utility Industry – Proposed Clean Air Act Amendment” in the JEA Annual Disclosure Report:

On February 8, 2008, a three judge panel of the D.C. Circuit Court in *New Jersey et al. v. Environmental Protection Agency*, 517 F.3d 574, unanimously vacated EPA’s CAMR. Without a successful appeal of the ruling or a delisting, EPA will now have to regulate mercury emissions under federal Clean Air Act section 112(d), by setting maximum achievable control technology (“MACT”) standards.

On October 22, 2009, EPA lodged with the United States District Court for the District of Columbia a proposed consent decree in the case of *American Nurses Association, et al. v. Environmental Protection Agency*, a case in which several environmental petitioners challenged EPA’s failure to

promulgate final MACT emissions standards for hazardous air pollutants from coal- and oil-fired electric generating units (“EGUs”) by the statutorily-mandated deadline. The proposed consent decree represents an agreement between EPA and the environmental petitioners that requires EPA to publish its proposed emission standards for coal- and oil-fired EGUs pursuant to Clean Air Act section 112(d) in the Federal Register by March 16, 2011 and to promulgate a final rule by November 16, 2011. The proposed consent decree is not final and cannot be entered by the Court until the EPA Administrator provides “reasonable opportunity” for public comment. The proposed consent decree was published in the Federal Register on October 28, 2009 and was available for public comment through November 27, 2009. It is uncertain at this time if the proposed consent decree will result ultimately in a rule that may eventually require JEA to deploy additional emissions control equipment. JEA believes that its previous preparation for compliance with the now remanded CAIR and the vacated CAMR puts it in a favorable position to comply with a new MACT rule for EGUs.

The following information updates the information contained in the fourth paragraph under the caption “ELECTRIC UTILITY FUNCTIONS – Factors Affecting the Electric Utility Industry – Environmental – Air Pollution Generally” in the JEA Annual Disclosure Report:

In April 2007, in the case of *Massachusetts, et al., v. United States Environmental Protection Agency, et al.*, 549 U.S. 497 (2007), a case involving automobile emissions, the United States Supreme Court ruled that EPA has the authority to regulate greenhouse gas (“GHG”) emissions and held that the Administrator must determine whether or not emissions of GHGs from new motor vehicles cause or contribute to air pollution which may reasonably be anticipated to endanger public health or welfare, or whether the science is too uncertain to make a reasoned decision. As a result, on April 17, 2009, Lisa Jackson, EPA Administrator, signed a proposal with two distinct findings regarding GHGs under section 202(a) of the federal Clean Air Act:

- The Administrator proposed finding that the current and projected concentrations of the mix of six key GHGs – carbon dioxide (“CO₂”), methane (“CH₄”), nitrous oxide (“N₂O”), hydrofluorocarbons (“HFCs”), perfluorocarbons, and sulfur hexafluoride – in the atmosphere threaten the public health and welfare of current and future generations. This is referred to as the endangerment finding.
- The Administrator proposed finding that the combined emissions of CO₂, CH₄, N₂O, and HFCs from new motor vehicles and motor vehicle engines contribute to the atmospheric concentrations of these key GHGs and hence to the threat of climate change. This is referred to as the cause or contribute finding.

This proposed action, as well as any action in the future, would not itself impose any requirements on industry or other entities. An endangerment finding under one provision of the Clean Air Act would not by itself automatically trigger regulation under the entire Act. The public comment period for the proposed rulemaking ended June 23, 2009. The rule has not yet been promulgated. Accordingly, JEA cannot predict at this time the effect of EPA’s motor vehicle rule regarding GHGs on its generating facilities.

Based on the increasing intensity of national and international attention to climate change, federal and state legislative or regulatory action is expected in this area in the future. The outcome in terms of specific requirements and timing is uncertain but may include a GHG cap-and-trade program or a carbon tax for electric generators. In addition, a number of bills have been introduced in Congress that would require GHG emissions reductions from fossil fuel-fired electric generation facilities, although none have yet been enacted.

In September 2009, EPA issued final rules that require mandatory reporting of GHG emissions from all sectors of the economy. The rules respond to a requirement in the 2008 Consolidated Appropriations Act, enacted December 26, 2007, Public Law No. 110-161, that EPA use its authority under the federal Clean Air Act to establish a mandatory GHG emissions reporting system by June 26, 2009. The rules require reporting by fossil fuel suppliers and industrial gas suppliers, direct GHG emitters and manufacturers of heavy-duty and off-road vehicles and engines. EGUs subject to the Clean Air Act's Acid Rain Program would continue to measure CO₂ emissions as presently performed and report based on those measurements.

On September 30, 2009, EPA issued for comment two related proposed rulemakings. The first proposal would "tailor" the major source applicability thresholds for GHGs under the federal Clean Air Act's Prevention of Significant Deterioration ("PSD") pre-construction permitting program and the Title V operating permit program. The proposal would set a temporary level for the PSD and Title V applicability thresholds at 25,000 tons per year on a "carbon dioxide equivalent" basis, and a temporary PSD significance level for GHG emissions of between 10,000 and 25,000 tons. The temporary limits would last 6 years, with revised levels to be determined via a subsequent rulemaking. The second proposal would reconsider an interpretation of the regulatory phrase "subject to regulation" for pollutants subject to the PSD program. If the proposals are finalized, GHG emissions from existing and future JEA fossil fuel-fired generating facilities would be subject to the same rules as other PSD pollutants such as SO₂ and NO_x. Unless and until such rulemakings are finalized, the financial and operational impacts of these rules on JEA cannot be determined.

In addition, three federal courts currently addressing whether common law nuisance actions may be maintained against emitters of GHGs have reached conflicting conclusions.

First, on September 21, 2009, in the case of *Connecticut v. Am. Elec. Power Co. Inc.*, the United States Court of Appeals for the Second Circuit ruled that a coalition of state and city governments and land trusts could proceed with an action seeking injunctive relief against six electric power companies on a public nuisance theory for the release of GHG emissions.

Second, on September 30, 2009, in the case of *Native Village of Kivalina v. ExxonMobil Corp.*, the United States District Court for the Northern District of California held that the "political question doctrine" barred a nuisance action for damages brought by the Village of Kivalina, Alaska against a group of oil, energy and utility companies. That court disagreed with the *Connecticut v. Am. Elec. Power Co. Inc.* court that a climate change nuisance action could be decided based on well-settled principles of tort and public nuisance law.

Finally, on October 16, 2009, in the case of *Comer v. Murphy Oil USA*, a putative class action alleging that the defendants' operation of energy and chemical industries caused the emission of GHGs that contributed to global warming, that in turn added to the ferocity of Hurricane Katrina, the United States Court of Appeals for the Fifth Circuit reached the same result as the *Connecticut v. Am. Elec. Power Co. Inc.* court.

The effect, if any, on JEA of these decisions cannot be determined at this time.

The following information updates the information contained in the fourth paragraph under the caption "ELECTRIC UTILITY FUNCTIONS – Factors Affecting the Electric Utility Industry – Environmental – Other Environmental Concerns" in the JEA Annual Disclosure Report:

On March 9, 2009, EPA issued information request letters ("Information Request Letters") to electric utilities that have surface impoundments or similar units that contain coal combustion residuals

(“CCRs”) such as fly ash and flue gas desulfurization byproducts. The EPA request followed a December 22, 2008 release of coal ash at the Tennessee Valley Authority’s Kingston, Tennessee facility that, according to EPA, flooded more than 300 acres of land, damaged homes and property, and filled large areas of adjoining rivers resulting in fish kills. EPA stated that it would review the responses to the Information Request Letters to identify impoundments or similar units that need priority attention. GPC received an Information Request Letter with respect to Plant Scherer and responded to EPA on March 25, 2009. Subsequently, EPA listed 49 CCR management units at 30 facilities that have a “high hazard potential” rating, but Plant Scherer was not on this list. EPA also has stated that it is developing regulations to address the management of CCRs.

JEA did not receive an Information Request Letter because none of its generating facilities have surface impoundments or similar units that contain CCRs. The CCRs produced by JEA’s generating facilities currently are disposed of by landfilling.

The financial and operational impact to JEA of the regulations under development by EPA related to CCRs cannot be determined at this time.

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – Factors Affecting the Electric Utility Industry – Energy Independence and Security Act of 2007” in the JEA Annual Disclosure Report:

In December 2007, the “Energy Independence and Security Act of 2007” was signed into law. This law established three additional standards for consideration by nonregulated utilities: Integrated Resource Planning; Rate Design Modifications to Promote Energy Efficiency Investments; and Smart Grid Information. In November 2009, the JEA Board completed its consideration of these standards and determined that, since JEA already is in compliance or is moving towards compliance with the intent of the standards, JEA need not adopt the standards.

The following information updates the information contained under the caption “ELECTRIC UTILITY FUNCTIONS – Factors Affecting the Electric Utility Industry – Future Legislation” in the JEA Annual Disclosure Report:

Soon after entering office in January 2007, Florida Governor Charlie Crist effectively stopped all work on proposed coal-fired generating plants in the State of Florida, due to his concern over the impact of CO₂ emissions on climate change. In July 2007, Governor Crist issued three Executive Orders focused on reducing emissions of CO₂ and other greenhouse gases in the State of Florida. The Executive Orders established nonbinding goals to reduce greenhouse gas emissions to year 2000 levels by 2017, to year 1990 levels by 2025 and to 80 percent below 1990 levels by 2050. The Executive Orders also directed the FDEP to implement rules requiring electric utilities and others to meet these goals. On April 30, 2008, the Florida Legislature passed new energy legislation which gave legislative authority to some of Governor Crist’s Executive Orders. The legislation directed the PSC to develop rules requiring electric utilities to increase the use of renewable fuels and directed the FDEP to develop a Florida-specific cap and trade program to reduce greenhouse gas emissions from electric utilities. The PSC initiated a process to develop a renewable energy rule and concluded the process with the promulgation of two alternative approaches to a rule. Both “proposed” rule approaches were presented to the Florida Legislature during the 2009 legislative session. However, the Legislature failed to ratify either. It is uncertain at this time as to when or if the Florida Legislature will pursue the development of a renewables energy policy either directly or indirectly, again, through the PSC. Similar to the direction given to the PSC, the FDEP must bring any proposed greenhouse gas reduction policy to the Florida Legislature for ratification, no sooner than 2010. The Florida Legislature did not establish numerical goals for reducing greenhouse gas emissions. JEA is actively engaged in the rulemaking activities of both the PSC and the FDEP.

From time to time, additional federal or state legislation or regulations affecting the electric utility industry may be enacted.

President Obama's new budget, which was released on February 26, 2009, calls for a national cap-and-trade system beginning in 2012. The proposed system would force utilities, oil refineries and other heavy industry to purchase 100 percent of their carbon allowances in an auction in which each ton of CO₂ would be auctioned to the highest bidder for the right to emit. The principles and targets established in the new budget are quite broad, and will be dependent on whatever legislation may be enacted by Congress.

In the past several months, the United States Congress also has begun to consider legislation aimed at curbing GHG emissions. Notably, the American Clean Energy and Security Act of 2009 (H.R. 2454) (commonly known as the Waxman-Markey bill) was approved by the House of Representatives on June 29, 2009, but has not yet been passed by the Senate. If enacted in its current form, this bill would have significant impacts on the electric utility industry and would raise the cost of using fossil fuels across the United States economy. This comprehensive act, designed to reduce GHG emissions, establishes a renewable electricity standard that requires utilities to supply an increasing percentage of their demand from a combination of energy efficiency savings and renewable energy; provides for issuing, trading, banking, retiring, and verifying renewable electricity credits; requires the EPA Administrator to set forth a national strategy to address barriers to the commercial-scale deployment of carbon capture and sequestration; establishes an approach to certify and permit geologic sequestration; promulgates regulations to minimize the risk of escape to the atmosphere of CO₂ injected for purposes of geological sequestration; sets forth a process to collect assessments from distribution utilities of fossil fuel-based electricity delivered directly to consumers; sets new performance standards for new coal-fired power plants; and more.

Several Senate committees began hearings on similar bills in July 2009. Lisa Jackson, EPA administrator, spoke before the Senate in support of the Waxman-Markey bill. No one bill has emerged from the Senate. On June 17, 2009, the Senate Energy and Natural Resources Committee passed the American Clean Energy Leadership Act of 2009 (S. 1462) (commonly known as the Bingaman bill), which would impose a renewable electricity standard on most retail electricity providers (including JEA) and increase FERC jurisdiction over the planning, siting and cost recovery of new high voltage electricity transmission lines. On November 5, 2009, the Clean Energy Jobs and American Power Act (S. 1733) (commonly known as the Kerry-Boxer bill) was passed by the Senate Environment and Public Works Committee. This bill includes a cap-and-trade program to reduce national GHG emissions of capped sources by 83 percent in 2050.

Any new legislation or changes to existing legislation or regulations could affect JEA's operations. JEA cannot predict whether any additional legislation or regulations will be enacted which will affect JEA's operations and if such laws are enacted, what the costs to JEA might be in the future because of such action. Compliance with the GHG emission reduction requirements as written in the Waxman-Markey bill, the Bingaman bill, the Kerry-Boxer bill or other proposed bills could require JEA, at significant cost, to implement carbon capture and sequestration technology, purchase allowances or offsets, change the type of boiler fuel JEA uses, or retire high-emitting generation facilities and replace them with lower-emitting generation facilities. The estimation of costs of compliance with expected GHG legislation is subject to significant uncertainties because it is based on several interrelated assumptions and variables, including timing of the implementation of rules, required levels of reductions, allocation requirements, the maturation and commercialization of carbon capture and sequestration technology and associated regulations, and JEA's selected compliance alternatives.

Financial Information

The following information updates the information contained under the caption “FINANCIAL INFORMATION – General” in the JEA Annual Disclosure Report:

Set forth in APPENDIX D to the Official Statement to which this APPENDIX C is attached are (a) the financial statements of JEA for its Fiscal Years ended September 30, 2009 and September 30, 2008 (which consist of balance sheets of JEA as of September 30, 2009 and 2008 and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended and the notes thereto; such financial statements are hereinafter referred to as “JEA’s 2009 Financial Statements”), together with the report of Ernst & Young LLP, certified public accountants, on such financial statements, (b) certain supplemental data as of September 30, 2009 and 2008 and for the years then ended (which consist of combining balance sheets, combining statements of revenues, expenses, and changes in net assets and combining statements of cash flows) and (c) certain statements of bond compliance information (which consist of schedules of debt service coverage for the years ended September 30, 2009 and 2008 for the Electric System, JEA’s interest in the Power Park and the Water and Sewer System), together with the reports of Ernst & Young LLP, certified public accountants, on such schedules. All such statements, information, data and schedules should be read in conjunction with the notes to JEA’s 2009 Financial Statements, which are an integral part of the financial statements. JEA’s 2009 Financial Statements supersede the financial statements of JEA set forth in Appendix A to the JEA Annual Disclosure Report. Accordingly, all references in the JEA Annual Disclosure Report to the financial statements of JEA set forth in Appendix A thereto shall be deemed to refer to JEA’s 2009 Financial Statements, and references to Note 12 to the financial statements of JEA set forth in Appendix A to the JEA Annual Disclosure Report shall be deemed to refer to Note 13 to JEA’s 2009 Financial Statements.

Except as described under the caption “INTRODUCTION – General” in the JEA Annual Disclosure Report, for financing purposes, the debt of JEA relating to its Electric Utility Functions, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources (*i.e.*, (a) the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by the Electric System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) except as described under the caption “INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – *Electric System Obligations Supporting the District Energy System*” in the JEA Annual Disclosure Report, the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services). **Accordingly, potential purchasers of the Series 2010A&B Bonds are advised that the information in JEA’s 2009 Financial Statements relating to the Water and Sewer System and the District Energy System is not relevant to a decision to purchase the 2010A&B Bonds and should not be taken into account with respect thereto.**

Electric System Financial Information

The following information updates the information contained under the caption “FINANCIAL INFORMATION – Financial Information Relating to Electric Utility Functions” in the JEA Annual Disclosure Report:

Electric System Schedules of Debt Service Coverage for the Fiscal Years Ended September 30, 2009 and 2008 and the Three-Month Periods Ended December 31, 2009 and 2008

The following table sets forth schedules of debt service coverage for the Electric System for the Fiscal Years ended September 30, 2009 and September 30, 2008, respectively, and the three-month periods ended December 31, 2009 and 2008, respectively. Such information with respect to the Fiscal Years ended September 30, 2009 and September 30, 2008 was derived from supplemental information included in JEA’s 2009 Financial Statements and certain other information available to JEA. Such information with respect to the three-month periods ended December 31, 2009 and December 31, 2008 is unaudited. The information set forth in the following table should be read in conjunction with JEA’s 2009 Financial Statements and the notes thereto.

In addition to the information set forth under this caption, JEA’s most recent unaudited quarterly financial statements (for the quarter ended December 31, 2009) are available for viewing and downloading from JEA’s website (<http://www.jea.com>) by selecting “News,” then selecting “JEA Bond Investor,” and then selecting “December 2009 Quarterly Report” under “Quarterly Analysis of Financial Performance.”

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JEA Electric System Schedules of Debt Service Coverage ⁽¹⁾
(000's omitted)

	Fiscal Year ended September 30,		Three Months ended	
	2009	2008	December 31, 2009 (unaudited)	December 31, 2008 (unaudited)
Revenues:				
Electric.....	\$1,383,189	\$1,205,197	\$301,779	\$317,113
Investment income ⁽²⁾	453	3,207	54	406
Earnings from The Energy Authority.....	4,088	22,374	909	2,076
Other, net.....	43,485	41,034	10,596	10,704
Less: amount paid from the Revenue Fund into the Rate Stabilization Fund.....	(135,226)	(50,182)	(14,523)	(27,153)
Plus: amount paid from the Rate Stabilization Fund into the Revenue Fund.....	40,361	62,174	9,096	8,126
Total revenues.....	<u>1,336,350</u>	<u>1,283,804</u>	<u>307,911</u>	<u>311,272</u>
Operating expenses ⁽³⁾				
Fuel.....	383,421	331,670	54,696	61,512
Purchased power ⁽⁴⁾	380,082	409,142	116,557	97,807
Other operation and maintenance.....	152,347	160,272	39,284	34,544
Utility taxes and franchise fees.....	65,249	44,353	15,202	15,953
Total operating expenses.....	<u>981,099</u>	<u>945,437</u>	<u>225,739</u>	<u>209,816</u>
Net revenues.....	<u>\$355,251</u>	<u>\$338,367</u>	<u>\$82,172</u>	<u>\$101,456</u>
Debt service on Electric System Bonds ⁽⁵⁾	\$ 74,747	\$ 77,152	\$ 16,711	\$ 22,867
Less: investment income on sinking fund.....	(986)	(673)	(167)	(342)
Debt service requirement on Electric System Bonds.....	<u>\$ 73,761</u>	<u>\$ 76,479</u>	<u>\$ 16,544</u>	<u>\$ 22,525</u>
Debt service coverage on Electric System Bonds ⁽⁶⁾	<u>4.82x</u>	<u>4.42x</u>	<u>4.97x</u>	<u>4.50x</u>
Net revenues (from above).....	\$355,251	\$338,367	\$82,172	\$101,456
Debt service requirement on Electric System Bonds (from above).....	73,761	76,479	16,544	22,525
Plus: aggregate subordinated debt service on Subordinated Electric System Bonds ⁽⁵⁾	44,890	64,274	14,378	12,408
Debt service requirement on Electric System Bonds and Subordinated Electric System Bonds.....	<u>\$ 118,651</u>	<u>\$ 140,753</u>	<u>\$ 30,922</u>	<u>\$ 34,933</u>
Debt service coverage on Electric System Bonds and Subordinated Electric System Bonds ⁽⁷⁾	<u>2.99x</u>	<u>2.40x</u>	<u>2.66x</u>	<u>2.90x</u>

⁽¹⁾ Calculated in conformity with the Electric System Resolution and the Subordinated Electric System Resolution.

⁽²⁾ Excludes investment income on sinking funds.

⁽³⁾ Excludes depreciation.

⁽⁴⁾ In accordance with the requirements of the Electric System Resolution, all Contract Debt payments from the Electric System to the Power Park and the Scherer 4 Project with respect to the use by the Electric System of the capacity and output of the Power Park and the Scherer 4 Project are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the Power Park or the Scherer 4 Project, except that the purchased power expense is net of interest income on funds maintained under the First Power Park Resolution, the Second Power Park Resolution and the Restated and Amended Bulk Power Supply Resolution.

⁽⁵⁾ Debt service on Electric System Bonds and aggregate subordinated debt service on Subordinated Electric System Bonds include accruals of principal and interest (exclusive of capitalized interest) on such Bonds outstanding during the respective periods, but do not include amortization of original issue discount or costs of issuance.

⁽⁶⁾ Net revenues divided by debt service requirement on Electric System Bonds. Minimum annual coverage required under the Electric System Resolution is 1.20x.

⁽⁷⁾ Net revenues divided by debt service requirement on Electric System Bonds and Subordinated Electric System Bonds. Minimum annual coverage required under the Subordinated Electric System Resolution is 1.15x.

***Management's Discussion of Operations — JEA
Electric System Schedules of Debt Service Coverage
for the Fiscal Years Ended September 30, 2009 and 2008***

Revenues. Electric revenues increased \$178.0 million, or 14.8 percent, for the Fiscal Year ended September 30, 2009 as compared to the Fiscal Year ended September 30, 2008, primarily related to an increase in base rates effective October 1, 2008 and an increase of \$15.00 per 1,000 kWh to the variable fuel rate effective July 1, 2008. In addition, the Council enacted a three percent franchise fee, payable to the City from designated revenues of the JEA, commencing April 1, 2008. The ordinance enacting the franchise fee authorizes JEA to pass through this fee to its customers. Total revenues increased \$52.5 million, or 4.1 percent, for the Fiscal Year ended September 30, 2009 as compared to the Fiscal Year ended September 30, 2008.

Territorial sales decreased 4.2 percent to 12,675,736 MWh for the Fiscal Year ended September 30, 2009 from 13,232,661 MWh for the Fiscal Year ended September 30, 2008. Off-system sales increased 26.7 percent to 579,730 MWh for the Fiscal Year ended September 30, 2009 from 457,421 MWh for the Fiscal Year ended September 30, 2008. Total MWh sales decreased 3.2 percent for the Fiscal Year ended September 30, 2009 as compared to the Fiscal Year ended September 30, 2008, to 13,255,466 MWh from 13,690,082 MWh.

Investment income decreased \$2.8 million, or 85.9 percent, for the Fiscal Year ended September 30, 2009 as compared to the Fiscal Year ended September 30, 2008, primarily related to a lower weighted average annual yield on invested funds.

Earnings from TEA decreased \$18.3 million, or 81.7 percent, for the Fiscal Year ended September 30, 2009 as compared to the Fiscal Year ended September 30, 2008 resulting from lower margins on purchases and sales transactions by TEA and decreased kWh purchases by JEA in the current year.

Commencing with an April 1, 2005 fuel and purchased power rate restructuring, JEA began depositing funds, including a fuel recovery charge, into the Rate Stabilization Fund established under the Electric System Resolution. Effective October 1, 2008, JEA began depositing additional funds into the Rate Stabilization Fund reflecting amounts for conservation, demand side management and debt management strategy reserve. The amounts paid from the Rate Stabilization Fund into the Revenue Fund established under the Electric System Resolution in the twelve-month periods ended September 30, 2009 and September 30, 2008 reflect withdrawals to offset fuel costs, to pay for a portion of the Electric System's debt service, and to fund certain conservation/environmental expenses.

Operating Expenses. Total operating expenses increased \$35.7 million, or 3.8 percent, for the Fiscal Year ended September 30, 2009 as compared to the Fiscal Year ended September 30, 2008. Total fuel and purchased power expenses increased \$22.7 million, or 3.1 percent, for the Fiscal Year ended September 30, 2009 as compared to the Fiscal Year ended September 30, 2008, primarily related to expenses accrued for byproduct processing and management, as described above under the caption "Electric System Environmental Matters – Northside Generating Station Byproduct" above.

The prices of oil, gas, solid fuels and purchased power have fluctuated over this period, and, from year to year, the components of fuel and purchased power expenses have shifted as JEA has taken advantage of the most economical sources of power. Energy produced from JEA's generating units was 6,076,836 MWh for the Fiscal Year ended September 30, 2009, an increase of 1.9 percent from 5,964,325 MWh for the Fiscal Year ended September 30, 2008. Energy purchased was 7,737,425 MWh for the Fiscal Year ended September 30, 2009, a decrease of 7.0 percent from 8,319,334 MWh for the Fiscal Year ended September 30, 2008.

Other operation and maintenance expenses decreased \$7.9 million, or 4.9 percent, for the Fiscal Year ended September 30, 2009 as compared to the Fiscal Year ended September 30, 2008, primarily related to a decrease in salaries and related benefits, a decrease in supplemental workforce, a reduction in inventory, and a decrease in maintenance outages at Northside Generating Station.

Utility taxes and franchise fees increased \$20.9 million, or 47.1 percent, for the Fiscal Year ended September 30, 2009 as compared to the Fiscal Year ended September 30, 2008, related to the inclusion of the three percent franchise fee and the increase in utility tax as a result of the rate increases discussed above.

Net Revenues. Net revenues available for debt service increased \$16.9 million, or 5.0 percent, to \$355.3 million for the Fiscal Year ended September 30, 2009 from \$338.4 million for the Fiscal Year ended September 30, 2008. Total revenues increased \$52.5 million, or 4.1 percent, and total operating expenses increased \$35.7 million, or 3.8 percent, for the Fiscal Year ended September 30, 2009 as compared to the Fiscal Year ended September 30, 2008, as described above.

Debt Service on Electric System Bonds. The debt service requirement on Electric System Bonds decreased 3.6 percent for the Fiscal Year ended September 30, 2009 as compared to the Fiscal Year ended September 30, 2008, primarily related to lower average variable interest rates in the Fiscal Year ended September 30, 2009.

During the Fiscal Year ended September 30, 2009, JEA issued Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
Series Three 2009A	Capital Program/Refunding	March 2009	\$96,685,000	\$93,885,000
Series Three 2009B	Capital Program/Refunding	August 2009	33,970,000	33,390,000
Series Three 2009C	Capital Program/Refunding	August 2009	15,730,000	17,390,000

During the Fiscal Year ended September 30, 2008, JEA issued Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
Series Three 2007C	Capital Program	October 2007	\$ 26,515,000	
Series Three 2008A	Capital Program	January 2008	100,000,000	
Series Three 2008B	Capital Program/Refunding	March 2008	261,490,000	\$259,250,000
Series Three 2008C	Capital Program/Refunding	March 2008	273,605,000	263,400,000
Series Three 2008D	Capital Program/Refunding	May 2008	260,000,000	246,720,000
Series Three 2008E	Capital Program/Refunding	September 2008	54,050,000	48,835,000

Debt Service Coverage Ratio on Electric System Bonds. The debt service coverage ratio on Electric System Bonds increased to 4.82 times for the Fiscal Year ended September 30, 2009 as compared to the debt service coverage ratio of 4.42 times for the Fiscal Year ended September 30, 2008 due to the 5.0 percent increase in net revenues available for debt service and the 3.6 percent decrease in the debt service requirement on Electric System Bonds between such periods.

Aggregate Subordinated Debt Service on Subordinated Electric System Bonds. Aggregate subordinated debt service on Subordinated Electric System Bonds decreased 30.2 percent for the Fiscal Year ended September 30, 2009 as compared to the Fiscal Year ended September 30, 2008, primarily related to lower average variable interest rates and decreased principal amortization.

During the Fiscal Year ended September 30, 2009, JEA issued Subordinated Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2009 Series A	Capital Program	January 2009	\$122,585,000	
2009 Series B	Capital Program/Refunding	March 2009	117,075,000	\$123,135,000
2009 Series C	Capital Program/Refunding	April 2009	65,515,000	66,000,000
2009 Series D	Capital Program/Refunding	June 2009	50,135,000	53,970,000
2009 Series E	Capital Program/Refunding	August 2009	12,420,000	13,055,000 ⁽¹⁾

⁽¹⁾ Included in this amount is \$8,140,000 in aggregate principal amount of Subordinated Electric System Bonds that were redeemed on October 1, 2009.

During the Fiscal Year ended September 30, 2008, JEA issued Subordinated Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2007 Series A	Capital Program	October 2007	\$ 82,800,000	
2008 Series A	Capital Program	April 2008	56,410,000	
2008 Series B	Capital Program/Refunding	March 2008	104,955,000	\$100,000,000
2008 Series C	Capital Program/Refunding	March 2008	79,255,000	75,100,000
2008 Series D	Capital Program/Refunding	March 2008	70,605,000	70,325,000
2008 Series E	Capital Program/Refunding	September 2008	18,645,000	18,180,000

Debt Service Coverage Ratio on Electric System Bonds and Subordinated Electric System Bonds. The debt service coverage ratio on Electric System Bonds and Subordinated Electric System Bonds increased to 2.99 times for the Fiscal Year ended September 30, 2009 as compared to the debt service coverage ratio of 2.40 times for the Fiscal Year ended September 30, 2008 due to the 5.0 percent increase in net revenues available for debt service and the 15.7 percent decrease in the debt service requirement on Electric System Bonds and Subordinated Electric System Bonds between such periods.

***Management's Discussion of Operations — JEA
Electric System Schedules of Debt Service Coverage
for the Three-Month Periods Ended December 31, 2009 and 2008***

Revenues. The JEA Board approved an increase in base rates effective October 1, 2009 and a decrease to the fuel rate of \$10.98 per 1, 000 kWh effective October 1, 2009.

Total revenues decreased \$3.4 million, or 1.1 percent, for the three months ended December 31, 2009 as compared to the three months ended December 31, 2008. Electric revenues decreased \$15.3 million, or 4.8 percent, for the three months ended December 31, 2009 as compared to the three months ended December 31, 2008, primarily related to the implementation of new rates and a 3.1 percent decrease in total MWh sales.

Territorial sales increased 0.7 percent to 2,911,904 MWh for the three months ended December 31, 2009 from 2,890,898 MWh for the three months ended December 31, 2008. Off-system sales decreased 63.7 percent to 65,480 MWh for the three months ended December 31, 2009 from 180,600 MWh for the three months ended December 31, 2008. Total MWh sales decreased 3.1 percent for the three months ended December 31, 2009 as compared to the three months ended December 31, 2008, to 2,977,384 MWh from 3,071,498 MWh.

Investment income decreased \$0.4 million, or 86.7 percent, for the three months ended December 31, 2009 as compared to the three months ended December 31, 2008, primarily related to lower average interest rates in the three months ended December 31, 2009.

Earnings from TEA decreased \$1.2 million, or 56.2 percent, for the three months ended December 31, 2009 as compared to the three months ended December 31, 2008 resulting from lower margins on purchases and sales transactions by TEA.

Commencing with an April 1, 2005 fuel and purchased power rate restructuring, JEA began depositing funds, including a fuel recovery charge, into the Rate Stabilization Fund established under the Electric System Resolution. Effective October 1, 2008, JEA began depositing additional funds into the Rate Stabilization Fund reflecting amounts for conservation, demand side management and debt management strategy reserve. The amounts paid from the Rate Stabilization Fund into the Revenue Fund established under the Electric System Resolution in the three-month periods ended December 31, 2009 and December 31, 2008 reflect withdrawals to pay for a portion of the Electric System's debt service and to fund certain conservation/environmental expenses.

Operating Expenses. Total operating expenses increased \$15.9 million, or 7.6 percent, for the three months ended December 31, 2009 as compared to the three months ended December 31, 2008. Total fuel and purchased power expenses increased \$11.9 million, or 7.5 percent, for the three months ended December 31, 2009 as compared to the three months ended December 31, 2008, primarily related to a 12.7 percent increase in total cost per MWh produced and purchased, offset, in part, by a 4.7 percent decrease in MWh produced and purchased.

The prices of oil, gas, solid fuels and purchased power have fluctuated over this period, and, from year to year, the components of fuel and purchased power expenses have shifted as JEA has taken advantage of the most economical sources of power. Energy produced from JEA's generating units was 814,619 MWh for the three months ended December 31, 2009, a decrease of 27.6 percent from 1,125,312 MWh for the three months ended December 31, 2008. Energy purchased was 2,266,434 MWh for the three months ended December 31, 2009, an increase of 7.6 percent from 2,106,252 MWh for the three months ended December 31, 2008.

Other operation and maintenance expenses increased \$4.7 million, or 13.7 percent, for the three months ended December 31, 2009 as compared to the three months ended December 31, 2008, primarily related to an increase in maintenance expenses due to planned outages at Northside Generating Station.

Utility taxes and franchise fees decreased \$0.8 million, or 4.7 percent, for the three months ended December 31, 2009 as compared to the three months ended December 31, 2008, related to the decrease in utility tax and franchise fees as a result of the decrease in electric revenues discussed above

Net Revenues. Net revenues available for debt service decreased \$19.3 million, or 19.0 percent, to \$82.2 million for the three months ended December 31, 2009 from \$101.5 million for the three months ended December 31, 2008. Total revenues decreased \$3.4 million, or 1.1 percent, and total operating expenses increased \$15.9 million, or 7.6 percent, for the three months ended December 31, 2009 as compared to the three months ended December 31, 2008, as described above.

Debt Service on Electric System Bonds. The debt service requirement on Electric System Bonds decreased 26.6 percent for the three months ended December 31, 2009 as compared to the three months ended December 31, 2008, primarily related to lower average variable interest rates in the three months ended December 31, 2009.

During the three months ended December 31, 2009, JEA issued Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
Series Three 2009 D	Capital Program	December 2009	\$45,955,000	

During the Fiscal Year ended September 30, 2009, JEA issued Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
Series Three 2009 A	Capital Program/Refunding	March 2009	\$96,685,000	\$93,885,000
Series Three 2009 B	Capital Program/Refunding	August 2009	33,970,000	33,390,000
Series Three 2009 C	Capital Program/Refunding	August 2009	15,730,000	17,390,000

Debt Service Coverage Ratio on Electric System Bonds. The debt service coverage ratio on Electric System Bonds increased to 4.97 times for the three months ended December 31, 2009 as compared to the debt service coverage ratio of 4.50 times for the three months ended December 31, 2008 due to the 19.0 percent decrease in net revenues available for debt service being less proportionately than the 26.6 percent decrease in the debt service requirement on Electric System Bonds between such periods.

Aggregate Subordinated Debt Service on Subordinated Electric System Bonds. Aggregate subordinated debt service on Subordinated Electric System Bonds increased 15.9 percent for the three months ended December 31, 2009 as compared to the three months ended December 31, 2008, primarily related to increased principal amortization, offset, in part, by lower average variable interest rates.

During the three months ended December 31, 2009, JEA issued Subordinated Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2009 Series F	Capital Program	December 2009	\$68,600,000	
2009 Series G	Capital Program/Refunding	December 2009	27,675,000	\$28,930,000

During the Fiscal Year ended September 30, 2009, JEA issued Subordinated Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2009 Series A	Capital Program	January 2009	\$122,585,000	
2009 Series B	Capital Program/Refunding	March 2009	117,075,000	\$123,135,000
2009 Series C	Capital Program/Refunding	April 2009	65,515,000	66,000,000
2009 Series D	Capital Program/Refunding	June 2009	50,135,000	53,970,000
2009 Series E	Capital Program/Refunding	August 2009	12,420,000	13,055,000 ⁽¹⁾

⁽¹⁾ Included in this amount is \$8,140,000 in aggregate principal amount of Subordinated Electric System Bonds that were redeemed on October 1, 2009.

Debt Service Coverage Ratio on Electric System Bonds and Subordinated Electric System Bonds. The debt service coverage ratio on Electric System Bonds and Subordinated Electric System Bonds decreased to 2.66 times for the three months ended December 31, 2009 as compared to the debt service coverage ratio of 2.90 times for the three months ended December 31, 2008 due to the 19.0 percent decrease in net revenues available for debt service being greater proportionately than the 11.5 percent decrease in the debt service requirement on Electric System Bonds and Subordinated Electric System Bonds between such periods.

Transfers to the City

The following information updates the information contained in the second paragraph under the caption “FINANCIAL INFORMATION – Transfers to the City” in the JEA Annual Disclosure Report:

The portion of the budgeted aggregate assessment calculated with respect to (i) the Water and Sewer System has decreased from approximately \$20,593,422 for the Fiscal Year ended September 30, 2009 to approximately \$20,180,278 for the Fiscal Year ending September 30, 2010 and (ii) the Electric System has increased from approximately \$76,094,124 for the Fiscal Year ended September 30, 2009 to \$79,007,260 for the Fiscal Year ending September 30, 2010. The aggregate assessment may be paid from any available revenues of JEA. The City’s annual assessments on JEA currently do not include assessments on the revenues of the District Energy System, and JEA is not currently obligated to transfer funds to the City from funds derived from the District Energy System.

JEA Credit Rating Changes – Liquidity Support for JEA’s Variable Rate Bonds

The following information updates the information contained in the first and third paragraphs under the caption “FINANCIAL INFORMATION – JEA Credit Rating Changes – Liquidity Support for JEA’s Variable Rate Bonds” in the JEA Annual Disclosure Report:

In particular, JEA has entered into standby bond purchase agreements and a letter of credit reimbursement agreement with certain commercial banks in order to provide liquidity support in connection with tenders for purchase of the Senior Liquidity Supported Electric Bonds, the Subordinated Liquidity Supported Electric Bonds, the Senior Liquidity Supported Water and Sewer Bonds and the Subordinated Liquidity Supported Water and Sewer Bonds (collectively the “Liquidity Supported Bonds”) (as of September 30, 2009, there were \$838,025,000 in aggregate principal amount of Senior Liquidity Supported Electric Bonds outstanding, \$417,180,000 in aggregate principal amount of Subordinated Liquidity Supported Electric Bonds outstanding, \$235,290,000 in aggregate principal amount of Senior Liquidity Supported Water and Sewer Bonds outstanding and \$229,710,000 in aggregate principal amount of Subordinated Liquidity Supported Water and Sewer Bonds outstanding). The standby bond purchase agreements and letter of credit, as applicable, relating to the Liquidity Supported Bonds provide that any of such Liquidity Supported Bonds that are purchased by the applicable bank pursuant to its standby bond purchase agreement or reimbursement agreement, as applicable, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain “events of default” with respect to JEA under such standby bond purchase agreement or reimbursement agreement, as applicable. Upon any such tender or deemed tender for purchase, such Liquidity Supported Bonds so tendered or deemed tendered will be due and payable immediately. One of such “events of default” is a ratings downgrade of all three ratings on the applicable series of Liquidity Supported Bonds to which such standby bond purchase agreement or reimbursement agreement, as applicable, relates to below the levels set forth in the final paragraph under the caption “FINANCIAL INFORMATION – JEA

Credit Rating Changes – *Liquidity Support for JEA’s Variable Rate Bonds*” in the JEA Annual Disclosure Report.

JEA Credit Rating Changes – Interest Rate Swap Transactions

The following information updates the information contained in the first and third paragraphs under the caption “FINANCIAL INFORMATION – JEA Credit Rating Changes – Interest Rate Swap Transactions” in the JEA Annual Disclosure Report:

From time to time, JEA enters into interest rate swap transactions pursuant to both its investment policies (see “FINANCIAL INFORMATION – Investment Policies” in the JEA Annual Disclosure Report and “Investment Policies” below) and its debt management policy (see “FINANCIAL INFORMATION – Debt Management Policy” in the JEA Annual Disclosure Report and “Debt Management Policy” below), which interest rate swap transactions may be for the account of either the Electric System or the Water and Sewer System. JEA had interest rate swap transactions outstanding under interest rate swap master agreements with five different counterparties in an aggregate notional amount of \$1,082,360,00 as of September 30, 2009 and \$1,066,350,000 as of December 31, 2009, of which, as of September 30, 2009, \$883,340,000 were for the account of the Electric System and \$199,020,000 were for the account of the Water and Sewer System and, as of December 31, 2009, \$868,740,000 were for the account of the Electric System and \$197,610,000 were for the account of the Water and Sewer System. For additional information concerning those interest rate swap transactions, see (a) “FINANCIAL INFORMATION – Investment Policies” in the JEA Annual Disclosure Report and “Investment Policies” below, (b) “FINANCIAL INFORMATION – Debt Management Policy” in the JEA Annual Disclosure Report and “Debt Management Policy” below and (c) Notes 3 and 7 to JEA’s 2009 Financial Statements set forth in APPENDIX D to the Official Statement to which this APPENDIX C is attached.

As of September 30, 2009, JEA’s estimated aggregate exposure under all of its then outstanding interest rate swap transactions was (\$119,055,649), of which (\$100,799,235) was attributable to interest rate swap transactions entered into for the account of the Electric System and (\$18,256,414) was attributable to interest rate swap transactions entered into for the account of the Water and Sewer System. As of December 31, 2009, JEA’s estimated aggregate exposure under all of its then outstanding interest rate swap transactions was (\$80,537,842), of which (\$69,767,580) was attributable to interest rate swap transactions entered into for the account of the Electric System and (\$10,770,262) was attributable to interest rate swap transactions entered into for the account of the Water and Sewer System.

Investment Policies

The following information updates the information contained in the second paragraph under the caption “FINANCIAL INFORMATION – Investment Policies” in the JEA Annual Disclosure Report:

JEA invests its funds pursuant to Section 218.415, Florida Statutes, its various bond resolutions and its JEA Board-approved investment policy. As of September 30, 2009, 32 percent of JEA’s total investment portfolio (including funds held under the Electric System Resolution, the Subordinated Electric System Resolution, the First Power Park Resolution, the Second Power Park Resolution, the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution and the District Energy System Resolution) was invested in securities issued by the United States Government, federal agencies or state and local government entities having a weighted average maturity of approximately 6.9 years. As of September 30, 2009, the remaining 68 percent of such investment

portfolio was invested in commercial paper rated at least A-1 and P-1 by S&P and Moody's, respectively, having a weighted average maturity of less than 30 days, in the Florida State Board of Administration Local Government Surplus Funds Trust Fund (the "State Pool"), in money market mutual funds and in demand deposit bank accounts. JEA's funds that are invested in commercial paper, in the State Pool, in money market mutual funds and in bank accounts are used primarily for operating expenses. During the month of November 2007 it became apparent that the State Pool was encountering difficulty in meeting increased cash withdrawals from various investors due to a portion of its investments being held in downgraded securities. As of the date hereof, JEA had approximately \$1.795 million of Electric System funds, approximately \$0.333 million of Water and Sewer System funds, approximately \$0.686 million of Power Park funds and approximately \$0.080 million of District Energy funds in accounts at the State Pool which are not available at this time for withdrawal and are secured by the downgraded and other "distressed" securities held in the State Pool. JEA does not expect these investments to adversely affect its liquidity position.

Debt Management Policy

The following information replaces in its entirety the third paragraph and updates the information contained in the table under the caption "FINANCIAL INFORMATION – Debt Management Policy" in the JEA Annual Disclosure Report:

Beginning in the Fiscal Year ending September 30, 2010, deposits will be made to the Rate Stabilization Fund for the Debt Management Strategy Reserve and will reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. At a minimum, 50 percent of the calculated reserve will be recorded and deposited each fiscal year. An additional amount, up to the full value of the calculated reserve (the remaining 50 percent), will be reviewed by the Debt and Investment Committee and recorded at their option. However, the amount deposited to the Rate Stabilization Fund (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service. The reserve will be calculated on a system by system basis, however, based on the calculation, any mandatory deposit will exclude the District Energy System. The budget reserve is capped at five percent of the par amount of the total outstanding variable rate debt. Withdrawals from the Rate Stabilization Fund for the Debt Management Strategy Reserve can be used for any lawful purpose including debt service, debt repayment, and capital outlay and must be approved in writing by the Chief Executive Officer.

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In connection with the issuance or proposed issuance of certain of JEA's bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Electric System or the Water and Sewer System, as the case may be. These swap transactions are entered into with various providers and are otherwise described in the table below.

<u>Related Bonds</u>	<u>Counterparty</u>	<u>Initial Notional Amount</u>	<u>Notional Amount as of December 31, 2009</u>	<u>Fixed Rate of Interest</u>	<u>Variable Rate Index⁽¹⁾</u>	<u>Termination Date⁽²⁾</u>
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008A</i>	Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMMDP")	\$100,000,000	\$98,130,000	3.836%	BMA Municipal Swap Index	10/1/2036
	GSMMDP	\$27,400,000	\$27,125,000	4.044%	BMA Municipal Swap Index	10/1/2026
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, 2008B-2, 2008B-3 and 2008B-4</i>	Morgan Stanley Capital Services Inc. ("MSCS")	\$117,825,000	\$115,725,000	4.351%	BMA Municipal Swap Index	10/1/2039
	JPMorgan Chase Bank, N.A. ("JPMorgan")	\$116,425,000	\$110,700,000	3.661%	68% of 1 month LIBOR	10/1/2035
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008C-1 and 2008C-2</i>	GSMMDP	\$174,000,000	\$157,600,000	3.717%	68% of 1 month LIBOR	9/16/2033
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008D-1</i>	MSCS	\$98,375,000	\$94,825,000	3.907%	SIFMA Municipal Swap Index	10/1/2031
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008D-2A and 2008D-2B</i>	Citigroup Financial Products Inc.	\$95,240,000	\$94,760,000	3.918%	SIFMA Municipal Swap Index	10/1/2036
<i>Variable Rate Electric System Subordinated Revenue Bonds, 2008 Series D</i>	JPMorgan	\$29,900,000	\$29,300,000	3.608%	BMA Municipal Swap Index	10/1/2016
	JPMorgan	\$40,875,000	\$40,575,000	3.716%	68% of 1 month LIBOR	10/1/2037
<i>Variable Rate Electric System Revenue Bonds⁽³⁾</i>	Merrill Lynch Derivative Products AG ("MLDP")	\$100,000,000	\$100,000,000	4.031%	BMA Municipal Swap Index	10/1/2038
<i>Water and Sewer System Revenue Bonds, 2006 Series B</i>	MSCS	\$38,730,000	\$38,730,000	3.86-4.09%	CPI Index	10/1/2016 to 10/1/2022
<i>Variable Rate Water and Sewer System Revenue Bonds, 2008 Series A-1</i>	JPMorgan	\$75,000,000	73,590,000	3.854%	SIFMA Municipal Swap Index	10/1/2036
<i>Variable Rate Water and Sewer System Revenue Bonds, 2008 Series B</i>	MLDP	85,290,000	85,290,000	3.895%	BMA Municipal Swap Index	10/1/2041

⁽¹⁾ The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.

⁽²⁾ Unless earlier terminated.

⁽³⁾ Expected to be issued on January 27, 2011. The swap transaction is effective on this date, whether or not such bonds are issued.

As of December 31, 2009, no floating-to-fixed swap transactions or fixed-to-floating interest rate swap transactions were outstanding for the account of the District Energy System.

Revolving Lines of Credit

The following information updates the information contained under the caption “FINANCIAL INFORMATION – Revolving Line of Credit” in the JEA Annual Disclosure Report:

As of the date hereof, JEA has established two revolving lines of credit totaling \$187,500,000 with three commercial banks (the “Revolving Lines of Credit”). Subject to meeting various conditions, the Revolving Lines of Credit are available to JEA to provide working capital and short-term and interim financing for capital projects in connection with the Electric System, the Water and Sewer System, the Power Park (under the Second Power Park Resolution), the Bulk Power Supply System and the District Energy System. Payment obligations under the Revolving Lines of Credit are payable from the revenues of the Electric System, the Water and Sewer System, the Power Park (under the Second Power Park Resolution), the Bulk Power Supply System and the District Energy System, as applicable, but are subordinate to the payment of JEA’s Electric System, Water and Sewer System, Power Park, Bulk Power Supply System and District Energy System debt (including the Electric System Bonds, the Subordinated Electric System Bonds, the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds, the Power Park Issue Three Bonds, the Bulk Power Supply System Bonds and the District Energy System Bonds). As of the date hereof, JEA had \$32,285,000 in drawings outstanding under the Revolving Lines of Credit, of which \$6,000,000 were for the account of the Power Park and \$4,285,000 were for the account of the District Energy System and \$22,000,000 were for the account of the Bulk Power Supply System. JEA expects to repay the \$22,000,000 in drawings outstanding for the account of the Bulk Power Supply System from the proceeds of the Bulk Power Supply System Bonds expected to be issued in April 2010.

JEA'S FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS, SUPPLEMENTARY
INFORMATION, AND BOND COMPLIANCE INFORMATION

JEA
Years Ended September 30, 2009 and 2008
With Report of Independent Certified Public Accountants

JEA

Financial Statements, Supplementary Information,
and Bond Compliance Information

Years Ended September 30, 2009 and 2008

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Report of Independent Certified Public Accountants

The Governing Board
JEA

We have audited the accompanying balance sheets of JEA, a component unit of the City of Jacksonville, Florida, as of September 30, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of JEA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of JEA's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JEA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JEA as of September 30, 2009 and 2008, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009 on our consideration of JEA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Schedule of Funding Progress, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary combining financial statements as of and for the years ended September 30, 2009 and 2008 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst & Young LLP

December 7, 2009

Management's Discussion and Analysis

Introduction

JEA is a municipal utility operating in Jacksonville, Florida (Duval County), and parts of three adjacent counties. The operation is comprised of three enterprise funds - the Electric Enterprise Fund, the Water and Sewer Fund, and the District Energy System (DES). The Electric Enterprise Fund is comprised of the JEA Electric System, Bulk Power Supply System (Scherer), and St. Johns River Power Park System (SJRPP). The Electric Enterprise Fund, Water and Sewer Fund, and DES are presented on a combined basis in the balance sheets, statements of revenues, expenses and changes in net assets, and statements of cash flows.

Overview of the Combined Financial Statements

This discussion and analysis serves as an introduction to JEA's basic financial statements. The information presented here should be read in conjunction with the financial statements and accompanying notes.

The basic financials are presented on a comparative basis for the fiscal year ending September 30, 2009 and 2008. The Balance Sheets presents JEA's assets and liabilities with the difference between the two reported as net assets. Revenues and expenses information are presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The Statement of Cash Flows presents JEA's sources and uses of cash and cash equivalents. The 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 to the Financial Statements are an integral part of JEA's basic consolidated financial statements and contain information on accounting principles and additional information on certain components of these statements.

The following tables summarize the financial condition and operations of JEA for the 2009, 2008, and 2007 fiscal years:

Condensed Balance Sheets

	2009	2008	Restated 2007
	<i>(In Millions)</i>		
Assets			
Current assets	\$ 655	\$ 540	\$ 465
Other noncurrent assets	1,133	996	867
Capital assets, net	6,678	6,601	6,275
	<u>\$ 8,466</u>	<u>\$ 8,137</u>	<u>\$ 7,607</u>
Liabilities and net assets			
Current liabilities	\$ 208	\$ 183	\$ 183
Liabilities payable from restricted assets	438	439	351
Noncurrent liabilities	122	123	121
Long-term debt	6,132	5,910	5,444
Net assets invested in capital assets, net of related debt	605	727	868
Net assets, restricted	550	427	381
Net assets, unrestricted	411	328	259
	<u>\$ 8,466</u>	<u>\$ 8,137</u>	<u>\$ 7,607</u>

Condensed Statements of Revenues, Expenses, and Changes in Net Assets

	2009	2008	Restated 2007
	<i>(In Millions)</i>		
Operating revenues	\$ 1,831	\$ 1,633	\$ 1,456
Operating expenses	(1,464)	(1,423)	(1,281)
Operating income	367	210	175
Nonoperating expenses	(226)	(191)	(167)
Contributions	(57)	(44)	57
(Increase) decrease in net assets	\$ 84	\$ (25)	\$ 65

Financial Analysis of JEA for fiscal years 2009 and 2008

Operating Revenues

2009 compared to 2008:

Total Electric Enterprise Fund operating revenues for the fiscal year 2009 increased \$199.3 million (14.4%) compared to fiscal year 2008. Electric Enterprise Fund operating revenues (operating revenues) increased \$ 198.0 million (14.7%) and other operating revenues increased \$1.3 million. The increase in operating revenues was attributable to rate increases. Operating revenues include a base rate increase that became effective on October 1, 2008, which increased revenues 6.2 % and a \$15.00 per 1,000 kWh fuel rate increase which became effective July 1, 2008. Additionally, a component of the increase was due to the inclusion of a 3% franchise fee to the City of Jacksonville, Florida, from designated revenues of the JEA Electric System, commencing April 1, 2008. The ordinance authorizes JEA to pass through this fee to its electric customers. Total consumption decreased 2.6% as compared to the prior year. Territorial sales decreased from 15,869 GWh to 15,335 GWh, a decrease of 3.4%; however, off-system sales increased from 457 GWh to 580 GWh, an increase of 26.7%. There was a slight increase in customer growth of 0.7%. Other operating revenues increased \$1.3 million due primarily to increased service fees.

Total Water and Sewer Fund operating revenues increased \$1.6 million, a 0.6% increase. Water and Sewer Fund operating revenues (operating revenues) increased \$1.7 million and other revenues decreased \$0.1 million. The operating revenue increase was due to a 4.1% rate increase in water and sewer rates that went into effect, October 1, 2008, and the inclusion of the 3.0% franchise fee payable to the City from designated revenues of the Water and Sewer System which went into effect April 1, 2008. The increase was offset by decreased consumption. The volume of water and sewer sales decreased 6.2%. Customer growth increased slightly by 0.4%.

Total DES revenues increased \$0.7 million for fiscal year 2009 compared to fiscal year 2008. The increase in revenues was due to the increase in rates for the chilled water services, effective October 1, 2008.

2008 compared to 2007:

Total Electric Enterprise Fund operating revenues for the fiscal year 2008 increased \$173.2 million (14.3%) compared to fiscal year 2007. Electric Enterprise Fund operating revenues increased \$169.5 million (14.4%) and other operating revenues increased \$3.7 million. The increase was mainly attributable to rate increases; however, it was partially offset by a decrease in consumption. Electric Enterprise Fund operating revenues include an approximate 10% base and fuel rate increase that went into effect on October 1, 2007, and a \$15.00 per 1,000 KWh fuel rate increases that became effective July 1, 2008. In addition, the City Council of Jacksonville enacted a 3% franchise fee to the City of Jacksonville, Florida, from designated revenues of the JEA Electric and Water and Sewer Systems, commencing April 1, 2008. Territorial sales decreased from 16,290 GWh to 15,868 GWh, a decrease of 2.6% and off-system sales decreased from 649 GWh to 457 GWh, a decrease of 29.5%. The decrease was due to reduced territorial sales and a reduction in revenue relating to the sales of electricity to Florida Power and Light (FPL) from SJRPP. There was a slight increase in customer growth of 0.5%. Other operating revenues increased \$3.7 million, mainly due to increased transmission revenues.

Total Water and Sewer Fund operating revenues increased \$8.6 million, a 3.5% increase. Water and Sewer Fund operating revenues increased \$9.8 million and other revenues decreased \$1.2 million. The operating revenue increase was due to an increase in water and sewer rates and the City's enactment of the franchise fee. The increase was offset by decreased consumption. The volume of water and sewer sales decreased 6.7%. There was a 26.4% increase in rainfall as compared to the prior year, which was a contributing factor in the decrease in consumption. Customer growth increased slightly by 0.4%. Other operating revenues decreased due to reduced carrying charges for inventory from the Electric System.

Total DES revenues decreased \$1.6 million for fiscal year 2008 compared to fiscal year 2007. The decrease in revenues was primarily due to a settlement received in fiscal year 2007.

Operating Expenses

2009 compared to 2008:

Total Electric Enterprise Fund operating expenses for fiscal year 2009 increased \$40.0 million or 3.4% compared to fiscal year 2008. The increase was mainly due to an increase in fuel and purchased power expense of \$25.3 million, as discussed below; the 3% franchise fee of \$16.3 million and \$4.5 million increase in utility taxes due to the rate increases discussed above. However, total other Electric Enterprise Fund operating and maintenance expenses decreased \$5.8 million, an 8.9% decrease in fiscal year 2009 compared to the same period in 2008. The decrease was mainly due to a decrease in salaries and related benefits, a decrease in supplemental workforce, and decreases in maintenance outage expenses at generating stations. Offsetting the decrease was a \$10.9 increase in expense in the Electric System due to adjustment in the intercompany allocation between the entities.

Total fuel and purchased power expense increased \$25.3 million compared to the prior year. Fuel expense increased \$80.7 million and purchased power decreased \$55.4 million. Included in fuel expense is \$21.0 million expense related to byproducts processing and management. As the price of gas, oil, solid fuels, and purchased power have fluctuated from year to year, the components of fuel and purchased power expenses have shifted to take advantage of the most economical source of power. Energy produced from JEA's generating stations increased 1.9%, energy purchased decreased 7.0% and total energy produced and purchased decreased 3.3% from the prior fiscal year. JEA's power supply mix for fiscal year 2009 was 52% coal (from JEA units), 23% petroleum coke, 12% natural gas, 10% coal-fired purchases, and 3% other power purchases. During fiscal year 2008, JEA's power supply was 51% coal (from JEA units), 19% petroleum coke, 14% natural gas, 10% coal-fired purchases, 5% other power purchases, and 1% oil.

Total operating expenses for the Water and Sewer Fund increased \$3.9 million, an increase of 1.7%. The major factors impacting the increase in operating and maintenance expenses were increases in depreciation; franchise fees; salary and benefits, maintenance expenses; and utility expense. The increase was offset by a \$10.9 million decrease due to the allocation of expenses between entities.

The operating expenses for DES increased \$0.6 million. The increase was due to increased electric rates from the Electric System.

2008 compared to 2007:

Total Electric Enterprise Fund operating expenses for fiscal year 2008, excluding depreciation and recognition of deferred costs, increased \$108.6 million or 12.9% compared to fiscal year 2007. The increase was mainly due to an increase in fuel and purchased power expense of \$93.8 million, as discussed below; the 3% franchise fees of \$15.0 million and \$3.8 million of increased utility taxes based on the rate increases discussed above. Total other Electric Enterprise Fund operating and maintenance expenses were \$4.1 million lower, a 1.9% decrease in fiscal year 2008 compared to the same period in 2007. Major factors impacting other operating and maintenance expenses were decreased debt service requirements for SJRPP and increased salaries and related benefits, including other post-employment retirement benefits.

Fuel expense increased \$49.8 million and purchased power increased \$44.0 million. The increase in fuel and purchased power expense for the year was primarily driven by the product mix and increased commodity costs. There was a 1.6% decrease in megawatts produced and purchased. During fiscal year 2008, JEA's power supply mix for fiscal year 2008 was 51% coal (from JEA units), 19% petroleum coke, 14% natural gas, 10% coal-fired purchases, 5% other power purchases, and 1% oil.

Total operating expenses for the Water and Sewer Fund increased \$15.1 million, excluding depreciation expense, an increase of 14.9%. The major factors impacting the increase in operating and maintenance expenses were: increased intercompany billings; increased salaries and benefits, including other post-employment retirement benefits; and increased professional and industrial services expenses.

The operating expenses for DES, excluding depreciation, increased \$0.3 million. The increase was due primarily to increased electric rates from the Electric System.

Nonoperating Revenues and Expenses

2009 compared to 2008:

The net change in nonoperating revenues and expenses was \$34.9 million in fiscal year 2009. The Energy Authority (TEA) earnings, a municipal power marketing joint venture in which JEA is a member, decreased \$18.3 million due to decreased purchases by JEA and lower margins that were offset by lower fuel expenses. Investment income increased \$6.1 million in fiscal 2009 due to favorable noncash fair market value adjustments offset by decreased rates on investment returns. Interest expense increased \$17.0 million as a result of \$16.9 million increase in debt management expenses and \$0.1 million increase in interest expenses. See note 7 for further discussion on debt management strategy. Allowance for funds used for construction (AFUDC) decreased \$6.7 million due to reduced capital spending during 2009.

2008 compared to 2007:

The net change in nonoperating revenues and expenses was \$24.1 million in fiscal year 2008. TEA earnings, a municipal power marketing joint venture in which JEA is a member increased \$2.1 million due to increased purchases by JEA. Investment income decreased \$20.1 million in fiscal 2008 due to unfavorable noncash fair market value adjustments and decreased rates on investment returns. The average rate during fiscal 2008 was 2.9% as compared with 5.2% in fiscal 2007. Interest expense increased \$2.8 million as a result of \$12.2 million increase in debt management expenses and \$9.8 million reduction in interest expenses. See note 7 for further discussion on debt management strategy.

Capital Assets and Debt Administration for Fiscal Years 2009 and 2008

Capital Assets

During fiscal year 2009, capital assets (excluding accumulated depreciation) increased \$306.3 million, a 3.2% increase. This included \$210.3 million, a 3.6% increase, in electric plant; \$95.8 million increase in water and sewer plant, an increase of 2.6%; and \$0.2 million increase in DES plant, an increase of 0.3%. During fiscal year 2008, capital assets (excluding accumulated depreciation) increased \$639 million, a 7.1% increase. This included \$431.4 million, a 7.9% increase, in electric plant; \$207.9 million increase in water and sewer plant, an increase of 5.9%; and \$0.2 million investment in OES plant, an increase of 0.4%. More detailed information about JEA's capital asset activity is presented in note 4 to the financial statements.

JEA has ongoing capital improvement programs for the Electric Enterprise Fund and the Water and Sewer Fund. The capital programs consist of: (a) the Electric Enterprise Fund capital requirements for additional generating facilities, as well as improvements to existing generating facilities, that are determined to be necessary as a result of JEA's annual resource planning process; (b) the Electric Enterprise Fund's remaining capital requirements for transmission and distribution facilities and other capital items; and (c) the Water and Sewer Fund capital requirements that are determined to be necessary as a result of the annual resource planning process. The cost of the capital improvement program will be provided from revenues generated from operations, issuance of revenue bonds, Commercial Paper notes, and other short-term obligations as determined by JEA.

The projected total capital expenditures for fiscal year 2010 are as follows:

	<u>In Millions</u>
Electric Enterprise Fund (Electric System, SJRPP and Scherer)	\$ 322
Water and Sewer Fund	101
DES	1

SJRPP and Plant Scherer are subject to joint ownership agreements. The estimated capital expenditures relating to these plants are included in the amounts above.

Debt Administration

Debt outstanding at September 30, 2009, was \$6.3 billion, an increase of \$100 million from the prior fiscal year. The amount was used in conjunction with capital investment programs.

Debt outstanding at September 30, 2008, was \$6.2 billion, an increase of \$500 million from the prior fiscal year. The amount was used in conjunction with capital investment programs.

JEA's debt ratings on its long-term debt as of September 2009 and 2008 were as follows:

	2009			2008			
	Electric System	SJRPP	Scherer	Water and Sewer System	Electric System	SJRPP	Water and Sewer System
Senior debt:							
Fitch	AA-	AA-	AA-	AA	AA-	AA-	AA
Standard & Poor's	AA-	AA-	AA-	AA-	AA-	AA-	AA-
Moody's Investors Service	Aa2	Aa2	Aa2	Aa3	Aa2	Aa2	Aa3
Subordinated debt:							
Fitch	AA-	--	--	AA	AA-	--	AA
Standard & Poor's	A+	--	--	AA-	A+	--	AA-
Moody's Investors Service	Aa3	--	--	Aa3	Aa3	--	Aa3

Also, at September 30, 2009 and 2008, the ratings on JEA's DES bonds were A+ from Fitch Ratings and Aa2 from Moody's Investors Service. These ratings reflect the direct pay letter of credit provided by State Street Bank and Trust Company.

Setting of Rates

The Board of Directors (Board) approved Electric System rate increases, which became effective October 1, 2007, and for the next three-year fiscal year period. Electric retail base rate increases, for residential and small commercial customers was designed to increase revenues approximately 5.3% and 3.0%, for the fiscal years beginning October 1, 2009 and 2010. Electric retail base rates for large commercial and industrial rate classes were designed to increase base rate revenues 6.8% and 3.0% for the same respective fiscal years.

Effective July 1, 2008, with the approval of the Board, the fuel rate increased by \$15.00 per 1,000 kWh. Effective October 1, 2009, with the approval of the Board, the fuel rate decreased \$10.01 to \$44.16 per 1,000 kWh, which represents a 19.9% decrease from the current total fuel charge.

In May, 2009, the Board approved water and sewer rate structure changes and rate adjustments for four fiscal years 2010 through 2013 that will result in an overall rate increase of approximately 11.5% annually; the addition of an environmental charge for water, sewer and nonbulk reclaimed volume; and new service charges and adjustments to a limited number of existing service charges.

The consumption rate for chilled water related to the DES decreased from 11.68 cents per ton hour to 11.24 cents per ton hour, effective October 1, 2009. The consumption rate is variable and is modified similarly to the electric fuel charge.

Requests for Information

The financial report is designed to provide a general overview of JEA's finances for all those with an interest in JEA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Accounting Services, JEA, 21 West Church Street, Jacksonville, Florida, 32202.

FINANCIAL STATEMENTS

JEA

Balance Sheets

(In Thousands)

	September 30	
	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 255,757	\$ 167,289
Investments	10,548	93
Accounts and interest receivable, less allowance for doubtful accounts of \$4,386 for 2009 and \$2,553 for 2008	230,771	237,989
Inventories:		
Fuel	85,954	61,402
Materials and supplies	71,519	73,615
Total current assets	<u>654,549</u>	<u>540,388</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	503,177	533,155
Investments	308,849	191,649
Accounts and interest receivable	8,542	4,067
Total restricted assets	<u>820,568</u>	<u>728,871</u>
Deferred costs	169,418	87,687
Investment in The Energy Authority	8,078	7,610
Costs to be recovered from future revenues	134,798	171,784
Total noncurrent assets	<u>1,132,862</u>	<u>995,952</u>
Capital assets:		
Land and easements	109,862	96,080
Plant in service	9,564,569	8,931,386
Less accumulated depreciation	<u>(3,324,088)</u>	<u>(3,094,811)</u>
Plant in service, net	6,350,343	5,932,655
Construction-in-progress	327,980	668,686
Net capital assets	<u>6,678,323</u>	<u>6,601,341</u>
Total assets	<u>\$ 8,465,734</u>	<u>\$ 8,137,681</u>

See accompanying notes.

JEA

Balance Sheets (continued)

(In Thousands)

	September 30	
	2009	2008
Liabilities and net assets		
Current liabilities:		
Accounts and accrued expenses payable	\$ 163,747	\$ 144,389
Customer deposits	44,297	38,560
Total current liabilities	<u>208,044</u>	<u>182,949</u>
Current liabilities payable from restricted assets:		
Debt due within one year	224,402	200,780
Interest payable	102,655	94,967
Construction contracts and accounts payable	20,909	53,645
Renewal and replacement reserve	90,000	90,000
Total current liabilities payable from restricted assets	<u>437,966</u>	<u>439,392</u>
Noncurrent liabilities:		
Deferred credits and other liabilities	49,087	46,814
Revenues to be used for future costs	72,461	76,339
Total noncurrent liabilities	<u>121,548</u>	<u>123,153</u>
Long-term debt:		
Bonds and commercial paper payable, less current portion	6,120,701	6,003,100
Unamortized premium (discount), net	25,975	12,179
Unamortized deferred losses on refundings	(133,837)	(141,745)
Fair value of debt management strategy instruments	119,055	36,118
Total long-term debt	<u>6,131,894</u>	<u>5,909,652</u>
Net assets:		
Invested in capital assets, net of related debt	605,128	727,495
Restricted	550,129	427,510
Unrestricted	411,025	327,530
Total net assets	<u>1,566,282</u>	<u>1,482,535</u>
Total liabilities	<u>6,899,452</u>	<u>6,655,146</u>
Total liabilities and net assets	<u>\$ 8,465,734</u>	<u>\$ 8,137,681</u>

JEA

Statements of Revenues, Expenses, and Changes in Net Assets

(In Thousands)

	Year Ended September 30	
	2009	2008
Operating revenues:		
Electric	\$ 1,525,966	\$ 1,330,280
Water and sewer	249,813	248,115
District Energy System	6,914	6,162
Other	48,687	48,863
Total operating revenues	<u>1,831,380</u>	<u>1,633,420</u>
Operating expenses:		
Operations:		
Fuel	617,485	536,813
Purchased power	101,811	157,194
Other	202,193	213,251
Maintenance	93,287	97,820
Depreciation	344,158	326,301
State utility and franchise taxes	72,127	48,551
Recognition of deferred costs and revenues, net	33,108	43,345
Total operating expenses	<u>1,464,169</u>	<u>1,423,275</u>
Operating income	367,211	210,145
Nonoperating revenues (expenses):		
Earnings from The Energy Authority	4,088	22,374
Investment income	23,463	17,307
Interest on debt	(264,701)	(249,622)
Other interest	(72)	(451)
Allowance for funds used during construction	12,708	19,448
Water and Sewer Expansion Authority	(864)	(1,216)
Gain (loss) on asset disposition	(986)	740
Total nonoperating revenues (expenses)	<u>(226,364)</u>	<u>(191,420)</u>
Income before contributions	<u>140,847</u>	<u>18,725</u>
Contributions (to) from:		
General fund, City of Jacksonville	(96,687)	(94,188)
Developers and other	38,071	47,471
City of Jacksonville Better Jacksonville Plan	1,516	2,857
Total contributions	<u>(57,100)</u>	<u>(43,860)</u>
Change in net assets	83,747	(25,135)
Net assets, beginning of year	1,482,535	1,507,670
Net assets, end of year	<u>\$ 1,566,282</u>	<u>\$ 1,482,535</u>

See accompanying notes.

JEA

Statements of Cash Flows

(In Thousands)

	Year Ended September 30	
	2009	2008
Operating activities		
Receipts from customers	\$ 1,787,028	\$ 1,549,947
Other receipts	44,278	51,876
Payments to suppliers	(887,434)	(855,942)
Payments to employees	(196,164)	(199,463)
Net cash provided by operating activities	747,708	546,418
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(96,479)	(101,578)
Contribution to Water & Sewer Expansion Authority - operating	(864)	(1,216)
Net cash used in noncapital financing activities	(97,343)	(102,794)
Capital and related financing activities		
Acquisition and construction of capital assets	(424,345)	(587,020)
Proceeds from issuance of debt, net	939,688	2,088,264
Gain (loss) on disposal of capital assets	(986)	740
Defeasance of debt	(624,059)	(1,457,236)
Repayment of debt principal	(161,740)	(129,193)
Interest paid on debt	(241,761)	(243,483)
Developer and other contributions	20,867	20,246
City of Jacksonville Better Jacksonville Plan contributions	1,516	2,857
Proceeds from sale of property	298	982
Net cash used in capital and related financing activities	(490,522)	(303,843)
Investing activities		
Purchases of investments	(1,585,457)	(3,036,491)
Proceeds from sales and maturities of investments	1,469,638	3,030,106
Investment income	10,846	19,585
Distributions from The Energy Authority	3,620	22,187
Net cash provided by investing activities	(101,353)	35,387
Net change in cash and cash equivalents	58,490	175,168
Cash and cash equivalents at beginning of year	700,444	525,276
Cash and cash equivalents at end of year	\$ 758,934	\$ 700,444

Continued on next page.

JEA

Statements of Cash Flows (continued)

(In Thousands)

	Year Ended September 30	
	2009	2008
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 367,211	\$ 210,145
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	344,820	326,909
Recognition of deferred costs and revenues, net	33,108	43,345
Changes in noncash assets and noncash liabilities:		
Accounts and interest receivable	6,083	(32,145)
Accounts and interest receivable, restricted	(4,409)	3,013
Inventories	(22,459)	(6,089)
Other	829	(1,241)
Accounts and accrued expenses payable	23,298	8,806
Liabilities payable from restricted assets	(5,320)	(8,874)
Deferred credits and other liabilities	4,547	2,549
Net cash provided by operating activities	<u>\$ 747,708</u>	<u>\$ 546,418</u>
Noncash activity:		
Contribution of capital assets from developers	<u>\$ 17,204</u>	<u>\$ 27,225</u>

See accompanying notes.

JEA

Notes to Financial Statements

September 30, 2009

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices

(a) Reporting Entity

JEA (formerly known as the Jacksonville Electric Authority) is currently organized into three enterprise funds – the Electric Enterprise Fund, the Water and Sewer Fund, and the District Energy System (DES). The Electric Enterprise Fund is comprised of the Electric System, the Bulk Power Supply System, which consists of Scherer Unit 4, a coal-fired, 846-megawatt generating unit operated by Georgia Power Company and owned by JEA (23.64% ownership interest) and Florida Power & Light Company (FPL) (76.36% ownership interest); St. Johns River Power Park System (SJRPP), which has two coal-fired generating units (638 net megawatts each) jointly owned and operated by JEA (80% ownership interest) and FPL (20% ownership interest). The Water and Sewer Fund consists of Water and Sewer System activities. The DES consists of chilled water activities. These financial statements include JEA's ownership interests in the Bulk Power Supply System and SJRPP. Separate accounting records are currently maintained for each system. The following information relates to JEA's ownership of the respective plants as of September 30, 2009 and 2008:

	2009	2008
Bulk Power Supply System:		
Capital assets, net	\$ 125,787	\$ 87,502
Inventory	5,364	7,668
Revenues to be used for future costs	72,461	76,339
SJRPP:		
Capital assets, net	798,705	792,817
Current assets	147,277	124,135
Restricted assets	389,706	388,616
Other noncurrent assets	143,268	180,402
Long-term debt	1,163,733	1,195,206
Other liabilities	275,920	273,521

The Electric Enterprise Fund, Water and Sewer Fund, and the DES are governed by the Board Members of JEA (Board). The Board is responsible for setting rates based on operating and maintenance expenses and debt service of the respective operations. The operations of the Bulk Power Supply System and SJRPP are subject to joint ownership agreements and rates are established on a cost of service basis, including operating and maintenance expenses and debt service. See note 1 (q).

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(b) Basis of Accounting

JEA consists of the Electric Enterprise Fund, the Water and Sewer Fund, and the District Energy System. The Electric Enterprise Fund includes the operations of the Electric System, the Bulk Power Supply System, and SJRPP. JEA is presenting financial statements combined for the three funds. JEA uses the accrual basis of accounting for its operations and has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission for the Electric Enterprise Fund and the National Association of Regulatory Utility Commissioners for the Water and Sewer Fund. The investments in The Energy Authority (TEA) and Coelectric Partners, Inc. (Coelectric) are recorded on the equity method.

The financial statements have been prepared in conformity with the Governmental Accounting Standards Board (GASB) codification which defines JEA as a component unit of the City of Jacksonville, Florida (the City). Accordingly, the financial statements of JEA are included in the Comprehensive Annual Financial Report of the City. JEA has elected to apply all Accounting Standards Codifications (ASC) except for those that conflict with GASB pronouncements in accordance with GASB Cod. Sec. P80 *Proprietary Fund Accounting & Financial Reporting*. Both SJRPP and the Bulk Power Supply System follow ASC Section 980-10 Regulated Operations. This section allows utilities to capitalize or defer certain costs or revenues based on management's ongoing assessment that it is probable these items will be recovered through the rate making process.

If JEA no longer applied ASC Section 980-10 due to competition, regulatory changes, or other reasons, JEA would make certain adjustments that would include the write-off of all or a portion of its regulatory assets and liabilities, the evaluation of utility plant, recognition of losses, if necessary, to reflect market conditions. Management believes that JEA currently meets the criteria for continued application of ASC Section 980-10 with respect to SJRPP and the Bulk Power Supply System, but will continue to evaluate significant changes in the regulatory and competitive environment to assess the ability to apply ASC Section 980-10.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

JEA presents its financial statements in accordance with the GASB codification which established standards for external financial reporting for all state and local governmental entities that includes a statement of net assets or balance sheet, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components - invested in capital assets, net of related debt, restricted, and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets and increased/reduced by costs to be recovered from future revenues or revenues to be used for future costs.
- Restricted - consists of assets that have constraints placed upon their use through external constraints imposed either by creditors (such as through debt covenants) or through laws, regulations, or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.
- Unrestricted - consists of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

JEA's bond resolutions specify the flow of funds from revenues and specify the requirements for the use of certain restricted and unrestricted assets.

(c) Revenues

Operating revenues are defined as revenues generated from the sale of primary products or services through normal business operations. Nonoperating revenues include investment income and earnings from investments recorded on the equity method.

Operating revenues reported in the statements of revenues, expenses, and changes in net assets are shown net of discounts and estimated allowances for bad debts. Discounts and allowances totaled \$46,727 in fiscal year 2009 and \$38,243 in fiscal year 2008. Electric Enterprise and Water and Sewer Fund revenues are recorded as earned. JEA earned 10.3% of its electric revenue from electricity sold to FPL in fiscal years 2009 and 2008. Operating revenues include amounts estimated for unbilled services provided during the reporting period of \$76,089 in 2009 and \$79,524 in 2008.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(d) Capital Assets

Utility plant represents four classes of capital assets - real property, tangible property, tangible personal property equal to or greater than \$1,000 each, and intangible property. All capital assets are recorded at historical cost and must have a useful life greater than one year. The costs of capital asset additions and replacements are capitalized. The costs of capital projects include direct labor and benefits of JEA employees working on capital projects and an allocation of overhead from certain JEA departments. Maintenance and replacements of minor items are charged to operating expenses. The cost of depreciable plant retired is removed from the capital asset accounts, and such cost plus removal expense less salvage value is charged to accumulated depreciation.

SJRPP is required by its bond resolution to deposit certain amounts in a renewal and replacement fund. These amounts are then required to be expended on capital expenditures to maintain and improve the system. The Electric Enterprise Fund records the amounts deposited in the fund as a purchased power expense when deposited. The purchase of capital assets funded from the renewal and replacement fund are not capitalized by SJRPP.

(e) Allowance for Funds Used During Construction

An allowance for funds used during construction (AFUDC) is included in construction work-in-progress and as a reduction of interest expense. JEA capitalizes interest on construction projects financed with revenue bonds, commercial paper, and renewal and replacement funds in accordance with ASC *Topic 835-20 Capitalization of Interest*. The average AFUDC rate for the Electric Enterprise Fund fixed and variable rate debt was 3.4% for fiscal year 2009 and 3.8% for fiscal year 2008. The average AFUDC rate for the Water and Sewer Fund fixed and variable rate debt was 3.9% for fiscal year 2009 and 4.0% for fiscal year 2008. The average AFUDC rate for the DES variable rate debt was 2.5% for fiscal year 2009 and 3.2% for fiscal year 2008. The amount capitalized is the interest cost of the debt less any interest earned on investment of debt proceeds from the date of the borrowing until the assets are placed in service. Total interest incurred was \$264,773 for fiscal year 2009 and \$250,073 for fiscal year 2008. Interest expense of \$12,708 and investment income on bond proceeds of \$223 was capitalized in accordance with ASC Topic 835-20 during fiscal year 2009. Interest expense of \$19,448 and investment income on bond proceeds of \$4,005 was capitalized in accordance with ASC Topic 835-20 during fiscal year 2008.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(f) Depreciation

Depreciation of capital assets, all of which is charged to operations, is computed on a straight-line basis at rates based upon the estimated service lives of the various property classes. The effective rate of depreciation based upon average depreciable plant in service balance was 3.7% for fiscal year 2009 and 3.8% for fiscal year 2008. The average depreciable life of the depreciable capital assets for the Electric System is 24.3 years as of September 30, 2009, and 23.4 years as of September 30, 2008. The average depreciable life of the depreciable capital assets for the Water and Sewer Fund is 28.2 years as of September 30, 2009, and 28.0 years as of September 30, 2008. The average depreciable life of the depreciable capital assets for the DES is 26.2 years as of September 30, 2009, and 25.4 years as of September 30, 2008.

(g) Amortization

Amortization of debt issue costs and bond discounts and premiums is computed on a straight-line basis, which approximates the effective interest method over the remaining term of the outstanding bonds.

(h) Losses on Refundings

Losses on refundings of JEA revenue bonds are deferred and amortized as a component of interest on debt using the straight-line method over the remaining life of the old debt or the new debt, whichever is shorter. Unamortized deferred losses on refundings are reported as a reduction of long-term debt on the balance sheets. Whereas JEA has incurred accounting losses on refundings, calculated as the difference between the net carrying value of the refunded and the refunding bonds, JEA has over time realized economic gains calculated as the present value difference in the future debt service on the refunded and refunding bonds.

(i) Investments

Investments in U.S. Treasury, government agency, and state and local government securities are recorded at fair value, as determined by quoted market prices. Investments in local government investment pools, money market mutual funds, and commercial paper are recorded at cost, which approximates fair value.

(j) Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, bank demand accounts, local government investment pools, money market mutual funds, and short-term liquid investments purchased with an original maturity of 90 days or less.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(k) Interest Rate Swap Agreements

JEA's risk management policies allow for the use of interest rate swaps to manage financial exposures, but prohibit the use of these instruments for speculative or trading purposes. JEA utilizes interest rate swaps to manage the interest rate risk associated with various assets and liabilities. Interest rate swaps are used in the area of investment management to increase the yield on revolving short-term investments. Interest rate swaps are also used in the area of debt management to take advantage of favorable market interest rates.

In 2008, JEA early implemented GASB Cod. Sec. D40 *Derivative Instruments*, and applies hedge accounting where applicable for effective hedging instruments. For effective hedging instruments, the changes in fair value are recorded as deferred outflows and inflows and are included on the balance sheet in noncurrent assets and liabilities. For ineffective hedging instruments or investment derivatives, the changes in fair value are recorded on the income statement as an adjustment to investment income.

Under JEA's interest rate swap programs, JEA either pays a variable rate of interest, which is based on various indices, and receives a fixed rate of interest for a specified period of time (unless earlier terminated), or JEA pays a fixed rate of interest and receives a variable rate of interest, which is based on various indices for a specified period of time (unless earlier terminated). These indices are affected by changes in the market. The net amounts received or paid under the swap agreements are recorded either as an adjustment to investment income (asset management) or interest on debt (debt management) in the statements of revenues, expenses, and changes in net assets. No money is initially exchanged when JEA enters into a new interest rate swap transaction. See note 3 for more information on JEA's asset management interest rate swap program and note 7 for more information on JEA's debt management interest rate swap program.

(l) Inventory

Inventories are maintained for fuel and materials and supplies. Fuel inventories are maintained at levels sufficient to meet customer demands. Inventories are valued at average cost, net of an estimated allowance for obsolescence for the materials and supplies inventories.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(m) Fuel Management Program

In connection with the purchase of oil and natural gas, JEA has developed and implemented a fuel management program intended to manage the risk of changes in the market prices of oil and natural gas. Pursuant to this program, JEA may execute fixed price and options contracts from time to time to help manage fluctuations in the market prices of oil and natural gas. In addition, JEA has executed an Operating Agreement with TEA whereby TEA may be tasked with developing and implementing a Fuel Price Insurance program on behalf of JEA. The fair value of such contracts, executed either by JEA or TEA on behalf of JEA, are recorded at fair value on the balance sheet as they have been determined to qualify for hedge accounting under GASB Cod. Sec. D40. Such amounts are included in noncurrent assets and liabilities. Any associated margin deposits are recorded in noncurrent assets. The net amounts received or paid under the expired or closed fuel contracts are recorded as an adjustment to fuel expense. See note 10.

(n) Capital Contributions

Capital contributions for the Water and Sewer Fund represent contributions of cash and capital assets from the City, developers, customers, and other third parties. Capital contributions are recorded in the statement of revenues, expenses, and changes in net assets at fair value at the time of receipt. Depreciation is recorded on contributed capital assets on a straight-line basis.

(o) Deferred Credits and Other Liabilities

Deferred credits and other liabilities include long-term compensated absences, accrued pollution remediation obligations, and other post-employment benefit liabilities. See note 13 and note 14.

(p) Pollution Remediation Obligations

In 2009, JEA implemented GASB Cod. Sec. P40 *Pollution Remediation Obligations*. The section provides clarification as to what is included in the liability, how it is recognized and the measurement of such liabilities. The effect of this implementation is included on the statements of revenues, expenses, and changes in net assets in operating expenses and on the balance sheet in noncurrent liabilities. See note 14 for further discussion.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(q) Costs to be Recovered From Future Revenues/Revenues to be Used for Future Costs

Cost-based Regulation — Due to the application of ASC 980-10, the Bulk Power Supply System and SJRPP record certain assets and liabilities that result from the effects of the rate-making process that would not be recorded under generally accepted accounting principles for nonregulated entities. Currently, the electric utility industry is predominantly regulated on a basis designed to recover the cost of providing electric power to its customers. If cost-based regulation were to be discontinued in the electric industry for any reason, market prices for electricity could be reduced or increased, and utilities might be required to reduce their balance sheet amounts to reflect market conditions.

Discontinuance of cost-based regulation could also require affected utilities to write off their associated regulatory assets and liabilities. Management cannot predict the potential impact, if any, of the change in the regulatory environment on JEA's future financial position and results of operations.

The rates for SJRPP and the Bulk Power Supply System are established on a cost of service basis, which is based upon debt service, if any, and operating fund requirements. Straight-line depreciation is not considered in the cost of service calculation used to design rates.

Costs to be Recovered From Future Revenues — The deferred debt-related costs of \$134,798 at September 30, 2009, and \$171,784 at September 30, 2008, are the result of differences between expenses in determining rates and those used in financial reporting and are shown under other noncurrent assets on the balance sheet. SJRPP has a contract with the JEA Electric System and FPL to recover these costs from future revenue that will coincide with retirement of long-term debt of SJRPP. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation and results in recognition of deferred costs on the statement of revenues, expenses, and changes in net assets. SJRPP recognized \$36,986 in fiscal year 2009 and \$47,223 in fiscal year 2008, in deferred costs. The costs to be recovered from future revenues will be recovered over a period extending through 2039.

Revenues to be Used for Future Costs — Early debt principal retirements of the Bulk Power Supply System in excess of straight-line depreciation of \$72,461 at September 30, 2009, and \$76,339 at September 30, 2008, are included in noncurrent liabilities on the balance sheets. The Bulk Power Supply System recognized revenue of \$3,878 for both fiscal years 2009 and 2008. The revenues to be used for future costs will be amortized until the capital assets are fully depreciated in 2028.

	2009	2008
Summary:		
Recognition of deferred costs from SJRPP	\$ 36,986	\$ 47,223
Recognized revenues from Bulk Power Supply System	(3,878)	(3,878)
Recognition of deferred costs and revenues, net	\$ 33,108	\$ 43,345

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(r) Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(s) Reclassifications

Certain 2008 amounts have been reclassified to conform to the 2009 presentation.

(t) Recent Accounting Pronouncements

The GASB has issued Statement No. 51 *Accounting and Financial Reporting for Intangible Assets* for periods beginning after June 15, 2009 and *Fund Balance Reporting and Governmental Type Definitions* No. 54 for periods beginning after June 2010. These statements will be codified in Cod. Sec. 1400 and Cod. Sec. 1300 and 1800, respectively. Management is currently assessing the impact of these statements; however, they are not expected to have a material effect on JEA's financial statements.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

2. Restricted Assets

Restricted assets were held in the following funds at September 30, 2009 and 2008:

	2009	2008
Electric System:		
Sinking Fund	\$ 82,738	\$ 70,655
Construction Fund	60,443	69,455
Debt Service Reserve Fund	59,662	33,727
Renewal and Replacement Fund	67,697	17,448
Adjustment to fair value of investments	581	(632)
Total Electric System	271,121	190,653
SJRPP System:		
Sinking Fund	129,630	125,819
Construction Fund	12,741	20,150
Debt Service Reserve Fund	145,972	142,463
Renewal and Replacement Fund	90,000	90,000
Revenue Fund	5,885	13,149
Adjustment to fair value of investments	5,478	(2,965)
Total SJRPP System	389,706	388,616
Water and Sewer System:		
Sinking Fund	60,696	57,826
Debt Service Reserve Fund	54,356	20,879
Construction Fund	28,308	47,671
Renewal and Replacement Fund	11,130	20,225
Revenue Fund	1,207	1,232
Adjustment to fair value of investments	1,473	(730)
Total Water and Sewer System	157,170	147,103
DES:		
Sinking Fund	15	143
Construction Fund	-	244
Renewal and Replacement Fund	2,556	2,112
Total DES	2,571	2,499
Total restricted assets	\$ 820,568	\$ 728,871

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

2. Restricted Assets (continued)

The Electric System, SJRPP System, Water and Sewer System, and the DES are permitted to invest restricted funds in specified types of investments in accordance with their bond resolutions and the investment policy.

The requirements of the respective bond resolutions for contributions to the respective systems' renewal and replacement funds are as follows:

Electric System:	An amount equal to the greater of 10% of the prior year defined net revenues or 5% of the prior year defined gross revenues.
SJRPP System:	An amount equal to 12.5% of aggregate debt service, as defined.
Water and Sewer System:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues.
DES:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined revenues.
Bulk Power Supply System:	An amount equal to 12.5% of aggregate debt service, as defined.

3. Cash and Investments

JEA maintains cash and investment pools that are utilized by all funds except for the bond funds. Included in the JEA cash balances are amounts on deposit with JEA's commercial bank, as well as amounts held in various money market funds as authorized in the JEA Investment Policy. The commercial bank balances are covered by federal depository insurance or collateralized subject to the Florida Security for Public Deposits Act of Chapter 280, *Florida Statutes*. Amounts subject to Chapter 280, *Florida Statutes*, are collateralized by securities deposited by JEA's commercial bank under certain pledging formulas with the State Treasurer or other qualified custodians. On October 3, 2008, it was announced that JEA's commercial bank, Wachovia Bank, N.A., will merge with Wells Fargo Bank, N.A. Wachovia Bank, N.A. remains a qualified public depositor until the merger is completed; upon finally completing the merger, Wells Fargo Bank, N.A. will become a qualified public depositor under Chapter 280, *Florida Statutes*, assuming all collateral requirements and contingent liabilities of Wachovia Bank, N.A. are met as required by the State of Florida.

JEA follows GASB Cod. Sec. 150 *Investments*, which requires the adjustments of the carrying value of investments to fair value to be presented as a component of investment income. Investments are presented at fair value, which is based on available or equivalent market values. The money market mutual funds are 2a-7 funds registered with the SEC, and therefore are presented at actual pooled share price, which approximates fair value.

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

3. Cash and Investments (continued)

The Local Government Surplus Funds Trust Fund Investment Pool (the Pool), created by Section 218.405, *Florida Statutes*, is administered by the State Board of Administration, under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code. In November 2007, the Pool encountered difficulty in meeting increased cash withdrawals from various investors due to a portion of its investments being held in downgraded securities. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools: Pool A, which consisted of all money market appropriate assets (and was approximately 86% of Pool assets); and Pool B, which consisted of assets that had actual or perceived credit or liquidity risk (and was approximately 14% of Pool assets). At the time of the restructuring, all pool participants had their existing balances proportionately allocated into Pool A and Pool B.

A "2a-7 like pool" is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. A 2a-7 like pool, in accordance with GASB Cod. Sec. 150, is presented at its actual pooled share price. Currently, Pool B participants are prohibited from withdrawing any amount from Pool B. As payments are received from the assets in Pool B, cash is transferred periodically to Pool A and participants may withdraw such distributions. Therefore, as Pool B does not operate a 2a-7 like pool. JEA has classified the balance of Pool B at September 30, 2009 and 2008, as an investment for balance sheet purposes at fair value. As of September 30, 2009 and 2008, JEA had \$0 invested in Pool A.

At September 30, 2009 and 2008, the fair value of all securities, regardless of balance sheet classification as cash equivalent or investment, was as follows:

	2009	2008
Securities:		
U.S. Treasury and government agency securities	\$ 158,032	\$ 137,084
State and local government securities	190,410	117,476
Commercial paper	114,595	122,983
Local government investment pool	1,880	3,512
Investment in money market mutual funds	334,595	448,343
Total securities, at fair value	\$ 799,512	\$ 829,398

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

3. Cash and Investments (continued)

These securities are held in the following accounts:

	<u>2009</u>	<u>2008</u>
Restricted assets:		
Cash and cash equivalents	\$ 503,177	\$ 533,155
Investments	308,849	191,649
Current assets:		
Cash and cash equivalents	255,757	167,289
Investments	10,548	93
Total cash and investments	<u>1,078,331</u>	892,186
Plus interest due on securities	2,370	2,385
Less cash on deposit	<u>(281,189)</u>	(65,173)
Total securities, at fair value	<u>\$ 799,512</u>	<u>\$ 829,398</u>

JEA is authorized to invest in securities as described in its investment policy and in each bond resolution. As of September 30, 2009, JEA's investments in securities and their maturities are categorized below in accordance with GASB Cod. Sec. C20 *Cash Deposits with Financial Institutions* and GASB Cod. Sec. I50 *Investments*. It is assumed that callable investments will not be called. Putable securities are presented as investments with a maturity of less than one year.

Investment Maturity Distribution

<u>Type of Investments</u>	<u>Less than One Year</u>	<u>One to Five Years</u>	<u>Five to Ten Years</u>	<u>Ten to Twenty-five Years</u>	<u>Total</u>
U.S. Treasury and government agency securities	\$ 80,728	\$ 11,601	\$ 15,638	\$ 50,065	\$ 158,032
State and local government securities	70,028	7,571	26,876	85,935	190,410
Commercial paper	114,595	—	—	—	114,595
Local government investment pool	—	1,880	—	—	1,880
Investment in money market mutual funds	334,595	—	—	—	334,595
Total securities, at fair value	<u>\$ 599,946</u>	<u>\$ 21,052</u>	<u>\$ 42,514</u>	<u>\$ 136,000</u>	<u>\$ 799,512</u>

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

3. Cash and Investments (continued)

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, JEA's investment policy requires the investment portfolio to be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the Bond Resolution relating to those bond issues. JEA's investment policy also limits investments in commercial paper to maturities of less than nine months.

Credit Risk. JEA's investment policy is consistent with the requirements for investments of state and local governments contained in the *Florida Statutes* and its objectives are to seek reasonable income, preserve capital, and avoid speculative investments. Consistent with JEA's investment policy and bond resolutions: (1) all of the U.S. government agency securities held in the portfolio are issued or guaranteed by agencies created pursuant to an Act of Congress as an agency of the United States of America and at the time of their purchase were rated AAA by Standard & Poor's and Aaa by Moody's Investors Services; and (2) the state and local government securities were rated at least AA- by Standard & Poor's and Aa3 by Moody's Investors Services at the time of their purchase; and (3) the money market mutual funds are rated AAA by Standard & Poor's Investors Services or Aaa by Moody's Investors Services. Pool B of the Local Government Surplus Funds Trust Fund is unrated. JEA's investment policy limits investments in commercial paper to the highest whole rating category issued by at least two nationally recognized rating agencies, and the issuer must be a Fortune 500 company or Fortune Global 500 company and the ratings outlook must be positive or stable at the time of the investment. As of September 30, 2009, JEA's investments in commercial paper were rated at least A-1 by Standard & Poor's and P-1 by Moody's Investors Services. Also, JEA's investment policy limits the commercial paper investment in any one issuer to \$12,500. Additionally, JEA's investment policy limits investments in commercial paper to 20% of the total investment portfolio regardless of balance sheet classification as cash equivalent or investment. As of September 30, 2009, JEA had 14.3% of its investments in commercial paper.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, JEA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of JEA's investments are held by JEA or by an agent in JEA's name. Repurchase agreements must be collateralized by U.S. Treasury or U.S. government agency securities, or cash, and the market value of the securities must be at least 103% of the agreement amount in the case of the First SJRPP Bond Resolution and 102% for the Electric System, Water and Sewer System, or the Second SJRPP Bond Resolution.

Concentration of Credit Risk. As of September 30, 2009, investments in any one issuer representing 5% or more of JEA's investments included \$74,778 (9.4%) invested in issues of the Federal Home Loan Bank, \$53,957 (6.7%) invested in issues of the Florida State Board of Education, and \$44,800 (5.6%) invested in issues of the Federal Farm Credit Bank. JEA's investment policy limits the maximum holding of any one U.S. government agency issuer to 35% of total investments regardless of balance sheet classification as cash equivalent or investment. Other than investments in U.S. Treasury securities or U.S. Treasury money market funds, JEA's investment policy limits the percentage of the total investment portfolio (regardless of balance sheet classification as cash equivalent or investment) that may be held in various security types. As of September 30, 2009, investments in all security types were within the allowable policy limits.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

3. Cash and Investments (continued)

Asset Management Interest Rate Swaps

There were no asset management interest rate swap agreements outstanding for Water and Sewer System at September 30, 2009 and 2008.

For asset management purposes, JEA had entered into an interest rate swap agreement with a total notional amount of \$25,000 for the Electric System that expired during fiscal year 2008. The notional amount of the interest rate swap is not reflected in the financial statements; however, the fair value of the asset management interest rate swaps was included in investments on the balance sheets. In accordance with GASB Cod. Sec. D40 (See note 7), which classifies JEA's asset management interest rate swaps as investments, derivative instruments for financial reporting purposes where the related swap earnings, losses, and related fair market value adjustments are recorded to investment income in the statements of revenues, expenses, and changes in net assets.

The below table includes information related to the Electric System asset management swap agreement for the years ending September 30, 2008:

	<u>2008</u>
LIBOR Index:	
Notional amount outstanding	\$ —
Variable rate paid (weighted average)	4.2%
Fixed rate received (weighted average)	3.1%
Net swap earnings ⁽¹⁾	\$ 108
Fair value	\$ —
Change in fair value	\$ 338

(1) Includes related fair market value adjustments.

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

4. Capital Assets

Capital asset activity for the year ended September 30, 2009, is as follows:

	Balance September 30, 2008	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2009
Electric Enterprise Fund:					
Generation assets	\$ 2,914,711	\$ 342,061	\$ (8,844)	\$ 66	\$ 3,247,994
Transmission assets	428,320	48,712	(3,830)	-	473,202
Distribution assets	1,476,395	66,992	(7,535)	-	1,535,852
Other assets	502,704	100,687	(42,413)	(66)	560,912
Total capital assets	5,322,130	558,452	(62,622)	-	5,817,960
Less: accumulated depreciation and amortization	(2,138,279)	(212,283)	73,586	47	(2,276,929)
Land	60,116	3,725	-	-	63,841
Construction work-in-process	506,849	71,907	(361,183)	-	217,573
Net capital assets	3,750,816	421,801	(350,219)	47	3,822,445
Water and Sewer Fund:					
Pumping assets	367,060	30,286	(3,665)	(1,138)	392,543
Treatment assets	500,968	(11,839)	(7,172)	(1,527)	480,430
Transmission and distribution assets	956,952	25,917	(5,771)	18	977,116
Collection assets	1,261,553	64,786	(3,003)	8	1,323,344
Reclaimed water assets	68,464	38,430	(7)	(604)	106,283
General and other assets	391,314	43,819	(20,908)	3,243	417,468
Total capital assets	3,546,311	191,399	(40,526)	-	3,697,184
Less: accumulated depreciation	(951,363)	(129,063)	40,526	(47)	(1,039,947)
Land	35,724	7,246	-	-	42,970
Construction work-in-process	172,598	119,135	(181,441)	-	110,292
Net capital assets	2,803,270	188,717	(181,441)	(47)	2,810,499
DES:					
Chilled water plant assets	51,890	(2,465)	-	-	\$49,425
Total capital assets	51,890	(2,465)	-	-	49,425
Less: accumulated depreciation	(5,169)	(2,043)	-	-	(7,212)
Land	240	2,811	-	-	3,051
Construction work-in-process	294	(179)	-	-	115
Net capital assets	47,255	(1,876)	-	-	45,379
Total Electric Enterprise Fund, Water and Sewer Fund, and DES	\$ 6,601,341	\$ 608,642	\$ (531,660)	\$ -	\$ 6,678,323

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

4. Capital Assets (continued)

Capital asset activity for the year ended September 30, 2008, is as follows:

	Balance September 30, 2007	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2008
Electric Enterprise Fund:					
Generation assets	\$ 2,829,773	\$ 44,676	\$ 44,239	\$ (3,977)	\$ 2,914,711
Transmission assets	412,005	18,729	(2,414)	-	428,320
Distribution assets	1,334,137	175,009	(32,687)	(64)	1,476,395
Other assets	460,713	53,187	(11,196)	-	502,704
Total capital assets	5,036,628	291,601	(2,058)	(4,041)	5,322,130
Less: accumulated depreciation and amortization	(1,945,207)	(202,726)	10,623	(969)	(2,138,279)
Land	57,477	2,639	-	-	60,116
Construction work-in-process	363,595	143,254	-	-	506,849
Net capital assets	3,512,493	234,768	8,565	(5,010)	3,750,816
Water and Sewer Fund:					
Pumping assets	361,733	6,227	(900)	-	367,060
Treatment assets	462,618	38,602	(252)	-	500,968
Transmission and distribution assets	841,873	116,523	(1,444)	-	956,952
Collection assets	1,146,190	116,428	(1,065)	-	1,261,553
Reclaimed water assets	51,076	17,388	-	-	68,464
General and other assets	374,939	16,658	(283)	-	391,314
Total capital assets	3,238,429	311,826	(3,944)	-	3,546,311
Less: accumulated depreciation	(833,440)	(121,867)	3,944	-	(951,363)
Land	28,508	7,216	-	-	35,724
Construction work-in-process	279,764	(107,166)	-	-	172,598
Net capital assets	2,713,261	90,009	-	-	2,803,270
DES:					
Chilled water plant assets	51,456	434	-	-	51,890
Total capital assets	51,456	434	-	-	51,890
Less: accumulated depreciation	(3,126)	(2,043)	-	-	(5,169)
Land	240	-	-	-	240
Construction work-in-process	535	(241)	-	-	294
Net capital assets	49,105	(1,850)	-	-	47,255
Total Electric Enterprise Fund, Water and Sewer Fund, and DES	\$ 6,274,859	\$ 322,927	\$ 8,565	\$ (5,010)	\$ 6,601,341

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

5. Investment in The Energy Authority

JEA is a member of TEA, a municipal power marketing and risk management joint venture, headquartered in Jacksonville, Florida. TEA currently has six members and JEA's ownership in TEA is 21.4%. TEA provides wholesale power marketing and resource management services to members and nonmembers and allocates transaction savings and operating expenses pursuant to a settlement agreement. TEA also assists JEA with natural gas procurement and related gas hedging activities. JEA's earnings from TEA were \$4,088 in fiscal year 2009 and \$22,374 in fiscal year 2008 for all power marketing activities. The investment in TEA of \$8,078 at September 30, 2009, and \$7,610 at September 30, 2008, is included in noncurrent assets on the balance sheets.

The following is a summary of the unaudited financial information of TEA for the nine months ending September 30, 2009 and September 30, 2008. TEA issues separate audited financial statements on a calendar-year basis.

	Unaudited	
	2009	2008
Condensed balance sheet:		
Current assets	\$ 121,407	\$ 169,877
Noncurrent assets	16,473	12,907
Total assets	<u>\$ 137,880</u>	<u>\$ 182,784</u>
Current liabilities	\$ 101,775	\$ 144,639
Noncurrent liabilities	-	2,447
Members' capital	36,105	35,698
Total liabilities and members' capital	<u>\$ 137,880</u>	<u>\$ 182,784</u>
Condensed statement of operations:		
Operating revenues	\$ 728,697	\$1,339,982
Operating expenses	693,027	1,210,304
Operating income	<u>\$ 35,670</u>	<u>\$ 129,678</u>
Net income	<u>\$ 36,648</u>	<u>\$ 129,661</u>

As of September 30, 2009, JEA is obligated to guaranty, directly or indirectly, TEA's electric trading activities in an amount up to \$28,929 and TEA's natural gas procurement and trading activities up to \$54,000; in either case, plus attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

5. Investment in The Energy Authority (continued)

JEA has approved up to \$50,000 (plus attorney fees) for TEA's natural gas procurement and trading activities. Generally, JEA's guaranty obligations for electric trading would arise if TEA did not make the contractually required payment for energy, capacity, or transmission that was delivered or made available, or if TEA failed to deliver or provide energy, capacity, or transmission as required under a contract. Generally, JEA's guaranty obligations for natural gas procurement and trading would arise if TEA did not make the contractually required payment for natural gas or transportation that was delivered or purchased or if TEA failed to deliver natural gas or transportation as required under a contract.

Upon JEA's making any payments under its electric guaranty, it has certain contribution rights with the other members of TEA in order that payments made under the TEA member guaranties would be equalized ratably, based upon each member's equity ownership interest in TEA. Upon JEA's making any payments under its natural gas guaranty, it has certain contribution rights with the other members of TEA in order that payments under the TEA member guaranties would be equalized ratably in proportion to their respective amounts of guaranties, as adjusted by the actual natural gas member volumes and prices for the calendar year. After such contributions have been effected, JEA would only have recourse against TEA to recover amounts paid under the guaranty.

JEA has elected to provide a guaranty for the use by TEA solely for the purpose of facilitating trading (including financial transactions) or transportation activities involving electricity, natural gas, or any other commodity for, and as approved by, JEA. The amount of this guaranty is \$50,000 plus reasonable attorney fees that any party claiming and prevailing under such guaranty might incur. This guaranty is intended to be used by TEA for long-term transactions or hedging transactions, solely for the account of JEA. JEA's guaranty obligations hereunder would generally arise if TEA did not make the contractually required payment or failed to deliver the commodity as required under the contract. JEA has no contribution rights with other members of TEA under this guaranty. JEA only has recourse against TEA to recover amounts paid under this guaranty.

The term of these guaranties is generally indefinite, but JEA has the ability to terminate its guaranty obligations by causing to be provided advance notice to the beneficiaries thereof. Such termination of its guaranty obligations only applies to TEA transactions not yet entered into at the time the termination takes effect.

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

6. Investment in Coelectric Partners, Inc.

JEA, along with six other public power utilities, is a member of Coelectric, a Georgia nonprofit corporation. JEA's ownership interest is 25%. The purpose of Coelectric is to secure cost savings through the implementation of standardized practices in the development, engineering, procurement, construction, and start-up of generation facilities. Cost savings are also envisioned by joint measures for training and spare parts. The long-term goal of Coelectric is to provide its members with services in other aspects of the energy supply chain. At September 30, 2009 and 2008, \$296 and \$237, are included in noncurrent assets in the balance sheets.

The following is a summary of the unaudited information of Coelectric for the nine months ending September 30, 2009 and 2008. Coelectric issues separate audited financial statements on a calendar-year basis.

	Unaudited	
	2009	2008
Condensed balance sheet:		
Current assets	\$ 2,039	\$ 1,714
Noncurrent assets	23	35
Total assets	<u>\$ 2,062</u>	<u>\$ 1,749</u>
Current liabilities	\$ 844	\$ 784
Members' capital	1,218	965
Total liabilities and members' capital	<u>\$ 2,062</u>	<u>\$ 1,749</u>
Condensed statement of operations:		
Operating revenues	\$ 1,932	\$ 1,775
Operating expenses	1,387	1,416
Operating income	<u>\$ 545</u>	<u>\$ 359</u>
Net income	<u>\$ 545</u>	<u>\$ 369</u>

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

7. Long-Term Debt

The Electric System, Bulk Power Supply System, SJRPP System, Water and Sewer System and DES revenue bonds (JEA Revenue Bonds) are each governed by one or more bond resolutions. The Electric System bonds are governed by both a senior and a subordinated bond resolution; the Bulk Power Supply System bonds are governed by a single bond resolution; the Water and Sewer System bonds are governed by both a senior and a subordinated bond resolution; the SJRPP System bonds are governed by the First and Second Power Park Resolutions; and the DES bonds are governed by a single bond resolution. In accordance with the bond resolutions of each system, principal and interest on the bonds are payable from and secured by a pledge of the net revenues of the respective system. In general, the bond resolutions require JEA to make monthly deposits into the separate debt service sinking funds for each System in an amount equal to approximately one-twelfth of the aggregate amount of principal and interest due and payable on the bonds within the bond year. Interest on the fixed rate bonds, other than the SJRPP capital appreciation bonds, is payable semiannually on April 1 and October 1 and principal is payable on October 1.

In accordance with the requirements of the SJRPP First Power Park Resolution and the Agreement for Joint Ownership and Construction and Operation of SJRPP Coal Units #1 and #2 between JEA and FPL, FPL is responsible for paying its share of the debt service on bonds issued under the First Power Park Resolution. The various bond resolutions provide for certain other covenants, the most significant of which (1) requires JEA to establish rates for each system such that net revenues with respect to that system are sufficient to exceed (by a certain percentage) the debt service for that system during the fiscal year and any additional amount required to make all reserve or other payments required to be made in such fiscal year by the resolution of that system and (2) restricts JEA from issuing additional parity bonds unless certain conditions are met.

Schedule of Outstanding Indebtedness

Long-term Debt	Interest Rates (1)	Payment Dates	September 30	
			2009	2008
Electric System Senior Revenue Bonds:				
Series Three, 1998A	5.000%	2009	\$ 2,485	\$ 4,825
Series Three, 20028	3.500%	2009	10,165	77,855
Series Three, 2003A	3.000 - 4.625%	2011-2039	90,245	92,345
Series Three, 2004A	3.375 - 5.000%	2010-2039	80,785	86,890
Series Three, 2005A	3.450 - 4.750%	2012-2039	90,000	90,000
Series Three, 2005B	3.125 - 5.000%	2010-2033	63,795	92,005
Series Three, 2005D	3.000 - 4.500%	2009-2035	33,925	35,225
Series Three, 2006A	3.300 - 5.000%	2009-2041	90,000	92,000
Series Three, 2007C	4.000 - 5.250%	2009-2042	26,515	26,515
Series Three, 2008A ⁽²⁾	Variable	2009-2036	100,000	100,000
Series Three, 20088-1 ⁽²⁾	Variable	2009-2040	72,745	73,070
Series Three, 20088-2 ⁽²⁾	Variable	2009-2040	72,160	72,435
Series Three, 20088-3 ⁽²⁾	Variable	2009-2036	57,950	58,275
Series Three, 20088-4 ⁽²⁾	Variable	2009-2036	57,385	57,710

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

7. Long-Term Debt (continued)

Schedule of Outstanding Indebtedness

Long-term Debt	Interest Rates (1)	Payment Dates	September 30	
			2009	2008
Series Three, 2008C-1 ⁽²⁾	Variable	2009-2034	\$ 83,545	\$ 85,245
Series Three, 2008C-2 ⁽²⁾	Variable	2009-2034	83,300	85,000
Series Three, 2008C-3 ⁽²⁾	Variable	2009-2038	52,915	53,615
Series Three, 2008C-4 ⁽²⁾	Variable	n/a	-	49,745
Series Three, 2008D-1 ⁽²⁾	Variable	2009-2036	128,260	130,000
Series Three, 2008D-2A ⁽²⁾	Variable	2009-2037	64,880	65,115
Series Three, 2008D-2B ⁽²⁾	Variable	2009-2037	64,885	64,885
Series Three, 2008E	3.000 - 5.000%	2009-2028	54,050	54,050
Series Three, 2009A	3.000 - 5.250%	2009-2029	96,685	-
Series Three, 2009B	2.000 - 5.375%	2010-2034	33,970	-
Series Three, 2009C	5.000%	2016-2017	15,730	-
Total Electric System Senior Revenue Bonds			1,526,375	1,546,805
Electric System Subordinated Revenue Bonds:				
Series B Commercial Paper Notes	Variable	n/a	-	6,045
Series C Commercial Paper Notes	Variable	n/a	97,666	102,289
2000 Series A ⁽²⁾	Variable	2009-2035	77,900	79,700
2000 Series B ⁽²⁾	Variable	2009-2035	77,900	79,700
2000 Series E	4.625%	n/a	-	3,015
2000 Series F ⁽²⁾	Variable	2017-2030	125,000	125,000
2001 Series A	4.125 - 4.300%	2009-2010	4,530	19,905
2001 Series B ⁽²⁾	Variable	n/a	-	66,000
2001 Series C ⁽²⁾	Variable	2017-2030	66,000	66,000
2001 Series E	3.700%	2009	3,050	19,460
2002 Series A	4.400%	n/a	-	2,950
2002 Series B	3.250%	n/a	-	4,380
2002 Series C	3.625 - 3.875%	2010-2011	36,350	54,530
2002 Series D	4.125 - 4.875%	2015-2035	85,530	116,275
2003 Series A	4.500 - 4.625%	2023-2033	30,755	30,755
2004 Series A	4.200 - 5.000%	2014-2024	25,000	25,000
2005 Series A	3.000 - 4.750%	2009-2029	23,880	24,450
2005 Series C	3.000 - 4.375%	2009-2035	23,370	24,235
2006 Series A	3.750 - 4.300%	2015-2024	25,000	25,000
2007 Series A	4.000 - 5.250%	2009-2037	82,800	82,800
2008 Series A	3.625 - 5.125%	2011-2037	56,410	56,410
2008 Series B ⁽²⁾	Variable	n/a	-	104,955
2008 Series C	3.600 - 5.000%	2010-2020	79,255	79,255

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

7. Long-Term Debt (continued)

Schedule of Outstanding Indebtedness

Long-term Debt	Interest Rates (1)	Payment Dates	September 30	
			2009	2008
2008 Series D ⁽²⁾	Variable	2009-2038	\$ 70,380	\$ 70,605
2008 Series E	3.000 - 4.750%	2009-2028	18,645	18,645
2009 Series A	3.000 - 5.625%	2010-2039	122,585	-
2009 Series B	3.000 - 5.000%	2009-2019	117,075	-
2009 Series C	4.000 - 5.000%	2014-2020	65,515	-
2009 Series D	5.000%	2011-2018	50,135	-
2009 Series E	4.000 - 5.000%	2014-2018	12,420	-
Total Electric System Subordinated Revenue Bonds			1,377,151	1,287,359
Electric System Other Subordinated Debt:				
Line of Credit Draws	-	n/a	-	25,680
Total Electric System Other Subordinated Debt			-	25,680
Bulk Power Supply System Revenue Bonds:				
Series 2008A	3.750% - 6.000%	2012-2038	77,945	-
Total Bulk Power System Revenue Bonds			77,945	-
Bulk Power Supply System Other Subordinated Debt:				
Line of Credit Draws	-	n/a	-	15,000
Total Electric System Other Subordinated Debt			-	15,000
SJRPP System Revenue Bonds:				
Issue 2, Series 7	6.200%	2010-2011	14,994	14,994
Issue 2, Series 10	5.500%	2013	50	50
Issue 2, Series 17	4.700 - 5.250%	2009-2019	395,955	408,985
Issue 2, Series 18	3.500 - 5.000%	2009-2018	95,245	147,070
Issue 2, Series 19	3.300 - 4.600%	2009-2017	45,590	52,995
Issue 2, Series 20	3.625 - 4.500%	2011-2021	96,500	96,500
Issue 2, Series 21	4.000 - 5.000%	2009-2021	190,620	211,640
Issue 2, Series 22	3.750 - 4.000%	2009-2019	103,115	105,335
Issue 3, Series 1 ^{4c}	3.600 - 5.000%	2010-2037	150,000	150,000
Issue 3, Series 2 ^{4c}	3.500 - 5.000%	2013-2037	125,000	125,000
Issue 3, Series 3 ^{4c}	3.000 - 5.500%	2013-2039	64,305	-
Total SJRPP System Revenue Bonds:			1,281,374	1,312,569

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

7. Long-Term Debt (continued)

Schedule of Outstanding Indebtedness

Long-term Debt	Interest Rates (1)	Payment Dates	September 30	
			2009	2008
Water and Sewer System Senior Revenue Bonds:				
1997 Series B	4.800%	n/a	\$ -	\$ 425
1999 Series A	4.700 - 5.000%	n/a	-	9,200
2001 Series B	4.100 - 5.250%	2009-2039	42,740	43,175
2001 Series C	3.750%	2009	6,825	32,475
2002 Series B	3.250 - 5.250%	2009-2012	24,405	59,960
2002 Series C	4.625 - 4.875%	2020-2041	76,635	95,295
2003 Series A	3.125 - 4.750%	2011-2043	44,445	50,720
2003 Series B	4.375 - 4.750%	2021-2037	56,640	56,640
2004 Series A	2.125 - 5.250%	2009-2039	195,950	201,155
2004 Series B	2.500 - 4.500%	2009-2039	121,245	124,030
2004 Series C	2.800 - 5.000%	2009-2039	29,785	29,785
2005 Series A	3.250 - 5.000%	2009-2041	141,595	142,770
2005 Series B	3.250 - 5.000%	2009-2041	129,795	129,955
2005 Series C	3.500 - 5.000%	2014-2037	116,830	116,830
2006 Series A	4.500 - 4.750%	2019-2041	35,000	35,000
2006 Series B	3.500 - 4.500%	2009-2029	36,995	37,405
2006 Series B ⁽²⁾	Variable	2016-2022	38,730	38,730
2007 Series A	3.750 - 4.500%	2010-2041	96,850	96,850
2007 Series C	4.000 - 4.750%	2009-2037	40,985	41,610
2008 Series A-1 ⁽²⁾	Variable	2009-2036	75,000	75,000
2008 Series A-2 ⁽²⁾	Variable	2010-2042	75,000	75,000
2008 Series B ⁽²⁾	Variable	2023-2041	85,290	85,290
2009 Series A	2.500 - 5.375%	2011-2039	45,405	-
2009 Series B	3.000 - 5.000%	2010-2019	83,240	-
Total Water and Sewer System Senior Revenue Bonds:			1,599,385	1,577,300
Water and Sewer System Subordinated Revenue Bonds:				
Subordinated 2003 Series C	3.125 - 4.750%	2011-2043	40,400	40,400
Subordinated 2004 Series A	2.125 - 4.375%	2009-2034	37,905	38,810
Subordinated 2004 Series B	4.000 - 4.750%	2015-2025	20,000	20,000
Subordinated 2005 Series A	3.500%	2009-2013	865	865
Subordinated 2006 Series A	4.000 - 4.750%	2009-2036	14,900	15,000
Subordinated 2007 Series A	4.500%	2034-2043	10,330	10,330
Subordinated 2008 Series A-1 ⁽²⁾	Variable	2009-2038	65,625	66,875
Subordinated 2008 Series A-2 ⁽²⁾	Variable	2009-2038	65,275	66,525
Subordinated 2008 Series B-1 ⁽²⁾	Variable	2010-2036	98,810	101,365
Total Water and Sewer System Subordinated Revenue Bonds			354,110	360,170

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

7. Long-Term Debt (continued)

Schedule of Outstanding Indebtedness

Long-term Debt	Interest Rates (1)	Payment Dates	September 30	
			2009	2008
Water and Sewer System Other Subordinated Debt:				
Line of Credit Draws	1.629 - 1.746%	2010	\$ 45,715	\$ -
State Revolving Fund Loans	2.630 - 2.750%	2009 - 2030	3,274	1,751
Total Water and Sewer System Other Subordinated Revenue Bonds			48,989	1,751
District Energy System:				
2004 Series A	Variable	2010-2034	47,800	47,800
Line of Credit Draws	Variable	2009	4,285	4,285
Total District Energy System			52,085	52,085
Total debt principal outstanding			6,317,414	6,178,719
Plus accretion of SJRPP Issue 2 Series 7 Capital appreciation bonds			27,689	25,161
Sub-total			\$ 6,345,103	\$ 6,203,880
Less: debt due within one year ⁽⁵⁾			(224,402)	(200,780)
Total long-term debt			\$ 6,120,701	\$ 6,003,100

- (1) The interest rates on the variable rate debt outstanding (excluding CPI bonds) at September 30, 2009, ranged from 0.24% to 0.55%. At September 30, 2009, interest on the outstanding variable rate debt is based on various methods including daily mode, weekly mode, and commercial paper mode, which resets in time increments ranging from one day to 270 days. In addition, JEA has executed fixed-payer weekly mode, interest rate swaps to effectively fix a portion of its net payments relative to certain variable rate bonds. The terms of the interest rate swaps are approximately equal to that of the fixed-payer bonds. See the Debt Management Strategy section of this note for more information related to the interest rate swap agreements outstanding at September 30, 2009.
- (2) Variable rate demand obligations.
- (3) Variable rate bonds indexed to the Consumer Price Index (CPI bonds). At September 30, 2009, interest rates on the CPI bonds ranged from 0.89% to 1.03%.
- (4) SJRPP System Issue 3 Bonds were issued under the Second Power Park Resolution whereby JEA is responsible for 100% of the related debt service payments. Whereas the SJRPP System Issue Two Bonds issued under the First Power Park Resolution, JEA is responsible for approximately 62.5% of the related debt service payments and FPL the remainder.
- (5) At September 30, 2009, debt due within one year includes \$45,715 of Water and Sewer System line of credit draws and \$4,285 of DES line of credit draws. See the Short-Term Bank Borrowings section of this note for more information.

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

7. Long-Term Debt (continued)

For the Electric System and the Water and Sewer System variable rate demand obligations (VRDO) appearing in the above schedule of outstanding indebtedness liquidity support is provided in connection with tenders for purchase with various liquidity providers pursuant to standby bond purchase agreements (SBPA) relating to that series of obligation. The purchase price of the obligations tendered or deemed tendered for purchase is payable from the proceeds of the remarketing thereof and moneys drawn under the applicable SBPA. The current stated termination dates of the SBPA's range from March 18, 2010 to December 31, 2015. Each of the SBPA termination dates may be extended. At September 30, 2009, there were no outstanding draws under the SBPA's. In the event of the expiration or termination of the SBPA that results in a mandatory tender of the VRDO's and the purchase of the obligations by the bank, then beginning on April 1 or October 1, whichever date is at least six months subsequent to the purchase of the obligations, JEA shall begin to make equal semi-annual installments over the ensuing five-year period.

For the Electric System's Series Three 2008B-1 and 2008B-4 VRDOs, payment of the principal and interest is secured by an unconditional, irrevocable direct-pay letter of credit. The letter of credit constitutes both a credit facility and a liquidity facility. The letter of credit has a stated expiration date of April 28, 2010, unless otherwise extended. As of September 30, 2009, there are no draws outstanding under the letter of credit. Repayment of any draws outstanding at the expiration date are payable in equal semiannual installments over a five-year period.

For the commercial paper note appearing in the above schedule of outstanding indebtedness, to provide liquidity support, JEA has entered into a revolving credit agreement with a commercial bank. If moneys are not available to pay the principal of any maturing commercial paper notes during the term of the credit agreement, JEA is entitled to make a borrowing under the credit agreement. The credit agreement conversion date may be extended. The conversion date of the credit agreement as of September 30, 2009 was December 4, 2009. Subsequent to September 30, 2009, the conversion date was extended to February 4, 2009, which may be extended. At September 30, 2009, there were no outstanding draws under the credit agreement. In the event of the expiration or termination of the conversion date and such expiration or termination results in a draw in an amount up to the amount of the outstanding commitment, then upon 6 months thereafter, JEA shall begin to make equal semiannual installments over the ensuing six-year period in the amount of such draw.

For the variable rate DES 2004 Series A bonds appearing in the schedule of outstanding indebtedness, in connection with the issuance thereof, JEA entered into a letter of agreement with a bank to provide credit and liquidity enhancement for the bonds. The letter of credit permits the bank to draw under the agreement for the payments when due of the principal or interest on the 2004 Series A bonds and will permit the tender agent, to draw under the agreement for the purchase price of the 2004 Series A bonds tendered or deemed tendered for purchase pursuant to the tender provisions of the 2004 Series A bonds. To evidence its obligation to reimburse the bank for amounts advanced under the letter of credit, the DES Revenue Bond 2004 Series Reimbursement Obligation was issued. As long as JEA is obligated to make deposits to the Series 2004 Reimbursement Obligation Sub-account in the Debt Service Reserve Fund, Section 710 (Rates, Fees, and Charges) and Section 203(1)(1) (Issuance of Bonds Other than Refunding Bonds and Reimbursement Obligations) of the DES Bond Resolution shall not apply to the 2004 Series A bonds or the 2004 Series Reimbursement Obligation. The current expiration date of the letter of credit is October 7, 2011, which may be extended.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

7. Long-Term Debt (continued)

Long-term debt activity related to bond issuances (excludes short-term bank borrowings) for the year ended September 30, 2009, was as follows:

System	Bonds Payable September 30, 2008	Par Amount of Bonds Issued	Par Amount of Bonds Refunded or Defeased	Scheduled Bond Principal Payments	Accretion of SJRPP Issue 2 Series 7 Capital Appreciation Bonds	Bonds Payable September 30, 2009	Current Portion of Bonds Payable September 30, 2009
Electric	\$ 2,834,164	\$ 514,115	\$ (392,685)	\$ (52,068)	\$ -	\$ 2,903,526	\$ 46,755
Bulk Power Supply	-	77,945	-	-	-	77,945	-
SJRPP	1,337,730	64,305	-	(95,500)	2,528	1,309,063	100,205
Water and Sewer	1,939,221	130,168	(89,420)	(23,200)	-	1,956,769	27,442
OES	47,800	-	-	-	-	47,800	-
Total	\$ 6,158,915	\$ 786,533	\$ (482,105)	\$ (170,768)	\$ 2,528	\$ 6,295,103	\$ 174,402

Long-term debt activity related to bond issuances (excludes short-term bank borrowings) for the year ended September 30, 2008, was as follows:

System	Bonds Payable September 30, 2007	Par Amount of Bonds Issued	Par Amount of Bonds Refunded or Defeased	Scheduled Bond Principal Payments	Accretion of SJRPP Issue 2 Series 7 Capital Appreciation Bonds	Bonds Payable September 30, 2008	Current Portion of Bonds Payable September 30, 2008
Electric	\$ 2,552,487	\$ 1,388,330	\$ (1,081,810)	\$ (24,843)	\$ -	\$ 2,834,164	\$ 41,400
Bulk Power Supply	-	-	-	-	-	-	-
SJRPP	1,296,766	125,000	-	(86,415)	2,379	1,337,730	95,500
Water and Sewer	1,784,681	474,435	(302,660)	(17,235)	-	1,939,221	23,200
OES	47,800	-	-	-	-	47,800	-
Total	\$ 5,681,734	\$ 1,987,765	\$ (1,384,470)	\$ (128,493)	\$ 2,379	\$ 6,158,915	\$ 160,100

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

7. Long-Term Debt (continued)

The debt service to maturity on the outstanding bonds (excludes short-term bank borrowings), as of September 30, 2009, is summarized in the following two tables:

Bond Year Ending October 1	Electric System		Bulk Power		SJRPP	
	Principal	Interest (1)	Principal	Interest	Principal	Interest
2009	\$ 46,755	\$ 34,560	\$ -	\$ 2,060	\$ 100,205	\$ 29,360
2010	107,119	73,960	-	4,110	99,823	68,500
2011	134,556	70,890	-	4,110	101,121	67,860
2012	83,183	66,220	1,475	4,110	122,995	45,970
2013	86,281	63,620	1,535	4,050	129,855	40,110
2014-2018	543,926	270,230	10,475	19,190	345,870	130,650
2019-2023	503,617	195,270	20,355	15,690	157,310	69,600
2024-2028	466,464	149,780	8,635	11,530	62,655	48,490
2029-2033	459,610	111,500	14,850	8,630	77,485	32,280
2034-2038	397,780	51,930	20,620	3,900	79,590	11,810
2039-2043	74,235	4,910	-	-	4,465	246
Totals	\$ 2,903,526	\$ 1,092,870	\$ 77,945	\$ 77,380	\$ 1,281,374	\$ 544,876

Bond Year Ending October 1	Water and Sewer		DES		Total Debt Service (2)
	Principal	Interest	Principal	Interest	
2009	\$ 27,430	\$ 33,180	\$ -	\$ 10	\$ 273,560
2010	36,723	66,160	1,310	90	457,795
2011	41,245	65,090	1,350	90	486,312
2012	44,300	63,750	1,390	90	433,483
2013	44,068	62,230	1,435	80	433,264
2014-2018	255,725	286,710	7,835	380	1,870,991
2019-2023	310,187	240,940	9,085	300	1,522,354
2024-2028	314,665	186,900	10,520	210	1,259,849
2029-2033	310,041	131,770	12,210	100	1,158,476
2034-2038	359,775	76,070	2,665	10	1,004,150
2039-2043	212,610	15,960	-	-	312,426
Totals	\$ 1,956,769	\$ 1,228,760	\$ 47,800	\$ 1,360	\$ 9,212,660

(1) Includes amortization of commercial paper notes that is based upon JEA's current commercial paper payment plans and excludes payments made during fiscal year 2009.

(2) Interest requirement for the variable rate debt was determined by using the interest rates that were in effect at the financial statement date of September 30, 2009. The table excludes payments made during fiscal year 2009.

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

7. Long-Term Debt (continued)

The estimated fair values of JEA's outstanding fixed-rate debt were \$4,576,045 at September 30, 2009, and \$3,963,677 at September 30, 2008. The estimated fair values of the fixed rate debt were determined through a nationally recognized third-party financial information service. The estimated fair values of JEA's outstanding variable rate debt (excluding short-term bank borrowings) were \$1,904,401 at September 30, 2009, and \$2,151,974 at September 30, 2008. The estimated fair value of the variable rate debt was determined to be the par amount outstanding.

JEA, at its option, may redeem specific outstanding fixed rate JEA Revenue Bonds prior to maturity, as discussed in the official statements covering their issuance. A summary of the redemption provisions is as follows:

	Electric System	Bulk Power Supply System	SJRPP System	Water and Sewer System
Earliest year for redemption	2010	2014	2010	2010
Redemption price ranges	100%	100%	101%-100%	100%

JEA bonds issued in fiscal year 2009 are summarized in the following table:

System	Debt Issued	Purpose	Priority of Lien	Month of Issue	Par Amount Issued	Par Amount Refunded	Accounting Gain (Loss)	Economic Gain
Electric	2009 Series A	New Money	Subordinated	Jan-09	\$ 122,585	\$ -	\$ -	\$ -
Electric	Series Three 2009A	Refunding ⁽¹⁾	Senior	Mar-09	96,685	93,885	(537)	1,794
Electric	2009 Series B	Refunding ⁽²⁾	Subordinated	Mar-09	117,075	123,135	(379)	-
Electric	2009 Series C	Refunding ⁽³⁾	Subordinated	Apr-09	65,515	66,000	(217)	-
Electric	2009 Series O	Refunding ⁽⁴⁾	Subordinated	Jun-09	50,135	53,970	(617)	2,130
Electric	Series Three 2009B	Refunding ⁽⁵⁾	Senior	Aug-09	33,970	33,390	(303)	-
Electric	Series Three 2009C	Refunding ⁽⁶⁾	Senior	Aug-09	15,730	17,390	(191)	1,155
Electric	2009 Series E	Refunding ⁽⁷⁾	Subordinated	Aug-09	12,420	4,915 ⁽⁸⁾	(43)	574
Bulk Power Supply	Series 2008A	New Money	Senior	Nov-08	77,945	-	-	-
SJRPP	Issue 3 Series 3	New Money	Senior	Apr-09	64,305	-	-	-
Water and Sewer	2009 Series A	New Money	Senior	Mar-09	45,405	-	-	-
Water and Sewer	2009 Series B	Refunding ⁽⁹⁾	Senior	Mar-09	83,240	89,420	(1,204)	5,851
					\$ 785,010	\$ 482,105	\$ (3,491)	\$ 11,504

- (1) Economic refunding of \$44,850 of prior issued fixed rate bonds were refunded with fixed rate debt, which resulted in new debt service of \$48,485 compared to the prior debt service of \$50,499. In addition, this issue included a noneconomic refunding of \$49,035 for prior issued variable rate demand obligations, which were refunded with fixed rate debt.
- (2) Noneconomic refunding of \$18,180 of prior issued fixed rate refundable maturities were refunded with fixed rate debt; plus, a noneconomic refunding of \$104,955 for prior issued variable rate demand obligations were refunded with fixed rate debt.
- (3) Variable rate demand obligations were refunded with fixed rate debt.
- (4) Economic refunding of prior issued bonds with new debt service of \$64,601 compared to the prior debt service of \$67,232.
- (5) Noneconomic refunding of prior issued fixed rate refundable maturities.
- (6) Economic refunding of prior issued bonds with new debt service of \$21,478 compared to the prior debt service of \$23,482.
- (7) Economic refunding of prior issued bonds with new debt service of \$15,611 compared to the prior debt service of \$16,379.
- (8) Economic refunding of prior issued bonds with new debt service of \$105,997 compared to the prior debt service of \$113,422.
- (9) An additional \$8,140 of bonds was refunded by this issue. These additional bonds will be redeemed on October 1, 2009, with refunding proceeds held in the Electric System Subordinated Construction Fund.

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

7. Long-Term Debt (continued)

Debt Service Reserve Funds

During fiscal years 2009 and 2008, various AAA debt service surety providers were downgraded below AAA status, which triggered funding requirements to the debt service reserve funds for both the Electric System and the Water and Sewer System. Funding required will be according to each system's bond resolution. As of September 30, 2009, the Electric System and the Water and Sewer System have debt service reserve fund funding requirements as follows:

	Electric System Initial Subaccount in the Debt Service Reserve	Water and Sewer System Initial Subaccount in the Debt Service Reserve	Water and Sewer System Initial Subordinated Debt Service Reserve
Debt service requirement	\$ 70,801	\$ 104,728	\$ 8,353
Less: cash and investments	55,551	47,794	6,562
Less: AAA surety policies	-	-	-
Funding required for downgraded surety policies	15,250	56,934	1,791
Less: funds available in Construction Reserve Account	8,019	9,375	930
Net funding needs from future bond issues	\$ 7,231	\$ 47,559	\$ 861

Short-Term Bank Borrowings

JEA currently has arrangements with two commercial banks for unsecured line of credits in the amounts of \$75,000 and \$112,500. The lines of credit can be used with respect to the Electric System, the Bulk Power Supply System, the SJRPP System, the Water and Sewer System, or the DES and for operating expenditures or for capital expenditures.

Activity under the lines of credit for fiscal year 2009 is summarized in the below table:

System	Line of Credit Payable September 30, 2008	New Money Draws for Capital Expenditures	New Money Draws for Surety Replacement ⁽¹⁾	Payments From Bond Issues	Payments From Original Proceeds	Line of Credit Payable September 30, 2009
Electric	\$ 25,680	\$ 49,000	\$ -	\$ (30,000)	\$ (44,680)	\$ -
Bulk Power Supply	15,000	3,000	-	(18,000)	-	-
SJRPP	-	35,000	-	(35,000)	-	-
Water and Sewer	-	42,000	24,000	(19,000)	(1,285)	45,715
OES	4,285	-	-	-	-	4,285
Total	\$ 44,965	\$ 129,000	\$ 24,000	\$ (102,000)	\$ (45,965)	\$ 50,000

(1) To be used for required deposits to the debt service reserve fund resulting from downgraded debt service reserve sureties - see "Debt Service Reserve Funds" section of the Long-Term Debt note.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

7. Long-Term Debt (continued)

At September 30, 2009, the total line of credit draws outstanding for the Water and Sewer System were \$45,715 of which \$21,715 will mature in March 2010 and is expected to be replaced with permanent financing and the remaining \$24,000, related to funding the required deposits into the debt service reserve fund related to the downgraded sureties (see Debt Service Reserve Fund section of this note for more information), will mature in September 2010. At September 30, 2009, the line of credit draw outstanding for the DES was \$4,285 and is scheduled to mature in October 2009 and be replaced with a refunding draw at that time. The current expiration dates for \$75,000 the line of credit agreement is August 30, 2010, and the \$112,500 line of credit agreement is September 14, 2010.

Debt Management Strategy

JEA has entered into various interest rate swap agreements in connection with its debt management strategy. JEA has entered into various integrated interest rate swap agreements executed in conjunction with debt financings for initial terms up to 35 years (unless earlier terminated). JEA utilizes floating to fixed interest rates swaps as part of its debt management strategy. For purposes of this note, the term floating to fixed interest rate swaps refer to swaps in which JEA receives a floating rate and pays a fixed rate.

The fair value of the interest rate swap agreements and related hedging instruments are included as an addition or reduction to long-term debt on the balance sheets; however, the notional amounts of the interest rate swaps are not reflected in the financial statements. JEA adopted GASB Cod. Sec. D40 therefore, for effective hedging instruments, hedge accounting is applied where fair market value changes are recorded on the balance sheet as either a deferred outflow or a deferred inflow. The earnings from the debt management strategy interest rate swaps are recorded to interest on debt in the statements of revenues, expenses, and changes in net assets.

JEA has entered into integrated floating to fixed interest rate swap agreements during prior fiscal years. The terms of the integrated floating to fixed rate swap agreements outstanding at September 30, 2009, are as follows:

System	Related Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Series Three 2008C	\$ 174,000	\$ 163,600	3.7%	Sep-03	Sep-33	68% of one month LIBOR
Electric	Series Three 2008B	27,400	27,200	4.0%	Jan-05	Oct-26	SIFMA
Electric	Series Three 20088	117,825	116,275	4.4%	Aug-08	Oct-39	SIFMA
Electric	Series Three 2008B	116,425	114,525	3.7%	Sep-08	Oct-35	68% of one month LIBOR
Electric	2008 Series O	29,900	29,450	3.6%	Mar-09	Oct-16	SIFMA
Electric	2008 Series O	40,875	40,650	3.7%	Mar-09	Oct-37	68% of one month LIBOR
Electric	Series Three 2008D-1	98,375	96,635	3.9%	May-08	Oct-31	SIFMA
Electric	Series Three 2008D-2	95,240	95,005	3.9%	May-08	Oct-36	SIFMA
Electric	Series Three 2008A	100,000	100,000	3.8%	Jan-08	Oct-36	SIFMA
Water and Sewer	2006 Series B	38,730	38,730	3.9-4.1%	Oct-06	Oct 16-22	CPI
Water and Sewer	2008 Series A	75,000	75,000	3.9%	Mar-09	Oct-36	SIFMA
Water and Sewer	2008 Series B	85,290	85,290	3.9%	Mar-07	Oct-41	SIFMA
		<u>\$ 999,060</u>	<u>\$ 982,360</u>				

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

7. Long-Term Debt (continued)

In anticipation of future bond issues, JEA enters into forward starting floating to fixed interest rate swap agreements. The terms of the forward starting floating to fixed rate swap agreements outstanding at September 30, 2009, are as follows:

System	Debt Issued	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Future Issue	\$ 100,000	\$ 100,000	4.0%	Jan-11	Oct-38	SIFMA
		\$ 100,000	\$ 100,000				

The following table includes fiscal year 2009 summary information for JEA's effective cashflow hedges related to both integrated and forward starting floating to fixed interest rate swap agreements.

System	Changes In Fair Value		Fair Value at September 30, 2009	Amount ⁽¹⁾	Notional
	Classification	Amount			
Electric	Deferred costs	\$ 66,772	Fair value of debt management strategy instruments	\$ (100,799)	\$ 883,340
Water and Sewer	Deferred costs	16,165	Fair value of debt management strategy instruments	(18,256)	199,020
Total		\$ 82,937		\$ (119,055)	\$ 1,082,360

⁽¹⁾ Fair value amounts were calculated using market rates as of September 30, 2009, and standard cash flow present valuing techniques.

The following table includes fiscal year 2008 summary information for JEA's effective cashflow hedges related to both integrated and forward starting floating to fixed interest rate swap agreements.

System	Changes In Fair Value		Fair Value at September 30, 2008	Amount ⁽²⁾	Notional
	Classification	Amount			
Electric	Deferred costs	\$ 31,483	Fair value of debt management strategy instruments	\$ (34,027)	\$ 890,190
Water and Sewer	Deferred costs	2,629	Fair value of debt management strategy instruments	(2,091)	199,020
Total		\$ 34,112		\$ (36,118)	\$ 1,089,210

⁽²⁾ Fair value amounts were calculated using market rates as of September 30, 2008, and standard cash flow present valuing techniques.

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

7. Long-Term Debt (continued)

For fiscal years ended September 30, 2009 and 2008, the weighted average rates of interest for each index type of integrated floating to fixed interest rate swap agreement and the total net swap earnings were as follows:

	2009	2008
68% of LIBOR Index:		
Notional amount outstanding	\$ 318,775	\$ 322,900
Variable rate received (weighted average)	0.7%	2.4%
Fixed rate paid (weighted average)	3.7%	3.7%
SIFMA Index (formerly BMA Index):		
Notional amount outstanding	\$ 624,855	\$ 627,580
Variable rate received (weighted average)	0.8%	2.6%
Fixed rate paid (weighted average)	4.0%	4.0%
CPI Index:		
Notional amount outstanding	\$ 38,730	\$ 38,730
Variable rate received (weighted average)	3.8%	4.3%
Fixed rate paid (weighted average)	4.0%	4.0%
Net debt management swap loss	\$ (29,137)	\$ (12,227)

The following tables summarize the anticipated net cash flows of JEA's outstanding hedged variable rate debt and related integrated floating to fixed interest rate swap agreements at September 30, 2009:

Electric System				
Bond Year Ending October 1	Principal	Interest	Net Swap Interest	Total
2009	\$ 14,600	\$ 151	\$ 2,355	\$ 17,106
2010	14,760	1,834	27,264	43,858
2011	15,485	1,796	26,757	44,038
2012	16,695	1,760	26,186	44,641
2013	23,640	1,720	25,569	50,929
2014-2018	102,900	7,791	116,039	226,730
2019-2023	126,745	6,551	97,827	231,123
2024-2028	158,680	4,901	75,339	236,920
2029-2033	199,985	2,659	39,716	242,360
2034-2038	100,675	836	12,913	114,424
2039-2043	9,175	22	369	9,566
Total	\$ 783,340	\$ 20,021	\$ 448,334	\$ 1,261,695

(1) Interest requirement for the variable rate debt and the variable portion of the interest rate swap was determined by using the interest rates that were in effect at the financial statement date of September 30, 2009. The fixed portion of the interest rate swaps was determined based on the actual fixed rates of the outstanding interest rate swaps at September 30, 2009.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

7. Long-Term Debt (continued)

Water and Sewer System				
Bond Year Ending October 1	Principal	Interest	Net Swap Interest	Total
2009	\$ 1,410	\$ 223	\$ 1,057	\$ 2,690
2010	1,460	780	6,801	9,041
2011	1,510	776	6,750	9,036
2012	1,570	773	6,697	9,040
2013	1,630	769	6,644	9,043
2014-2018	22,960	3,657	31,928	58,545
2019-2023	39,765	2,326	26,528	68,619
2024-2028	27,580	1,445	20,526	49,551
2029-2033	23,645	1,158	16,458	41,261
2034-2038	45,560	736	10,517	56,813
2039-2043	31,930	162	2,311	34,403
Total	\$ 199,020	\$ 12,805	\$ 136,217	\$ 348,042

(1) Interest requirement for the variable rate debt and the variable portion of the interest rate swap was determined by using the interest rates that were in effect at the financial statement date of September 30, 2009. The fixed portion of the interest rate swaps was determined based on the actual fixed rates of the outstanding interest rate swaps at September 30, 2009.

Credit Risk. JEA is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, the Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with whom JEA may enter into interest rate swap transactions. The counterparties with whom JEA may deal must be rated (i) "AAA" by one or more nationally recognized rating agencies at the time of execution, (ii) "AA-/Aa3" or better by at least two of such credit rating agencies at the time of execution, or (iii) if such counterparty is not rated "AA-/Aa3" or better at the time of execution, provide for a guarantee by an affiliate of such counterparty rated at least "A/A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, each swap agreement will require the counterparty to enter into a collateral agreement to provide collateral when the ratings of such counterparty (or its guarantor) fall below "AA-/Aa3" and a payment is owed to JEA. All outstanding interest rate swaps at September 30, 2009, were in a liability position. Therefore, if counterparties failed to perform as contracted, JEA would not be subject to any credit risk exposure at September 30, 2009.

JEA's floating to fixed interest rate swap counterparty credit ratings at September 30, 2009, are as follows:

Counterparty	Counterparty Credit Ratings S&P/Moody's/Fitch	Outstanding Notional Amount
Citigroup Financial Products Inc.	A/A3/A+	\$ 95,005
Goldman Sachs Mitsui Marine Derivative Products L.P.	AAA per S&P	290,800
JPMorgan Chase Bank, N.A.	AA-/Aa1/AA-	259,625
Merrill Lynch Derivative Products AG	AAA per S&P	185,290
Morgan Stanley Capital Service Inc	A/A2/A	251,640
Total		\$ 1,082,360

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

7. Long-Term Debt (continued)

Interest Rate Risk. JEA is exposed to interest rate risk on its interest rate swaps. On JEA's pay-fixed, receive-variable interest rate swap, as LIBOR or the SIFMA swap index decreases, JEA's net payment on the swap increases.

Basis Risk. JEA is exposed to basis risk on its pay-fixed interest rate swap hedging derivative instruments because the variable-rate payments received by JEA on these hedging derivative instruments are based on a rate or index other than interest rates JEA pays on its hedged variable-rate debt, which is remarketed every seven days. As of September 30, 2009, the weighted-average interest rate on JEA's hedged variable-rate debt is 0.3%, while the SIFMA swap index rate is 0.3% and 68% of LIBOR is 0.2%.

Termination Risk. JEA or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument is in a liability position, JEA would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Market Access Risk. JEA is exposed to market access risk due to recent market disruptions in the municipal bond market that could inhibit the issuing of bonds and related hedging instruments.

8. Transactions with City of Jacksonville

Utility and Administrative Services

JEA is a separately governed authority and is also considered to be a discretely presented component unit of the City. JEA provides electric, water, and sewer service to the City and its agencies and bills for such service using established rate schedules. JEA utilizes various services provided by departments of the City, including insurance, legal, and motor pool. JEA is billed on a proportionate cost basis with other user departments and agencies. The revenues for services provided and expenses for services received by JEA for these related-party transactions with the City were as follows:

	<u>Revenues</u>	<u>Expenses</u>
Fiscal year 2009	\$ 35,056	\$ 6,176
Fiscal year 2008	\$ 28,756	\$ 8,527

City Contribution

The calculation of the City contribution is based on a formula negotiated with the City of Jacksonville. Fiscal year 2009 is the first year of an eight-year agreement. This calculation is subject to a minimum average increase of \$2,500 per year using 2008 as the base year for the combined assessment for the Electric Enterprise Fund and Water and Sewer Fund. There is also a maximum annual assessment for the combined Electric Enterprise Fund and Water and Sewer Fund.

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

8. Transactions with City of Jacksonville (continued)

The JEA Electric Enterprise Fund is required to contribute annually to the General Fund of the City an amount not to exceed 5.5 mills per kilowatt hour delivered by JEA to retail users in JEA's service area, and to wholesale customers under firm contracts having an original term of more than one year, other than sales of energy to FPL from JEA's SJRPP System. The contribution for fiscal years 2009 and 2008 amounted to \$76,094 and \$73,847.

The JEA Water and Sewer Fund is required to contribute annually to the General Fund of the City an amount not to exceed 2.1 mills per cubic foot of potable water and sewer service provided, excluding reclaimed water service. The contribution for fiscal years 2009 and 2008 amounted to \$20,593 and \$20,341.

Although the calculation for the annual transfer of available revenue from JEA to the City is based upon formulas that are applied specifically to each utility system operated by JEA, JEA may, in its sole discretion, utilize any of its available revenues regardless of source to satisfy its total annual obligation to the City.

In addition to the contributions described above, JEA is also obligated to make semiannual payments with respect to a portion of the debt service for the City's Excise Tax Revenue Bonds, Series 1999A and 1995A through fiscal year 2009. In fiscal years 2009 and 2008, JEA made principal and interest payments to the City of \$1,124 and \$1,996. The bonds were paid in full on October 1, 2009.

Franchise Fees

Effective April 1, 2008, the City enacted a 3% franchise fee from designated revenues of the Electric and Water and Sewer Utility systems. The ordinance authorizes JEA to pass through these fees to its electric and water and sewer funds. For the year ended September 30, 2009, JEA recorded \$30,999 and \$6,534 in its electric and water and sewer funds, which are included in operating revenues and expenses. For the year ended September 30, 2008, JEA recorded \$14,979 and \$3,361 in its electric and water and sewer funds.

Risk Management

JEA insures its risks related to general liability, automobile liability, and workers' compensation through the City's self-insurance program. The City's Director of Administration and Finance manages the self-insurance program, estimates the liabilities through actuarial and other methods, and assesses the user departments and agencies. JEA purchases property insurance separate from the City for its insurable assets. In addition, JEA purchases property, liability, and workers' compensation insurance for its SJRPP facility including ownership interest of FPL, as an additional insured.

Better Jacksonville Plan

The City is providing funding for sewer improvements as a part of the Better Jacksonville Plan. The City receives sales tax revenues, a portion of which are used for capital contributions to JEA for sewer improvements. These contributions amounted to \$1,516 and \$2,857 in fiscal years 2009 and 2008.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

9. Fuel Purchase and Purchased Power Commitments

JEA has made purchase commitments for the majority of the coal and petroleum coke requirements for the Electric and Enterprise Fund and Scherer Unit 4 through calendar year 2010. Contract terms specify minimum annual purchase commitments at fixed prices or at prices that are subject to market adjustments. JEA has remarketing rights under these contracts.

The majority of JEA's coal and petroleum coke supply is purchased with transportation included. For a portion of coal purchased at the mine, JEA has a rail transportation commitment with CSX for delivery to SJRPP during calendar year 2010. In addition, JEA participates in Georgia Power agreements with rail carriers for the delivery of coal to Scherer Unit 4. The term of the agreements with Burlington Northern and Santa Fe Railway Company extends through calendar year 2013. The contract provides JEA and the other Scherer co-owners with a unilateral right to extend the agreement an additional five years. The agreement with Norfolk Southern Railway Company extends through September 14, 2013. The contract provides JEA and the other Scherer co-owners with a unilateral right to extend the agreement through calendar years 2015.

JEA has commitments to purchase natural gas delivered to Jacksonville under a long-term contract with BG Energy Merchants, LLC (BG) that expires in 2021. Contract terms for the natural gas specify minimum annual purchase commitments at market prices. JEA has the option to remarket any excess natural gas purchases. In addition to the gas delivered by BG, JEA currently has long-term contracts with Florida Gas Transmission Company (FGT) for firm gas transportation capacity to allow delivery of gas through the FGT system. To support additional future gas requirements, JEA has contracted with Peoples Gas System for a release of firm gas transportation capacity on Southern Natural Gas Company and FGT beginning in June 2010.

JEA has a commitment to purchase residual fuel oil from BP Products North America, Inc. (BP) under an agreement effective August 1, 2009 through July 31, 2012. BP owns the residual fuel oil stored at JEA's Northside Generating Station and has committed to maintain a minimum amount for JEA use. JEA pays for actual oil consumed within 45 days after each billing period. The agreement allows for both fixed and floating pricing options with a minimum contract volume of approximately 785,000 barrels of oil over the three-year contract period. BP compensates JEA for terminalling services. The agreement allows JEA to access BP oil in emergency conditions.

JEA also has contracts with certain operating subsidiaries of Southern Company (Southern) for the purchase of 207 MW of coal-fired capacity and energy through May 2010. These capacity obligations of Southern are firm, subject to the availability of the units involved (Miller Units 1-4 and Scherer Unit 3).

Under these contracts with Southern, JEA is committed to purchase for the Electric Enterprise Fund certain energy output associated with the purchased generating capacity entitlement. The total cost to be incurred by JEA depends upon future costs incurred by Southern in connection with its ownership and operation of coal-fired generating facilities to which the agreements relate and upon the amount of energy actually purchased by JEA. A portion of such future costs is related to the electric generating capacity entitlement and is payable by JEA, subject to certain contingencies, whether or not any energy is actually produced by such units or purchased by JEA.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

9. Fuel Purchase and Purchased Power Commitments (continued)

In the unlikely event that JEA would not be in a position to fulfill its obligations to receive fuel and purchased power under the terms of its existing fuel and purchased power contracts, JEA would nonetheless be obligated to make certain future payments. If the conditions necessitating the future payments occurred, JEA would mitigate the financial impact of those conditions by remarketing the fuel and purchased power at then-current market prices. The aggregate amount of future payments that JEA does not expect to be able to mitigate, including the projected effects of inflation for coal purchase commitments of SJRPP (at JEA's 80% ownership interest) and the Bulk Power Supply System and future estimated fixed charges for electric generating capacity entitlement and transmission, including the projected effects of inflation for JEA, appear in the table below:

Year Ending Sept. 30	Coal and Petroleum coke		Natural Gas		Oil	Electric Generating Capacity/ Energy	Transmission	Total
	Fuel	Transportation	Fuel	Transportation				
2010	2,039	11,003	11,133	21,099	3,458	19,278	8,781	76,791
2011	618	8,759	11,133	21,099	-	-	5,256	46,865
2012	154	2,190	11,163	21,130	-	-	5,637	40,274
2013	-	-	11,133	21,099	-	-	5,811	38,043
2014	-	-	11,133	21,099	-	-	6,000	38,232
2015-2034	-	-	77,989	146,145	-	-	146,292	370,426

Purchase Power Contracts

Vogtle Units Purchase Power Agreement

The JEA Board authorized staff to undertake efforts to acquire 10% of JEA's energy requirements from nuclear sources by 2018. As a result of those efforts, JEA has entered into a power purchase agreement (as amended, the Additional Vogtle Units PPA) with MEAG Power for 206 MW of capacity and related energy from MEAG Power's interest in two additional nuclear generating units (the Additional Vogtle Units) proposed to be constructed at the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia. The 206 MW is projected to represent approximately 10.4% of JEA's total energy requirements in the year 2017.

Under the Additional Vogtle Units PPA, JEA is entitled to 103 MW of capacity and related energy from each of the Additional Vogtle Units for a 20-year term commencing on each Additional Vogtle Unit's commercial operation date (which dates currently are estimated to occur in 2016 and 2017, respectively) and is required to pay for such capacity and energy on a "take-or-pay" basis.

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

9. Fuel Purchase and Purchased Power Commitments (continued)

In order to finance a portion of its costs of acquisition and construction of the PPA Project, on April 29, 2009, MEAG Power issued bond anticipation notes maturing on May 25, 2010, in a principal amount of \$200,960. (the 2009 PPA Notes). Under the Additional Vogtle Units PPA, in the event that MEAG Power does not have sufficient funds to pay in full the principal of or interest on the 2009 PPA Notes when due (including, without limitation, as a result of MEAG Power's inability, for any reason, to borrow funds in an amount sufficient to refund the 2009 PPA Notes at or prior to their due date), JEA will be obligated to pay to MEAG Power 50% of the amount of such shortfall.

In order to provide liquidity support for the 2009 PPA Notes, MEAG Power has entered into a standby note purchase agreement with the trustee for the Municipal Competitive Trust (as described below) under which such trustee has agreed to purchase certain MEAG Power bonds (the PPA Take-Out Bonds) as an investment of the Municipal Competitive Trust in the event that MEAG Power is not able to borrow (whether through the issuance of other MEAG Power bonds or otherwise) funds in an amount sufficient to pay all amounts due with respect to the 2009 PPA Notes on their maturity date. In that event, the PPA Take-Out Bonds will bear interest at a rate based upon a pre-determined formula and will be payable as to principal in 10 equal semiannual 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 and, under the Additional Vogtle Units PPA, JEA will be obligated to pay to MEAG Power 50% of the principal and interest on the PPA Take-Out Bonds when due.

The Municipal Competitive Trust is a trust that was formed by MEAG Power for the benefit of its participants to accumulate and grow through common investment a substantial fund to assist MEAG Power and such participants in maintaining competitive electric rates and in preparing for competition in the electric utility industry. As of November 30, 2008, the net value of investments in the Municipal Competitive Trust was \$771.8 million. However, MEAG Power expects that there will be liquid investments on deposit in such Trust on the due date of the 2009 PPA Notes that will permit such Trust to purchase the PPA Take-Out Bonds, if required.

Jacksonville Solar

Jacksonville Solar, LLC is in the process of building a solar farm projected to be fully operational by the summer of 2010. When operational, this 12.6 MW facility will consist of approximately 200,000 photovoltaic panels on a 100 acre site and generate about 22,430 MWh of electricity per year. JEA has entered into a purchase power agreement with Jacksonville Solar, LLC to receive all electricity and renewable energy credits generated by the facility over the next 25 years.

Trail Ridge Landfill

JEA has signed a Purchase Power Agreement with Landfill Energy Systems to purchase energy from a 9.6 MWh landfill gas to energy facility at the Trail Ridge Landfill in Jacksonville.

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

10. Fuel Management Program

The fuel management program is intended to help manage the risk of changes in the market prices of oil and natural gas. During fiscal years 2009 and 2008, JEA entered into various fuel management contracts. It is possible that the market price before or at the specified time to purchase fuel oil or natural gas may be lower than the price at which JEA is committed to buy. This would reduce the value of the contract. JEA is also exposed to the failure of the counterparty to fulfill the contract. JEA believes the risk of nonperformance by the counterparty under these contracts is not significant. JEA does not anticipate nonperformance by any counterparty.

Fuel Management of Natural Gas

At September 30, 2009, the fuel management program had no open NYMEX natural gas futures contracts and several in 2008. The fuel management program had margin deposits of \$12 at September 30, 2009 and 2008, which is included in other noncurrent assets on the balance sheets.

During fiscal 2009 and 2008, JEA utilized TEA to execute trades of numerous over-the-counter forward purchase and sale contracts and swaps. For effective derivative transactions, hedge accounting is applied in accordance with GASB Cod. Sec. D40 and the fair market value changes are recorded on the balance sheet as either a deferred charge or a deferred credit until such time that the transactions ends. At September 30, 2009 and 2008, deferred charges of \$2,279 and \$4,554 were included in other noncurrent assets on the balance sheet. The related settled gains and losses from these transactions are recognized as fuel expenses on the statement of revenues, expenses, and changes in net assets. For the years ending September 30, 2009 and 2008, a \$9,866 and \$998 realized loss was included in fuel expense. Any losses were off-set by decreased prices in the purchase of natural gas.

The following is a summary of derivative transactions for the years ending September 30, 2009 and 2008.

Electric Enterprise Fund Cash Flow Hedges	Changes In Fair Value		Fair Value at September 30, 2009		Notional
	Classification	Amount	Classification	Amount	
Natural Gas	Deferred costs	\$ (2,275)	Deferred credits and other liabilities	\$ (2,279)	2,194 MMBTUS
Electric Enterprise Fund Cash Flow Hedges	Changes In Fair Value		Fair Value at September 30, 2008		Notional
	Classification	Amount	Classification	Amount	
Natural Gas	Deferred costs	\$ 4,219	Deferred credits and other liabilities	\$ (4,554)	14,628 MMBTUS

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

11. Pension Plans

JEA Plan Description and Contributions

Substantially all of the employees of the Electric System and Water and Sewer System participate in and contribute to the City of Jacksonville General Employees Pension Plan (Plan), as amended. The Plan is a cost-sharing, multiple-employer contributory defined benefit pension plan.

All full-time employees who successfully complete a physical examination and meet the medical requirements for membership are eligible to participate in the Plan. The Plan, based on laws outlined in the City of Jacksonville Ordinance Code and applicable Florida Statutes, provides for retirement, survivor, death, and disability benefits. The Plan's latest financial statements and required supplementary information are included in the 2008 Comprehensive Annual Financial Report of the City of Jacksonville, Florida. This report may be obtained by writing to the City of Jacksonville, Florida, Department of Administration and Finance, Room 300, City Hall, 117 West Duval Street, Jacksonville, Florida 32202-3418 or by calling (904) 630-1298.

In fiscal years 2009 and 2008, plan members were required to contribute 8% of their annual covered salary and JEA's contribution for the plan members was 11%. The employer rate is established each year based on the actuarial evaluation of the unfunded liability.

In fiscal year 2010, employees will also have the option to participate in a defined contribution plan. Plan members will be required to contribute 8% of their annual covered salary and JEA's contribution for the plan members will be 8% during fiscal year 2010. Also all contributions for both the defined contribution and defined benefit plans will be broken out between the contribution and a disability program fund. Due to this change there will be no physical exam requirement for both plans.

St. Johns River Power Park Plan Description

Plan Description - The JEA St. Johns River Power Park System Employees' Retirement Plan (SJRPP Plan) is a single employer contributory defined benefit plan covering employees of SJRPP. The Plan provides for pension, death, and disability benefits. Participation in the SJRPP Plan is required as a condition of employment. The SJRPP Plan is subject to provisions of Chapter 112 of the State of Florida Statutes and the oversight of the Florida Division of Retirement. The SJRPP Plan is governed by a seven-member pension board (Pension Board). The SJRPP Plan issues a publicly available financial report that includes financial statements and required supplementary information which may be obtained by writing to JEA, Employee Services, Tower 6, and 21 West Church Street, Jacksonville, Florida, 32202-3139 or by calling (904) 665-6198.

Effective February 1, 2009, an SJRPP employee on the SJRPP Plan who now works for JEA may request a forfeiture of their vested benefits rights in exchange for the receipt of a refund of all of their employee contributions made to the SJRPP Plan during their term of employment without interest. An employee is then eligible to purchase the respective time in the City of Jacksonville General Employees Pension Plan at a higher figure than the amount received in their refund.

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

11. Pension Plans (continued)

Funding Policy - The SJRPP Plan's funding policy provides for at least quarterly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. The SJRPP employer's contribution to the SJRPP Plan for the year ending September 30, 2009, was 50.0% of annual covered payroll.

Annual Pension Cost - The annual pension contributions for the years ended September 30, 2009, 2008, 2007, and 2006 were \$11,236, \$10,902, \$5,090, and \$4,857, which was equal to the required employee and employer contributions for each year.

The following information relates to the three most recent actuarial valuations:

Actuarial valuation date	October 1, 2008	October 1, 2007	October 1, 2006
Actuarial value of plan assets	\$ 60,998	\$ 61,029	\$ 51,498
Actuarial accrued liability	108,678	95,985	86,533
Total unfunded actuarial liability	47,680	34,956	35,035
The actuarial value of assets as % of the actuarial accrued liabilities	56.13%	63.58%	59.51%
The annual covered payroll	\$ 21,609	\$ 24,027	\$ 20,648
The ratio of the unfunded actuarial liability to annual covered payroll	220.65%	145.49%	169.68%

The schedules of funding progress present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Assumptions:

SJRPP Plan members are required to contribute currently 4.0% of their current-year annual covered salary since October 1, 2005. The annual required contribution was determined actuarial valuation using the Individual Entry Age Actuarial Cost Method. The actuarial assumptions included (a) life expectancy was calculated using the RP-2000 Mortality Table; (b) 7.75% investment rate of return (net of administrative expenses); and (c) projected salary increases from 4.0% to 6.5%, depending on years of service per year, including an inflation component of 3.75%. The actuarial value of the assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. As of October 1, 2006, all remaining gain (loss) bases including increases in the UAAL first recognized as of the valuation date were consolidated into one and amortized over five years starting one year after the valuation date. As of October 1, 2006, all UAAL bases other than experience bases referred to above were consolidated into one and amortized over an 11-year period starting one year after the valuation date. As of October 1, 2008, these bases were all extended by two years. The UAAL bases for future plan provision changes will be amortized over 15-year periods from their inception dates as level dollar amounts (in the form of level percentages of payroll but with a payroll growth of 0% per year), and the UAAL bases for future assumption changes and gains and losses will be amortized over a seven-year period from inception. In addition, there has been a valuation system change, increasing liabilities by approximately 1.7%. Plan provisions were modified to add a BAC DROP provision as well as a partial lump-sum option.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

12. Health Insurance Programs

As of July 1, 2009, JEA became self insured for medical and prescription benefits. Under the self-insurance program, JEA is liable for all claims up to certain maximum amounts per occurrence. Claims in excess of \$250, with an aggregate limit of 125% of aggregate claims are covered by insurance. The health insurance benefits program is administered through an insurance company and as such the administrator is responsible for processing the claims in accordance with the benefit specifications, with JEA reimbursing the insurance company for its payouts. Liabilities associated with the health care program are determined based on an actuarial study. This amount, which includes claims that have been incurred but not reported, is reported on the balance sheet in accounts and accrued expenses payable.

13. Other Post-Employment Benefits

Plan Description

The JEA maintains a medical benefits plan that it makes available to its retirees. The medical plan is a single-employer, experience rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries. The post-retirement benefit portion of the benefits plan (referred to as OPEB Plan) refers to the benefits applicable to current and future retirees and their beneficiaries.

As of the valuation date, the OPEB Plan had approximately 1,990 active participants and 605 retirees receiving benefits. The JEA currently determines the eligibility, benefit provisions and changes to those provisions, applicable to eligible retirees.

Funding Policy

JEA pays to Blue Cross Blue Shield any remaining required amounts after contributions of plan members are taken into account. Currently, retired members pay the full premium associated with the coverage elected; no direct JEA subsidiary is currently applicable; however, there is an implicit cost. Spouses and other dependents are also eligible for coverage and the member is responsible for payment of the applicable premiums.

State of Florida law prohibits the JEA from separately rating retirees and active employees. Therefore, JEA assigns to both groups, blended-rate premiums. GAAP requires the actuarial liabilities to be calculated using age-adjusted premiums approximating claim costs for retirees separate from active members. The use of age-adjusted premiums results in the full expected retiree obligation recognized in this disclosure.

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

13. Other Post-Employment Benefits (continued)

Annual OPEB Costs and Net OPEB Obligation

Fiscal Year Ending	Annual Retiree Cost	JEA Contributions* ^	Percentage of Retiree Cost Contributed	Net Obligation
September 30, 2009	\$5,779	\$4,023	70%	\$3,807
September 30, 2008	\$5,351	\$3,280	61%	\$2,071

* Implicit additional premiums paid by JEA

The following table shows the components of JEA's annual OPEB costs for the year, the amount contributed to the OPEB plan, and the changes in the net OPEB obligation to JEA:

	September 30	
	2009	2008
Annual Required Contribution (ARC)	\$ 5,779	\$ 5,561
Interest on OPEB Plan obligation	182	-
Adjustment to ARC	203	-
Annual OPEB plan retiree cost*	\$ 5,759	\$ 3,280
Change in OPEB Plan obligation	\$ 1,736	\$ 2,281
OPEB Plan obligation at beginning of year	\$ 2,281	-
OPEB Plan obligation at end of year	\$ 3,807	\$ 2,281

* Implicit additional premiums paid by JEA

Funded Status

As of September 30, 2009, the most recent valuation date, the OPEB plan was 2.87% funded. The actuarial accrued liability for benefits was \$74,884 and the actuarial value of assets was \$2,149, resulting in an unfunded actuarial accrued liability (UAAL) of \$72,735. The covered payroll (annual payroll of active employees covered by the OPEB plan) was \$136,128 and the ratio of the UAAL the covered payroll was 53.43%.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

13. Other Post-Employment Benefits (continued)

Actuarial Cost Method and Assumptions

Annual requirements are determined in accordance with the actuarial assumptions and the Individual Entry Age Actuarial Cost Method. Under this method, the cost of each member's projected retiree medical benefit is funded through a series of annual payments, determined as a level percentage of each year's earnings, from age at hire to assumed exit age. The actuarial assumptions include an 8% discount rate, compounded annually, and it is based on the JEA's expected rate of return on trust fund assets, based on the assumption that the OPEB plan will be funded through a separately invested trust fund. The annual health care cost trend rate was assumed to decline gradually over the next several years from 9% at October 1, 2008, to an ultimate rate of 5% on and after 2012. The economic rates are based on an assumed inflation rate of 3.5% per annum. It is intended that the UAAL be recognized over a 30-year period from October 1, 2007, through amortizations expressed as a level percentage of payroll.

Amortizations were assumed to begin on October 1, 2007, and to continue monthly for the 30 remaining years. Changes in the UAAL resulting from actuarial gains or losses, or changes in actuarial assumptions, will be amortized over the remaining portion of the 30-year period, but not less than 15 years.

Actuarial valuations of the on-going plan involve estimates and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes of the financial statements, presents information about whether the actuarial value of the OPEB plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing the benefit costs between the employer and OPEB plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

14. Commitments and Contingent Liabilities

Grants

JEA participates in various federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability of JEA. It is management's opinion that the results of these audits will have no material adverse effect on JEA's financial position or results of operations.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

14. Commitments and Contingent Liabilities (continued)

Clean Air Act

In May 2005, the EPA published two final rules affecting power plants. The Clean Air Interstate Rule (CAIR) requires annual sulfur dioxide emissions reductions in two phases (beginning in 2010 and 2015), and annual nitrogen oxides emissions reduction in two phases (beginning 2009 and 2015). CAIR affects 28 states (in the eastern United States) whose emissions affect attainment and maintenance of ambient air quality standards for ozone and fine particulate matter. The Clean Air Mercury Rule (CAMR) requires annual mercury emissions reductions by coal-fired units in all states in two phases (beginning in 2010 and 2018). The Florida Department of Environmental Protection (FDEP) has published its state implementation plans (SIP) to implement CAIR and CAMR. The two SIPs include Florida in the EPA national emissions trading programs for NOx allowances in the FDEP CAIR SIP. The U.S. Court of Appeals for the District of Columbia Circuit vacated the entire CAIR, holding that the CAIR has "more than several fatal flaws." The decision has a number of potential implications for existing federal and state air regulatory programs and the power sector. The same Court had vacated the CAMR earlier in 2008. There are several possible actions being considered by the EPA, the Obama Administration, and Congress. JEA cannot predict what actions the Court or Congress may eventually take on CAIR or CAMR. Meanwhile JEA is continuing preparations to meet the reductions required by the vacated rules.

Northside Generating Station By-Product

JEA Northside Generating Station (NSGS) Units 1 and 2 produce a by-product that consists of fly ash and bed ash. JEA has obtained a permit from the Florida Department of Environmental Protection (FDEP) to beneficially use the processed by product material in the State of Florida, subject to certain restrictions. These ash products are combined and processed into civil construction materials presently being marketed as EZBase and EZSorb. In order to provide comprehensive, unified oversight, JEA has recently reorganized its By-product Services to include the material handling area and the marketing area under one process. In addition, the expansion of rail capacity, the ability to load rail cars directly from the storage silos, and direct leasing of rail cars has enabled JEA to become a full-service marketer, delivering products by truck or rail. EZSorb and EZBase are currently being transported by truck and rail to civil and environmental remediation/stabilization projects in several Southeastern states.

The By-products Storage Area (BSA) is an FDEP permitted, Class I lined storage facility at NSGS. As part of the re-permitting process for the BSA, the FDEP is requiring a reshaping of the BSA to reduce slopes. In order to reshape to the proper slopes, and maintain the required "table-top" for processing, a considerable amount of material must be removed. The redesign and reshaping of the BSA will bring it into full compliance with the new permit, and enable JEA to utilize the BSA more effectively as a by-products processing/management facility. JEA has recorded a \$10 million liability in fiscal year 2009 related to resolution of this issue.

In 2005 and 2006 JEA's contract by-product marketer (who is no longer under contract) sold a significant quantity of material to a small county in Georgia. The county stockpiled the majority of the material at two separate locations. The stockpiling of the material has caused concerns with the Georgia Department of Natural Resources (GDNR). The GDNR has requested that JEA apply for and secure a variance from GDNR for the continued use of EZBase in Georgia, similar to the approval JEA has already obtained from the FDEP. In order to alleviate GDNR's concerns, JEA has offered to assist the county and GDNR in remediating the stockpiled material. JEA has recorded a \$10 million liability in fiscal year 2009 related to the resolution of this issue.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

14. Commitments and Contingent Liabilities (continued)

Southside Generating Station

JEA decommissioned the Southside Generating System on October 31, 2001. JEA has spent approximately \$26,950 for demolition, disposal, and environmental remediation associated with the site. Bids were solicited to sell the property in early 2005. The bid specifications required a buyer to assume responsibility for the site under the Brownfield Site Rehabilitation Agreement between JEA and the FDEP along with all environmental liability related to the site, except any portion to be retained by JEA. JEA continues to work on positioning the property for a future sale and redevelopment including improving site access, additional environmental review, and land use and development rights reviews to better position the property for redevelopment. Area real estate market conditions will affect the timing of any future sale opportunities.

Water Supply System Regulatory Initiatives

The St. Johns River Water Management District (SJRWMD) regulates groundwater withdrawals and issues permits for the same. JEA currently has multiple Consumptive Use Permits (CUPs) authorizing the use of groundwater supplies to serve the public utility water demands. In September 2007, JEA submitted a request to consolidate these CUPs into a single permit and requested permit duration of 20 years. This is the largest utility CUP ever processed by the SJRWMD and is a multi-year process. The ultimate issuance of the consolidated permit cannot be predicted at this time. A central part of a groundwater CUP application is a demonstration by the applicant that withdrawals are within the sustainable limits of the resource. JEA is currently working on a series of modeling tasks to define the maximum sustainable limits of the resource and to identify specific conservation measures and alternative water supply supplies, as needed, to control and meet future demands. The outcome of the CUP process will ultimately define the timeline for implementing alternative water supply strategies in Northeast Florida to augment the abundant groundwater supply in order to ensure its sustainability.

SJRWMD has listed Northeast Florida as a potential priority water resource caution area. If confirmed in the 2010 District Water Supply Plan, it will require a portion of JEA's water supply to be provided through increased conservation, expanded use of reclaimed water, or alternative water supply projects.

Wastewater Treatment System Regulatory Initiatives

The Sewer System is regulated by Environmental Protection Agency (EPA) under provisions of the Federal Clean Water Act and the Federal Water Pollution Act. EPA has delegated the wastewater regulatory program to The Florida Department of Environmental Protection (FDEP). FDEP has implemented a Total Maximum Daily Load regulation (TMDL) defining the mass of nitrogen that can be assimilated by the St. Johns River to which 11 of JEA's 15 wastewater treatment plants discharge. This new state rule limits the amount of nitrogen that these 11 wastewater treatment facilities are allowed to discharge by permit. JEA, in partnership with other public agencies under an agreement called the River Accord, has undertaken a voluntary initiative to far exceed the regulatory requirements of the TMDL. As it is part of the Accord, JEA has pledged to spend \$200,000 over a 10-year period to decommission 5 of the 11 facilities, and upgrade the remaining facilities to advanced nutrient removal capability, far exceeding the requirements of the proposed rules. This work is being planned and funded as part of JEA's ongoing capital improvements program.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

14. Commitments and Contingent Liabilities (continued)

EPA announced in January 2009 its intention to promulgate numerical nutrient criteria for Florida beginning 2010 as part of a legal settlement agreement with environmental third parties. Their proposed schedule may result in new criteria for JEA by October 2014 that could supersede the nutrient reduction requirements established by the TMDL. Although EPA has not published specific criteria, it is anticipated the proposed nutrient criteria will be very stringent and would result in significant reductions to nitrogen and phosphorus discharges well below levels currently required for JEA by the existing Lower St. Johns River nutrient TMDL. If such a rule were successfully passed, it could require a substantial investment in additional facility upgrades beyond those planned for the TMDL effort. The proposed criteria are the subject of a legal challenge as JEA and numerous other stakeholder organizations are litigating against EPA on this issue.

Sanitary Sewer Overflow Litigation

In September 2007, plaintiffs filed in the U.S. District Court for the Middle District of Florida alleging violations of the Federal Clean Water Act. They alleged multiple unpermitted sanitary sewer overflows from the Buckman and Arlington East wastewater treatment plants. JEA is vigorously defending against this claim, and has filed a Motion for Summary Judgment with the Court. Discovery is complete and JEAs Motion is scheduled for hearing in January 2010. JEA believes it has a strong case.

Pollution Remediation Obligations

JEA is subject to numerous federal, state, and local environmental regulations resulting in environmental liabilities due to compliance costs associated with new regulatory initiatives, enforcement actions, legal actions, and contaminated site assessment and remediation. JEA adopted GASB Cod. Sec. P40, related to various environmental matters. The effect of the adoption was to increase the environmental liability by \$2,300. Based on analysis of the cost of remediation and other identified environmental contingencies, approximately \$15,320 is associated with the expected cost of remediating the former wood-preserving facility at the Kennedy Generating Station, Southside Generating Station, and electric equipment repair facility at Pearl Street. There are other environmental matters that could have an impact on JEA; however, the resolution of these matters is uncertain, and no accurate prediction of range of loss is possible at this time.

General Litigation

JEA is party to various pending or threatened legal actions in connection with its normal operations. In the opinion of management, any ultimate liability that may arise from these actions are not expected to materially impact JEA's financial position, results of operations, or liquidity.

JEA

Notes to Financial Statements (continued)

(Dollars In Thousands)

15. Segment Information

The financial statements of JEA contain four segments, as the Electric System and Bulk Power Supply System, the SJRPP System, the Water and Sewer System, and DES represent separate identifiable activities. These systems have debt outstanding with a revenue stream pledged in support of the debt. In addition, the activities are required to be accounted for separately. JEA's Electric System and Bulk Power Supply System segment consists of an electric utility engaged in the generation, purchase, transmission, distribution, and sale of electricity primarily in Northeast Florida. JEA's SJRPP System segment consists of a generation facility which is 80% owned by JEA. JEA's Water and Sewer System segment consists of water collection, distribution, and wastewater treatment in Northeast Florida. The District Energy System consists of chilled water activities.

Intercompany billing is employed between the Electric System and the Water and Sewer System and includes purchases of electricity, water, and sewer services and the rental of inventory and buildings. The utility charges between entities are based on a commercial customer rate. All intercompany billings are eliminated in the monthly and annual financial statements. Electricity charges to the Water and Sewer entity was \$15,121 for fiscal 2009 and \$12,827 for fiscal 2008. Water and Sewer charges to the Electric System were \$139 for fiscal 2009 and \$131 for fiscal 2008.

The Electric System shares certain administrative functions with Water and Sewer System. Generally, these costs are charged to the Electric System and the costs of these functions are allocated to the Water and Sewer System based on the benefits provided. Operating expense allocated to Water and Sewer System were \$37,163 for fiscal year 2009 and \$48,103 for fiscal year 2008.

In September 1999, the Water and Sewer System purchased the inventory owned by the Electric System in the amount of \$32,929. This was initiated to increase the utilization of its assets among the Electric System and the Water and Sewer System. A monthly inventory carrying charge is paid by the Electric System based on the value of the inventory multiplied by one-twelfth of the prior year's Water and Sewer average cost of debt. Inventory carrying charges were \$2,067 for fiscal 2009 and \$1,263 for fiscal 2008.

In July 1999 and July 2004, the Electric System transferred several buildings to the Water and Sewer System in the amounts of \$22,940 and \$6,278, an amount equal to the net book value of the assets. Monthly the Electric System reimburses the Water and Sewer System for their equitable allocation. Annual rent paid by the Electric System to the Water and Sewer System for use of these buildings was \$2,055 for fiscal year 2009 and \$1,412 for fiscal year 2008.

To utilize the efficiencies in the Customer Account Information billing system and reduce the administrative efforts in recording deposits, customer deposits are recorded to one Service Agreement (SA) per Account. Deposits are allocated to the Electric System or Water and Sewer Systems based on accounts receivable balances. When the deposits are credited to customer accounts they are allocated between the service agreements.

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

15. Segment Information (continued)

Segment information for these activities for the fiscal years ended September 30, 2009 and 2008, was as follows:

	Electric System and Bulk Power Supply System		SJRPP System		Water and Sewer System		DES	
	2009	2008	2009	2008	2009	2008	2009	2008
Condensed Balance Sheet Information:								
Total current assets	\$ 417,860	\$ 337,707	\$ 147,277	\$ 124,135	\$ 110,251	\$ 99,804	\$ 2,869	\$ 1,387
Total other noncurrent assets	401,063	253,410	532,974	569,018	195,976	170,736	2,849	2,788
Capital assets, net	3,023,740	2,957,999	798,705	792,817	2,810,499	2,803,270	45,379	47,255
Total assets	\$ 3,842,663	\$ 3,549,116	\$ 1,478,956	\$ 1,485,970	\$ 3,116,726	\$ 3,073,810	\$ 51,097	\$ 51,430
Total current liabilities	\$ 163,789	\$ 150,231	\$ 27,063	\$ 23,650	\$ 17,149	\$ 10,013	\$ 43	\$ 574
Total current liabilities payable								
From restricted assets	92,648	128,914	245,909	247,032	118,810	84,415	4,307	157
Total other noncurrent liabilities	111,539	113,768	2,948	2,839	7,061	6,546	-	-
Total long-term debt	3,003,893	2,780,690	1,163,733	1,195,206	1,916,468	1,881,671	47,800	52,085
Total liabilities	3,371,869	3,173,603	1,439,653	1,468,727	2,059,488	1,982,645	52,150	52,816
Net assets invested in capital assets, net of related debt	72,898	121,002	(335,572)	(329,005)	874,236	939,809	(6,434)	(4,311)
Restricted net assets	171,707	90,645	257,609	248,602	94,550	65,025	2,555	2,112
Unrestricted net assets	226,189	163,866	117,266	97,646	88,452	86,331	2,826	813
Total net assets	470,794	375,513	39,303	17,243	1,057,238	1,091,165	(1,053)	(1,386)
Total liabilities and net assets	\$ 3,842,663	\$ 3,549,116	\$ 1,478,956	\$ 1,485,970	\$ 3,116,726	\$ 3,073,810	\$ 51,097	\$ 51,430
Condensed Statement of Revenues, Expenses, and Changes in Net Assets Information:								
Operating revenues	\$ 1,426,674	\$ 1,247,324	\$ 391,030	\$ 345,695	\$ 259,275	\$ 257,657	\$ 6,915	\$ 6,162
Operating expenses	1,154,344	1,114,703	313,328	287,544	243,030	239,061	5,981	5,385
Operating income	272,330	132,621	77,702	58,151	16,245	18,596	934	777
Nonoperating revenues (expenses)	(100,955)	(76,700)	(55,642)	(41,589)	(69,166)	(71,537)	(601)	(1,594)
Contributions	(76,094)	(73,847)	-	-	18,994	29,987	-	-
Change in net assets	95,281	(17,926)	22,060	16,562	(33,927)	(22,954)	333	(817)
Beginning net assets	375,513	393,439	17,243	681	1,091,165	1,114,119	(1,386)	(569)
Ending net assets	\$ 470,794	\$ 375,513	\$ 39,303	\$ 17,243	\$ 1,057,238	\$ 1,091,165	\$ (1,053)	\$ (1,386)
Condensed Statement of Cash Flow Information:								
Net cash provided by (used in):								
Operating activities	\$ 459,157	\$ 280,047	\$ 125,897	\$ 116,808	\$ 159,863	\$ 146,276	\$ 2,791	\$ 3,287
Noncapital financing activities	(75,907)	(79,876)	-	-	(21,436)	(22,918)	-	-
Capital and related financing activities	(233,316)	(81,291)	(140,034)	(146,236)	(116,293)	(73,657)	(879)	(2,659)
Investing activities	(23,988)	(15,524)	(73,150)	85,920	(4,245)	(34,998)	30	(11)
Net change in cash and cash equivalents	125,946	103,356	(87,287)	56,492	17,889	14,703	1,942	617
Cash and cash equivalents at beginning of year	235,357	132,001	333,393	276,901	128,402	113,699	3,292	2,675
Cash and cash equivalents at end of year	\$ 361,303	\$ 235,357	\$ 246,106	\$ 333,393	\$ 146,291	\$ 128,402	\$ 5,234	\$ 3,292

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

16. Subsequent Events

Short-Term Bank Borrowings

In October 2009, SJRPP made a new money draw of \$6,000 for capital expenditures, which will be replaced with permanent financing during 2010.

In October 2009, DES made a refunding draw of \$4,285, which is scheduled to mature in August 2010.

In November 2009, the Bulk Power Supply System made a new money draw of \$8,000 for capital expenditures, which will be replaced with permanent financing during 2010.

In December 2009, JEA issued \$45,955 of its Electric System Revenue Bonds, Series Three 2009D and \$68,600 of its Electric System Subordinated Revenue Bonds, 2009 Series F to fund capital expenditures. In addition, in December 2009, JEA issued \$27,675 of its Subordinated Electric System Revenue Bonds, 2009 Series G to economic refund \$28,930 of prior issued bonds with new debt service of \$38,468 compared to the prior debt service of \$40,419 with an economic gain of \$1,464.

REQUIRED SUPPLEMENTARY INFORMATION

JEA

Schedule of Funding Progress

September 30, 2009

(Dollars In Thousands)

The following funding schedule presents multi-year trend information on the funded status of the Other Post-Employment Benefit Plan as September 30, 2009. The schedule has been prepared using the entry age actuarial method.

Valuation Date	AAL*	Actuarial Value of Assets	UAAL	Percentage Funded	Annual Covered Payroll**	UAAL as Percentage of Payroll
September 30, 2009	\$ 74,884	\$ 2,149	\$ 72,735	2.87%	\$ 136,128	53.43
September 30, 2008	\$ 70,286	\$ 754	\$ 69,532	1.07%	\$ 79,280	87.70%

* Based on Entry Age Actuarial Cost Method, 8% interest discount, RP-2000 Healthy White Collar Mortality Table for Males and Females, as projected from 2001 using Projection Scale AA and other assumed decrements.

** Payroll estimated using average employee earnings of \$68,682 in 2009 and \$40,000 in 2008.

See note 13 to the accompanying statements for more information on the OPEB Plan.

SUPPLEMENTARY INFORMATION

JEA
Combining Balance Sheet

September 30, 2009

(In Thousands)

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter- company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Eliminations	Total JEA
Assets								
Current assets:								
Cash and cash equivalents	\$ 166,233	\$ 50,961	\$ -	\$ 217,194	\$ 35,900	\$ 2,663	\$ -	\$ 255,757
Investments	-	10,498	-	10,498	-	50	-	10,548
Accounts and interest receivable, less allowance for doubtful accounts of \$4,386	220,293	6,093	(23,708)	202,678	27,937	156	-	230,771
Inventories:								
Fuel	29,401	56,553	-	85,954	-	-	-	85,954
Materials and supplies	1,933	23,172	-	25,105	46,414	-	-	71,519
Total current assets	417,860	147,277	(23,708)	541,429	110,251	2,869	-	654,549
Noncurrent assets:								
Restricted assets:								
Cash and cash equivalents	195,070	195,145	-	390,215	110,391	2,571	-	503,177
Investments	71,051	192,589	-	263,640	45,209	-	-	308,849
Accounts and interest receivable	5,000	1,972	-	6,972	1,570	-	-	8,542
Total restricted assets	271,121	389,706	-	660,827	157,170	2,571	-	820,568
Deferred costs	121,864	8,470	-	130,334	38,806	278	-	169,418
Investment in The Energy Authority	8,078	-	-	8,078	-	-	-	8,078
Costs to be recovered from future revenues	-	134,798	-	134,798	-	-	-	134,798
Total noncurrent assets	401,063	532,974	-	934,037	195,976	2,849	-	1,132,862
Capital assets:								
Land and easements	57,181	6,660	-	63,841	42,970	3,051	-	109,862
Plant in service	4,417,113	1,400,847	-	5,817,960	3,697,184	49,425	-	9,564,569
Less accumulated depreciation	(1,654,355)	(622,574)	-	(2,276,929)	(1,039,947)	(7,212)	-	(3,324,088)
Plant in service, net	2,819,939	784,933	-	3,604,872	2,700,207	45,264	-	6,350,343
Construction work-in-progress	203,801	13,772	-	217,573	110,292	115	-	327,980
Net capital assets	3,023,740	798,705	-	3,822,445	2,810,499	45,379	-	6,678,223
Total assets	\$ 3,842,693	\$ 1,478,258	\$ (23,708)	\$ 5,297,211	\$ 3,116,726	\$ 51,097	\$ -	\$ 8,465,734

JEA
Combining Balance Sheet (continued)

September 30, 2009

(In Thousands)

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter- company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Eliminations	Total JEA
Liabilities and net assets								
Current liabilities:								
Accounts and accrued expenses payable	\$ 126,090	\$ 27,063	\$ -	\$ 153,153	\$ 10,551	\$ 43	\$ -	\$ 163,747
Customer deposits	37,699	-	-	37,699	6,598	-	-	44,297
Total current liabilities	163,789	27,063	-	190,852	17,149	43	-	208,044
Current liabilities payable from restricted assets:								
Debt due within one year	46,755	100,205	-	146,960	73,157	4,285	-	224,402
Interest payable	38,971	29,356	-	68,327	34,312	16	-	102,655
Construction contracts and accounts payable	6,922	26,348	(23,708)	9,562	11,341	6	-	20,909
Renewal and replacement reserve	-	90,000	-	90,000	-	-	-	90,000
Total current liabilities payable from restricted assets	92,648	245,909	(23,708)	314,849	118,810	4,307	-	437,966
Noncurrent liabilities:								
Deferred credits and other liabilities	39,078	2,948	-	42,026	7,061	-	-	49,087
Revenues to be used for future costs	72,461	-	-	72,461	-	-	-	72,461
Total noncurrent liabilities	111,539	2,948	-	114,487	7,061	-	-	121,548
Long-term debt:								
Bonds payable and commercial paper payable, less current portion	2,934,716	1,208,858	-	4,143,574	1,929,327	47,800	-	6,120,701
Unamortized original issue premium (discount), net	14,324	11,388	-	25,712	263	-	-	25,975
Unamortized deferred losses on refundings	(45,946)	(56,513)	-	(102,459)	(31,378)	-	-	(133,837)
Fair value of debt management strategy instruments	100,799	-	-	100,799	18,256	-	-	119,055
Total long-term debt	3,003,893	1,163,733	-	4,167,626	1,916,468	47,800	-	6,131,894
Net assets:								
Invested in capital assets, net of related debt	72,898	(335,572)	-	(262,674)	874,236	(6,434)	-	605,128
Restricted	171,707	257,609	23,708	453,024	94,550	2,555	-	550,129
Unrestricted	226,189	117,266	(23,708)	319,747	88,452	2,826	-	411,025
Total net assets	470,794	39,303	-	510,097	1,057,238	(1,053)	-	1,566,282
Total liabilities	3,371,869	1,439,653	(23,708)	4,787,814	2,059,468	52,150	-	6,899,452
Total liabilities and net assets	\$ 3,842,663	\$ 1,478,956	\$ (23,708)	\$ 5,297,911	\$ 3,116,726	\$ 51,097	\$ -	\$ 8,465,734

JEA
Combining Balance Sheet

September 30, 2008

(In Thousands)

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter- company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Eliminations	Total JEA
Assets								
Current assets:								
Cash and cash equivalents	\$ 86,071	\$ 60,673	\$ -	\$ 146,744	\$ 19,752	\$ 793	\$ -	\$ 167,289
Investments	-	-	-	-	-	93	-	93
Accounts and interest receivable, less allowance for doubtful accounts of \$2,553	223,297	5,259	(22,645)	205,911	31,577	501	-	237,989
Inventories:								
Fuel	26,448	34,954	-	61,402	-	-	-	61,402
Materials and supplies	1,891	23,249	-	25,140	48,475	-	-	73,615
Total current assets	337,707	124,135	(22,645)	439,197	99,804	1,387	-	540,388
Noncurrent assets:								
Restricted assets:								
Cash and cash equivalents	149,286	272,720	-	422,006	108,650	2,499	-	533,155
Investments	40,823	113,993	-	154,816	36,833	-	-	191,649
Accounts and interest receivable	544	1,903	-	2,447	1,620	-	-	4,067
Total restricted assets	190,653	388,616	-	579,269	147,103	2,499	-	728,871
Deferred costs	55,147	8,618	-	63,765	23,633	289	-	87,687
Investment in The Energy Authority	7,610	-	-	7,610	-	-	-	7,610
Costs to be recovered from future revenues	-	171,784	-	171,784	-	-	-	171,784
Total noncurrent assets	253,410	569,018	-	822,428	170,736	2,788	-	995,952
Capital assets:								
Land and easements	53,456	6,660	-	60,116	35,724	240	-	96,080
Plant in service	4,127,411	1,194,719	-	5,322,130	3,546,311	51,890	-	8,920,331
Less accumulated depreciation	(1,533,032)	(605,247)	-	(2,138,279)	(951,363)	(5,169)	-	(3,094,811)
Plant in service, net	2,647,835	596,132	-	3,243,967	2,630,672	46,961	-	5,921,600
Construction work-in-progress	310,164	196,685	-	506,849	172,598	294	-	679,741
Net capital assets	2,957,999	792,817	-	3,750,816	2,803,270	47,255	-	6,601,341
Total assets	\$ 3,549,116	\$ 1,485,970	\$ (22,645)	\$ 5,012,441	\$ 3,073,810	\$ 51,430	\$ -	\$ 8,137,681

JEA
Combining Balance Sheet (continued)

September 30, 2008

(In Thousands)

	Electric System and Bulk Power Supply System	SJRP System	Elimination of Inter- company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Eliminations	Total JEA
Liabilities and net assets								
Current liabilities:								
Accounts and accrued expenses payable	\$ 111,671	\$ 23,650	\$ (1,519)	\$ 133,802	\$ 10,013	\$ 574	\$ -	\$ 144,389
Customer deposits	38,560	-	-	38,560	-	-	-	38,560
Total current liabilities	150,231	23,650	(1,519)	172,362	10,013	574	-	182,949
Current liabilities payable from restricted assets:								
Debt due within one year	82,080	95,500	-	177,580	23,200	-	-	200,780
Interest payable	30,553	29,864	-	60,417	34,407	143	-	94,967
Construction contracts and accounts payable	16,281	31,668	(21,126)	26,823	26,808	14	-	53,645
Renewal and replacement reserve	-	90,000	-	90,000	-	-	-	90,000
Total current liabilities payable from restricted assets	128,914	247,032	(21,126)	354,820	84,415	157	-	439,392
Noncurrent liabilities:								
Deferred credits and other liabilities	37,429	2,839	-	40,268	6,546	-	-	46,814
Revenues to be used for future costs	76,339	-	-	76,339	-	-	-	76,339
Total noncurrent liabilities	113,768	2,839	-	116,607	6,546	-	-	123,153
Long-term debt:								
Bonds payable and commercial paper payable, less current portion	2,792,764	1,242,230	-	4,034,994	1,916,021	52,085	-	6,003,100
Unamortized original issue premium (discount), net	44	17,117	-	17,161	(4,982)	-	-	12,179
Unamortized deferred losses on refundings	(46,145)	(64,141)	-	(110,286)	(31,459)	-	-	(141,745)
Fair value of debt management strategy instruments	34,027	-	-	34,027	2,091	-	-	36,118
Total long-term debt	2,780,690	1,195,206	-	3,975,896	1,881,671	52,085	-	5,909,652
Net assets:								
Invested in capital assets, net of related debt	121,002	(329,005)	-	(208,003)	939,809	(4,311)	-	727,495
Restricted	90,645	248,602	21,126	360,373	65,025	2,112	-	427,510
Unrestricted	163,866	97,646	(21,126)	240,386	86,331	813	-	327,530
Total net assets	375,513	17,243	-	392,756	1,091,165	(1,386)	-	1,482,535
Total liabilities	3,173,603	1,468,727	(22,645)	4,619,685	1,982,645	52,816	-	6,655,146
Total liabilities and net assets	\$ 3,549,116	\$ 1,485,970	\$ (22,645)	\$ 5,012,441	\$ 3,073,810	\$ 51,430	\$ -	\$ 8,137,681

JEA

Combining Statement of Revenues, Expenses, and Changes in Net Assets

Year Ended September 30, 2009

(In Thousands)

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of (inter-company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Elimination	Total JEA
Operating revenues:								
Electric	\$ 1,383,189	\$ 391,030	\$ (233,132)	\$ 1,541,087	\$ -	\$ -	\$ (15,121)	\$ 1,525,966
Water and sewer	-	-	-	-	249,952	-	(139)	249,813
District Energy	-	-	-	-	-	6,914	-	6,914
Other, net of allowances	43,485	-	-	43,485	9,323	1	(4,122)	48,687
Total operating revenues	1,426,674	391,030	(233,132)	1,584,572	259,275	6,915	(19,382)	1,831,390
Operating expenses:								
Operations:								
Fuel	418,926	198,559	-	617,485	-	-	-	617,485
Purchased power	334,943	-	(233,132)	101,811	-	-	-	101,811
Other	118,657	19,158	-	137,815	80,556	3,204	(19,382)	202,193
Maintenance	42,980	23,261	-	66,241	26,312	734	-	93,287
Depreciation	177,123	35,364	-	212,487	129,628	2,043	-	344,158
State utility and franchise taxes	65,593	-	-	65,593	6,534	-	-	72,127
Recognition of deferred costs and revenues, net	(3,878)	36,986	-	33,108	-	-	-	33,108
Total operating expenses	1,154,344	313,328	(233,132)	1,234,540	243,030	5,981	(19,382)	1,464,169
Operating income	272,330	77,702	-	350,032	16,245	934	-	367,211
Nonoperating revenues (expenses):								
Earnings from The Energy Authority	4,088	-	-	4,088	-	-	-	4,088
Investment income	2,653	16,695	-	19,348	4,128	(13)	-	23,463
Interest on debt	(114,108)	(72,337)	-	(186,445)	(77,606)	(650)	-	(264,701)
Other interest, net	(113)	-	-	(113)	41	-	-	(72)
Allowance for funds used during construction	7,596	-	-	7,596	5,050	62	-	12,708
Water and Sewer Expansion Authority -- operating	-	-	-	-	(864)	-	-	(864)
Gain (loss) on sale of asset	(1,071)	-	-	(1,071)	85	-	-	(986)
Total nonoperating revenues (expenses)	(100,955)	(55,642)	-	(156,597)	(69,166)	(601)	-	(226,364)
Income (loss) before contributions	171,375	22,060	-	193,435	(52,921)	333	-	140,847
Contributions (to) from:								
General fund, City of Jacksonville	(76,094)	-	-	(76,094)	(20,593)	-	-	(96,687)
Developers and other	-	-	-	-	38,071	-	-	38,071
City of Jacksonville	-	-	-	-	1,516	-	-	1,516
Total contributions	(76,094)	-	-	(76,094)	18,994	-	-	(57,100)
Change in net assets	95,281	22,060	-	117,341	(33,927)	333	-	83,747
Net assets, beginning of year	375,513	17,243	-	392,756	1,091,185	(1,386)	-	1,482,535
Net assets, end of year	\$ 470,794	\$ 39,303	\$ -	\$ 510,097	\$ 1,057,258	\$ (1,053)	\$ -	\$ 1,566,282

JEA

Combining Statement of Revenues, Expenses, and Changes in Net Assets

Year Ended September 30, 2008

(In Thousands)
Restated

	Electric System and Bulk Power Supply System	SJRRP System	Elimination of Inter-company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Elimination	Total JEA
Operating revenues:								
Electric	\$ 1,205,197	\$ 345,695	\$ (207,785)	\$ 1,343,107	\$ -	\$ -	\$ (12,827)	\$ 1,330,280
Water and sewer	-	-	-	-	248,246	-	(131)	248,115
District Energy	-	-	-	-	-	6,162	-	6,162
Other, net of allowances	42,127	-	-	42,127	9,411	-	(2,675)	48,863
Total operating revenues	1,247,324	345,695	(207,785)	1,385,234	257,657	6,162	(15,633)	1,633,420
Operating expenses:								
Operations:								
Fuel	362,853	173,960	-	536,813	-	-	-	536,813
Purchased power	364,979	-	(207,785)	157,194	-	-	-	157,194
Other	121,825	14,302	-	136,127	90,134	2,623	(15,633)	213,251
Maintenance	50,589	23,117	-	73,706	23,395	719	-	97,820
Depreciation	173,145	28,942	-	202,087	122,171	2,043	-	326,301
State utility and franchise taxes	45,190	-	-	45,190	3,361	-	-	48,551
Recognition of deferred costs and revenues, net	(3,878)	47,223	-	43,345	-	-	-	43,345
Total operating expenses	1,114,703	287,544	(207,785)	1,194,462	239,061	5,385	(15,633)	1,423,275
Operating income	132,621	58,151	-	190,772	18,596	777	-	210,145
Nonoperating revenues (expenses):								
Earnings from The Energy Authority	22,374	-	-	22,374	-	-	-	22,374
Investment income	3,586	11,754	-	15,340	1,885	82	-	17,307
Interest on debt	(113,344)	(53,343)	-	(166,687)	(81,316)	(1,619)	-	(249,622)
Other interest, net	(451)	-	-	(451)	-	-	-	(451)
Allowance for funds used during construction	11,618	-	-	11,618	7,747	83	-	19,448
Water and Sewer Expansion Authority - operating	-	-	-	-	(1,216)	-	-	(1,216)
Gain (loss) on sale of asset	(483)	-	-	(483)	1,363	(140)	-	740
Total nonoperating revenues (expenses)	(76,700)	(41,589)	-	(118,289)	(71,537)	(1,594)	-	(191,420)
Income (loss) before contributions	55,921	16,562	-	72,483	(52,941)	(817)	-	18,725
Contributions ((a) from:								
General fund, City of Jacksonville	(73,847)	-	-	(73,847)	(20,341)	-	-	(94,188)
Water and Sewer Expansion Authority - capital	-	-	-	-	-	-	-	-
Developers and other	-	-	-	-	47,471	-	-	47,471
City of Jacksonville	-	-	-	-	2,857	-	-	2,857
Total contributions	(73,847)	-	-	(73,847)	29,987	-	-	(43,860)
Change in net assets	(17,926)	16,562	-	(1,364)	(22,954)	(817)	-	(25,135)
Net assets, beginning of year	393,439	681	-	394,120	1,114,119	(569)	-	1,507,670
Net assets, end of year	\$ 375,513	\$ 17,243	\$ -	\$ 392,756	\$ 1,091,165	\$ (1,386)	\$ -	\$ 1,482,535

JEA

Combining Statement of Cash Flows

Year Ended September 30, 2009

(In Thousands)

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of inter- company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Elimination	Total JEA
Operations								
Receipts from customers	\$ 1,386,225	\$ 391,030	\$ (235,715)	\$ 1,541,540	\$ 253,489	\$ 7,259	\$ (15,260)	\$ 1,787,028
Other receipts	39,029	-	-	39,029	9,370	1	(4,122)	44,278
Payments to suppliers	(837,452)	(231,189)	235,715	(832,926)	(69,849)	(4,041)	19,382	(887,434)
Payments to employees	(128,645)	(33,944)	-	(162,589)	(33,147)	(428)	-	(196,164)
Net cash provided by operating activities	459,157	125,897	-	585,054	159,863	2,791	-	747,708
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(75,907)	-	-	(75,907)	(20,572)	-	-	(96,479)
Contribution to Water and Sewer Expansion Authority - operating	-	-	-	-	(864)	-	-	(864)
Net cash used in noncapital financing activities	(75,907)	-	-	(75,907)	(21,436)	-	-	(97,343)
Capital and related financing activities								
Acquisition and construction of capital assets	(245,393)	(49,237)	-	(294,630)	(129,602)	(113)	-	(424,345)
Proceeds from issuance of debt	644,080	99,305	-	743,385	196,323	-	-	939,688
(Loss) gain on disposal of fixed assets	(1,071)	-	-	(1,071)	85	-	-	(986)
Defeasance of debt	(483,089)	(36,640)	-	(519,729)	(104,330)	-	-	(624,059)
Repayment of debt principal	(43,040)	(95,500)	-	(138,540)	(23,200)	-	-	(161,740)
Interest paid on debt	(105,550)	(57,962)	-	(163,512)	(77,483)	(766)	-	(241,761)
Developer and other contributions	-	-	-	-	20,867	-	-	20,867
City of Jacksonville contributions	-	-	-	-	1,516	-	-	1,516
Proceeds from sales of property	767	-	-	767	(469)	-	-	298
Net cash used in capital and related financing activities	(233,316)	(140,634)	-	(373,950)	(116,293)	(879)	-	(490,522)
Investing activities								
Purchase of investments	(196,674)	(1,220,684)	-	(1,417,358)	(168,099)	-	-	(1,585,457)
Proceeds from sale and maturities of investments	167,659	1,140,033	-	1,307,692	161,928	20	-	1,469,638
Investment income	1,407	7,501	-	8,908	1,928	10	-	10,848
Distributions from The Energy Authority	3,620	-	-	3,620	-	-	-	3,620
Net cash (used in) provided by investing activities	(23,988)	(73,150)	-	(97,138)	(4,245)	30	-	(101,353)
Net increase in cash and cash equivalents	125,946	(87,287)	-	38,659	17,889	1,942	-	58,490
Cash and cash equivalents at October 1, 2008	235,357	333,393	-	568,750	128,402	3,292	-	700,444
Cash and cash equivalents at September 30, 2009	\$ 361,303	\$ 246,106	\$ -	\$ 607,409	\$ 146,291	\$ 5,234	\$ -	\$ 758,934
Reconciliation of operating income to net cash provided by operating activities:								
Operating income	\$ 272,330	\$ 77,702	\$ -	\$ 350,032	\$ 16,245	\$ 934	\$ -	\$ 367,211
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation and amortization	177,123	35,364	-	212,487	130,290	2,043	-	344,820
Recognition of deferred costs and revenues, net	(3,878)	36,986	-	33,108	-	-	-	33,108
Changes in noncash assets and noncash liabilities:								
Accounts receivable and interest receivable	3,036	(835)	-	2,201	3,537	345	-	6,083
Accounts receivable and interest receivable, restricted	(4,456)	-	-	(4,456)	47	-	-	(4,409)
Inventories	(2,995)	(21,524)	-	(24,519)	2,060	-	-	(22,459)
Other	815	-	-	815	14	-	-	829
Accounts and expenses payable	13,258	3,415	-	16,673	7,156	(531)	-	23,298
Liabilities payable from restricted assets	-	(5,320)	-	(5,320)	-	-	-	(5,320)
Deferred credits and other liabilities	3,924	109	-	4,033	514	-	-	4,547
Net cash provided by operating activities	\$ 459,157	\$ 125,897	\$ -	\$ 585,054	\$ 159,863	\$ 2,791	\$ -	\$ 747,708
Noncash activity:								
Contribution of capital assets from developers	\$ -	\$ -	\$ -	\$ -	\$ 17,204	\$ -	\$ -	\$ 17,204

JEA

Combining Statement of Cash Flows

Year Ended September 30, 2008

(In Thousands)

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of inter-company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Elimination	Total JEA
Operations								
Receipts from customers	\$ 1,169,535	\$ 345,695	\$ (207,784)	\$ 1,307,446	\$ 249,354	\$ 6,105	\$ (12,958)	\$ 1,549,947
Other receipts	42,182	-	-	42,182	12,369	-	(2,675)	51,876
Payments to suppliers	(797,550)	(196,460)	207,784	(786,226)	(82,965)	(2,384)	15,633	(855,942)
Payments to employees	(134,120)	(32,427)	-	(166,547)	(32,482)	(434)	-	(199,463)
Net cash provided by operating activities	280,047	116,808	-	396,855	146,276	3,287	-	546,418
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(79,876)	-	-	(79,876)	(21,702)	-	-	(101,578)
Contribution to Water and Sewer Expansion Authority - operating	-	-	-	-	(1,216)	-	-	(1,216)
Net cash used in noncapital financing activities	(79,876)	-	-	(79,876)	(22,918)	-	-	(102,794)
Capital and related financing activities								
Acquisition and construction of capital assets	(292,013)	(126,308)	-	(418,321)	(168,481)	(218)	-	(587,020)
Proceeds from issuance of debt	1,427,115	163,688	-	1,590,803	497,292	-	-	2,088,095
(Loss) gain on disposal of fixed assets	(483)	-	-	(483)	1,363	(140)	-	740
Defeasance of debt	(1,087,230)	(40,000)	-	(1,127,230)	(330,006)	-	-	(1,457,236)
Repayment of debt principal	(24,843)	(86,415)	-	(111,258)	(17,235)	(700)	-	(129,193)
Interest paid on debt	(105,111)	(57,201)	-	(162,312)	(79,389)	(1,613)	-	(243,314)
Developer and other contributions	-	-	-	-	20,246	-	-	20,246
City of Jacksonville contributions	-	-	-	-	2,857	-	-	2,857
Proceeds from sales of property	1,274	-	-	1,274	(304)	12	-	982
Net cash used in capital and related financing activities	(81,291)	(146,236)	-	(227,527)	(73,657)	(2,659)	-	(303,843)
Investing activities								
Purchase of investments	(1,131,406)	(1,122,748)	-	(2,254,154)	(781,977)	(360)	-	(3,036,491)
Proceeds from sale and maturities of investments	1,089,951	1,195,488	-	2,285,439	744,420	247	-	3,030,106
Investment income	3,744	13,180	-	16,924	2,559	102	-	19,585
Distributions from The Energy Authority	22,187	-	-	22,187	-	-	-	22,187
Net cash (used in) provided by investing activities	(15,524)	85,920	-	70,396	(34,998)	(11)	-	35,387
Net increase in cash and cash equivalent:	103,356	56,492	-	159,848	14,703	617	-	175,168
Cash and cash equivalents at October 1, 2007	132,001	276,901	-	408,902	113,699	2,675	-	525,276
Cash and cash equivalents at September 30, 2008	\$ 235,357	\$ 333,393	\$ -	\$ 568,750	\$ 128,402	\$ 3,292	\$ -	\$ 700,444
Reconciliation of operating income to net cash provided by operating activities:								
Operating income	\$ 132,621	\$ 58,151	\$ -	\$ 190,772	\$ 18,596	\$ 777	\$ -	\$ 210,145
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation and amortization	173,145	28,942	-	202,087	122,779	2,043	-	326,909
Recognition of deferred costs and revenues, net	(3,878)	47,223	-	43,345	-	-	-	43,345
Changes in noncash assets and noncash liabilities								
Accounts receivable and interest receivable	(35,662)	2,466	-	(33,196)	1,108	(57)	-	(32,145)
Accounts receivable and interest receivable, restricted	55	-	-	55	2,958	-	-	3,013
Inventories	1,066	(8,565)	-	(7,499)	1,410	-	-	(6,089)
Other	(1,254)	-	-	(1,254)	13	-	-	(1,241)
Accounts and expenses payable	11,771	(2,695)	-	9,076	(794)	524	-	8,806
Liabilities payable from restricted assets	-	(8,874)	-	(8,874)	-	-	-	(8,874)
Deferred credits and other liabilities	2,183	160	-	2,343	206	-	-	2,549
Net cash provided by operating activities	\$ 280,047	\$ 116,808	\$ -	\$ 396,855	\$ 146,276	\$ 3,287	\$ -	\$ 546,418
Noncash activity:								
Contribution of capital assets from developers	\$ -	\$ -	\$ -	\$ -	\$ 27,225	\$ -	\$ -	\$ 27,225

BOND COMPLIANCE INFORMATION

Independent Certified Public Accountants' Report on
Schedules of Debt Service CoverageThe Governing Board
JEA

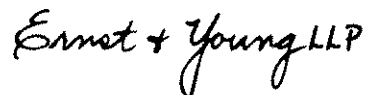
We have audited, in accordance with auditing standards generally accepted in the United States, the financial statements of JEA for the years ended September 30, 2009 and 2008 and have issued our report thereon dated December 7, 2009. We have also audited the accompanying schedules of debt service coverage (as specified in the respective JEA Bond Resolutions) of the JEA Electric System, the JEA St. Johns River Power Park System, and the JEA Water and Sewer System for the years ended September 30, 2009 and 2008, based on the financial statements referred to above. These schedules are the responsibility of JEA's management. Our responsibility is to express an opinion on these schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules of debt service coverage are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedules of debt service coverage. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedules' presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying schedules of debt service coverage were prepared for the purpose of demonstrating compliance with the requirements of certain JEA bond resolutions, which require the maintenance of certain minimum debt service coverage ratios, and are not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the schedules of debt service coverage referred to above present fairly, in all material respects, the debt service coverage of the JEA Electric System, the JEA St. Johns River Power Park System, and the JEA Water and Sewer System for the years ended September 30, 2009 and 2008, respectively, in conformity with the basis specified in the respective JEA Bond Resolutions.

This report is intended solely for the information and use of the Members and management of JEA, and the bond trustees, and is not intended to be and should not be used by anyone other than these specified parties.



December 7, 2009

JEA Electric System

Schedules of Debt Service Coverage

Years Ended September 30, 2009 and 2008

(In Thousands)

	2009	2008
Revenues:		
Electric	\$ 1,383,189	\$ 1,205,197
Investment income (1)	453	3,207
Earnings from The Energy Authority	4,088	22,374
Other, net	43,485	41,034
Plus: amount paid from the Rate Stabilization Fund into the Revenue Fund	40,361	62,174
Less: amount paid from the Revenue Fund into the Rate Stabilization Fund	(135,226)	(50,182)
Total revenues	1,336,350	1,283,804
Operating expenses (2):		
Fuel	383,421	331,670
Purchased power (3)	380,082	409,142
Other operation and maintenance	152,347	160,272
Utility and franchise taxes	65,249	44,353
Total operating expenses	981,099	945,437
Net revenues	\$ 355,251	\$ 338,367
Debt service	\$ 74,747	\$ 77,152
Less: investment income on sinking fund	(986)	(673)
Debt service requirement	\$ 73,761	\$ 76,479
Senior debt service coverage (4)	4.82x	4.42x
Net revenues (from above)	\$ 355,251	\$ 338,367
Debt service requirement (from above)	\$ 73,761	\$ 76,479
Plus: aggregate subordinated debt service on outstanding subordinated bonds	44,890	64,274
Adjusted debt service requirement	\$ 118,651	\$ 140,753
Senior and subordinated debt service coverage (5)	2.99x	2.40x

(1) Excludes investment income on sinking funds.

(2) Excludes depreciation.

(3) In accordance with the requirements of the Electric System Resolution, all the Contract Debt payments from the Electric System to the SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Supply System are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System Resolutions

(4) Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.

(5) Net revenues divided by adjusted debt service requirement. Minimum annual coverage is 1.15x.

JEA St. Johns River Power Park System

Schedules of Debt Service Coverage

Years Ended September 30, 2009 and 2008

(In Thousands)

	2009	2008
Revenues:		
JEA	\$ 251,132	\$ 240,174
FPL	157,898	137,906
Investment Income	7,511	13,193
Total revenues	416,541	391,273
Operating expenses (1):		
Fuel	198,559	173,960
Other operation and maintenance	38,201	37,419
Total operating expenses	236,760	211,379
Net revenues	\$ 179,781	\$ 179,894
Debt service requirement	\$ 143,946	\$ 143,952
Debt service coverage (2)	1.25x	1.25x

(1) Excludes depreciation.

(2) Net revenues divided by debt service requirement. Semiannual minimum coverage is 1.25x.

JEA Water and Sewer System

Schedules of Debt Service Coverage

Years Ended September 30, 2009 and 2008

(In Thousands)

	<u>2009</u>	<u>2008</u>
Revenues:		
Water	\$ 105,594	\$ 105,171
Water capacity fees (1)	5,106	7,133
Sewer	144,358	143,075
Sewer capacity fees (1)	8,704	10,297
Investment Income	1,925	2,615
Other	9,355	9,411
Plus: amount paid from the Rate Stabilization Fund into the Revenue Fund	-	-
Less: amount paid from the Revenue Fund into the Rate Stabilization Fund	(1,524)	-
Total revenues	<u>273,518</u>	<u>277,702</u>
Operating expenses (2):		
Operations and maintenance	113,402	116,890
Net revenues	<u>\$ 160,116</u>	<u>\$ 160,812</u>
Debt service requirement	<u>\$ 86,355</u>	<u>\$ 82,247</u>
Senior debt service coverage (3)	<u>1.85x</u>	<u>1.96x</u>
Net revenues (from above)	<u>\$ 160,116</u>	<u>\$ 160,812</u>
Debt service requirement (from above)	<u>\$ 86,355</u>	<u>\$ 82,247</u>
Plus: aggregate subordinated debt service on outstanding subordinated debt	<u>10,824</u>	<u>18,252</u>
Adjusted debt service requirement	<u>\$ 97,179</u>	<u>\$ 100,499</u>
Senior and subordinated debt service coverage (4)	<u>1.65x</u>	<u>1.60x</u>

(1) Effective October 1, 2001, the Water and Sewer Bond Resolution was amended to include capacity fees in total revenues. Had such capacity fees not been included in the calculation for the year-to-date periods ending September 2009 and 2008, then the debt service coverage would have been 1.51x and 1.43x.

(2) Excludes depreciation.

(3) Net revenues divided by debt service requirement. Annual minimum coverage is 1.25x.

(4) Net revenues must be greater than or equal to the sum of 100% of the senior debt service and 120% of the subordinated debt service. The sum of such debt service amounts for the year ending September 2009 is \$99,344 and \$104,149 for the year ending September 2008.

INFORMATION REGARDING THE MAJOR PARTICIPANTS IN PROJECT J

General

MEAG Power entered into the Project J Power Sales Contracts with the Project J Participants. Included below is information for the eight largest Project J Participants, which represent approximately 59 percent of the Obligation Shares of Project J. For more information on the major Project J Participants, see “FINANCIAL AND OTHER INFORMATION FOR THE MAJOR PARTICIPANTS OF PROJECT J” herein.

City of Marietta (Project J Obligation Share – 19.75971%)

Located in western Georgia, the City of Marietta is approximately fifteen miles northwest of Atlanta. Marietta is the county seat of Cobb County. Its policy-making and legislative authority consists of a Mayor and seven Council members. The Council appoints the government’s manager, which in turn appoints the heads of the various departments. The Mayor and the Council members serve four-year terms which run concurrently. The Mayor is elected citywide, while the Council members are elected to one of seven districts. The City of Marietta operates Marietta Power under the auspices of the Board of Lights & Water (“BLW”). The BLW is also party to the Cobb-Marietta Water Authority.

Economic Base. Lockheed Martin Aeronautic Systems is the largest employer in the Marietta area and employs approximately 8,200 people. Wellstar Health Systems, Inc. has approximately 3,720 employees. Matria Healthcare has approximately 2,600 employees. YKK Corp of America, a manufacturer of zippers, fasteners and buttons, employs approximately 2,400 people. Other major employers include Solvay Pharmaceuticals with approximately 1,700 employees, Tip Top Poultry with approximately 1,400 employees, Columbia Chemical Corporation with approximately 1,350 employees, and C.W. Matthews Contracting, Inc. with approximately 1,300 employees. According to the Georgia Department of Labor, the unemployment rate for Cobb County for November 2009 was 9.1 percent.

City of Marietta Economic Indicators^(a)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Licenses & Permits	\$12,546,419	\$12,841,047	\$6,314,395	\$6,306,258	\$6,621,273	\$6,227,731
Per Capita Income	\$24,301	\$24,433	\$24,608	\$25,267	\$25,790	\$25,349

(a) Fiscal year data. Source: City of Marietta Comprehensive Annual Financial Report (“CAFR”).

Largest Customers of Electric System. As of October 31, 2008, the electric system served 46,242 residential, industrial and commercial customers in a service area of approximately 37 square miles. The largest customer was Wellstar Health Systems, which accounted for approximately 3.1 percent of the operating revenues and 5.1 percent of the megawatt hour (“MWh”) sales of the electric system. Other principal customers include Cobb County Government, Southern Polytechnic Institute, and Southern Ice Cream, which accounted for 3.1 percent, 1.1 percent and 0.9 percent, respectively, of the system’s operating revenues.

City of Albany (Project J Obligation Share – 7.55629%)

Located in southwest Georgia, the City of Albany is approximately 145 miles south of Atlanta. Albany is the county seat of Dougherty County. Its policy-making and legislative authority consists of a Mayor and six Council members. The Council appoints the government’s manager, which in turn

appoints the heads of the various departments. The Mayor and the Council members serve four-year terms. The Mayor is elected citywide, while the Council members are elected from one of six wards.

Economic Base. Phoebe Putney Health Systems is the largest employer in the Albany area with approximately 3,400 employees. Other major employers include Dougherty County Board of Education with approximately 2,800 employees, USMC Logistic Base with approximately 2,418 civilian employees, the City of Albany with approximately 1,440 employees, Proctor & Gamble with approximately 1,394 employees and Cooper Tire and Rubber Company with approximately 1,290 employees. Dougherty County employs approximately 650 people, Albany State University has approximately 650 employees and Miller Brewing Company has approximately 642 employees. According to the Georgia Department of Labor, the unemployment rate for Dougherty County for November 2009 was 11.0 percent.

City of Albany Economic Indicators^(a)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Licenses & Permits	\$2,401,566	\$2,364,806	\$2,456,898	\$2,318,314	\$2,320,724	\$2,434,916
Per Capita Income	\$14,649	\$14,292	\$15,485	\$19,799	\$22,920	\$39,187

(a) Fiscal year data. Source: City of Albany CAFR.

Largest Customers of Electric System. As of October 31, 2008, the electric system served 35,685 residential, industrial and commercial customers in a service area of approximately 57 square miles. The largest customer was Miller Brewing Company, which accounted for approximately 5.5 percent of the operating revenues and 8.9 percent of the MWh sales of the electric system. Other principal customers include Phoebe Putney Memorial Hospital, Flint River Services, and City of Albany Sewer Plant, which accounted for 3.1 percent, 1.6 percent and 0.7 percent, respectively, of the system's operating revenues.

City of Cartersville (Project J Obligation Share – 7.55629%)

Located in northwest Georgia, the City of Cartersville is approximately 42 miles northwest of Atlanta. Cartersville is the county seat for Bartow County. It is governed by a Mayor and a City Council comprised of seven members (including the Mayor). The Mayor is elected every two years and citywide, whereas Council members other than the Mayor are elected from each of the six wards of the City. Three Council members are elected every two years to serve four-year terms. The Mayor and Council appoint the City Manager.

Economic Base. Shaw Industries Group, Inc. is the largest employer in Cartersville and employs approximately 2,100 people in the City of Cartersville. The Bartow County Board of Education has over 1,600 employees. Trinity Rail Operations, a railcar manufacturer, employs 1,140 people. Other major employers include Bartow County Government, which employs 850 people; Cartersville Medical Center, which has approximately 750 employees; and Anheuser-Busch Companies, Inc., a brewer that employs over 700 people. According to the Georgia Department of Labor, the unemployment rate for Bartow County for November 2009 was 12.6 percent.

City of Cartersville Economic Indicators

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Licenses and permits ^(a)	\$487,829	\$543,065	\$610,448	\$459,985	\$925,605	\$872,708
Per Capita Income ^(b)	\$26,116	\$26,345	\$27,052	\$27,891	\$28,443	N/A

(a) Fiscal year data. Source: City of Cartersville CAFR.

(b) Source: U.S. Bureau of Economic Analysis. Reflects data for Bartow County.

Largest Customers of Electric System. As of June 30, 2008, the electric system served 8,172 residential, industrial and commercial customers in a service area of approximately sixteen square miles. The largest customer was Anheuser-Busch Companies, Inc., which accounted for approximately 11.2 percent of the operating revenues and 16.1 percent of the MWh sales of the electric system. Other principal customers include Linde Gas, Trinity Rail Operations, and Mohawk Industries, Inc., which accounted for 7.5 percent, 2.8 percent and 2.7 percent, respectively, of the system's operating revenues.

City of LaGrange (Project J Obligation Share – 6.64954%)

Located in western Georgia, the City of LaGrange is approximately 68 miles southwest of Atlanta. LaGrange is the county seat of Troup County. The City of LaGrange operates under a Council-Manager form of government, with a six member elected Council, a Mayor elected at large, and an appointed professional City Manager. The Mayor and Council members serve overlapping four-year terms. Daily administration and management are handled by the City Manager, with policy and guidance provided by the Mayor and Council.

Economic Base. Troup County School System is the largest employer in the county and employs approximately 1,860 people. Other major employers include Milliken & Company, a textile and chemical manufacturer, which employs about 1,660 people; Wal-Mart Stores, Inc., which has approximately 1,600 employees; West Georgia Health System, an employer of approximately 1,300 people; and Interface, Inc., which employs about 1,080 people. According to the Georgia Department of Labor, the unemployment rate for Troup County for November 2009 was 12.3 percent.

City of LaGrange Economic Indicators

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Licenses and permits ^(a)	\$165,640	\$270,130	\$239,338	\$263,671	\$332,979	\$301,184
Per Capita Income ^(b)	\$25,440	\$25,980	\$27,091	\$27,525	\$28,320	N/A

(a) Fiscal year data. Source: City of LaGrange CAFR.

(b) Source: U.S. Bureau of Economic Analysis. Reflects data for Troup County.

Largest Customers of Electric System. As of June 30, 2008, the electric system served 12,516 residential, industrial and commercial customers in a service area of approximately 30 square miles. The largest customer was Exxon Mobil Corp., which accounted for approximately 8.5 percent of the operating revenues and 10.2 percent of the MWh sales of the electric system. Other principal customers include Duracell USA, the City of LaGrange, West Georgia Health System and Wal-Mart Stores, Inc., which accounted for 4.9 percent, 4.2 percent, 3.7 percent and 3.7 percent, respectively, of the system's operating revenues.

City of Calhoun (Project J Obligation Share – 4.53378%)

Located in northern Georgia, the City of Calhoun is approximately 69 miles from Atlanta. Calhoun is the county seat of Gordon County. It is governed by the Mayor and a Council, consisting of five members. The Mayor and Council are elected on a non-partisan basis; they serve four-year, staggered terms, with two council members elected every two years and the Mayor elected every four years. The Mayor and Council members are elected at-large. The Mayor and Council are responsible for hiring the Director of Utilities, who is responsible for carrying out the policies and ordinances adopted by the Mayor and Council and overseeing the day-to-day operations of the utility.

Economic Base. Calhoun is home to some of the leading carpet and flooring manufacturers in the world. Mohawk Industries, Inc. is headquartered in Calhoun and employs over 2,800 people. Shaw Industries Group, Inc. is the world's largest carpet manufacturer and employs nearly 1,800 people in

Calhoun. Other major employers include the Gordon County School District, which has approximately 1,150 employees; Gordon Hospital, which employs approximately 650 people; Mannington Commercial, another flooring company that employs over 530 people; and Calhoun City Schools, which has over 460 employees. According to the Georgia Department of Labor, the unemployment rate for Gordon County for November 2009 was 13.0 percent.

City of Calhoun Economic Indicators

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Licenses and permits ^(a)	\$211,321	\$185,223	\$241,404	\$192,627	\$298,341	\$258,454
Per Capita Income ^(b)	\$23,130	\$24,230	\$24,986	\$25,553	\$25,978	N/A

(a) Fiscal year data. Source: City of Calhoun CAFR.

(b) Source: U.S. Bureau of Economic Analysis. Reflects data for Gordon County.

Largest Customers of Electric System. As of June 30, 2008, the electric system served 5,011 residential, industrial and commercial customers in a service area of approximately thirteen square miles. The largest customer was Shaw Industries Group, Inc., which accounted for approximately 20.1 percent of the operating revenues and 25.2 percent of the MWh sales of the electric system. Other principal customers include Mohawk Industries, Inc., Calhoun Utilities, Gordon Hospital and Kobelco Construction Machinery America, which accounted for 17.0 percent, 4.5 percent, 2.5 percent and 2.0 percent, respectively, of the system’s operating revenues.

City of Lawrenceville (Project J Obligation Share – 4.53378%)

Located in northern Georgia, the City of Lawrenceville is approximately 35 miles northeast of Atlanta. Lawrenceville is the county seat of Gwinnett County. Its policy-making and legislative authority consists of a Mayor and four Council members. The Council appoints the government’s manager, which in turn appoints the heads of the various departments. The Mayor and the Council members serve two-year terms. The Mayor and Council members are elected citywide.

Economic Base. Gwinnett Medical Center is the largest employer in the Lawrenceville area with approximately 4,198 employees. The Gwinnett County Board of Commissioners employs approximately 4,150 people. Gwinnett Board of Education has approximately 974 employees. East Inc. (Wal-Mart) employs approximately 650 people. Department of Family & Children Services has approximately 400 employees. Other major employers include Lund International, with approximately 383 employees, Tara Materials with approximately 290 employees, City of Lawrenceville with approximately 276 employees, and Gwinnett County Mental Health with approximately 275 employees. According to the Georgia Department of Labor, the unemployment rate for Gwinnett County for November 2009 was 9.0 percent.

City of Lawrenceville Economic Indicators

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Licenses & Permits ^(a)	\$365,169	\$375,116	\$331,051	\$346,461	\$447,509	\$388,387
Per Capita Income ^(b)	\$30,103	\$30,356	\$31,773	\$32,542	\$33,163	\$32,309

(a) Fiscal year data. Source: City of Lawrenceville CAFR.

(b) Fiscal year data. Source: Georgia Department of Labor Profile for Gwinnett County and Atlanta Business Chronicle.

Largest Customers of Electric System. As of October 31, 2008, the electric system served 10,573 residential, industrial and commercial customers in a service area of approximately 24 square miles. The largest customer was Gwinnett Hospital, which accounted for approximately 4.9 percent of the operating revenues and 7.9 percent of the MWh sales of the electric system. Other principal customers include Rehrig Pacific Company, Auto Ventshade, and Gwinnett Justice and Administration,

which accounted for 4.4 percent, 3.3 percent and 2.3 percent, respectively, of the system’s operating revenues.

City of Thomasville (Project J Obligation Share – 4.53378%)

Located on the southern border of Georgia, the City of Thomasville is approximately 238 miles south of Atlanta. Thomasville is the county seat of Thomas County. Its policy-making and legislative authority consists of a Mayor and five Council members, two elected from each of the City’s two Districts and one elected at large. Council members serve four-year terms, and the Mayor, appointed by the Council, serves a two-year term. Under a Council-Manager form of government, the City provides a range of both traditional governmental services and utilities services to both Thomasville and the unincorporated parts of Thomas County, including electricity, gas, sanitation, telecommunications and water.

Economic Base. John D. Archbold Memorial Hospital is the largest employer in the Thomasville area with approximately 1,800 employees. Thomas County and Thomasville City Schools employs approximately 1,340. Southwestern State Hospital employs approximately 853 employees. Thomas County Government East has approximately 392 employees. Other major employers include TECT Corp with approximately 330 employees, Flowers Baking with approximately 266 employees, U.S. Filter with approximately 239 employees, and City of Thomasville General Government with approximately 237 employees. According to the Georgia Department of Labor, the unemployment rate for Thomas County for November 2009 was 9.0 percent.

City of Thomasville Economic Indicators

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Licenses & Permits ^(a)	\$78,698	\$294,202	\$360,503	\$334,002	\$351,588	\$261,719
Per Capita Income ^(b)	\$25,691	\$27,361	\$28,684	\$29,751	\$31,104	N/A

(a) Fiscal year data. Source: City of Thomasville CAFR.
 (b) Fiscal year data. Source: Georgia Department of Revenue.

Largest Customers of Electric System. As of October 31, 2008, the electric system served 15,151 residential, industrial and commercial customers in a service area of approximately 250 square miles. The largest customer was Caterpillar, Inc, which accounted for approximately 3.3 percent of the operating revenues and 4.4 percent of the MWh sales of the electric system. Other principal customers include Archbold Hospital, Hood Industries, Inc., and Georgia Pipe, which accounted for 2.9 percent, 2.6 percent and 2.4 percent, respectively, of the system’s operating revenues.

City of Griffin (Project J Obligation Share – 3.64757%)

Located in central Georgia, the City of Griffin is approximately 40 miles south of Atlanta. Griffin is the county seat of Spalding County. It runs under a City Manager and Board of Commissioners structure. The Board of Commissioners consists of seven members, who select the Chairperson of the Board of Commissioners and hire the City Manager. The Board of Commissioners are elected on a non-partisan basis and serve staggered terms. Elections are held every two years, with three commissioners elected in one cycle and four Commissioners elected in the next cycle.

Economic Base. Spalding Regional Medical Center is the largest employer in the county and employs approximately 900 people. The governments of Spalding County and the City of Griffin have approximately 510 employees and 470 employees, respectively. Other major employers include 1888 Mills, a textile manufacturer which employs about 375 people; Griffin Technical College, which has approximately 360 employees; the University of Georgia, which employs about 300 people; and Norcom,

Inc., a manufacturer of school supplies that employs approximately 280 people. According to the Georgia Department of Labor, the unemployment rate for Spalding County for November 2009 was 14.5 percent.

City of Griffin Economic Indicators

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Licenses and permits ^(a)	\$228,000	\$493,902	\$488,576	\$521,097	\$545,177	\$396,528
Per Capita Income ^(b)	\$23,588	\$24,721	\$25,572	\$26,084	\$26,842	N/A

(a) Fiscal year data. Source: City of Griffin CAFR.

(b) Source: U.S. Bureau of Economic Analysis. Reflects data for Spalding County.

Largest Customers of Electric System. As of June 30, 2008, the electric system served 14,992 residential, industrial and commercial customers in a service area of approximately 62 square miles. The largest customer was Bridgestone Bandag, LLC, which accounted for approximately 3.2 percent of the operating revenues and 4.4 percent of the MWh sales of the electric system. Other principal customers include Exopack Corp., Caterpillar, Inc. and Spalding Regional Medical Center, which accounted for 2.8 percent, 1.8 percent and 1.6 percent, respectively, of the system’s operating revenues.

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**FINANCIAL AND OTHER INFORMATION
FOR THE MAJOR PARTICIPANTS OF PROJECT J**

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Table I
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Area, Population and Assessed Valuation (1)

	Albany	Calhoun	Cartersville	Griffin	LaGrange	Lawrenceville	Marietta	Thomasville
Incorporated Area Square Miles	57.0	13.0	27.3	15.3	38.0	13.7	23.1	17.0
Population (2):								
2008 U. S. Census estimate	75,831	14,807	19,010	23,719	28,401	29,258	67,562	19,286
2000 U. S. Census	76,939	10,667	15,925	23,451	25,998	22,397	58,748	18,162
1990 U. S. Census	78,122	7,135	12,035	21,347	25,597	17,588	44,129	17,457
1980 U. S. Census	73,934	5,335	9,508	20,728	24,204	8,928	30,805	18,463
1970 U. S. Census	72,623	4,748	9,929	22,734	23,301	5,115	27,216	18,155
1960 U. S. Census	55,890	3,587	8,668	21,735	23,632	3,804	25,565	18,246
Fiscal Year-end	June 30	June 30	June 30	June 30	June 30	August 31	June 30	December 31
Assessed Valuation - 2009 (3):								
Real Estate	\$ 1,155,500,789	\$ 455,098,234	\$ 671,131,810	\$ 442,651,705	\$ 634,115,954	\$ -	\$ 2,311,690,161	\$ -
Public Utilities	30,774,632	4,220,012	10,542,715	7,238,014	13,279,933	-	34,126,529	-
Personal Property	282,570,092	275,971,740	289,365,617	95,269,987	275,345,681	-	306,446,750	-
Motor Vehicles & Mobile Homes	139,969,131	30,399,269	47,949,130	35,446,355	43,061,872	-	185,424,419	-
Total	\$ 1,608,814,644	\$ 765,689,255	\$ 1,018,989,272	\$ 580,606,061	\$ 965,803,440	\$ -	\$ 2,837,687,859	\$ -
Basis of Assessment - 2009	40%	40%	40%	40%	40%	40%	40%	40%
Estimated Actual Value - 2009	\$ 4,022,036,610	\$ 1,914,223,138	\$ 2,547,473,180	\$ 1,451,515,153	\$ 2,414,508,600	\$ -	\$ 7,094,219,648	\$ -
Ten Largest Taxpayers - 2009 Assessed Value as % of Total Assessment	9.17%	29.30%	24.22%	12.34%	28.52%	-	4.23%	-
Assessed Valuation - 2008 (3):								
Real Estate	\$ 1,162,864,389	\$ 382,899,061	\$ 610,479,040	\$ 438,970,476	\$ 604,800,515	\$ 817,634,722	\$ 2,136,497,648	\$ 570,604,782
Public Utilities	30,675,180	4,250,240	11,055,999	8,871,270	10,207,606	19,516,440	30,026,547	9,506,661
Personal Property	270,426,929	260,277,219	296,833,144	100,711,039	274,713,889	192,734,259	316,625,189	74,694,850
Motor Vehicles & Mobile Homes	136,773,944	31,014,713	46,233,895	35,387,864	42,803,467	72,848,670	170,498,321	41,077,134
Total	\$ 1,600,740,442	\$ 678,441,233	\$ 964,602,078	\$ 583,940,649	\$ 932,525,477	\$ 1,102,734,091	\$ 2,653,647,705	\$ 695,883,427
Basis of Assessment - 2008	40%	40%	40%	40%	40%	40%	40%	40%
Estimated Actual Value - 2008	\$ 4,001,851,105	\$ 1,696,103,083	\$ 2,411,505,195	\$ 1,459,851,623	\$ 2,331,313,693	\$ 2,756,835,228	\$ 6,634,119,263	\$ 1,739,708,568
Assessed Valuation - 2007 (3):								
Real Estate	\$ 920,513,022	\$ 348,858,164	\$ 571,954,015	\$ 421,317,488	\$ 574,484,218	\$ 776,857,273	\$ 2,024,060,790	\$ 354,851,769
Public Utilities	28,851,734	5,134,608	8,735,286	8,112,601	9,507,630	19,564,780	35,121,972	7,769,830
Personal Property	265,465,008	211,511,028	281,543,981	106,522,660	273,312,196	184,629,090	293,856,544	67,812,044
Motor Vehicles & Mobile Homes	133,665,904	30,224,709	45,477,229	34,302,209	48,664,861	71,210,910	172,340,767	39,106,639
Total	\$ 1,348,495,668	\$ 595,728,509	\$ 907,710,511	\$ 570,254,958	\$ 905,968,905	\$ 1,052,262,053	\$ 2,525,380,073	\$ 469,540,282
Basis of Assessment - 2007	40%	40%	40%	40%	40%	40%	40%	40%
Estimated Actual Value - 2007	\$ 3,371,239,170	\$ 1,489,321,273	\$ 2,269,276,278	\$ 1,425,637,395	\$ 2,264,922,263	\$ 2,630,655,133	\$ 6,313,450,183	\$ 1,173,850,705

(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, 2010, all 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 or other historical records.

(3) Assessed valuations are based on the Participant's fiscal year. Motor vehicles and mobile homes assessed valuations are for the calendar year.

Table II
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Tax Millages, Levies and Collections

	Albany (4)	Calhoun	Cartersville	Griffin (4)	LaGrange	Lawrenceville (4)	Marietta	Thomasville
Date Fiscal Year Ends	June 30	June 30	June 30	June 30	June 30	August 31	June 30	December 31
Tax Millage - 2009 (1):								
City	-	15.46	18.61	-	-	-	22.65	19.59
County	11.89	8.82	9.07	14.88	10.56	-	7.04	6.73
County School District (2)	18.45	-	-	18.80	18.85	20.55	-	-
Other	0.25	0.25	0.25	0.25	0.25	-	0.25	0.25
Total	Not Available	24.53	27.93	Not Available	29.66	Not Available	29.94	26.57
Tax Millage - 2008 (1):								
City	9.16	15.70	18.61	8.64	-	2.16	22.65	19.65
County	11.89	9.53	9.07	13.88	10.56	10.18	7.04	6.73
County School District (2)	18.45	-	-	18.80	18.85	20.55	-	-
Other	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total	39.75	25.48	27.93	41.57	29.66	33.14	29.94	26.63
Tax Millage - 2007 (1):								
City	9.16	15.70	18.63	8.60	-	2.20	22.65	22.49
County	11.90	10.17	9.30	13.89	10.56	10.28	7.04	8.40
County School District (2)	18.45	-	-	18.81	18.85	20.55	-	-
Other	0.25	0.25	0.25	0.25	0.25	1.05	0.25	0.25
Total	39.76	26.12	28.18	41.55	29.66	34.08	29.94	31.14
Tax Levies (3):								
2009	\$ 14,731,916	\$ 11,719,469	\$ 16,464,232	\$ 5,015,275	\$ -	\$ -	\$ 63,220,601	\$ -
2008	14,661,182	10,349,042	15,803,593	5,021,890	-	2,381,906	58,877,892	12,680,677
2007	13,077,292	9,511,250	14,624,636	4,921,300	-	2,314,977	55,643,774	9,583,267
Total	\$ 42,470,390	\$ 31,579,761	\$ 46,892,461	\$ 14,958,465	\$ -	\$ 4,696,883	\$ 177,742,267	\$ 22,263,944
Tax Collections (3):								
2009	\$ 12,468,386	\$ 10,626,369	\$ 14,744,304	\$ 4,823,166	\$ -	\$ -	\$ 61,450,322	\$ -
2008	13,112,563	10,339,878	14,280,062	4,905,152	-	2,431,703	57,874,525	12,103,968
2007	12,999,553	9,521,990	14,533,300	4,913,974	-	2,216,276	54,772,501	9,036,995
Total	\$ 38,580,502	\$ 30,488,237	\$ 43,557,666	\$ 14,642,292	\$ -	\$ 4,647,979	\$ 174,097,348	\$ 21,140,963
Ratio of Aggregate Tax Collections								
to Aggregate Tax Levies 2007 - 2009	90.8%	96.5%	92.9%	97.9%	-	99.0%	97.9%	95.0%

(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 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: (a) questionnaires completed either by the Participant's auditor or chief financial officer, or (b) the State of Georgia's tax digest records.

(4) Certain 2009 tax digest information is not available as of the date of this Official Statement from the State of Georgia's tax digest records.

Table III
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Outstanding and Overlapping Debt and Selected Debt Ratios (1)

	Albany	Calhoun	Cartersville	Griffin	LaGrange	Lawrenceville	Marietta	Thomasville
General Obligation Bonded Debt:								
Direct	\$ 6,187,018	\$ 12,415,000	\$ 16,365,000	\$ -	\$ -	\$ -	\$ 38,945,000	\$ -
Overlapping (2)	773,900	3,011,900	21,311,250	5,571,000	21,775,400	34,136,817	73,615,991	-
Contractual Revenue (3)	-	-	-	-	-	40,283,832	6,854,000	-
Total	\$ 6,960,918	\$ 15,426,900	\$ 37,676,250	\$ 5,571,000	\$ 21,775,400	\$ 74,420,649	\$ 119,414,991	\$ -
Utility Revenue Bonded Debt (4):								
Electric	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-
Water & Sewer	\$ 54,715,168	\$ 8,115,000	\$ 18,065,000	-	\$ 16,625,000	-	-	-
Combined Public Utilities	-	-	-	\$ 67,677,000	-	-	-	-
Selected General Obligation Bonded Debt Ratios (5):								
Per Capita	\$ 92	\$ 1,042	\$ 1,982	\$ 235	\$ 767	\$ 2,544	\$ 1,767	\$ -
% of Assessed Valuations	0.40%	1.90%	3.65%	0.89%	1.99%	6.28%	3.86%	0.00%
% of Estimated Actual Value	0.16%	0.76%	1.46%	0.35%	0.80%	2.51%	1.54%	0.00%

(1) Data compiled by MEAG Power from official statements of identified Participant-related bond issuances and/or audited financial statements of the Participants. For debt issued subsequent to the date of the Updated Annual Information Statement, it is included in this table only if it is general obligation debt and is reported in the audited financial statements of the Participant.

(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 2008 estimated population data from Table I and most recent available (2009 or 2008) calendar year assessed valuations.

Table IV
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Electric System Descriptions, Customers and Power Sales

	Albany	Calhoun	Cartersville	Griffin	LaGrange	Lawrenceville	Marietta	Thomasville (4)
Year System Established	1900	1900	1905	1895	1905	1915	1906	1906
Miles of Lines (1)	747	227	204	385	215	231	588	535
Employees (1)	60	17	28	60	15	12	87	27
Service Area (square miles) (2)	59	13	16	62	30	24	37	250
Date Fiscal Year Ends	June 30	June 30	June 30	June 30	June 30	August 31	June 30	December 31
Peak (kW) (3):								
2009	210,270	56,758	100,317	92,968	95,394	70,549	232,036	118,984
2008	215,465	66,274	106,184	98,417	96,118	74,953	243,842	114,770
2007	224,934	69,677	112,585	103,944	101,537	77,775	262,968	117,057
Customers--2009:								
Residential	30,172	3,839	6,171	12,649	10,736	-	35,266	-
Industrial	-	16	21	14	79	-	-	-
Commercial	5,656	1,114	1,877	2,218	1,757	-	6,325	-
Other	-	-	84	-	-	-	4,887	-
Total	35,828	4,969	8,153	14,881	12,572	-	46,478	-
Customers--2008:								
Residential	30,055	3,870	6,107	12,732	10,705	8,854	35,241	12,693
Industrial	-	18	23	15	76	-	-	-
Commercial	5,630	1,123	1,958	2,245	1,735	1,719	6,439	2,319
Other	-	-	84	-	-	-	4,562	139
Total	35,685	5,011	8,172	14,992	12,516	10,573	46,242	15,151
Customers--2007:								
Residential	32,483	3,900	6,032	12,761	10,564	9,429	34,760	12,640
Industrial	-	18	21	15	70	-	-	-
Commercial	5,658	1,117	1,837	2,135	1,771	1,730	6,321	2,342
Other	-	-	78	-	-	-	4,512	164
Total	38,141	5,035	7,968	14,911	12,405	11,159	45,593	15,146

(1) Represents information provided by the Participants from questionnaires received through February 10, 2010.

(2) 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 through February 10, 2010. 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.

(3) Peak for the calendar year in kilowatts (kW).

(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)

	Albany	Calhoun	Cartersville	Griffin	LaGrange	Lawrenceville	Marietta	Thomasville (4)
Power Sales--2009 (MWh) (5):								
Residential	407,355	41,522	73,588	149,271	121,358	-	346,137	-
Industrial	-	173,360	373,743	81,720	189,415	-	-	-
Commercial	604,234	84,701	116,579	174,758	153,841	-	662,319	-
Other	-	-	14,809	-	-	-	10,671	-
Total	1,011,589	299,583	578,719	405,749	464,614	-	1,019,127	-
Power Sales--2008 (MWh) (5):								
Residential	421,906	42,584	75,851	148,447	122,442	105,807	365,722	192,606
Industrial	-	193,213	369,521	90,472	196,394	-	-	-
Commercial	602,808	98,852	126,637	183,136	158,196	226,398	698,775	317,920
Other	-	-	14,755	-	-	-	10,191	20,578
Total	1,024,714	334,649	586,764	422,055	477,032	332,205	1,074,688	531,104
Power Sales--2007 (MWh) (5):								
Residential	419,683	43,218	74,237	142,261	120,713	101,826	357,196	195,444
Industrial	-	221,693	291,397	85,425	205,739	-	-	-
Commercial	600,168	87,076	126,936	164,170	155,878	241,294	686,613	323,816
Other	-	-	14,801	-	-	-	9,787	21,188
Total	1,019,851	351,987	507,371	391,856	482,330	343,120	1,053,596	540,448
Power Sales--2009 (\$) (6):								
Residential	\$ 34,187,961	\$ 3,948,250	\$ 6,999,250	\$ 14,327,211	\$ 12,930,837	\$ -	\$ 31,299,689	\$ -
Industrial	-	11,436,044	22,962,516	6,235,717	12,921,624	-	-	-
Commercial	42,939,331	7,965,770	12,246,665	19,474,989	10,886,589	-	57,885,910	-
Other	-	-	1,568,604	-	-	-	1,986,756	-
Total	\$ 77,127,292	\$ 23,350,064	\$ 43,777,035	\$ 40,037,917	\$ 36,739,050	\$ -	\$ 91,172,355	\$ -
Power Sales--2008 (\$) (6):								
Residential	\$ 33,691,062	\$ 4,032,030	\$ 7,033,945	\$ 13,019,391	\$ 10,522,887	\$ 8,514,786	\$ 32,350,772	\$ 17,226,207
Industrial	-	12,143,035	21,470,299	5,466,187	12,421,704	-	-	-
Commercial	40,092,369	9,278,372	12,753,795	17,463,884	12,778,068	15,519,898	58,892,583	24,718,098
Other	-	-	1,468,145	853,431	-	-	1,876,091	1,752,597
Total	\$ 73,783,431	\$ 25,453,437	\$ 42,726,184	\$ 36,802,893	\$ 35,722,659	\$ 24,034,684	\$ 93,119,446	\$ 43,696,902
Power Sales--2007 (\$) (6):								
Residential	\$ 32,915,387	\$ 4,150,850	\$ 7,046,132	\$ 12,718,984	\$ 10,267,718	\$ 8,224,517	\$ 31,321,309	\$ 17,341,556
Industrial	-	13,963,186	15,954,990	5,037,838	12,640,168	-	-	-
Commercial	38,759,452	9,104,651	11,734,246	16,747,991	12,800,401	15,864,388	55,889,440	24,758,236
Other	-	-	1,497,037	1,105,794	-	-	1,792,621	1,824,316
Total	\$ 71,674,839	\$ 27,218,687	\$ 36,232,405	\$ 35,610,607	\$ 35,708,287	\$ 24,088,905	\$ 89,003,370	\$ 43,924,108

(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 V
PARTICIPANTS OF MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
Electric System Financial Operations (1)

	Albany	Calhoun (7)	Cartersville	Griffin	LaGrange	Lawrenceville	Marietta	Thomasville
Fiscal Year-end	June 30	June 30	June 30	June 30	June 30	August 31	June 30	December 31
2009								
Power Sales (2)	\$ 77,127,292	\$ 25,573,550	\$ 42,017,755	\$ 40,037,917	\$ 36,739,050	\$ -	\$ 90,894,959	\$ -
Other Operating Revenues	1,913,983	195,505	912,126	2,546,987	2,839,152	-	1,266,348	-
Total Operating Revenues	79,041,275	25,769,055	42,929,881	42,584,904	39,578,202	-	92,161,307	-
Cost of Purchased Power	54,170,267	19,586,804	35,272,497	27,781,367	29,880,017	-	65,264,776	-
Other Operating and Maintenance expenses (excluding depreciation) (3)	12,018,793	1,922,241	4,762,390	6,222,074	1,503,917	-	9,378,675	-
Total Operating Expenses	66,189,060	21,509,045	40,034,887	34,003,441	31,383,934	-	74,643,451	-
Net Operating Revenues (Loss)	12,852,215	4,260,010	2,894,994	8,581,463	8,194,268	-	17,517,856	-
Other revenues (expense) (4)	-	385,853	132,354	363,461	(1,317,653)	-	1,856,144	-
Total	12,852,215	4,645,863	3,027,348	8,944,924	6,876,615	-	19,374,000	-
Debt Service (5)	-	-	-	-	-	-	-	-
Amount Supplied to Other Purposes (6)	\$ 12,852,215	\$ 4,645,863	\$ 3,027,348	\$ 8,944,924	\$ 6,876,615	\$ -	\$ 19,374,000	\$ -
2008								
Power Sales (2)	\$ 73,783,431	\$ 27,249,318	\$ 39,546,747	\$ 36,802,893	\$ 35,722,659	\$ 25,879,873	\$ 92,699,615	\$ 43,666,926
Other Operating Revenues	1,843,853	134,506	721,312	2,447,046	3,153,274	118,886	1,108,739	2,322,183
Total Operating Revenues	75,627,284	27,383,824	40,268,059	39,249,939	38,875,933	25,998,759	93,808,354	45,989,109
Cost of Purchased Power	53,493,434	19,869,797	36,957,098	27,818,918	30,161,729	18,707,965	61,784,466	34,959,858
Other Operating and Maintenance expenses (excluding depreciation) (3)	11,898,257	3,491,070	4,427,137	5,871,334	1,496,195	1,319,056	8,861,128	4,774,787
Total Operating Expenses	65,391,691	23,360,867	41,384,235	33,690,252	31,657,924	20,027,021	70,645,594	39,734,645
Net Operating Revenues	10,235,593	4,022,957	(1,116,176)	5,559,687	7,218,009	5,971,738	23,162,760	6,254,464
Other revenues (expense) (4)	-	482,791	378,413	341,142	(980,780)	-	1,329,338	(1,755,454)
Total	10,235,593	4,505,748	(737,763)	5,900,829	6,237,229	5,971,738	24,492,098	4,499,010
Debt Service (5)	-	-	-	-	-	-	-	-
Amount Supplied to Other Purposes (6)	\$ 10,235,593	\$ 4,505,748	\$ (737,763)	\$ 5,900,829	\$ 6,237,229	\$ 5,971,738	\$ 24,492,098	\$ 4,499,010
2007								
Power Sales (2)	\$ 71,674,839	\$ 27,218,687	\$ 36,236,799	\$ 35,610,607	\$ 35,708,287	\$ 24,924,460	\$ 90,149,986	\$ 44,484,086
Other Operating Revenues	2,008,491	472,658	598,672	1,744,296	2,643,355	88,620	1,199,361	1,365,068
Total Operating Revenues	73,683,330	27,691,345	36,835,471	37,354,903	38,351,642	25,013,080	91,349,347	45,849,154
Cost of Purchased Power	53,862,962	21,039,424	30,657,434	26,403,034	29,977,262	19,094,997	63,709,419	32,576,688
Other Operating and Maintenance expenses (excluding depreciation) (3)	11,399,671	2,432,184	3,464,558	3,883,126	1,567,235	1,453,145	8,501,895	4,151,225
Total Operating Expenses	65,262,633	23,471,608	34,121,992	30,286,160	31,544,497	20,548,142	72,211,314	36,727,913
Net Operating Revenues	8,420,697	4,219,737	2,713,479	7,068,743	6,807,145	4,464,938	19,138,033	9,121,241
Other revenues (expense) (4)	-	489,903	886,133	1,003,982	(119,012)	-	1,621,802	(2,505,214)
Total	8,420,697	4,709,640	3,599,612	8,072,725	6,688,133	4,464,938	20,759,835	6,616,027
Debt Service (5)	-	-	-	-	-	-	-	-
Amount Supplied to Other Purposes (6)	\$ 8,420,697	\$ 4,709,640	\$ 3,599,612	\$ 8,072,725	\$ 6,688,133	\$ 4,464,938	\$ 20,759,835	\$ 6,616,027

(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) Calhoun has a generating facility connected to the integrated transmission system. The cost of power generated by this Participant's own electric system facility is in Other Operating and Maintenance expenses.

**PROPOSED FORM OF MEAG POWER'S
CONTINUING DISCLOSURE AGREEMENT**

Upon the delivery of the Series 2010A&B Bonds, MEAG Power proposes to enter into a Continuing Disclosure Agreement with respect to such Series 2010A&B Bonds in substantially the following form:

CONTINUING DISCLOSURE AGREEMENT

relating to

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

**PLANT VOGTLE UNITS 3&4 PROJECT J BONDS,
TAXABLE SERIES 2010A (ISSUER SUBSIDY – BUILD AMERICA BONDS)**

AND

PLANT VOGTLE UNITS 3&4 PROJECT J BONDS, SERIES 2010B (TAX-EXEMPT)

This Continuing Disclosure Agreement (the “*Disclosure Agreement*”), dated as of March __, 2010, is executed and delivered by the MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA (the “*Authority*”) and Wells Fargo Bank, National Association, as Trustee under the Project J Bond Resolution hereinafter referred to (the “*Trustee*”), for \$1,224,265,000 aggregate principal amount of the Authority’s Plant Vogtle Units 3&4 Project J Bonds, Taxable Series 2010A (Issuer Subsidy – Build America Bonds) (the “*Series 2010A Taxable Bonds*”) and \$24,170,000 aggregate principal amount of the Authority’s Plant Vogtle Units 3&4 Project J Bonds, Series 2010B (Tax-Exempt) (the “*Series 2010B Tax-Exempt Bonds*” and, together with the Series 2010A Taxable Bonds, the “*Bonds*”), being issued by the Authority under the Plant Vogtle Additional Units PPA Project Bond Resolution adopted by the Authority on October 16, 2008, as supplemented, amended and restated, including as supplemented by the Second Supplemental Plant Vogtle Additional Units PPA Project Bond Resolution adopted by the Authority on March 3, 2010, authorizing the issuance of the Bonds (such Plant Vogtle Additional Units PPA Project Bond Resolution as so supplemented, amended and restated is hereinafter referred to as the “*Project J Bond Resolution*”). In connection with the issuance and sale of the Bonds, the Authority and the Trustee covenant and agree as follows:

SECTION 1. Definitions. Except as otherwise defined herein (including the recitals hereto), capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Project J Bond Resolution. In addition, the following capitalized terms shall have the following meanings:

“**Annual Authority Financial Information**” shall mean (a) updated versions of the operating and financial data with respect to the Authority contained:

- (i) under the following headings in the Updated Annual Information Statement – 2008:
 - a. “MEAG POWER – Bulk Power Supply Operations” – the information contained in the table on recorded investments under the subcaption “*General*”; the information under the tables under the subcaption “*Supplemental Bulk Power Supply*”; and the information contained in the last two paragraphs under the subcaption “*The Energy Authority*”;
 - b. “MEAG POWER – Transactions with Other Utilities” – annual amounts of capacity and energy sold and purchased of the type set forth and related costs and revenues;

- c. “SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA” – the information in the table under this caption;
 - d. “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program” – the table entitled “Summary of Annual Debt Service Requirements on Outstanding Bonds”;
 - e. “THE PARTICIPANTS – Generation and Transmission Entitlement Shares – Project One” – the information in the table under this caption;
 - f. “THE PARTICIPANTS – Obligation Shares of the Participants – Existing General Resolution Projects” – the information in the table under this caption;
 - g. “THE PARTICIPANTS – Obligation Shares of the Participants – CC Project” – the information in the tables under this caption;
 - h. “THE PARTICIPANTS – Obligation Shares of the Participants – Telecommunications Project” – the information in the table under this caption; and
 - i. “THE PARTICIPANTS – Obligation Shares of the Participants – Vogtle Units 3&4 Projects” – the information in the table under this caption;
- (ii) under the following captions in the Consulting Engineer’s Letter that is attached to the Updated Annual Information Statement – 2008 as APPENDIX B:
- a. The table entitled “MEAG Power’s Capacity Ownership in Projects One, Two, Three and Four and Capacity Sales to GPC”;
 - b. “MEAG POWER – HISTORICAL AND PROJECTED DEMAND AND ENERGY REQUIREMENTS” – the historical information in the first table under this caption;
 - c. “FACILITIES INCLUDED IN PROJECTS ONE, TWO, THREE AND FOUR – GENERATION FACILITIES” – the Unit Ratings for each of Plant Hatch, Plant Wansley, Scherer Units 1 and 2, and Plant Vogtle; and
 - d. “FACILITIES INCLUDED IN PROJECTS ONE, TWO, THREE AND FOUR – OTHER MATTERS RELATED TO FACILITIES – *Coal Purchases*” – the information on the coal stockpiles; and
- (iii) the information in the table under the caption, “THE PARTICIPANTS” in the Final Official Statement;

and (b) Audited Authority Financial Statements, if available, or Unaudited Authority Financial Statements. The descriptions contained in clause (a) above of financial and operating data constituting Annual Authority Financial Information are of general categories or types of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Annual Authority Financial Information containing modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of operating data or financial information being provided.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt or other securities issues of the Authority or related public entities, which have

been submitted to the MSRB or filed with the SEC pursuant to the Exchange Act. If the document included by reference is a final official statement (as defined in the Rule), it must be available from the MSRB. The Authority shall clearly identify each such other document so included by reference.

“Annual Authority Report” shall mean the annual report provided by the Authority pursuant to Section 3 hereof, containing the Annual Authority Financial Information.

“Annual Financial Information” shall mean, collectively, Annual Authority Financial Information and Annual Major Participant Financial Information.

“Annual Major Participant Financial Information” shall mean, for each Major Participant, (a) information comparable to information set forth in the tables contained in Appendix C to the Updated Annual Information Statement – 2008 based on the most recent annual report received from such Major Participant pursuant to its Participant Agreement, and (b) Audited Major Participant Financial Statements, if available, or Unaudited Major Participant Financial Statements, provided by such Major Participant pursuant to its Participant Agreement.

“Audited Authority Financial Statements” shall mean the Authority’s audited financial statements for its most recent Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board (or such other accounting standards or principles as may be applicable to the Authority).

“Audited Financial Statements” shall mean, collectively, the Audited Authority Financial Statements and the Audited Major Participant Financial Statements.

“Audited Major Participant Financial Statements” shall mean the audited financial statements of each Major Participant for its most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board (or such other accounting standards or principles as may be applicable to the Major Participants).

“Authority Fiscal Year” shall mean the fiscal year of the Authority, currently January 1 to December 31. The Authority shall promptly notify the MSRB in writing of any change in its fiscal year as provided in Section 3 hereof.

“Beneficial Owner” shall mean any person holding a beneficial ownership in Bonds through nominees or depositories (including any person holding such interest through the book-entry-only system of The Depository Trust Company), together with any person who is intended to be a beneficiary under the Rule of this Agreement.

“Construction Monitoring Report” shall mean the Semi-Annual Construction Monitoring Report, and any other publicly available report concerning the status of the Additional Units, submitted from time to time to the Georgia Public Service Commission (the “Commission”) by Georgia Power Company pursuant to the stipulation adopted in the Commission’s Order in Docket Number 27800-U, or pursuant to any other Order of the Commission.

“Disclosure Representative” shall mean the President and Chief Executive Officer of the Authority or his or her designee, or such other officer or employee as the Authority shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Trustee a written acceptance of such designation.

“Exchange Act” shall mean the Securities and Exchange Act of 1934, as amended.

“Final Official Statement” shall mean the Official Statement of the Authority, dated March 3, 2010, relating to the Bonds, as amended or supplemented.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Major Participant” shall mean each Project J Participant that, pursuant to its Project J Power Sales Contract, has an Obligation Share of 3.5 percent or greater. As of the date hereof, the Major Participants and the current dates of the ending of their respective fiscal years are as follows: (i) Albany, fiscal year-end June 30; (ii) Calhoun, fiscal year-end June 30; (iii) Cartersville, fiscal year-end June 30; (iv) Griffin, fiscal year-end June 30; (v) LaGrange, fiscal year-end June 30; (vi) Lawrenceville, fiscal year-end August 31; (vii) Marietta, fiscal year-end June 30; and (viii) Thomasville, fiscal year-end December 31.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Participant Agreement” shall mean a letter agreement between the Authority and a Project J Participant with respect to the filing by the Project J Participant with the Authority each year of financial statements and other information concerning the Project J Participant.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Project J Participant” shall mean each of the political subdivisions of the State of Georgia identified on Schedule A hereto.

“Project J Power Sales Contract” shall mean the Plant Vogtle Additional Units PPA Power Sales Contracts dated as of June 15, 2008 by and between the Authority 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.

“Quarterly Participant Report” shall mean the quarterly report provided by the Authority pursuant to Section 3 hereof, containing the Annual Major Participant Financial Information for those Major Participants required to file an annual report with the Authority during the applicable calendar quarter under the terms of the Participant Agreements.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the U.S. Securities and Exchange Commission.

“Unaudited Authority Financial Statements” and **“Unaudited Major Participant Financial Statements”** shall mean the same as the Audited Authority Financial Statements and Audited Major Participant Financial Statements, respectively, except that they shall not have been audited.

“Updated Annual Information Statement – 2008” shall mean the Updated Annual Information Statement dated February 17, 2010 of the Authority filed with the MSRB, the information from which is included by specific reference in the Final Official Statement.

SECTION 2. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule. The Authority and each of the Project J Participants are “obligated persons” within the meaning of the Rule, and, prior to the execution and delivery of this Disclosure Agreement, the Authority and certain of the Project J Participants have entered into Participant Agreements with respect to the Bonds and other obligations issued by the Authority hereafter for which such Project J Participants are obligated persons within the meaning of the Rule.

SECTION 3. Provision of Annual Authority Report and Quarterly Participant Reports; Notices to be Filed by the Authority. (a) The Authority shall, or shall cause the Dissemination Agent to, (i) not later than six months after the end of each Authority Fiscal Year (each such date being referred to herein as an “***Annual Submission Date***”), commencing with the Authority Fiscal Year ended December 31, 2009, provide to the MSRB the Annual Authority Report for such Authority Fiscal Year, (ii) not later than February 1, May 1, August 1 and November 1 of each year (each such date being referred to herein as a “***Quarterly Submission Date***”), commencing May 1, 2010, provide to the MSRB the Quarterly Participant Report containing the Annual Major Participant Financial Information for those Major Participants, if any, that are required to provide such information to the Authority pursuant to the Participant Agreements since the last Quarterly Submission Date, and (iii) not later than 30 days after it becomes available for public disclosure, provide to the MSRB each Construction Monitoring Report. If no Major Participants are required to provide Annual Major Participant Financial Information during such period, the Authority shall provide to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent), on or prior to the Preliminary Quarterly Submission Date referred to in paragraph (c) of this Section, a notice in the form of Exhibit “B” attached hereto, stating that no Quarterly Participant Report is required to be submitted for the applicable Quarterly Submission Date.

Notwithstanding the foregoing, in the event any Major Participant fails to provide to the Authority its Annual Major Participant Financial Information or any portion thereof as and when required under the terms of the Participant Agreement, the failure by the Authority to provide its Quarterly Participant Report, or portion thereof relating to such Major Participant, to the MSRB by the applicable Quarterly Submission Date shall not constitute a default hereunder, so long as (i) the Authority certifies to the Trustee and the Dissemination Agent that it is diligently pursuing the collection of such Annual Major Participant Financial Information from other sources available to it and is pursuing all of its rights and remedies under the Participant Agreement to collect such information from such Major Participant, and (ii) such Quarterly Participant Report, or portion thereof relating to such Major Participant, is actually submitted to the MSRB by the Authority (or by the Dissemination Agent, on behalf of the Authority) on or prior to the 180th day following the Quarterly Submission Date on which such report (or portion thereof) was originally required to be submitted to the MSRB hereunder.

(b) The Annual Authority Report, the Quarterly Participant Reports and the Construction Monitoring Reports must each be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB and may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided herein; provided that the Audited Authority Financial Statements may be submitted separately from the balance of the Annual Authority Report and later than the Annual Submission Date if they are not available by such date, and the Audited Major Participant Financial Statements may be submitted separately from the balance of the Quarterly Participant Report and later than the Quarterly Submission Date if they are not available by such date.

(c) (i) Not later than fifteen (15) business days prior to each Annual Submission Date (each such date being referred to herein as a “**Preliminary Annual Submission Date**”), the Authority shall provide the Annual Authority Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent), together with a certificate of the Authority on which the Dissemination Agent and the Trustee may conclusively rely that such report contains the information required herein, and (ii) not later than fifteen (15) business days prior to each Quarterly Submission Date (each such date being referred to herein as a “**Preliminary Quarterly Submission Date**”), the Authority shall provide the Quarterly Participant Report (or a notice that no such report is required, as set forth in paragraph (a) of this Section) to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent), together with a certificate of the Authority on which the Dissemination Agent and the Trustee may conclusively rely that such report contains the information required herein. If by a Preliminary Annual Submission Date for any Annual Authority Report or a Preliminary Quarterly Submission Date for a Quarterly Participant Report, the Trustee has not received a copy of the applicable report, the Trustee shall contact the Authority and the Dissemination Agent to determine if the Authority is in compliance with subsection (a) of this Section.

(d) The Authority shall promptly provide to the Trustee written notice of any of the following: (i) any change in the Authority Fiscal Year, (ii) the addition or deletion of any Major Participant, and (iii) any change in the fiscal year of any Major Participant.

SECTION 4. Obligations of the Dissemination Agent and Trustee with Respect to Annual Authority Reports and Quarterly Participant Reports. (a) The Dissemination Agent shall (i) file the Annual Authority Report and Quarterly Participant Report received from the Authority with the MSRB on or before each Annual Submission Date and Quarterly Submission Date, respectively, and file each Construction Monitoring Report promptly upon its receipt from the Authority with the MSRB, and (ii) file a report with the Authority and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Authority Report, the Quarterly Participant Report, or the Construction Monitoring Report, as the case may be, has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

(b) If the Trustee is unable to verify that an Annual Authority Report has been provided to the MSRB by the applicable Annual Submission Date, or that a Quarterly Participant Report has been provided to the MSRB by the applicable Quarterly Submission Date, the Trustee shall send a notice to such effect to the MSRB in substantially the form attached as hereto as Exhibit “A”.

SECTION 5. Reporting of Significant Events. (a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice in the manner hereinafter provided of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders;

- (viii) Bond calls;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds; and
- (xi) Rating changes.

(b) The Trustee shall, within one (1) business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Authority promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (f) of this Section.

(c) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) of this Section or otherwise, the Authority shall as soon as possible determine if such event is material under applicable federal securities laws.

(d) If the Authority has determined that the occurrence of a Listed Event is material under applicable federal securities laws, the Authority shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (f) of this Section.

(e) If in response to a request under subsection (b) of this Section the Authority determines that the Listed Event is not material under applicable federal securities laws, the Authority shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (f) of this Section.

(f) If the Trustee has been instructed by the Authority to report the occurrence of a Listed Event, the Trustee shall file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing:

(i) notice of the occurrence of a Listed Event described in subsections (a)(i), (iv) or (v) of this Section shall be given by the Trustee unless the Authority gives the Trustee affirmative instructions not to disclose such occurrence; and

(ii) notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice of the underlying event is given to Holders of affected Bonds pursuant to the Project J Bond Resolution.

SECTION 6. Management's Discussion of Annual Financial Information or Significant Events. If any item of Annual Financial Information reported in an Annual Authority Report or a Quarterly Participant Report, or disclosed as a Listed Event under Section 5 hereof, would be misleading without discussion, the Authority additionally shall provide a statement clarifying the disclosure in order that the statement made will not be misleading in the light of the circumstances under which it is made.

SECTION 7. Termination of Reporting Obligation. The obligations of the Authority, the Trustee and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. In addition, in the event that the Rule shall be amended, modified or repealed such that compliance by the Authority with its obligations under this Disclosure Agreement shall no longer be required, then the obligations of the Authority, the Trustee and the Dissemination Agent under this Disclosure Agreement shall terminate. If either such termination

occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

SECTION 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Authority), and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to both the Authority and the Trustee, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule, taking into account any subsequent change in or official interpretation of the Rule.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating, or require the Authority to disseminate, any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Authority Report, Quarterly Participant Report, Construction Monitoring Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Authority Report, Quarterly Participant Report, Construction Monitoring Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Authority Report, Quarterly Participant Report, Construction Monitoring Report or notice of occurrence of a Listed Event.

SECTION 11. Default. (a) In the event of a failure by the Authority to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of the Holders of at least 25 percent in aggregate principal amount of the Bonds then outstanding and receipt of indemnity for its costs, shall), or any Holder or Beneficial Owner of any Bond may, take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Agreement.

(b) In the event of a failure by the Dissemination Agent to perform or comply with any of its duties under this Disclosure Agreement, the Authority or any Holder or Beneficial Owner of any Bond may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Dissemination Agent to comply with its obligations under this Disclosure Agreement.

(c) Notwithstanding the foregoing, no Holder or Beneficial Owner of any Bonds shall have the right to challenge the content or adequacy of the information provided in any Annual Authority Report, Quarterly Participant Report, Construction Monitoring Report or notice of a Listed Event under this Disclosure Agreement by mandamus, specific performance or other equitable proceedings unless the Holders or Beneficial Owners of at least 25 percent in aggregate principal amount of the Bonds then outstanding shall join in such proceedings.

(d) A default under this Disclosure Agreement shall not be deemed an Event of Default under the Project J Bond Resolution and the sole remedies under this Disclosure Agreement in the event of any failure of the Authority or the Dissemination Agent to comply with this Disclosure Agreement shall be those described in this Section.

(e) Under no circumstances shall any person or entity be entitled to recover monetary damages hereunder in the event of any failure of the Authority, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article IX of the Project J Bond Resolution is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Project J Bond Resolution. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement and the Authority agrees to indemnify and save the Dissemination Agent and the Trustee and their respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent or the Trustee, as the case may be. The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care. Any expenses of hiring such agent shall be reimbursed by the Authority.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent and the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Governing Law. This Disclosure Agreement shall be deemed to be a contract made under the laws of the State of Georgia, and for all purposes shall be construed and interpreted in accordance with, and its validity governed by, the laws of such State.

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Disclosure Agreement to be duly executed by their respective authorized officers or agents as of the day and year first above written.

**MUNICIPAL ELECTRIC AUTHORITY
OF GEORGIA**

By: _____
Title:

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee**

By: _____
Title:

EXHIBIT A
**NOTICE OF FAILURE TO FILE [ANNUAL AUTHORITY REPORT]
[QUARTERLY PARTICIPANT REPORT]**

Name of Issuer: Municipal Electric Authority of Georgia
Name of Bond Issue: \$1,224,265,000 Plant Vogtle Units 3&4 Project J Bonds, Taxable Series
2010A (Issuer Subsidy – Build America Bonds)
\$24,170,000 Plant Vogtle Units 3&4 Project J Bonds, Series 2010B (Tax-
Exempt)
Date of Issuance: March __, 2010

NOTICE IS HEREBY GIVEN that the Municipal Electric Authority of Georgia (the “*Authority*”) has not provided [an Annual Authority Report] [a Quarterly Participant Report] with respect to the above-referenced bonds (the “*Bonds*”) as required by Section 3(a) of the Continuing Disclosure Agreement, dated as of March __, 2010, between the Authority and Wells Fargo Bank, National Association, as trustee (the “*Trustee*”), relating to the Bonds. [The Authority has advised the undersigned Trustee that the Authority anticipates that the [Annual Authority Report] [Quarterly Participant Report] will be filed by _____.]

Dated:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

cc: Municipal Electric Authority of Georgia

EXHIBIT B

NOTICE IN LIEU OF QUARTERLY PARTICIPANT REPORT

Wells Fargo Bank, National Association, as Trustee
7000 Central Parkway; Suite 550
Atlanta, GA

Re: \$1,224,265,000 Plant Vogtle Units 3&4 Project J Bonds, Taxable Series 2010A (Issuer
Subsidy – Build America Bonds)
\$24,170,000 Plant Vogtle Units 3&4 Project J Bonds, Series 2010B (Tax-Exempt)
Quarterly Submission Date:

The undersigned, Municipal Electric Authority of Georgia (the “**Authority**”), hereby certifies, pursuant to Section 3(a) of that certain Continuing Disclosure Agreement, dated as of March __, 2010 (the “**Disclosure Agreement**”), between the Authority and Wells Fargo Bank, National Association, as trustee, relating to the above-referenced bonds (the “**Bonds**”), that no Major Participants were required to submit Annual Major Participant Financial Information to the Authority during the period commencing with the last Quarterly Submission Date and ending on the Quarterly Submission Date specified above, and therefore the Authority is not required under the terms of the Disclosure Agreement to provide to the MSRB a Quarterly Participant Report with respect to the Bonds for the Quarterly Submission Date set forth above.

**MUNICIPAL ELECTRIC AUTHORITY
OF GEORGIA**

By: _____
Title:

SCHEDULE A

PROJECT J PARTICIPANTS

Acworth	Grantville
Adel	Griffin
Albany	Hogansville
Barnesville	Jackson
Blakely	LaFayette
Cairo	LaGrange
Calhoun	Lawrenceville
Camilla	Marietta
Cartersville	Monroe
College Park	Moultrie
Commerce	Newnan
Covington	Norcross
Crisp County	Palmetto
Douglas	Sylvania
Elberton	Sylvester
Ellaville	Thomaston
Fairburn	Thomasville
Fitzgerald	Washington
Forsyth	West Point
Fort Valley	

**PROPOSED FORM OF JEA'S
CONTINUING DISCLOSURE AGREEMENT**

Upon the delivery of the Series 2010A&B Bonds, JEA proposes to enter into a Continuing Disclosure Agreement with respect to such Series 2010A&B Bonds in substantially the following form:

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Agreement") dated as of March __, 2010, is made by JEA, an independent agency of the City of Jacksonville, Florida duly organized and existing under the Constitution and laws of the State of Florida ("JEA") for the benefit of the holders and beneficial owners from time to time of the Plant Vogtle Units 3&4 Project J Bonds, Taxable Series 2010A (Issuer Subsidy – Build America Bonds) (the "*Series 2010A Taxable Bonds*") and the Plant Vogtle Units 3&4 Project J Bonds, Series 2010B (Tax-Exempt) (the "*Series 2010B Tax-Exempt Bonds*") and, together with the Series 2010A Taxable Bonds, the "*Bonds*"), each being issued by Municipal Electric Authority of Georgia (the "*Issuer*") under its Plant Vogtle Additional Units PPA Project Bond Resolution, adopted by the Issuer on October 16, 2008, as supplemented, amended and restated (the "*Project J Bond Resolution*").

This Agreement is executed and delivered by JEA as of the date set forth above, for the benefit of the beneficial owners of the Bonds and in order to assist Goldman, Sachs & Co., Citigroup Global Markets Inc., Morgan Stanley & Co. Incorporated, J.P. Morgan Securities Inc., BMO Capital Markets GKST Inc., First Southwest Company and Wachovia Bank, National Association (the "Participating Underwriters") in complying with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended, as the same may be amended from time to time (the "Rule"). JEA represents that, other than the Issuer and the Project J Participants (as defined in the Official Statement, dated March 3, 2010, relating to the Bonds (the "Official Statement")), it will be the only "obligated person" (as defined in the Rule) material to the evaluation of the issuance and sale of the Bonds within the contemplation of the Rule at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

Capitalized terms used but not defined in this Agreement having the meanings assigned to them in the Official Statement.

Section 1. Provision of Annual Information; Audited Financial Statements; and Notices of Events. JEA shall provide or cause to be provided:

(a) to the Municipal Securities Rulemaking Board (the "MSRB"), (i) not later than the June 1 following the end of each JEA fiscal year ending on or after September 30, 2009, annual financial information and operating data for such fiscal year of the type described in Section 2 ("Annual Information"), and (ii) when and if available, audited JEA financial statements for each such fiscal year; and

(b) to the MSRB, notice of (i) the Specified Event described in Section 2 if that Event is material, (ii) JEA's failure to provide the Annual Information on or prior to the date specified above, and (iii) any change in the accounting principles applied in the preparation of its annual financial statements, any change in its fiscal year, and of the Agreement's termination.

Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made in electronic format through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>, accompanied by such identifying information as is prescribed by the MSRB.

JEA expects that audited annual JEA financial statements will be prepared and that such statements will be available together with the Annual Information. Each of the financial statements will be prepared in accordance with generally accepted accounting principles described in note 1 to the JEA financial statements attached to the Official Statement as APPENDIX D.

Section 2. Annual Information and the Specified Event.

(a) “Annual Information” to be provided by JEA shall consist of the following information and data of the type included in JEA’s “Annual Disclosure Report for Fiscal Year Ended September 30, 2008” (the “Annual Disclosure Report”), certain information from which is included by specific reference in APPENDIX C and APPENDIX D of the Official Statement:

(1) The table under the caption “ELECTRIC UTILITY FUNCTIONS – Electric System – *Electric System Generating Facilities – General*”;

(2) The table under the caption “ELECTRIC UTILITY FUNCTIONS – Electric System – *Fuel Mix*”;

(3) The table under the caption “ELECTRIC UTILITY FUNCTIONS – Electric System – *Largest Customers*”;

(4) The table under the caption “ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – *Operation*”;

(5) The table under the caption “ELECTRIC UTILITY FUNCTIONS – The Scherer 4 Project – *Operation*”;

(6) The table under the caption “ELECTRIC UTILITY FUNCTIONS – Resource Requirements – *System Load*”; and

(7) The financial information and operating data referred to under the caption “FINANCIAL INFORMATION – Financial Information Relating to Electric Utility Functions.”

If the audited financial statements of JEA for the fiscal year are provided contemporaneously with the Annual Information, information and data set forth in such audited financial statements may be incorporated by reference.

(b) “Specified Event” shall mean the occurrence of a change in the ratings of JEA’s debt obligations related to its Electric System.

JEA has not obtained or provided, and does not expect to obtain or provide, any credit enhancements or credit or liquidity providers for the Bonds.

Section 3. Amendments. JEA reserves the right to amend the Agreement, and noncompliance with any provision of the Agreement may be waived, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of JEA, or type of

business conducted by JEA. Any such amendment or waiver shall not be effective unless the Agreement (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until JEA shall have received either (a) a written opinion of Bond Counsel or other qualified independent special counsel selected by JEA that the amendment or waiver would not materially impair the interests of holders or beneficial owners, or (b) in the case of an amendment or waiver affecting the Bonds, the written consent to the amendment or waiver of the holders of the same percentage in principal amount of the Bonds then outstanding that is required with respect to the approval of any material modification or amendment of the Project J Bond Resolution at such time. Annual Information containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided.

Section 4. Remedy for Breach. The Agreement shall be solely for the benefit of the holders and beneficial owners from time to time of the Bonds. The exclusive remedy for any breach of the Agreement by JEA shall be limited, to the extent permitted by law, to a right of holders and beneficial owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by JEA of its obligations under the Agreement. Any individual holder or beneficial owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require JEA to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any such proceedings to require JEA to perform any other obligation under the Agreement (including any proceedings that contest the sufficiency of any pertinent filing) shall be instituted and maintained only by a trustee appointed by the holders or beneficial owners of not less than 25 percent in principal amount of the Bonds then outstanding.

Section 5. Termination. The obligations of JEA under the Agreement shall remain in effect only for such period that the Bonds are outstanding in accordance with their terms and JEA remains an obligated person with respect to the Bonds within the meaning of the Rule. The obligation of JEA to provide the Annual Information and notices of the event described above shall terminate, if and when JEA no longer remains such an obligated person.

IN WITNESS WHEREOF, JEA has caused this Agreement to be duly signed and delivered to the Participating Underwriters, as part of the Bond proceedings and in connection with the original delivery of the Bonds to the Participating Underwriters, on its behalf by its official signing below, all as of the date set forth above, and the holders and beneficial owners from time to time of the Bonds shall be deemed to have accepted JEA's continuing disclosure undertaking, as described and specified herein, made in accordance with the Rule.

JEA

By: _____

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SUMMARY OF VOGTLE UNITS 3&4 PROJECT AGREEMENTS

General

MEAG Power, GPC, OPC and Dalton (collectively, the “Vogtle Co-Owners”) 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”).

To the extent the Department of Energy financing is made available and MEAG Power avails itself of such financing, MEAG Power will be required to restructure its ownership interest in Plant Vogtle Unit Nos. 3 and 4 and amend the Vogtle Units 3&4 Project Agreements to accommodate certain DOE requirements. See “PLAN OF FINANCE FOR MEAG POWER’S INTERESTS IN VOGTLE UNITS 3&4 – DOE Loan Guarantee Program” and “DOE LOAN GUARANTEE PROGRAM – Anticipated Amendments to Project J PPA, Project J Power Sales Contracts, Project J Bond Resolution and Vogtle Units 3&4 Project Agreements to Accommodate the Project J Entity’s Guaranteed Loan – *Amendments to Vogtle Units 3&4 Project Agreements*” in the Official Statement to which this APPENDIX H is attached for a description of such amendments.

Capitalized terms not otherwise defined in this APPENDIX H or defined in the Official Statement to which this APPENDIX H is attached shall be as defined in the Vogtle Units 3&4 Project Agreements, as applicable.

Vogtle Units 3&4 Development Agreement

The Vogtle Co-Owners 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 by Amendment No. 1 thereto, dated as of April 21, 2006, and as further amended by Amendment No. 2 thereto, dated as of April 8, 2008 (as amended, the “Vogtle Units 3&4 Development Agreement”). Pursuant to the Vogtle Units 3&4 Development Agreement, each Vogtle Co-Owner authorized the development, construction, licensing and operation of up to two additional nuclear units at Plant Vogtle (“Vogtle Units 3&4”). The Vogtle Co-Owners further agreed that those Vogtle Co-Owners that elect 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 Vogtle 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 provides each of the Vogtle 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 Vogtle 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 Vogtle Co-Owners and authorized to develop, license, engineer, contract, operate and maintain Vogtle Units 3&4 on behalf of the Vogtle 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 Vogtle Co-Owners are parties to a Plant Alvin W. Vogtle Additional Units Ownership Participation Agreement, dated as of April 21, 2006, as amended by Amendment No. 1 thereto, dated as of

April 8, 2008 (as amended, the “Vogtle Units 3&4 Ownership Agreement”). The Vogtle Units 3&4 Ownership Agreement governs the ownership rights and responsibilities of the Vogtle Co-Owners of Vogtle Units 3&4 and the authority and responsibilities of GPC, as agent, for the Vogtle Co-Owners.

GPC’s Responsibilities as Agent

Under the Vogtle Units 3&4 Ownership Agreement, the Vogtle 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 Vogtle Co-Owner may make an adverse distinction between Vogtle Units 3&4 or any other generating unit in which GPC or such Vogtle Co-Owner has an interest because of the co-ownership of Vogtle Units 3&4 with the other Vogtle Co-Owners. As agent, GPC has the sole authority and responsibility to arrange for and acquire nuclear fuel for Plant Vogtle. However, each Vogtle 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 Vogtle 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 Vogtle Co-Owner will own its respective ownership interest in each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 as a tenant in common with the other Vogtle Co-Owners and shall have the related rights and obligations (including payment therefor), and be entitled to the output of each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4 in proportion to its ownership interest. The ownership interests of the Vogtle Co-Owners were determined pursuant to the Vogtle Units 3&4 Development Agreement described under “– Vogtle Units 3&4 Development Agreement” above. Each Vogtle 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 Vogtle Co-Owner may convey liens and security interests in its respective ownership interest to secure its indebtedness. OPC’s ownership interest will be subject to the lien of its indenture (the “OPC Indenture”). The other Vogtle Co-Owners do not currently anticipate a lien on their respective ownership interests other than in connection with a U.S. Department of Energy loan guarantee, see “PLAN OF FINANCE FOR MEAG POWER’S INTERESTS IN VOGTLE UNITS 3&4 – DOE Loan Guarantee Program” in the Official Statement to which this APPENDIX H is attached. Additionally, each Vogtle 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 Vogtle Co-Owners may not otherwise sell or transfer all or any portion of their interest in either or both of Plant Vogtle No. 3 and Plant Vogtle No. 4 without first offering such interest to the other Vogtle Co-Owners *pro rata* in accordance with their respective ownership interests. This right of first refusal may be waived by a vote of Vogtle 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 Vogtle Co-Owner to sell its ownership interest when it does not want to repair a damaged unit but the remaining Vogtle Co-Owners want such repair. Except in cases of transfers to secure indebtedness, any transferee of all or any portion of a Vogtle 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, the Vogtle Units 3&4 Ownership Agreement allows 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 defaults under the OPC Indenture and an agency or instrumentality of the United States government holds debt that is secured by the OPC Indenture. In such event, the trustee under the OPC Indenture is required to allow the other Vogtle Co-Owners to offer to purchase OPC's ownership interest prior to offering such interest to the public, but may reject any such offers. The trustee must, however, permit the other Vogtle Co-Owners to participate in any auction or bid process related to the ownership interest. Furthermore, the trustee must transfer OPC's ownership interest to a party (i) that is 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 becomes party to and assumes OPC's obligations under the Vogtle Units 3&4 Ownership Agreement, the Vogtle Operating Agreement and the Nuclear Managing Board Agreement.

Costs of Repairs and Reconstruction

If either 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 Vogtle Co-Owners decide, by a vote of the Vogtle 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 Vogtle Co-Owners desiring to repair or rebuild the unit may buy out the Vogtle 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 Vogtle Co-Owners decide, by a vote of Vogtle 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 Vogtle Co-Owners desiring to repair or rebuild the unit buys out any Vogtle 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 Vogtle 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 Vogtle 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 Vogtle 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 Vogtle Co-Owners as it does for GPC, including indemnification obligations.

Remedies for Non-Payment

The Vogtle Units 3&4 Ownership Agreement provides that, should a Vogtle Co-Owner fail to make any payment when due, then, among other things, such non-paying Vogtle 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 Vogtle Co-Owner may, with notice to the other Vogtle Co-Owners, pay amounts owed by the defaulting Vogtle Co-Owner. Such paying Vogtle Co-Owner will have the right to be promptly reimbursed by the defaulting Vogtle Co-Owner, together with interest as specified above, and, after commercial operation, will also be entitled to a corresponding portion of the defaulting Vogtle 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 Vogtle Co-Owner's payment of the defaulting Vogtle 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 Vogtle Co-Owner on behalf of the defaulting Vogtle Co-Owner), each Vogtle Co-Owner may elect, with notice to the other Vogtle Co-Owners, either (1) to purchase all or a fraction of the defaulting Vogtle Co-Owner's ownership interest in Vogtle Units 3&4 (in proportion to each Vogtle Co-Owner's ownership interest), or (2) to invest additional funds in Vogtle Units 3&4 and adjust the ownership interests of the Vogtle Co-Owners to reflect such amounts invested. A non-defaulting Vogtle Co-Owner may also choose to lend funds to the defaulting Vogtle Co-Owner at a reasonable rate of interest and may, at its option, receive an appropriate portion of the defaulting Vogtle Co-Owner's output of Vogtle Units 3&4. Additionally, GPC, as agent, will be entitled to sell the defaulting Vogtle Co-Owner's right to output from Vogtle Units 3&4 until all overdue amounts owed by the defaulting Vogtle 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 Vogtle Co-Owner and any excess net proceeds will be applied as credit against the defaulting Vogtle Co-Owner's share of future costs under the Vogtle Units 3&4 Ownership Agreement. In the event a Vogtle Co-Owner defaults on any payments owed in connection with financing its ownership interest in Vogtle Units 3&4, any other Vogtle Co-Owner will have the option to pay such overdue amounts directly to the defaulting Vogtle Co-Owner's lender and will be entitled to be reimbursed for any such payments by the defaulting Vogtle Co-Owner, together with interest at the Prime Rate plus five percentage points. Under the Vogtle Units 3&4 Ownership Agreement, the Vogtle Co-Owners have the rights (1) to sue any non-paying party to recover any amounts paid by such paying Vogtle 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 Vogtle 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 Vogtle Co-Owners, or takes any action by which it intends to put another Vogtle Co-Owner at a disadvantage, the Vogtle 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 Vogtle 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 Vogtle Co-Owners are parties to a Plant Alvin W. Vogtle Nuclear Units Amended and Restated Operating Agreement, dated as of April 21, 2006, as amended by Amendment No. 1 to Plant Alvin W. Vogtle Nuclear Units Amended and Restated Operating Agreement, dated as of April 8, 2008 (as amended, the "Vogtle Operating Agreement"). The Vogtle Operating Agreement will govern the rights and responsibilities of the Vogtle Co-Owners, and the authority and responsibilities of GPC, as agent, with respect to the management, operation and maintenance of Vogtle Units 3&4 following commercial operation. The Vogtle Operating Agreement applies to Units 1 and 2 at Plant Vogtle (the "Existing Units") as well as Vogtle Units 3&4. The Existing Units 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 and Dalton have appointed GPC as their agent, with sole authority and responsibility for management, control, operation and maintenance of Vogtle Units 3&4, including procurement of nuclear fuel for Vogtle Units 3&4. GPC, as agent, is required to discharge its responsibilities in accordance with prudent utility practice. Neither GPC, as agent, nor any Vogtle Co-Owner may make an adverse distinction between Vogtle Units 3&4 or any other generating unit in which GPC or such Vogtle Co-Owner has an interest because of the co-ownership of Vogtle Units 3&4 with the other Vogtle Co-Owners.

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 Vogtle Unit 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 (as defined in the Vogtle Operating Agreement), any Vogtle Co-Owner 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 Vogtle Co-Owner 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 Vogtle Co-Owner will not interfere with other Vogtle Co-Owners' output and (iv) the Vogtle Co-Owners 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 (as defined in the Vogtle Operating Agreement) 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) and in appropriate accounts set forth in the Uniform System

of Accounts (as defined in the Vogtle Operating Agreement). 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 Vogtle Co-Owners of Operating Costs actually incurred, and credits and deficits for preceding months will be reflected in such invoices. The Vogtle Co-Owners 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 Vogtle Co-Owner'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 Agreements is limited by the terms thereof. Remedies against any of the Vogtle Co-Owners for failure to make any payments when due under the Vogtle Operating Agreement include the option to withhold the defaulting Vogtle Co-Owner's proportionate share of the capacity, and interest will be added to such defaulting Vogtle Co-Owner's overdue amount. GPC will be entitled to sell the defaulting Vogtle Co-Owner'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 Vogtle Co-Owner from liability (including consequential damages) but will be applied to reduce such defaulting Vogtle Co-Owner's liability, and any excess net proceeds will be applied as a credit against the defaulting Vogtle Co-Owner's share of future Operating Costs.

Nuclear Managing Board Agreement

The Vogtle Co-Owners 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 various agreements relating to Plant Hatch and Plant Vogtle. 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 Plant Vogtle with Southern Nuclear Operating Company, Inc. ("Southern Nuclear"), an affiliate of GPC. This amended agreement established Southern Nuclear as the Operating Agent responsible for the operation and maintenance and decommissioning of Plant Hatch and Plant Vogtle as the agent of GPC, subject to receiving the approval of the NRC. That approval was received on March 17, 1997 and Southern Nuclear is now functioning as the Operating Agent. As a result of the foregoing, the nuclear services agreements previously entered into among the Vogtle Co-Owners have 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 Plant Vogtle 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 Plant Vogtle 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, the Vogtle Co-Owners entered into a Second Amended and Restated Nuclear Managing Board Agreement, as amended by Amendment No. 1 thereto, dated as of April 8, 2008 (as amended, the "Nuclear Managing Board Agreement") which, among other things, designated Southern Nuclear as operating agent for Vogtle Units 3&4. Southern Nuclear already serves as operating agent for Plant Hatch and Plant Vogtle Units 1 and 2. While Southern Nuclear is the operating agent for Plant Vogtle, GPC is still responsible to the Vogtle Co-Owners for its agency functions, including the operation, maintenance and decommissioning of Plant Hatch and Plant Vogtle pursuant to the applicable agreements, and is responsible for the performance of Southern Nuclear in its capacity as operating agent.

SUMMARY OF PROJECT J PPA

The following is a description of certain of the provisions of the Project J PPA, executed between MEAG Power and JEA relating to Project J. Capitalized terms not otherwise defined in this APPENDIX I or defined in the Official Statement to which this APPENDIX I is attached shall be as defined in the Project J PPA.

General

The Project J PPA became effective on May 12, 2008, and will continue 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 fifty years.

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 Project J 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. 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 Project J 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. 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 one hundred percent) 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 Project J 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, containing estimates of Project J’s annual costs (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 allocable to Project J paid by MEAG Power during a given Power Supply Year, including fixed and other costs.

1. *Fixed costs* include: (a) taxes or payments in lieu thereof attributable to Project J; (b) amounts required for renewals and replacements attributable to Project J or reserves therefor; (c) amounts to be set aside for the retirement from service or disposal of facilities of Project J; *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 is required under the Project J Bond Resolution to pay or deposit into any fund or account established by the Project J Bond Resolution for the payment of Debt Service; (e) any other amounts that MEAG Power is required, under the Project J Bond Resolution, 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; *provided, however,* in the event

MEAG Power utilizes letter of credit agreements or other financing instruments to finance such payments or deposits, the related financing costs shall also be included in 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 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 MEAG Power’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 utilizes letter of credit agreements or other financing instruments to finance such payments or deposits, the related financing costs shall also be included in the definition of “fixed costs”; and (g) amounts for payment of Additional Costs (as such term is defined in the Vogtle Units 3&4 Development Agreement) attributable to Project J incurred during any Power Supply Year.

2. *Other costs* include: (a) costs of producing and delivering Capacity and Energy from Project J to JEA and (b) except to the extent funded by the Project J Bonds (as defined herein) or reserves held by MEAG Power, 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, in the opinion of MEAG Power, necessary to keep the facilities of Project J in good operating condition or to prevent a loss of revenues therefrom; *provided, however*, in the event MEAG Power 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 in the definition of “other costs” and (iii) any major additions, improvements, repairs or modifications to, or retirements or disposals of, Project J required by any governmental agency having jurisdiction over Project J or for which MEAG Power otherwise is responsible to the extent that MEAG Power is not reimbursed therefor from the proceeds of insurance or funds for such payments are not available to MEAG Power therefor from any funds or accounts established by MEAG Power, 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 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 in the definition of “other costs.”
3. *Debt Service* means with respect to any period, the aggregate of the amounts required by the Project J Bond Resolution to be paid during said period into any fund or funds created by the Project J Bond Resolution for the sole purpose of paying (a) the principal (including the sinking fund installments) of, and premium, if any, and interest on, Project J Bonds and (b) any payments on Qualifying Hedging Contracts, including any swap premium or swap termination payment, or Reimbursement Obligations, relating to the Project J Bonds from time to time outstanding as the same shall become due; *provided, however*, that Debt Service shall not include any acceleration of the maturity of the Project J Bonds, including any redemption of any Project J Bonds prior to maturity at the election of MEAG Power 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; 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 thirty 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 relating to Project J, 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, fifty 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 costs relating to Project J, including debt service on obligations issued to finance Project J. 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 Project J is completed or is 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 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 and 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 Project J 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) are to be pledged as security for Project J Bonds.

For a description of the Project J Participants' general payment obligations under the Project J Power Sales Contracts, see "SUMMARY OF PROJECT J POWER SALES CONTRACTS – Project J Participants' Obligations to Pay" in APPENDIX J to the Official Statement to which this APPENDIX I is attached.

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, as such term is defined in the Project J PPA) 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, JEA's obligation to pay the Project J Annual Costs will commence simultaneously with the obligation of the Project M Participants to commence paying 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, but it is practically or 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 shares of Project M's annual costs.

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") and (y) refunding Project J Bonds, JEA's obligation to pay (i) the interest component of Debt Service of each Series of Project J Bonds 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 J Bonds 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.

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 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 practically 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 refunded thereby had such refunded Project J Bonds not been so refunded 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 Bonds had such refunded Project J Bonds not been so refunded.

"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 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 relating to such unit or units commencing on the date that is one year prior to the first due date of the principal component of such Debt Service; *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, MEAG Power may bill the entirety of such Debt Service on such Project J Bonds. Except in the case of Project J Post-COD Capital Improvement Bonds or refunding Project J Bonds, JEA's obligation to pay (x) the interest component of Debt Service of each such Series of Project J Bonds 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 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 case of refunding Project J Bonds, JEA's obligation to pay (1) the interest component of Debt Service of each Series of such refunding Project J Bonds shall be included as part of the Project J Annual Costs 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 refunded thereby had such refunded Project J Bonds not been so refunded and (2) 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 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 Bonds had such refunded Project J Bonds not been so refunded.

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 proceeds from Project J Bonds) 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 Project M Participants; *provided, however*, that except in the case of refunding Project J Bonds, JEA's obligation to pay (x) the interest component of Debt Service of each Series of Project J Bonds 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 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 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 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 refunded thereby had such refunded Project J Bonds not been so refunded and (2) 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 Bonds had such refunded Project J Bonds not been so refunded.

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 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 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 Project J Bonds refunded thereby had such refunded Project J Bonds not been so refunded 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 Bonds had such refunded Project J Bonds not been so refunded.

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 sells all or a portion of its interest in such cancelled or terminated unit, its nuclear fuel, equipment and related facilities, then MEAG Power has agreed to distribute to JEA, or credit JEA's billing statement, 50 percent of the net proceeds allocated to Project J, if any, actually paid and received by MEAG Power, 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 Official Statement to which this APPENDIX I is attached).

Nature of JEA's Obligations

The Project J PPA also provides that amounts owed by JEA under the Project J PPA will constitute a Contract Debt (as defined below), which is payable from Revenues (as defined below) of JEA's Electric System (as defined below) as a Cost of Operation and Maintenance (as defined in the resolution adopted by JEA on March 30, 1982 (as amended and supplemented, the "Electric System Resolution")). Such payments are payable from the Revenues of JEA's Electric System prior to any payments from such Revenues for indebtedness of the Electric System not constituting Contract Debts. For purposes of this provision only, the following terms will have the definitions set forth below:

The term "Contract Debt" is defined in Electric System Resolution to mean any obligations of JEA under a contract, lease, installment sale agreement, bulk electric power purchase agreement or otherwise to make payments out of Revenues for property, services or commodities whether or not the same are made available, furnished or received, but does not include (a) payments required to be made in respect of (i) debt service on any obligations incurred by JEA in connection with the financing of any separate bulk power supply utility or system undertaken by JEA and any additional amounts relating to "debt service coverage" with respect thereto and (ii) deposits into any renewal and replacement or other similar fund or account established with respect to any such separate bulk power supply utility or system (in each such case, other than (x) the Power Park and (y) the Bulk Power Supply System Projects (as defined in the Electric System Resolution)) and (b) payments required to be made in respect of any other arrangement(s) for the supply of power and/or energy to the Electric System for resale as may be determined by JEA to be payable on a parity with subordinated bonds that may be issued in accordance with the provisions of the Electric System Resolution.

The term "Electric System" is defined in the Electric System Resolution to mean the existing electric generating, transmission and distribution system consisting of the existing generating plants and transmission and distribution lines and facilities together with any and all improvements, extensions and additions thereto hereafter constructed or acquired, and all lands or interests therein, including buildings, machinery, equipment and all property, real or personal, tangible or intangible, now or hereafter owned and constructed or acquired by JEA as part of said existing electric system; such Electric System will not be deemed to include (a) any facilities or property now or hereafter constructed, owned or operated by JEA as a part of the St. Johns River Power Park System (as defined in the Electric System Resolution) or the Bulk Power Supply System Projects or any other separate non-competing electric utility or system which JEA elects to acquire, construct and operate as a separate bulk power supply utility or system, (b) the existing water and sewer system owned by JEA or any additional utility functions hereafter added to such water and sewer system or (c) any properties or interests in properties of JEA (i) which JEA determines shall not constitute a part of the Electric System for the purpose of the Electric System Resolution at the time of the acquisition thereof by JEA or (ii) as to which JEA shall determine by resolution that the exclusion of such properties or interests in properties from the Electric System will not materially impair the ability of JEA to comply during the current or any future fiscal year with the provisions of the Electric System Resolution.

The term “Revenues” or “Gross Revenues” is defined in the Electric System Resolution to mean all income or earnings, including any income from the investment of funds which is deposited in a revenue fund (referred to herein as the “Electric System’s Revenue Fund”) as provided in the Electric System Resolution, derived by JEA from the ownership or operation of the Electric System. “Gross Revenues” or “Revenues” does not include customers’ deposits and any other deposits subject to refund unless such deposits have become property of JEA. For any purpose of the Electric System Resolution that requires the computation of Gross Revenues or Revenues with respect to any period of time, “Gross Revenues” or “Revenues” includes such amounts derived by JEA from the ownership or operation of the Electric System during such period plus (x) the amounts, if any, paid from the “Rate Stabilization Fund” established pursuant to the Electric System Resolution into the Electric System’s Revenue Fund during such period (excluding from (x) amounts, if any, included in the Revenues for such period representing interest earnings transferred from the Rate Stabilization Fund to the Electric System’s Revenue Fund pursuant to the Electric System Resolution) and minus (y) the amounts, if any, paid from the Electric System’s Revenue Fund into the Rate Stabilization Fund during such period.

Rate Covenant of JEA

JEA has covenanted to maintain and collect rates and charges for the electric services 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, 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 capital costs related to Project J with Project J Bond proceeds. During any period when MEAG Power determines that it is infeasible to issue (1) Project J Bonds and Project M Bonds to finance capital costs related to Project J and Project M, or (2) Project J Bonds to finance capital costs related to Project J due to a JEA Market Disruption but it is feasible to issue Project M Bonds attributable to Project M, then in either such event, MEAG Power 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 Project J that cannot be financed by such reserve fund will be billed to JEA; *provided, however*, MEAG Power will not bill JEA for any capital costs incurred prior to the First Commercial Operation Date. In such event, 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 MEAG Power determines that it is infeasible to issue (1) Project J Bonds and Project M Bonds, or (2) Project J Bonds due to a JEA Market Disruption but it is feasible to issue Project M Bonds, 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 (the “Capitalized Interest”) through the commercial operation date of the applicable unit. In such event, 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.

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 MEAG Power determines that it is infeasible to issue (1) Project J Bonds and Project M Bonds, or (2) Project J Bonds due to a JEA Market Disruption but it is feasible for MEAG Power to issue Project M Bonds, to finance such reserve funds, 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, 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. 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 upon the expiration of the term of the Project J PPA.

For any “Non-amortized Reserve Fund” created under the Project J Bond Resolution or Project J Power Sales Contracts, JEA will pay its Obligation Share of any interest on the Project J Bonds 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 to be retained in such funds. Except as provided in the Project J PPA, JEA is not entitled to any reimbursement upon the expiration 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 or Project J Power Sales Contracts, JEA will pay for both principal and interest on the Project J Bonds 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 to be retained in such funds. Upon the expiration 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 relating to such funds.

MEAG Power has agreed that all moneys held in funds and accounts established pursuant to the Project J Bond Resolution shall be invested and reinvested to the fullest extent practicable in Investment Securities (as defined in the Project J Bond Resolution) 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. 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.

Allocation of Costs Between the Vogtle Units 3&4 Projects

With the exception of MEAG Power’s administrative and general expenses, MEAG Power has agreed to allocate all costs and other expenses incurred or payable in connection with its ownership interest in Vogtle Units 3&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.

Issuance of Project J Bonds

The Project J PPA provides that MEAG Power may issue and sell bonds (“Project J Bonds”) in accordance with the provisions of the Project J Bond Resolution to finance, or refinance by refunding outstanding Project J Bonds, any Costs of Acquisition and Construction and Financing Costs associated with Project J. Such Project J Bonds 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. Project J Bonds may be issued in amounts sufficient to cover such costs in full and to provide such reserves as may be reasonably determined by MEAG Power to be desirable.

MEAG Power has agreed to structure the Project J Bonds within certain parameters. To the extent a Series of Project J Bonds is issued to finance costs attributable to both Vogtle Units 3&4, the principal of such Series will be allocated between Vogtle Units 3&4. Except for Project J Post-COD Capital Improvements Bonds and refunding Project J Bonds, the principal of a Series of Project J Bonds will be assumed to amortize to result in level monthly debt service commencing not earlier than twelve months, nor later than 36 months, following the estimated commercial operation date of the applicable unit to which such principal relates and ending on the 40th anniversary of the first principal installment due date for such Series. For Project J Bonds (or portions thereof) bearing interest at fixed rates, debt service will reflect the actual fixed interest rates. For Project J Bonds (or portions thereof) bearing interest at variable rates, debt service will reflect the average rate of interest to be borne by such bonds over their assumed term.

The amounts and due dates for the first twenty installments of the principal of a Series of Project J Bonds as calculated in the foregoing paragraph will be the actual amounts and due dates for the first twenty installments of principal. However, MEAG Power will have the sole discretion to determine the actual amounts and due dates for the remaining twenty installments of principal related to the applicable Series of Project J Bonds.

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 associated with Project J 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. The Project J PPA also provides that MEAG Power may issue refunding Project J Bonds, which, if issued, would not be subject to the bond 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 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 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 the second April 1 following the estimated in-service date of the capital improvements (or group of capital improvements) 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 (or portions thereof) bearing interest at fixed rates, debt service will reflect the actual fixed interest rates. For Project J Bonds (or portions thereof) bearing interest at variable rates, debt service will reflect the average rate of interest to be borne by such bonds over their assumed term.

The amounts coming due on or before April 1 of the calendar year following the last day on which JEA is entitled to its Obligation Share of the output of the unit of Vogtle Units 3&4 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.

In the case of refunding Project J Bonds, Debt Service on each such Series of Project J Bonds will be structured in a manner consistent with the principles governing the issuance of Project J Bonds 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 fixed rate refunding Project J Bonds issued to refund variable rate Project J Bonds, Debt Service on the refunding Project J Bonds will be structured 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 such refunded Project J Bonds would have ended had the refunded Project J Bonds not been so refunded determined consistent with the parameters applied to Project J Bonds other than refunding Project J Bonds or Project J Post-COD Capital Improvements Bonds. In the case of refunding Project J Bonds issued to achieve Debt Service savings, the issuance of such refunding Project J Bonds will 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 and (y) the weighted average life of the refunding PPA Bonds shall not exceed the remaining weighted average life of the refunded PPA Bonds, calculating such remaining weighted average life of the refunded Project J Bonds immediately prior to the issuance of the refunding Project J Bonds. In the case of refunding Project J Bonds issued to extend the maturity of any Project J Bonds any principal installment for which constitutes a Refundable Principal Installment (as defined in the Project J Bond Resolution), 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 was permitted to mature for purposes of determining the assumed amortization of the refunded Project J Bonds other than refunding Project J Bonds and Project J Post-COD Capital Improvements Bonds (*i.e.*, the 40th anniversary of the first principal installment due date for the Series of Project J Bonds of which the refunded Project J Bonds were a part), 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 was to occur to and including the month preceding the final maturity date of the refunding Project J Bonds, determined in the same manner provided for Project J Bonds other than refunding Project J Bonds or Project J Post-COD Capital Improvements Bonds.

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 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 to fund Non-amortized Reserve Funds in a manner whereby (i) any payments of the principal components of such Project J Bonds 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.

Adjustment of Project J Costs

In the event the proceeds derived from the sale of any Project J Bonds 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 to retire by purchase, redemption or defeasance Project J Bonds in advance of maturity in a manner consistent with the principles governing their issuance under the Project J PPA, so as to equitably apportion the Debt Service savings resulting from the retirement of such 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 the Project J Bonds 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.

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 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 Project J to which JEA was previously entitled, to mitigate JEA's payment obligations.

JEAs 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 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 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 are outstanding or until adequate provisions for payment thereof have been made in accordance with the provisions of the Project J Bond Resolution, the Project J 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 J Bonds, extend the time for such payments, adversely impact, in the opinion of a nationally recognized tax counsel retained by MEAG Power, the tax exempt status of the Project J Bonds intended to be exempt or in any manner impair or adversely affect the rights of the owners from time to time of the Project J Bonds.

SUMMARY OF PROJECT J POWER SALES CONTRACTS

The following is a description of certain of the provisions of the Additional Units PPA Power Sales Contracts (such power sales contracts, as the same may be amended, the “Project J Power Sales Contracts”) executed between the Municipal Electric Authority of Georgia (“MEAG Power”) and thirty-nine participants (in such capacity, the “Project J Participants”) relating to the Additional Units PPA Project (“Project J”).

Each of the Project J Power Sales Contracts became effective on June 15, 2008, and will continue in full force and effect until such time as all of the indebtedness issued under the Project J Bond Resolution has been paid, or provision therefor has been made, or Project J is retired from service or disposed of by MEAG Power, whichever is later, but in no event longer than 50 years from June 15, 2008 (unless extended either through amendment or replacement with another contract; see the fifth paragraph under “INTRODUCTORY STATEMENT – The Participants” in the Updated Annual Information Statement).

Capitalized terms not otherwise defined in this APPENDIX J or defined in the Official Statement to which this APPENDIX J is attached shall be as defined in the Project J Power Sales Contracts.

Obligation Shares

MEAG Power is obligated to provide, and each Project J Participant is obligated to take from MEAG Power, a percentage, equal to such Project J Participant’s respective Obligation Share, of the output and services of each facility of Project J 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 June 15, 2008 (such period is referred to herein as the “Final Term”). The Obligation Share of each Project J Participant is a percentage set forth in each Project J Power Sales Contract that reflects (a) the percentage share of output and services of Vogtle Units 3&4 related to Project J to which such Project J Participant is entitled and (b) the percentage of the Project J Power Sales Annual Costs (hereinafter defined) that such Project J Participant is obligated to pay under its Project J Power Sales Contract.

The Project J Participants are not entitled to receive their respective Obligation Shares of output and services from Project J 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 is entitled to receive its Obligation Share of the output and services 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 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 – General” in the Official Statement to which this APPENDIX J is attached for a schedule that sets forth the Vogtle Units 3&4 Participants’ respective Obligation Shares in Project J.

Annual Budgets

MEAG Power is required to adopt an annual budget for Project J (a “Project J Power Sales Annual Budget”) for each Power Supply Year containing estimates of Project J’s annual costs (the “Project J Power Sales Annual Costs”) and all revenues, income or other funds to be applied to such Project J Power Sales Annual Costs, including the costs of Debt Service. To the extent not paid as part of the costs of acquisition and construction, the Project J Power Sales Annual Costs are all costs and expenses of MEAG Power allocable to Project J paid by MEAG Power during a given Power Supply Year, including fixed and other costs.

1. *Fixed costs* include: (a) taxes or payments in lieu thereof attributable to Project J; (b) amounts required for renewals and replacements attributable to Project J or reserves therefor; (c) amounts to be set aside for the retirement from service or disposal of facilities of Project J; (d) amounts required for the purchase of generating capacity reserves for Project J; (e) amounts that MEAG Power is required under the Project J Bond Resolution to pay or deposit into any fund or account established by the Project J Bond Resolution for the payment of Debt Service and any reserve requirements for the Project J Bonds; (f) any other amounts that MEAG Power is required, under the Project J Bond Resolution, 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; (g) amounts for payment or deposit into any fund or account outside of the pledge of the Project J Bond Resolution attributable to costs or reserves of Project J, including such amounts established by MEAG Power in the Project J Power Sales Annual Budget to provide reasonable reserves for the payment of MEAG Power’s share of costs required pursuant to either the Vogtle Units 3&4 Ownership Agreement or the Vogtle Operating Agreement; (h) amounts for payment of Additional Costs (as such term is defined in the Vogtle Units 3&4 Development Agreement) allocable to Project J incurred during any Power Supply Year; and (i) amounts for the payment of any obligation that MEAG Power incurs under the Project J PPA, including monetary judgments obtained by JEA against MEAG Power.
2. *Other costs* include: (a) all costs of producing and delivering electric power and energy from Project J to the Project J Participants and (b) 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, necessary in the opinion of MEAG Power, to keep the facilities of Project J 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 of Project J required by any governmental agency having jurisdiction over Project J or for which MEAG Power otherwise is responsible to the extent that MEAG Power is not reimbursed therefor from the proceeds of insurance or funds for such payments are not available to MEAG Power therefor from any funds or accounts established by MEAG Power, or funds for such payment are not provided or to be provided by the issuance of the Project J Bonds.
3. *Debt Service* means with respect to any period, the aggregate of the amounts required by the Project J Bond Resolution to be paid during said period into any fund or funds created by the Project J Bond Resolution for the sole purpose of paying (a) the principal (including the sinking fund installments) of, and premium, if any, and interest on, Project J Bonds and (b) any payments on Qualifying Hedging Contracts, including any swap premium or swap termination payment, or Reimbursement Obligations, relating to the Project J Bonds 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 Project J Bonds.

MEAG Power is expressly authorized to bill 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 Power Sales Annual Budget upon 30 days' notice to the Project J Participants and to adjust its rates and charges to meet Project J's costs. MEAG Power will submit, and each Project J Participant will be obligated to pay, a monthly billing statement based upon the Project J Power Sales Annual Budget. 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 Project J Participants or appropriately credited to the Project J 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. Upon the expiration of the Project J PPA, MEAG Power shall have the discretion, subject to the concurrence of a sufficient number of Project J Participants whose total Obligation Shares in Project J 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 Project J Bonds in advance of their maturity and MEAG Power will reduce such elements of the Project J Power Sales Annual Costs to reflect any such accelerated retirement. Any deficiencies in collections are recovered by adding the amount of such deficiency to the Project J 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 Project J 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.

The Project J Power Sales Contracts provide that, in the event that JEA makes any payment pursuant to its Additional Compensation Obligation, such payment will be placed by MEAG Power in a reserve fund for the purpose of either reducing the Project J Participants' Obligation Shares of "other costs" (as defined above) following the expiration of the term of the Project J PPA, or satisfying any payment obligations of the Project J Participants incurred during the Initial Term. Such funds will be allocated among the Project J Participants on a *pro rata* basis reflecting such Project J Participants' Obligation Shares in Project J and will not be included in the pledge in favor of the holders of the Project J Bonds.

Project J Participants' Obligations to Pay

Each Project J 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 Project J Participant to (1) pay MEAG Power all amounts payable under its Project J 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 Project J Power Sales Contracts provide that each Project J Participant is obligated to pay for its Obligation Share of Project J Power Sales Annual Costs, as well as the costs of acquisition and construction of Project J, whether or not Project J 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.

All payments made by the Project J Participants pursuant to the Project J Power Sales Contracts attributable to Project J or Project J Power Sales Annual Costs are to be pledged as security for Project J Bonds.

If payment is not made from the revenues of the electric system of a Project J Participant or from other funds thereof, such Project J 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 Project J Power Sales Contract, whether or not electric power and energy shall actually be received by such Project J Participant. If any such provision or appropriation is not made for a fiscal year, then the chief fiscal officer of such Project J Participant is required, in accordance with the provisions of the Act, to set up as an appropriation on the accounts of such Project J Participant the amounts required to pay its obligations under its Project J Power Sales Contract, and such appropriation will have the same legal status as if the Project J Participant had included the amount of the appropriation in its general revenue or appropriation measure. In the event a Project J Participant fails to pay all amounts due under its Project J Power Sales Contract, MEAG Power's remedies under each Project J Power Sales Contract include specific performance to compel such Project J Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder.

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 Power Sales 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 during the Initial Term to the extent that such costs are not required to be paid 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 Power Sales 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 PROJECT J PPA – JEA's Payment Obligations – *JEA's Payment Obligations in the Event of Project J Delay or Termination*" in APPENDIX I to the Official Statement to which this APPENDIX J is attached.

In the event of a default by a Project J Participant under its Project J Power Sales Contract and discontinuation of such Project J Participant's service from Project J (see "– Remedies" below), MEAG Power shall first offer to transfer a *pro rata* portion of the defaulting Project J Participant's Obligation Share to all other non-defaulting Project J Participants. Any such portion of the defaulting Project J Participant's Obligation Share which is declined by a non-defaulting Project J Participant will be reoffered *pro rata* to the non-defaulting Project J Participants which have accepted in full the first offer. Such reoffering will be repeated until such defaulting Project J Participant's Obligation Share has been reallocated in full or until all non-defaulting Project J Participants have declined to take any additional portion of such defaulting Project J Participant's Obligation Share. If less than all of the defaulting Project J Participant's Obligation Share is accepted by the non-defaulting Project J Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Project J Participant's Obligation Share for the remaining term of the Project J 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 Project J Bonds intended to be exempt or the security for the Project J Bonds.

If less than all of the defaulting Project J Participant's Obligation Share is transferred to non-defaulting Project J Participants or otherwise sold, MEAG Power shall transfer the remaining portion of such defaulting Project J Participant's Obligation Share, on a *pro rata* basis (based on the respective original Obligation Shares of the Project J Participants), to all other non-defaulting Project J Participants. Notwithstanding the foregoing, no Project J 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 its Project J Power Sales Contract. After such transfer, each non-defaulting Project J Participant shall be obligated to pay for its increased Obligation Share. In the event that less than all of the defaulting Project J Participant's Obligation Share has been sold or transferred to non-defaulting Project J Participants, MEAG Power shall use its reasonable best efforts to sell the remaining portion of the defaulting Project J 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*, that such sales may not adversely affect the tax exempt status of the Project J Bonds intended to be exempt. The defaulting Project J Participant shall remain liable under its Project J 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 Project J Participant's Obligation Share that has been sold or transferred.

In the event of a default by JEA in connection with any of its payment obligations under the Project J PPA and MEAG Power discontinues providing service pursuant to the terms of the Project J PPA, each Project J Participant will have a right of first refusal to purchase a *pro rata* amount of JEA's Obligation Share of the output and services of Vogtle Units 3&4 related to Project J for the period of time that service is discontinued. The *pro rata* amount of each Project J Participant's right of first refusal will be equal to its Obligation Share established pursuant to its Project J Power Sales Contract. Any portion of JEA's Obligation Share which is declined by a Project J Participant will be reoffered *pro rata* to the Project J Participants which have accepted in full the first such offer. Such reoffering will be repeated until all Project J Participants have declined to take any additional portion of JEA's Obligation Share. In the event that less than all of JEA's Obligation Share is accepted by the Project J Participants, the right of first refusal provided to the Project J Participants will be considered null and void and MEAG Power will use its reasonable best efforts to sell JEA's Obligation Share of the output and services of Vogtle Units 3&4 related to Project J for the period of time that such service is discontinued. The net proceeds resulting from any sale to a third party will be first credited to JEA's Obligation Share of Project J's annual costs, exclusive of Debt Service, and any remaining proceeds will then be applied to JEA's Obligation Share of Debt Service.

For a description of JEA's general payment obligations under the Project J PPA, see "SUMMARY OF PROJECT J PPA – JEA's Payment Obligations" in APPENDIX I to the Official Statement to which this APPENDIX J is attached.

Remedies

Failure by a Project J Participant to make any payment due under its Project J 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 Project J Participant, cease and discontinue providing services to such Project J Participant under its Project J Power Sales Contract. If the default continues for more than 180 days or if a non-defaulting Project J Participant exercises a right of first refusal to purchase a *pro rata* share of such defaulting Project J Participant's Obligation Share of the output and services of Project J, whichever occurs first, MEAG Power may permanently discontinue providing service from Project J to the defaulting Project J Participant. Each Project J Participant expressly waives any claim to interest payments recovered by MEAG Power as a result of a default under its Project J Power Sales Contract. The Project J Power Sales Contracts also provide that in the event of default in any payment by a Project J Participant, such Project J Participant must provide for the assessment and collection of an annual tax sufficient to make all

payments due under the Project J Power Sales Contract in each year over the remainder of the term of the Project J 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. See also “– Project J Participants’ Obligations to Pay” above for a discussion of the “step-up” provisions contained in the Project J Power Sales Contracts.

Sale or Exchange of Power and Energy

In the event that all or any portion of a Project J Participant’s Obligation Share is in excess of such Project J Participant’s needs, MEAG Power, when so requested by such Project J Participant, may sell and transfer for any period of time such excess on the terms and conditions proposed by the selling Project J Participant. Such excess must first be offered to the non-selling Project J Participants on terms that may require, at the option of the selling party, such non-selling Project J Participants to purchase the excess in its entirety. In the event that the non-selling Project J Participants 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 Project J Participant. If all or any portion of the excess is sold, the selling Project J Participant’s Obligation Share will not be reduced and the selling Project J 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 the generating facilities of Project J when the Project J Participants are entitled to output and services from such 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 Project J 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 Project J Participant will receive a credit of its Obligation Share of the proceeds of all such transactions relating to Project J.

Amendment of the Project J Power Sales Contracts

The Project J Power Sales Contracts may not be amended, modified or otherwise altered in any manner except as permitted by the Project J Bond Resolution. So long as any Project J Bonds are outstanding or until adequate provisions for their payment have been made, the Project J 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 the Project J Bonds, adversely impact the tax exempt status of such Project J Bonds intended to be exempt or impair or adversely affect the rights of the owners of such Project J Bonds or JEA.

SUMMARY OF PROJECT J BOND RESOLUTION

The following is a general summary of certain provisions of the Plant Vogtle Additional Units PPA Bond Resolution adopted by the Municipal Electric Authority of Georgia (“MEAG Power”) on October 16, 2008, as amended, restated and supplemented (the “Project J Bond Resolution”) pursuant to which the Plant Vogtle Additional Units PPA Project Revenue Bonds and the Plant Vogtle Units 3&4 Project J Bonds (together, the “Project J Bonds”) are issued.

To the extent the Department of Energy financing is made available and MEAG Power avails itself of such financing, MEAG Power will be required to restructure its ownership interest in Plant Vogtle Unit Nos. 3 and 4 and amend the Project J Bond Resolution to accommodate certain DOE requirements. See “PLAN OF FINANCE FOR MEAG POWER’S INTERESTS IN VOGTLE UNITS 3&4 – DOE Loan Guarantee Program,” “DOE LOAN GUARANTEE PROGRAM – Anticipated Amendments to Project J PPA, Project J Power Sales Contracts, Project J Bond Resolution and Vogtle Units 3&4 Project Agreements to Accommodate the Project J Entity’s Guaranteed Loan – *Conditions under Project J Bond Resolution to DOE Financing*” and “– *Anticipated Amendments to Project J Bond Resolution*” in the Official Statement to which this APPENDIX K is attached for a description of such amendments.

Summaries of certain definitions are set forth at the end of this APPENDIX K. Capitalized terms not otherwise defined in this APPENDIX K or defined in the Official Statement to which this APPENDIX K is attached shall be defined in the Project J Bond Resolution.

Application of Revenues

Revenues under the Project J Bond Resolution are pledged to the payment of principal and Redemption Price of and interest on the Project J Bonds of all Series, subject to the provisions of the Project J Bond Resolution permitting application for other purposes. For the application of Revenues, the Project J Bond Resolution establishes a Revenue Fund and a Reserve and Contingency Fund, each held by MEAG Power, as well as a Debt Service Fund and a Subordinated Bond Fund held by the Trustee. Notwithstanding the foregoing or any other provision of the Project J 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 Bond Anticipation Notes or the principal or redemption price of and interest on any Parity Obligations.

The Trustee and MEAG Power may deposit moneys in such Funds in banks or trust companies (“Depositories”). All moneys held under the Project J 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 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 J Bonds, or for the Trustee or any Depository to give security for any moneys which are represented by Investment Securities purchased as an investment of such moneys.

All Revenues received under the Project J Bond Resolution will be deposited promptly in the Revenue Fund. 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 for reasonable and necessary Operating Expenses.

2. No later than the last business day of each month, amounts shall be withdrawn from the Revenue 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 plus, to the extent not theretofore deposited therein as Debt Service, the amount coming due in such month on Parity Obligations (other than 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 (ii) subject to the second, third and fourth provisos below, 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” below 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 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 Project J Participants’ Debt Service Commencement 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 Project J PPA 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 Project J PPA 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;

(2) In 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 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 Subordinated Obligations; and

(3) In the Reserve and Contingency Fund, an amount equal to one twelfth (1/12th) (or such greater fraction as may be appropriate if the period is less than twelve months) of the greater of (a) the total amount provided in the then current Annual Budget to be deposited in said fund during the then current calendar year or (b) an amount equal to ten percent of the sum of (i) the Aggregate Debt Service for the then current calendar year on all Project J Bonds other than Bond Anticipation Notes then outstanding and all Parity Obligations other than Parity Commercial Paper Notes then outstanding and (ii) the aggregate amount of the principal of and interest on all Subordinated Bonds and all Subordinated Obligations other than Subordinated Commercial Paper Notes then Outstanding that is deemed to accrue during the then current 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; *provided, however*, that no such deposit 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.

3. During any period during which the Accrued Aggregate Debt Service shall be calculated in the manner provided in the final proviso of the first sentence of the definition thereof, no later than each interest payment date for any Build America Bonds then Outstanding, MEAG Power shall withdraw (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”), from the Construction Fund and (b) after the Second Commercial Operation Date, from the Revenue Fund and, in either such case, transfer to the Trustee, 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 U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date.

Transfers from Revenue Fund

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 J Bonds, and expenses in connection with the purchase or redemption of any Project J 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 Subordinated Bonds or any reserves which MEAG Power determines shall be required for such purposes; (c) payments into the Construction Fund for application to the purposes of such Fund; (d) improvements, extensions, betterments, renewals and replacements of any properties of Project J; (e) to reduce the cost of Project J power and energy to the Initial Power Purchaser and the Project J Participants; (f) to fund such reserves for Project J as MEAG Power shall determine are necessary or appropriate; and (g) any other lawful purposes 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; *provided, however*, that (i) any proceeds of any insurance paid on account of the damage or destruction of any useful portion of Project J

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) to (c) above; (ii) prior to the end of the term of the Project J PPA, any such amounts shall be used only for the purposes specified in clauses (c), (d), (e), (f) and (g) above; (iii) commencing with the first full calendar year following the end of the term of the Project J PPA, any such amounts shall be used only for the purposes specified in clauses (c), (d), (e), (f) and (g) above, unless the Board, in its sole discretion, determines that such amounts shall be transferred to the Trustee for deposit to the Bond Retirement Account in the Debt Service Fund and such determination is approved by the Project J Participants whose total Obligation Shares (as defined in the Project J Power Sales Contracts) exceed 66 2/3 percent, in which case, such amounts shall be transferred to the Trustee for deposit to said Bond Retirement Account; 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 shall be applied to such purpose. Application of amounts in the Revenue Fund pursuant to this paragraph shall include, without limitation, payment to an issuer of a Financial Guaranty of interest on amounts advanced under such Financial Guaranty.

The Project J Bond Resolution provides that upon any purchase or redemption of Project J 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 Project J 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 Project J 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 term “Working Capital” is defined in the Project J Bond Resolution to mean an amount equal to (1) the excess of current assets over the current liabilities of Project J as of such date minus (2) the sum of amounts then on deposit in the Debt Service Account in the Debt Service Fund and the Subordinated Bond Fund (other than amounts, if any, set aside in the Subordinated Bond Fund as reserves for the payment of the principal or sinking fund installments of and interest on Subordinated Obligations). The term “Working Capital Requirement” means the sum of such dollar amounts as MEAG Power shall establish with respect to each of Plant Vogtle Unit No. 3 and Plant Vogtle Unit No. 4, 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.

Construction Fund

The Project J Bond Resolution establishes a Construction Fund, held by MEAG Power, into which are paid (i) amounts required by the provisions of the Project J Bond Resolution and any Supplemental Resolution, (ii) all revenues, income, rents and receipts derived from 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 J by MEAG Power from any other source, unless required to be otherwise applied as provided in the Project J Bond Resolution. In addition, proceeds of insurance for physical loss or damage to Project J or of contractors’ performance bonds or liquidated damages payable by any contractor with respect thereto, pertaining to the period of construction thereof, 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.

MEAG Power shall withdraw amounts from the Construction Fund for the payment of amounts due and owing on account of the Costs of Acquisition and Construction and Financing Costs of Project J 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 by MEAG Power and that each item thereof is a proper and reasonable charge against the Construction Fund and has not been previously paid.

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 J Bonds and 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 Trustee for deposit to the Debt Service Reserve Account in the 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 be transferred to the Trustee for deposit to the Bond Retirement Account in the Debt Service Fund or, if so determined by an Authorized Officer of MEAG Power, credited to the Revenue Fund; *provided, however*, that the amount of any such credit to such Revenue Fund shall not constitute Revenue for any purpose of the Project J Bond Resolution.

Debt Service Fund—Debt Service Account

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 Project J 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 Project J 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 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 Project J 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 Project J 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 Project J 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 Project J 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 Project J Bonds, and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Project J Bonds shall be paid by MEAG Power from the Revenue Fund.

The amount, if any, deposited in the Debt Service Account from the proceeds of each Series of Project J Bonds shall be set aside in such Account and applied to the payment of interest on Project J Bonds in accordance with certificates (as such certificates have been modified or amended in accordance with the terms of the Project J Bond Resolution) of Authorized Officers of MEAG Power delivered to the Trustee pursuant to the Project J Bond Resolution.

In the event of the refunding or defeasance of any Project J 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 Project J Bonds being refunded or defeased; *provided, however*, that such withdrawal shall not be made unless (a) immediately thereafter the Project J Bonds being refunded or defeased shall be deemed to have been paid pursuant to the defeasance provisions of the Project J 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 Project J Bonds being refunded and the disposition of the proceeds thereof, shall not be less than the requirement of such Account pursuant to the Project J 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 Project J 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

If, on any day on which the principal or sinking fund Redemption Price of or interest on Project J Bonds other than Bond Anticipation Notes shall be due, the amount on deposit in the Debt Service Account shall be less than the amount required therein pursuant to the Project J 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. 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 Outstanding Project J 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. Additionally, so long as there is an amount sufficient to pay in full all Outstanding Project J 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.

In the event of the refunding or defeasance of any Project J Bonds other than Bond Anticipation Notes, 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 Project J Bonds being refunded or defeased; *provided, however*, that such withdrawal shall not be made unless (a) immediately thereafter the Project J 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 Project J 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 Project J Bond Resolution; *provided, however*, that such withdrawal shall not be made unless items (a) and (b) referred to above have been satisfied.

The Project J 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 J Bond Resolution. Any such Financial Guaranty shall have a term not less than the final maturity date of any Series of Project J Bonds then Outstanding under the terms of the Project J 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 J 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" as rated by Moody's Investors Service, Inc., (ii) "AA" as rated by Standard & Poor's, and (iii) "AA" as rated 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" as rated by Moody's Investors Service, Inc., (ii) "A" as rated by Standard & Poor's, and (iii) "A" as rated 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 J Bonds the interest on which, at the time of the original issuance of such Project J 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 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 J 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 J Bond Resolution to the contrary, there shall be no optional redemption of Project J Bonds other than 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.

Subordinated Bond Fund

The Project J 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 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) Subordinated Obligations.

Notwithstanding the foregoing, if at any time 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 J 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 such deficiency, then the Trustee shall withdraw from the Subordinated Bond Fund and deposit in the Debt Service Account or the Debt Service Reserve Account, as the case may be, the amount necessary (or all the moneys in said Fund, if less than the amount necessary) to make up such deficiency (or, if the amount in the Subordinated Bond Fund shall be less than the amount necessary to make up the deficiencies of both Accounts, then the amount in the Subordinated Bond Fund shall be applied first to make up the deficiency in the Debt Service Account, and any balance remaining shall be applied to make up the deficiency with respect to the Debt Service Reserve Account).

Reserve and Contingency Fund

Amounts in the Reserve and Contingency Fund are to be applied to the costs of any major renewals, replacements, repairs, additions, betterments and improvements with respect to Project J as 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 authority having jurisdiction over Project J 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 Authority's Ownership Interest or any part thereof.

If and to the extent provided in a Supplemental Resolution authorizing Project J Bonds of a Series, amounts from the proceeds of such Project J Bonds may be deposited in the Reserve and Contingency Fund and set aside therein for any purpose of such Fund.

No payments shall be made from the 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 to pay such cost.

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 J Bond Resolution, then MEAG Power, upon requisition by the Trustee, will transfer from the Reserve and Contingency Fund to the Trustee the amount necessary (or all the moneys in the Reserve and Contingency Fund if less than 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, then the amount in the Reserve and Contingency Fund shall be applied first to make up the deficiency in the Debt Service Account, and any balance remaining shall be applied to make up the deficiency with respect to the Debt Service Reserve Account); *provided, however*, that (x) 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 Satisfaction Date, amounts deposited to the 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 Project J PPA 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 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.

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 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 Project J Participants' Debt Service Commencement 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 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 Project J PPA 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 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 Revenue Fund.

Initial Power Purchaser Arrearages Fund

General

If at any time 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 Satisfaction Date, either (a) amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund, the Subordinated Bond Fund or the Reserve and Contingency Fund shall be applied 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 shall be due and unpaid, in either such case, as a result of a default by the Initial Power Purchaser in the making of any payment due under the Project J PPA, there shall be established an Initial Power Purchaser Arrearages Fund, to be held by the Trustee, into which all Initial Power Purchaser Arrearages Payments and all Initial Power Purchaser Resale Revenues shall be deposited and from which, among other things, 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 Initial Power Purchaser Arrearages Fund

Amounts on deposit in the Initial Power Purchaser Arrearages Fund shall be applied by the Trustee as follows and in the following order: (a) to the payment of Operating Expenses that are due and have not been paid with amounts on deposit in the Revenue Fund or the Project J Participant Arrearages Fund; (b) unless otherwise required by the Project J Bond Resolution, first, to the payment of interest on any Project J Bonds and the interest component of any Parity Obligations that are due and unpaid; and, second, to the payment of the principal or Redemption Price of any Project J Bonds and the principal component of any Parity Obligations that are due and unpaid; (c) if the amount on deposit in the Debt Service Reserve Account in the Debt Service Fund shall be less than the Debt Service Reserve Requirement, the Trustee shall transfer from the Initial Power Purchaser Arrearages Fund to the Debt Service Reserve Account the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency; (d) if the amount on deposit in the Subordinated Bond Fund shall be less than the sum of (i) the principal or redemption price of, and interest on, all Subordinated Bonds then outstanding that is due and unpaid, (ii) all amounts due and unpaid with respect to all Subordinated Obligations then outstanding and (iii) the amount required to be deposited to the Subordinated Bond Fund during the then current month, the Trustee shall transfer from the Initial Power Purchaser Arrearages Fund to the 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 the amount on deposit in the Reserve and Contingency Fund shall be less than the amount that would have been on deposit therein on such date had the Initial Power Purchaser not defaulted in the making of any payment owed under the Project J PPA, the Trustee shall transfer from the Initial Power Purchaser Arrearages Fund to the Reserve and Contingency Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such difference.

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 therein shall be transferred by the Trustee to MEAG Power, for deposit in the Revenue Fund.

Project J Participant Arrearages Fund

General

If at any time 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, either (a) amounts on deposit in the Debt Service Reserve Account in the Debt

Service Fund, the Subordinated Bond Fund or the Reserve and Contingency Fund shall be applied 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 shall be due and unpaid, in either such case, 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, 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, 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

Amounts on deposit in the Project J Participant Arrearages Fund shall be applied by the Trustee as follows and in the following order: (a) to the payment of Operating Expenses that are due and have not been paid with amounts on deposit in the Revenue Fund or the Initial Power Purchaser Arrearages Fund; (b) unless otherwise required the Project J Bond Resolution, first, to the payment of interest on any Project J Bonds and the interest component of any Parity Obligations that are due and unpaid; and, second, to the payment of the principal or Redemption Price of any Project J Bonds and the principal component of any Parity Obligations that are due and unpaid; (c) if the amount on deposit in the Debt Service Reserve Account in the Debt Service Fund shall be less than the Debt Service Reserve Requirement, the Trustee shall transfer from the Project J Participant Arrearages Fund to the Debt Service Reserve Account the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency; (d) if the amount on deposit in the Subordinated Bond Fund shall be less than the sum of (i) the principal or redemption price of, and interest on, all Subordinated Bonds then outstanding that is due and unpaid, (ii) all amounts due and unpaid with respect to all Subordinated Obligations then outstanding and (iii) the amount required to be deposited to the Subordinated Bond Fund during the then current month, the Trustee shall transfer from the Project J Participant Arrearages Fund to the 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 the amount on deposit in the 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, the Trustee shall transfer from the Project J Participant Arrearages Fund to the Reserve and Contingency Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up 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 MEAG Power, for deposit in the Revenue Fund.

Conditions to Issuance of Project J Bonds

MEAG Power may issue Project J Bonds provided that it satisfies the following conditions, among others:

1. MEAG Power provides to the Trustee the amount, if any, specified in the Supplemental Resolution authorizing the additional Project J Bond of such Series for deposit in the Debt Service Account in the Debt Service Fund for the payment of interest on Project J Bonds and, except in the case of 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 J Bonds;

2. Except in the case of Refunding Bonds, MEAG Power must certify that either (a) no Event of Default has occurred and is continuing under the Project J Bond Resolution or (b) the application of the proceeds of the sale of such Series of Project J Bonds as required by the Supplemental Resolution authorizing such Series of Project J Bonds will cure any such Event of Default;
3. In the case of each Series of Project J 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 J Bonds on the interest payment date next following the date of issuance of such Project J Bonds), 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 J Bonds, whether or not such Series of Project J Bonds is then Outstanding, or then being issued, or to be issued thereafter.

Bonds Other than Refunding Bonds

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 and Financing Costs of Project J.

Refunding Bonds

The Project J 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 J Bonds or all or any portion of any Outstanding 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 J 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.

Subordinated Bonds

The Project J Bond Resolution provides that MEAG Power may issue Subordinated Bonds for any lawful purpose related to Project J, 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 pledge of the Trust Estate created by the Project J Bond Resolution as security for the Project J Bonds.

Credit Facilities, Liquidity Facilities and Qualified Hedging Contracts

Subject to the terms of the Project J Bond Resolution, MEAG Power may include provisions in a Supplemental Resolution authorizing the issuance of a Series of Project J 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 Project J 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 Project J Bonds the payment of which such Credit Facility secures when the approval, consent or action of the Holders of such Project J Bonds is required or may be exercised under the Project J 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 Project J Bonds under the

Project J Bond Resolution; and (ii) in the event that the principal or Redemption Price, if applicable, and interest due on any Outstanding Project J 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 Project J 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 Project J 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 Project J Bonds, shall be secured by a pledge of, and a lien on, the Trust Estate on a parity with the pledge and lien created in the Project J Bond Resolution to secure the Project J 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 Project J Bonds, without acceleration, 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 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 and Parity Obligations but on a parity with the pledge and lien securing Subordinated Bonds and 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 Project J 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 Project J Bonds is declared immediately due and payable following the occurrence of an Event of Default, or (ii) computing the principal amount of Project J 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 Project J 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 Project J 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 Project J Bond Resolution, Project J 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 Trust Estate on a parity with the pledge and lien created by the Project J Bond Resolution to secure the Project J 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 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 and Parity Obligations but on a parity with the pledge and lien securing 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 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 Trust Estate on a parity with the pledge and lien 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 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 and Parity Obligations but on a parity with the pledge and lien securing Subordinated Bonds and 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 of the Trustee of a Board-approved Credit Facility or a Liquidity Facility with respect to such Commercial Paper Notes; and (ii) receipt 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.

Special Provisions Relating to Capital Appreciation Bonds

The Project J 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 J Bonds is declared immediately due and payable following the occurrence of an Event of Default, as provided in the Project J Bond Resolution or (iii) computing the principal amount of Project J 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 J 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).

Investment of Certain Funds and Accounts

Moneys held in the Funds and Accounts established under the Project J 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 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 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 by the Trustee to MEAG Power for deposit to the Construction Fund (or any separate account or subaccount therein); (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 the Reserve and Contingency Fund 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 Project J Participants' Debt Service Commencement 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 JEA in the making of any payment due under the Project J PPA 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 JEA 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; (d) the Initial Power Purchaser Arrearages Fund shall be held in such Fund until expended in accordance with the Project J Bond Resolution; and (e) the Project J Participant Arrearages Fund shall be held in such Fund until expended in accordance with the Project J Bond Resolution.

Encumbrances; Disposition of Properties

In the Project J Bond Resolution, MEAG Power covenants that it will not issue bonds or other evidences of indebtedness of similar nature, other than Project J Bonds payable out of or secured by a pledge of the Trust Estate and shall not create or cause to be created any lien or charge thereon; *provided, however*, that nothing contained in the Project J Bond Resolution shall 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 Project J 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 J Bond Resolution, (3) Subordinated Bonds, or (4) Parity Obligations or Subordinated Obligations.

MEAG Power further covenants in the Project J Bond Resolution that it will not sell, lease, mortgage or otherwise dispose of any part of Project J, except as follows:

1. MEAG Power may sell or exchange any property or facilities constituting part of Project J if it 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 Project J Bond Resolution and (2) is in the best interests of MEAG Power and the Project J Power Purchasers. The proceeds of any such sale or exchange may be applied for any lawful purpose of MEAG Power relating to Project J including, but not limited to, the acquisition or construction of other property necessary or desirable for the operation of Project J or the retirement of Project J Bonds, Subordinated Bonds or Parity Obligations;
2. In addition to the Vogtle Units 3&4 Project Agreements, MEAG Power 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 Project J; *provided, however*, that any such lease, contract, license, arrangement, easement or right (1) does not impede the operation by MEAG Power or its agent of Project J and (2) does not impair or adversely affect the rights or security of the Bondholders under the Project J 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 Project J including, but not limited to, the acquisition or construction of other property necessary or desirable for the operation of Project J or the retirement of Project J Bonds, Subordinated Bonds or Parity Obligations; and
3. Notwithstanding anything to the contrary contained in the Project J Bond Resolution, upon satisfaction of the conditions set forth under “Amendments and Supplemental Resolutions” below, MEAG Power shall transfer to the Project J Entity the Project J Portion of the Authority’s Ownership Interest.

Rate Covenant

MEAG Power covenants in the Project J 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 J 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 and, to the extent not otherwise provided for, all amounts payable on Subordinated Bonds and Subordinated Obligations.

Covenants with Respect to the Project J Power Contracts and the Vogtle Units 3&4 Project Agreements

MEAG Power covenants in the Project J Bond Resolution that it will collect and deposit in the 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 services from any part of Project J; *provided, however*, that (x) 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 Satisfaction Date, all Initial Power Purchaser Arrearages Payments and all Initial Power Purchaser Resale Revenues shall be deposited to the Initial Power Purchaser Arrearages Fund 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, 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 and the Vogtle Units 3&4 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 J Power Contract or Vogtle Units 3&4 Project Agreement which would impair or adversely affect the rights of MEAG Power thereunder or the rights or security of Project J Bondholders (determined without regard to any Credit Facility provided with respect to any Project J Bonds) or, in the case of any Project J Power Contracts, would reduce payments required thereunder. Notwithstanding the foregoing, an amendment to any Project J Power Contract that is permitted by the Project J Bond Resolution or assignment to the Project J Entity of that portion of MEAG Power's rights and obligations under the Vogtle Units 3&4 Project Agreements attributable to the Project J Portion of the Authority's Ownership Interest in order to accommodate the Federal Loan Option or any amendments to the Vogtle Units 3&4 Project Agreements made in connection therewith will not constitute a rescission or amendment under the Project J Bond Resolution for purposes of these provisions so long as the requirements of the Project J Bond Resolution have been satisfied in connection with the making of such assignment and any such amendment.

Annual Budget

MEAG Power covenants in the Project J Bond Resolution that it will file with the Trustee an annual budget (the "Annual Budget") for Project J each calendar year. The 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 J Bond Resolution. 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.

Insurance

MEAG Power covenants in the Project J Bond Resolution that it will keep the properties of Project J that are of an insurable nature and of the character usually insured by those operating properties similar to Project J 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 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 J. Insurance against business interruption loss is maintained whenever, in the judgment of MEAG Power, such insurance is obtainable at commercially reasonable rates. Notwithstanding anything to the contrary contained therein, in the event that MEAG Power shall transfer the Project J Portion of the Authority's Ownership Interest to the Project J Entity, as permitted by the Project J Bond Resolution, following such transfer, MEAG Power may comply with the provisions of the Project J Bond Resolution by causing the Project J Entity to maintain in effect the insurance referred to in such provisions.

Accounts and Reports

MEAG Power covenants in the Project J Bond Resolution that it will keep proper and separate books of record and account relating to Project J and the funds and accounts established by the Project J Bond Resolution and relating to costs and charges under the Project J Power Contracts and the Vogtle Units 3&4 Project Agreements. Such books, together with all other books and papers of MEAG Power relating to Project J, are at all times subject to the inspection of the Trustee and the Holders of not less than 5 percent in principal amount of Project J Bonds then Outstanding.

MEAG Power covenants in the Project J 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 Project J at the end of the year, including a statement of assets and liabilities for Project J as of the end of such year, a statement of Revenues and Operating Expenses for Project J for such year, and a statement of receipts and disbursements with respect to Funds and Accounts established by the Project J Bond Resolution.

The reports, statements and other documents required to be furnished to the Trustee pursuant to provisions of the Project J 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 Project J 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 Project J 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 Project J 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 J Bonds, the Project J Bonds of any specified Series and maturity if such amendment by its terms will not take effect so long as any such Project J 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 J Bonds) Supplemental Resolutions to cure any ambiguity or to correct any defect in the Project J Bond Resolution; to close the Project J Bond Resolution against, or impose limitations upon, issuance of Project J Bonds or other evidences of indebtedness; to authorize Project J Bonds; to authorize Subordinated Project J Bonds, Parity Obligations or Subordinated Obligations; to add to the restrictions contained in the Project J Bond Resolution; to add to the covenants of MEAG Power contained in the Project J Bond Resolution; or to confirm any pledge under the Project J Bond Resolution of Revenues or other moneys.

Notwithstanding any other provision of the Project J Bond Resolution, MEAG Power may also adopt (without the consent of the Holders of the Project J Bonds), at any time or from time to time, a Supplemental Resolution for the purpose of amending the Project J 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 the filing with the Trustee a copy of such Supplemental Resolution, certified by an Authorized Officer of MEAG Power and the occurrence of each of the following:

1. Transfer to Project J Entity of Project J Ownership Interest: MEAG Power transfers to the Project J Entity the Project J Portion of the Authority's Ownership Interest (such portion being hereinafter referred to as the "Project J Ownership Interest");
2. Assignment to Project J Entity of Applicable Rights and Obligations Under the Vogtle Units 3&4 Project Agreements: MEAG Power assigns to the Project J Entity the portion of its rights and obligations under the Vogtle Units 3&4 Project Agreements attributable to the Project J Ownership Interest;

3. New Power Purchase Agreement with Project J Entity: MEAG Power and the Project J Entity enter into a power purchase agreement (the “Authority/Project J Entity Power Purchase Agreement”) that:
 - a. must provide for the sale to MEAG Power of all power, energy and other services produced by the Project J Ownership Interest on the terms set forth therein, and
 - b. may provide that it will terminate following the exercise by the DOE of any remedy of foreclosure (a “DOE Foreclosure”) of the Project J Ownership Interest following a default with respect to any Federal Loan;
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 accommodate the Federal Loan Option and 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 the Project J Entity of the Project J Ownership Interest and the entry by MEAG Power and the Project J Entity into the Authority/Project J Entity Power Purchase Agreement; in the case of the Project J Power Contracts, the amendments must obligate JEA 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, including without limitation all amounts payable by MEAG Power to the Project J Entity pursuant to the Authority/Project J Entity Power Purchase Agreement, including amounts with respect to debt service on any Federal Loans;
5. Disposition of Excess Proceeds Following DOE Foreclosure: the Authority/Project J Entity Power Purchase Agreement shall provide that the Project J Entity shall pay over to MEAG Power any proceeds received by the Project J Entity from the sale of the Project J Ownership Interest following a DOE Foreclosure that are in excess of the amount needed to pay all Federal Loans and that are not required to be used to satisfy the Project J Entity’s obligations to any other party (“Excess Proceeds”), and the Project J Bond Resolution shall provide that such Excess Proceeds shall be applied to the retirement, by purchase, redemption or defeasance, of the Project J Bonds;
6. 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 Sales Contracts, as amended, have been the subject of a judgment of validation rendered by the Superior Court of Fulton County, Georgia;
7. 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
8. 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).

In addition to the amendments described above, the Project J Bond Resolution provides that, upon the consent of the Trustee, the Project J Bond Resolution may be amended (i) to insert such provisions clarifying matters or questions arising under the Project J 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 Project J Bond Resolution which the Trustee shall in its sole discretion determine will not have a material adverse effect on the interests of the Bondholders.

Trustee, Paying Agents

The Project J Bond Resolution requires the appointment by MEAG Power of one or more Paying Agents (who may be the Trustee) for the Project J 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 J Bonds then Outstanding or, so long as no Event of Default has occurred and is continuing, by MEAG Power. 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, may appoint such successor; *provided, however*, that if no successor Trustee shall have been appointed by the Holders 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 J 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.

Defeasance

The pledge of any Revenues and other moneys and securities under the Project J Bond Resolution and all covenants and other obligations of MEAG Power under the Project J Bond Resolution will cease, terminate and be discharged and satisfied whenever all Project J Bonds and coupons have been paid in full.

Project J Bonds (or portions thereof) are deemed to have been paid and are not entitled to the lien, benefit or security of the Project J 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 Project J Bonds, (2) in the case of any Project J 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 Project J 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 Project J Bonds that the above deposit has been made with the Trustee and that such Project J 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 J Bonds.

Events of Default and Remedies

Events of Default specified in the Project J Bond Resolution include failure to pay the principal or Redemption Price of any Project J Bond when due; failure to pay any interest installment on any Project J 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 J Bonds then Outstanding may declare the principal of and accrued interest on such Project J Bonds due and payable (subject to a rescission of such declaration upon the curing of such default before the Project J 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, 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. 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 an 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 Project J necessary in the judgment of the Trustee to prevent loss of Revenues or otherwise required to be paid for by MEAG Power pursuant to the Vogtle Units 3&4 Project Agreements, and (3) to the payment of interest and principal or the Redemption Price of Project J Bonds without preference or priority of interest over principal or principal over interest, unless the principal of all Project J 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 J Bonds which have become due and payable 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.

Notwithstanding the foregoing, (x) so long as the Initial Power Purchaser is not in payment default under the Project J PPA, any amounts paid to MEAG Power pursuant to the Project J PPA and deposited in the Reserve and Contingency Fund may only be applied as set forth in the foregoing clauses (1) and (2), and if not so applied shall promptly be remitted by the Trustee to the Initial Power Purchaser and (y) so long as no Project J Participant is in payment default under its Project J Power Sales Contract, any amounts paid to MEAG Power pursuant to the Project J Power Sales Contracts and deposited in the Reserve and Contingency Fund may only be applied as set forth in the foregoing clauses (1) and (2), and if not so applied shall promptly be remitted by the Trustee to the Project J Participants, *pro rata* in proportion to the respective amounts so paid by them to MEAG Power.

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 J 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 J Bond Resolution or in aid of the execution of any power granted in the Project J 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 Project J Bond Resolution. The Trustee may, and upon the request of the Holders of a majority in principal amount of the Project J 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 J 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 Project J Bond Resolution or the execution of any trust under the Project J Bond Resolution or for any remedy under the Project J 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 Project J 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 Project J Bond Resolution or in the Project J Bonds shall affect or impair MEAG Power's obligation, which is absolute and unconditional, to pay the Project J 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 J 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

The Project J Bond Resolution 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) 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 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 Bonds and all Parity Reimbursement Obligations, calculating the accrued Debt Service with respect to the Bonds of each Series and each Parity Reimbursement Obligation at an amount equal to the sum of (i) interest on the 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 Bonds of such Series or such Parity Reimbursement Obligation due and unpaid (without giving effect to any declaration of the principal of all Bonds outstanding, and the interest accrued thereon, to be due and payable immediately following the occurrence of an Event of Default as provided in the Project J 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 Project J 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 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 U.S. 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. Notwithstanding any other provision of the Project J Bond Resolution, (a) 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 Satisfaction Date, there shall be excluded from the calculation of Accrued Aggregate Debt Service the principal or Redemption Price of, or interest on, any 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 Project J PPA 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, there shall be excluded from the calculation of Accrued Aggregate Debt Service the principal or Redemption Price of, or interest on, any Bonds that is 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.

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.

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.

Authority's Ownership Interest. Authority's Ownership Interest shall mean MEAG Power's percentage undivided ownership interest in the properties, facilities and rights with respect to Vogtle Units 3&4, as described in Attachment A of the Project J Bond Resolution.

Bond, Bonds, Project J Bond or Project J Bonds. Bond, Bonds, Project J Bond or 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 Parity Obligations, Commercial Paper Notes, Subordinated Bonds or Subordinated Obligations.

Bond Anticipation Notes. Bond Anticipation Notes shall mean any Bonds issued to finance or refinance the Costs of Acquisition and Construction and Financing Costs of Project J 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 U.S. 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 Project J 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 Project J 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 Project J 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.

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 for the planning, designing, acquiring, constructing, and installing Project J, including any major renewals, replacements, repairs, additions, betterments or improvements necessary, in the opinion of MEAG Power, to keep Project J in good operating condition or to prevent a loss of revenues therefrom, placing Project J in operation, disposing of Project J, and obtaining governmental approvals, certificates, permits and licenses with respect thereto heretofore or hereafter paid, incurred by, or for the account of MEAG Power, including the following:

- (a) working capital reserves for Project J in such reasonable amount as may be established by MEAG Power;
- (b) acquisition of initial inventories or prepayment of fuel for Project J and working capital and reserves therefor and working capital and reserves for additional inventories or prepayment of fuel for Project J;

- (c) charges related to processing, design, fabrication, transportation, disposal and storage of fuel for Project J, including but not limited to 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 Project J;
- (d) reserves for renewals and replacements, retirement from service, or disposal of any facility of Project J and contingencies;
- (e) training and testing costs incurred by MEAG Power attributable to Project J;
- (f) preliminary investigation and development costs, engineering fees, contractors' fees, costs of labor, materials, equipment, utility services and supplies and legal costs attributable to Project J; and
- (g) all costs of insurance applicable to the period of construction of Project J.

Costs of Acquisition and Construction shall also include all other costs, except Financing Costs, incurred by MEAG Power and properly allocable to planning, designing, acquiring, constructing and installing Project J including (a) the Additional Costs as described and defined in Section 2.2 of the Vogtle Units 3&4 Development Agreement attributable to Project J and (b) to the extent permitted in accordance with the terms of the Project J Power Contracts, amounts required to reimburse the Project J Power Purchasers for amounts paid by them in respect of the principal of maturing Bond Anticipation 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 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 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 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 Bonds of such Series, whichever date is later), (ii) with respect to each 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 next 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 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 Project J 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 Project J 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 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.

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 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 Bonds exceed the maximum amount of the proceeds of such Bonds that may, in the opinion of tax counsel to MEAG Power, be deposited to the 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 Bonds only for so long as any Bonds of such Series shall remain Outstanding, but Bond Anticipation Notes shall not be deemed to be Bonds for purposes of this definition;
- (b) in the event that the 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 U.S. 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; *provided, however*, that if at any time the specified percentage of the interest payable on such 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 Bonds that no longer is payable to MEAG Power by the U.S. 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 U.S. Treasury in respect of the interest payable on any such Bonds, then the amount of the Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such 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 Bonds of any Series shall be calculated as of the date of original issuance of the Bonds of such Series; and
- (d) in the event that the Bonds of any Series shall be refunded in whole or in part, the Debt Service Reserve Requirement shall be recalculated, assuming that the refunding Bonds and the Bonds (if any) of the refunded Series to remain Outstanding upon the issuance of the refunding Bonds are part of the same Series.

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 U.S. Department of Energy.

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 the DOE are made available with respect to, among other things, “advanced nuclear energy facilities.”

Federal Loans. Federal Loans shall mean any loans obtained by the Project J Entity pursuant to the Federal Loan Option with respect to the financing of the Costs of Acquisition and Construction of the Project J Portion of the Authority’s Ownership Interest.

Financing Costs. Financing Costs shall mean all financing costs related to Project J that MEAG Power may finance through the issuance of Bonds or Subordinated Bonds, 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 (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 Project J in operation, and (ii) any swap premium or swap termination payment;
- (b) interest accruing in whole or in part on Bonds or Subordinated Bonds 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 Project J in operation in accordance with the provisions of the Project J Bond Resolution; and

(c) the deposit or deposits from the proceeds of Bonds or Subordinated Bonds issued to finance such costs in any Fund or Account established pursuant to the Project J Bond Resolution to meet debt service reserve requirements for Bonds or Subordinated Bonds, or replenishment of such funds if drawn down.

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 Project J 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 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 Payment. Initial Power Purchaser Arrearages Payment shall mean any payment received by MEAG Power from the Initial Power Purchaser under the Project J PPA 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 Debt Service Fund, the Subordinated Bond Fund or the 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 Bond or the principal or interest component of any Parity Obligation not being 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 amounts in respect of Debt Service under (and as defined in) the Project J PPA, including 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 Project J PPA.

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 Project J PPA) has terminated, and the Initial Power Purchaser shall have no new or additional obligation to pay amounts in respect of Debt Service under the Project J PPA for either of Plant Vogtle Unit No. 3 or Plant Vogtle Unit No. 4 for any Series of Bonds, Subordinated Bonds, Parity Obligations or Subordinated Obligations; it being understood that, pursuant to the Project J PPA, 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 Project J PPA, 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 Project J that the Initial Power Purchaser previously was entitled to receive

following the discontinuance of service to the Initial Power Purchaser under the Project J PPA as a result of a default by the Initial Power Purchaser thereunder; *provided, however*, that if (x) the principal or Redemption Price of, or interest on, any Bond shall not then be due and unpaid and (y) the deposit of any such payment to the Revenue Fund would avoid the need for the application of amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund, the Subordinated Bond Fund or the Reserve and Contingency Fund to cure a deficiency in the Debt Service Account in said Debt Service Fund, then such payment shall not constitute Initial Power Purchaser Resale Revenues.

Investment Securities. 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. 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.

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) a percentage undivided ownership interest in the Authority's Ownership Interest in an amount equal to the Project J Portion thereof and (2) working capital for the Project J required by MEAG Power during construction of Vogtle Units 3&4 and for the placing of Vogtle Units 3&4 in operation, and working capital for Project J for operation of Vogtle Units 3&4.

Project J Entity. Project J Entity shall mean a corporation or other entity to be formed by MEAG Power for the sole purpose of owning and operating the Project J Portion of the Authority's Ownership Interest following the transfer thereof to such Entity as permitted by the Project J Bond Resolution, which Entity shall be a wholly owned subsidiary of, or otherwise controlled by, MEAG Power, the business and activities of which shall be limited to the acquisition, construction, ownership and operation of the Project J Portion of the Authority's Ownership Interest.

Project J Participant Arrearages Fund. Project J Participant Arrearages Fund shall mean the Additional Units PPA 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 Debt Service Fund, the Subordinated Bond Fund or the 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 Bond or the principal or interest component of any Parity Obligation not being paid when due.

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 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 Bond shall not then be due and unpaid and (y) the deposit of any such payment to the Revenue Fund would avoid the need for the application of amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund, the Subordinated Bond Fund or the 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 Portion. Project J Portion shall mean a 41.174636 percent undivided interest in the Authority's Ownership Interest; which interest shall consist of 206.000 MWs of the capacity and output of Vogtle Units 3&4, based upon the nominal ratings of Vogtle Units 3&4.

Project J Power Contracts. Project J Power Contracts shall mean, collectively, the Project J PPA and the Project J Power Sales Contracts.

Project J Power Purchasers. Project J Power Purchasers shall mean (a) the Initial Power Purchaser during the term of the Project J PPA 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 Project J PPA or (y) a Project J Participant during the term of its Project J Power Sales Contract.

Project J PPA. The Project J PPA 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.

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 Bonds, the Bonds 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.

Reserve and Contingency Fund Requirement. Reserve and Contingency Fund 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.

Revenues. Revenues shall mean (i) all revenues, income, rents and receipts derived by MEAG Power from or attributable to the ownership and operation of Project J, including 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 or under any other contract for the sale of power, energy or other service from Project J or any part thereof or any contractual arrangement with respect to the use of Project J 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 Project J PPA in respect of the Additional Compensation Obligation; (ii) the proceeds of any insurance covering business interruption loss relating to Project J; (iii) the Project J Portion of the proceeds of any liquidated damages payable by a contractor to or for the account of MEAG Power for delay; 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 Revenue Fund; *provided, however,* that (a) 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 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 U.S. Treasury in respect of the interest payable on any Build America Bonds shall constitute Revenues for all purposes of the Project J Bond Resolution.

Subordinated Obligation. Subordinated Obligation shall mean any payment obligation (which does not constitute Bonds, a Parity Obligation or Subordinated Bonds) (a) that is a Subordinated Reimbursement Obligation, (b) that is a Subordinated Hedging Contract Obligation, (c) that is a 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 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 Bonds and Parity Obligations.

Trust Estate. Trust Estate shall mean (i) the proceeds of the sale of the Bonds, (ii) the Revenues, (iii) the Initial Power Purchaser Arrearages Payments and the Initial Power Purchaser Resale Revenues, (iv) the Project J Participant Arrearages Payments and the Project J Participant Resale Revenues and (v) all Funds established by the Project J Bond Resolution, including the investments, if any, thereof.

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.

Vogtle Units 3&4. Vogtle Units 3&4 shall mean the two additional nuclear units to be located at Plant Vogtle pursuant to the Vogtle Units 3&4 Development Agreement.

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SUMMARY OF CERTAIN PROVISIONS OF DOE CONDITIONAL COMMITMENT

As a part of the long-term financing arrangements for the Vogtle Units 3&4 Projects (as defined in the Official Statement to which this APPENDIX L is attached), MEAG Power, along with two other Vogtle Co-Owners (as defined herein), was selected by DOE to be considered for final due diligence and negotiations of the terms and conditions of a conditional loan guarantee term sheet (the “Term Sheet”) relating to loans to be made by the Federal Financing Bank (“FFB”) to three wholly-owned special purpose limited liability company subsidiaries to be formed by MEAG Power (individually, the “Project M Entity,” the “Project J Entity” and the “Project P Entity” and, together, the “Project Entities”). DOE offered the Term Sheet to MEAG Power, and MEAG Power accepted the Term Sheet and paid the required portion of a facility fee to DOE and, as a result, the Term Sheet became a conditional commitment (the “Conditional Commitment”) for DOE-guaranteed loans (the “Guaranteed Loans”). The Conditional Commitment, including the Summary of Terms and Conditions attached thereto, sets forth a summary of the proposed principal terms and conditions for the issuance of the DOE guarantee. The complete and final terms and conditions of the Conditional Commitment and related obligations will be set forth in definitive agreements among DOE, FFB, MEAG Power and the Project Entities (the “Definitive Agreements”). The Conditional Commitment contemplates that the date of the first availability of funds to the Project Entities under the Definitive Agreements (the “Financial Closing”) will occur on the same date that the Definitive Agreements are entered into by the parties. MEAG Power expects to commence negotiation of the Definitive Agreements reflecting the terms and conditions of the Conditional Commitment during 2010.

The following is a general summary of certain terms and conditions of the Conditional Commitment. Because the Series 2010A&B Bonds relate to Project J and because Project J may be funded in part through the Guaranteed Loan relating to Project J, the information set forth herein describes the terms and conditions of the Conditional Commitment principally as they relate to Project J and the Project J Entity, even though the Conditional Commitment contains similar terms and conditions with respect to Project M and the Project M Entity and Project P and the Project P Entity, subject mostly to differences in dollar amounts and percentages, with a few material exceptions (including, without limitation, that the provisions relating to the “Standstill Period” referred to under “– Remedies” below will apply only to Project J and Project P, but will not apply to Project M).

Capitalized terms not otherwise defined in this APPENDIX L shall be as defined in the Official Statement to which this APPENDIX L is attached.

General

In 2008, MEAG Power submitted an application to DOE for the Guaranteed Loans pursuant to the federal loan guarantee solicitation for nuclear projects employing new or significantly improved technology (the “Solicitation”) issued under Title XVII of the Energy Policy Act of 2005, as amended (“Title XVII”). Following substantial due diligence of Vogtle Units 3&4 and other aspects of the application of MEAG Power and similar applications of GPC and OPC, DOE selected Vogtle Units 3&4 as a nuclear-powered generation facility to be supported by conditional DOE loan guarantee commitments under the Solicitation.

The Guaranteed Loans will be in the aggregate principal amount of up to \$1,808,910,000 for all three Project Entities and, once issued, DOE’s guarantee will be irrevocable and unconditional and will pledge the full faith and credit of the United States of America to the payment of the Guaranteed Loans. In the aggregate, the Guaranteed Loans are limited to 50 percent of the aggregate construction and start-up costs, including capitalized interest, of the Project Entities’ undivided interests in Vogtle Units 3&4

that are eligible to be funded with the proceeds of the Guaranteed Loans (the “Eligible Project Costs”). The maximum available Guaranteed Loans for each Project Entity also will be subject to additional individual caps.

Structure

On or prior to the Financial Closing, MEAG Power will divide its entire 22.7 percent undivided ownership interest in Vogtle Units 3&4 into three separate undivided interests and then transfer such interest to the Project Entities as follows: a 7.6887 percent undivided interest to the Project M Entity; a 9.3466 percent undivided interest to the Project J Entity; and a 5.6647 percent undivided interest to the Project P Entity.

On or prior to entry into the Definitive Agreements, MEAG Power will enter into a take-or-pay, “hell or high water” power purchase agreement with each Project Entity for all of the output and related services generated by such Project Entity’s ownership interest in Vogtle Units 3&4.

The Project Entities would be the borrowers of the Guaranteed Loans.

The Guaranteed Loan

The Project J Entity may request advances under its Guaranteed Loan in accordance with a financial plan and construction budget submitted to DOE. The aggregate principal amount of the Guaranteed Loan to the Project J Entity may not exceed the lesser of \$728,236,000 and 41.88156 percent of the Project J Entity’s Eligible Project Costs. This percentage may be increased with DOE consent, but not in excess of 50 percent, based on changes in market conditions and reductions in the amounts that the other Project Entities may borrow under their Guaranteed Loans. Eligible Project Costs include, and a portion of the Project J Entity’s Guaranteed Loan will be able to be used solely to provide, a debt service reserve facility with respect to such Guaranteed Loan.

Equity Commitment

The Conditional Commitment obligates MEAG Power to fund through equity contributions to the Project J Entity all costs, including cost overruns, related to the construction and start-up of the Project J Entity’s undivided interest in Vogtle Units 3&4 that are not funded through the Project J Entity’s Guaranteed Loan. The Conditional Commitment recognizes that MEAG Power will obtain funds for the required equity contributions through issuances of Project J Bonds issued pursuant to the Project J Bond Resolution, including the Series 2010A&B Bonds. The Conditional Commitment obligates MEAG Power to obtain DOE’s consent to the terms and conditions of all Project J Bonds issued to fund equity contributions to the Project J Entity.

Availability and Use of Funds

Advances under the Project J Entity’s Guaranteed Loan may be requested from and including the Financial Closing until a date to be agreed in the Definitive Agreements. Advances may be used to reimburse the Project J Entity for Eligible Project Costs (other than interest on the Project J Bonds issued by MEAG Power to fund equity contributions to the Project J Entity, including the Series 2010A&B Bonds), consistent with a DOE-approved financial plan and construction budget. Advances also may be used to reimburse MEAG Power to the extent such reimbursement would not cause its equity contribution to the Project J Entity to be less than that required by the Definitive Agreements, subject to certain limitations relating to known or anticipated cost overruns. FFB will make advances within five business days following receipt by FFB of appropriate documentation approved by DOE. DOE has agreed to promptly review each request for an advance and accompanying documentation.

Term of the Guaranteed Loan; Principal Payments

The Conditional Commitment provides that the Project J Entity's Guaranteed Loan will mature on the 30th anniversary of the Financial Closing with quarterly principal installments for all but the final payment at maturity of the loan based on level-debt amortization over a period of 40 years commencing from the projected commercial operation date of Vogtle Units 3&4 (determined as of the date of the Financial Closing). The remaining outstanding principal amount and all accrued and unpaid interest will be payable on the last quarterly date before the 30th anniversary of the Financial Closing.

Interest Rate

The outstanding principal amount of each Guaranteed Loan will be payable in quarterly installments. The interest rate determined for each advance of a Guaranteed Loan may be a rate fixed to maturity or fixed for a specified interest period. The interest rate on each advance will be the sum of (i) a rate based on a U.S. treasury yield for an equivalent term, plus (ii) a spread specified by FFB in the Definitive Agreements based on its policy guidelines. All overdue amounts on a Guaranteed Loan will accrue interest at a late charge rate equal to one and one-half times the rate to be determined by the Secretary of the Treasury based on the prevailing market yield on the remaining maturity of the most recently auctioned 13-week U.S. Treasury bills.

Prepayments of the Guaranteed Loan

The Project J Entity's Guaranteed Loan will be subject to mandatory and voluntary prepayment provisions. The Conditional Commitment obligates the Project J Entity to make mandatory prepayments of its Guaranteed Loan upon the occurrence of certain events, including (i) with the proceeds of insurance to the extent such proceeds are not used to rebuild or restore Vogtle Units 3&4 or upon a total loss to either unit, (ii) the receipt of liquidated damages under the EPC Contract other than amounts used to pay to construct, rebuild or restore Vogtle Units 3&4 or amounts of delay liquidated damages needed to pay financing and operating costs payable during the period of delay, (iii) the sale of assets no longer used or useful in connection with Vogtle Units 3&4 in excess of an agreed amount, and (iv) at DOE's request if MEAG Power prepays Project J Bonds, including the Series 2010A&B Bonds, issued to fund equity contributions to the Project J Entity other than in connection with a refunding or in connection with the redemption of Project J Bonds with excess bond proceeds not necessary to fund the construction or start-up of Vogtle Units 3&4.

The Project J Entity may voluntarily prepay any advance under its Guaranteed Loan in whole but not in part, subject to a minimum prepayment amount.

Conditions Precedent to Financial Closing

The Financial Closing will be subject to numerous and substantial conditions precedent on the part of MEAG Power and all three Project Entities, the final terms and provisions of which will be set forth in the Definitive Agreements.

Conditions Precedent to each Advance of a Guaranteed Loan

Following the Financial Closing, each advance of a Guaranteed Loan will be subject to additional conditions precedent, the final terms and provisions of which will be set forth in the Definitive Agreements.

Collateral

The Conditional Commitment requires that the Guaranteed Loan be secured by various assets (collectively, the “Collateral”), including, among other things, the Project J Entity’s rights or interests in: (i) Vogtle Units 3&4, (ii) all governmental approvals and permits for Vogtle Units 3&4, (iii) the project documents and other contracts and agreements relating to Vogtle Units 3&4, (iv) nuclear fuel purchased for Vogtle Units 3&4, (v) all revenues, accounts receivable, investment property of or equity contributions to the Project J Entity, including the Project Accounts of the Project J Entity referred to below, (vi) subject to certain requirements of the NRC and other limitations, the nuclear decommissioning trust fund to be established with respect to Project J, and (vii) certain collateral shared with the holders of the Project J Bonds (the “Shared Collateral”). The Guaranteed Loan to the Project J Entity also will be secured by MEAG Power’s pledge of its equity interest in the Project J Entity and such other collateral as may be required by DOE or FFB following completion of their due diligence.

The security interests in the Collateral will be granted in favor of a collateral agent or other agent designated by DOE. The Guaranteed Loan will not be subordinate to any loan or other debt obligation and DOE will have a first-priority perfected security interest in its Collateral, subject only to customary permitted liens and the arrangements relating to the flow of funds. The Series 2010A&B Bonds will not be secured by a lien on the Collateral other than with respect to the shared collateral referred to in clause (vii) of the prior paragraph.

Project Accounts

MEAG Power and the Project J Entity will establish and maintain project accounts (the “Project Accounts”) as follows. In addition to the various funds and accounts established by MEAG Power pursuant to the Project J Bond Resolution, the Project J Entity will establish and maintain the following Project Accounts, each to be held by a custodian under a collateral agreement (the “Collateral Agreement”):

- a. a construction fund;
- b. an operation and maintenance (“O&M”) fund;
- c. a debt service fund, consisting of the following accounts:
 - i. a debt service account; and
 - ii. a debt service reserve account;
- d. a reserve and contingency fund; and
- e. an extraordinary proceeds fund.

Flow of Funds

The Conditional Commitment provides that Revenues (as defined in the Project J Bond Resolution) attributable to Project J will be received by MEAG Power and deposited into the Revenue Fund established pursuant to the Project J Bond Resolution. In the case of JEA, Revenues will be received by direct deposit to such Revenue Fund. The Conditional Commitment provides that during any period (other than a period when JEA is obligated to make payments with respect to debt service on the Guaranteed Loan and is in payment default under Project J), amounts in such Revenue Fund will be applied to the following purposes, in the following order of priority:

- First, MEAG Power will pay each month to the custodian under the Collateral Agreement the amount of budgeted O&M expenses allocable to the Project J Entity's interest in Vogtle Units 3&4 for such month, for deposit to the Project J Entity's O&M fund. MEAG Power will invoice the Project J Entity monthly for MEAG Power's applicable O&M expenses (e.g., administrative and general expenses) allocable to the Project J Entity's interest in Vogtle Units 3&4, and the Project J Entity will cause such invoice to be paid monthly together with all of its other O&M expenses.
- Second, MEAG Power will, on a parity basis, (a) transfer to the Trustee for deposit in the Debt Service Account in the Debt Service Fund established pursuant to the Project J Bond Resolution principal and interest accruing during such month on the Project J Bonds (including the Series 2010A&B Bonds), and (b) transfer to the custodian under the Collateral Agreement for deposit to the Project J Entity's Guaranteed Loan debt service account held by it principal and interest accruing during such month on the Project J Entity's Guaranteed Loan.
- Third, MEAG Power will, on a parity basis, (a) transfer to the Trustee for deposit in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Project J Bond Resolution such amount as is necessary to restore the balance in such account to the requirement therefor (subject to certain provisions permitting certain types of deficiencies to be funded over a longer period), and (b) transfer to the custodian under the Collateral Agreement for deposit in the Project J Entity's Guaranteed Loan debt service reserve account held by it such amount as is necessary to fund or restore the balance in such account to the requirement therefor (subject to certain provisions permitting certain types of deficiencies to be funded over a longer period).
- Fourth, MEAG Power will transfer to the Trustee for deposit in the Subordinated Bond Fund established pursuant to the Project J Bond Resolution principal and interest accruing on any Subordinated Bonds (as defined in the Project J Bond Resolution) during such month.
- Fifth, MEAG Power will, on a parity basis, (a) deposit in the Reserve and Contingency Fund established pursuant to the Project J Bond Resolution an amount equal to ten percent of the principal and interest accruing during such month on the Project J Bonds (including the Series 2010A&B Bonds) and any Subordinated Bonds, and (b) transfer to the custodian under the Collateral Agreement for deposit in the Project J Entity's Guaranteed Loan reserve and contingency fund held by it an amount equal to ten percent of the principal and interest accruing during such month on the Project J Entity's Guaranteed Loan.
- Sixth, at year-end, surpluses are to be funded back to JEA or the Project J Participants, as applicable, subject to the terms of the Definitive Agreements.

The Conditional Commitment provides that the Definitive Agreements will address the flow of funds and allocation of Revenues in circumstances other than that described immediately above, including with respect to circumstances where the output related to the Project J Entity's ownership interest in Vogtle Units 3&4 is being sold to the market following a payment default by JEA under the Project J PPA as described in more detail under "– Remedies" below. In this case, the net proceeds of such sales of the output and services of Project J would be used first to pay accrued and unpaid principal and interest on the Project J Entity's Guaranteed Loan (after payment of O&M expenses) before being applied for any other purposes (including without limitation, for debt service on the Project J Bonds (including the Series 2010A&B Bonds)).

Representations and Warranties

The Conditional Commitment provides that the Definitive Agreements will contain customary and appropriate representations and warranties of MEAG Power and the Project J Entity, subject to agreed qualifications, limitations and exceptions.

Affirmative and Negative Covenants

The Conditional Commitment provides that the Definitive Agreements will contain usual and customary affirmative and negative covenants on the part of MEAG Power and the Project J Entity, subject to agreed qualifications, limitations and exceptions.

DOE Events of Default

The Conditional Commitment provides that the Definitive Agreements will contain extensive events of default (“DOE Events of Default”), subject to agreed qualifications, exceptions and grace periods. The events of default will include the following: (i) failure to make payments when due; (ii) default under any other indebtedness of the Project J Entity; (iii) failure by the Project J Entity, the operator or Vogtle Units 3&4 to comply with the provisions of Title XVII, the regulations under Title XVII, other requirements of law or the loan guarantee program; (iv) breach of representations and warranties or covenants under the Definitive Agreements; (v) failure to fund equity contributions when due; (vi) certain bankruptcy or insolvency matters relating to MEAG Power, the Project J Entity, JEA or material Project J Participants to be identified in the Definitive Agreements; (vii) the impairment of required interests in the Collateral; (viii) judgments against the Project J Entity in excess of specified thresholds; (ix) certain ERISA matters; (x) invalidity or unenforceability of any Definitive Agreements, Project J PPA, Project J Power Sales Contracts, the power purchase agreement between the Project J Entity and MEAG Power or the Project J Bond Resolution; (xi) breach or termination of the Project J PPA, Project J Power Sales Contracts or the power purchase agreement between the Project J Entity and MEAG Power; (xii) revocation of the COL or other governmental approval necessary for the construction or operation of Vogtle Units 3&4; (xiii) cessation of construction or operation or abandonment of Vogtle Units 3&4 for a specified period; (xiv) certain material damage to Vogtle Units 3&4 facilities not repaired within a specified period; (xv) an event of default under the Project J Bond Resolution permitting acceleration of the Project J Bonds; (xvi) failure of MEAG Power to own all of the equity interests in the Project J Entity; (xvii) failure by the Project J Entity to use proceeds of the Guaranteed Loan as provided in the Definitive Agreements; (xviii) failure by the Project J Entity to fund O&M expenses for which it is responsible; (xix) failure by the Project J Entity, the operator or Vogtle Units 3&4 to materially comply with environmental and safety matters; (xx) failure by the Project J Entity to comply with applicable debarment regulations; and (xxi) failure by MEAG Power or the Project J Entity to comply with obligations relating to the flow of funds or Project Accounts.

Remedies

The Conditional Commitment provides that, as of the Financial Closing, DOE will be considered to, and will, have the rights, powers, privileges and remedies of FFB under the Definitive Agreements. Upon the occurrence and continuation of a DOE Event of Default, DOE may, subject to the other provisions of the Definitive Agreements: (i) foreclose on the Collateral; (ii) suspend or terminate further advances under the Project J Entity’s Guaranteed Loan; (iii) accelerate the maturity of the Project J Entity’s Guaranteed Loan; (iv) perfect and maintain the security interests granted by the Project J Entity; (v) set off and apply amounts to the satisfaction of the Project J Entity’s Guaranteed Loan under the Definitive Agreements; (vi) cure defaults; (vii) protect and enforce its rights and remedies by appropriate proceedings; (viii) exercise all contractual rights available to it; and (ix) take all other actions as DOE may reasonably require to provide for the care, preservation, protection and maintenance of its Collateral.

These rights of DOE following the occurrence and during the continuance of a DOE Event of Default are subject to several limitations and restrictions during a specified standstill period (the "Standstill Period"). The Standstill Period will exist under the Definitive Agreements if a DOE Event of Default has occurred and is continuing solely as a result of JEA's failure to satisfy its payment obligations under the Project J PPA. The Standstill Period will not exist if (i) any other DOE Event of Default has occurred and is continuing; (ii) MEAG Power fails at any time during the continuance of such DOE Event of Default to use its best efforts to sell the Project J Entity's power generation (A) into the market in a manner intended to maximize recovery of the Project J Entity's Guaranteed Loan and the Project J Bonds pursuant to a plan of recovery approved by DOE or (B) as otherwise directed by DOE; or (iii) any Revenues from such sales are applied other than as provided in the Definitive Agreements and the Project J Bond Resolution.

During the Standstill Period, DOE may not accelerate the maturity of the Project J Entity's Guaranteed Loan or foreclose on or cause a transfer of ownership of the interest of the Project J Entity in Vogtle Units 3&4. Upon the occurrence of a bankruptcy or insolvency event relating to the Project J Entity, however, the Project J Entity's Guaranteed Loan, together with interest accrued thereon and all other amounts due under the applicable Definitive Agreements, will immediately mature and become due and payable even if the Standstill Period is otherwise in effect. The Project J Bond Resolution similarly will provide that the holders of the Project J Bonds and the Trustee will not accelerate the maturity of the Project J Bonds during the Standstill Period.

Subrogation

If DOE pays any amounts in respect of the Project J Entity's Guaranteed Loan, DOE will be subrogated to, and FFB will be deemed to have assigned to DOE, without recourse or the need for further action, all of FFB's right, title and interest on that Guaranteed Loan and the Definitive Agreements.

Limitations on and Termination of the Conditional Commitment

Although MEAG Power anticipates that it, DOE and FFB will agree to enter into Definitive Agreements on terms and conditions similar to those terms and conditions contained in the Conditional Commitment (which are summarized in this section), none of MEAG Power, DOE and FFB is obligated to consummate the transactions contemplated therein, or to do so on the terms and conditions contained therein.

The Conditional Commitment may be terminated in certain circumstances. DOE may terminate the Conditional Commitment if the Definitive Agreements are not entered into on or before the earlier of December 31, 2012 or three months after issuance of the COL and, also that DOE may terminate the Conditional Commitment as a result of, among other things: (i) a failure or refusal to comply with any terms, provisions, or conditions of the Conditional Commitment; (ii) a material adverse change that occurs or is reasonably likely to occur relating to (a) MEAG Power, any Project Entity or Vogtle Units 3&4, (b) the ability of MEAG Power or any Project Entity to carry out the Project or to perform its obligations under the Conditional Commitment or the Definitive Agreements, or (c) the condition or value of any material collateral security; (iii) information provided by or on behalf of MEAG Power or any Project Entity contains a material inaccuracy, omission, or misrepresentation; (iv) illegality relating to the Guaranteed Loans based on a change in law; (v) unsatisfactory results of due diligence; (vi) determination by the NRC that the COL will not be issued on or prior to December 31, 2012 or a governmental authority revokes the COL or other necessary governmental approval; (vii) a breach or termination of the power purchase agreements relating to the Vogtle Units 3&4 Projects; (viii) MEAG Power's failure to own 100 percent of the Project Entities; or (ix) an abandonment of Vogtle Units 3&4 or a total loss to either unit.

**Anticipated Amendments to Project J PPA,
Project J Power Sales Contracts, Project J
Bond Resolution and Vogtle Units 3&4 Project Agreements**

On or before the Financial Closing, MEAG Power anticipates that it will modify the Project J PPA, the Project J Power Sales Contracts, the Project J Bond Resolution and the Vogtle Units 3&4 Project Agreements to reflect the terms and conditions of the Conditional Commitment, as more fully provided in the Definitive Agreements. As more fully described in “SUMMARY OF PROJECT J BOND RESOLUTION – Amendments and Supplemental Resolutions” in APPENDIX K attached to the Official Statement to which this APPENDIX L is attached, upon the issuance of the Series 2010A&B Bonds, the Project J Bond Resolution will permit MEAG Power to amend the Project J Bond Resolution and such other documents in any respect determined by MEAG Power to be necessary or desirable in order to accommodate the Project J Entity’s Guaranteed Loan, subject to satisfaction of the conditions and requirements set forth therein. For more information on these amendments, see “PLAN OF FINANCE FOR MEAG POWER’S INTERESTS IN VOGTLE UNITS 3&4 – DOE Loan Guarantee Program,” “SUMMARY OF PROJECT J POWER SALES CONTRACTS – Amendment of the Project J Power Sales Contracts” in APPENDIX J to the Official Statement to which this APPENDIX L is attached and “DOE LOAN GUARANTEE PROGRAM – Anticipated Amendments to Project J PPA, Project J Power Sales Contracts, Project J Bond Resolution and Vogtle Units 3&4 Project Agreements to Accommodate the Project J Entity’s Guaranteed Loan” in the Official Statement to which this APPENDIX L is attached.

The amendments to the Project J Bond Resolution will modify, among other things, the pledge of security, flow of funds, and rights on default of the Project J Bonds (including the Series 2010A&B Bonds). See “DOE LOAN GUARANTEE PROGRAM” in the Official Statement to which this APPENDIX L is attached.

**PROPOSED FORM OF OPINION OF BOND COUNSEL
WITH RESPECT TO THE SERIES 2010A&B BONDS**

Upon the delivery of the Series 2010A&B Bonds, Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to MEAG Power, proposes to render its final approving opinion with respect to the Series 2010A&B Bonds in substantially the following form:

March __, 2010

Municipal Electric Authority of Georgia
1470 Riveredge Parkway, N.W.
Atlanta, Georgia 30328

Municipal Electric Authority of Georgia
Plant Vogtle Units 3&4 Project J Bonds, Taxable Series 2010A (Issuer Subsidy – Build America Bonds)
and Plant Vogtle Units 3&4 Project J Bonds, Series 2010B (Tax-Exempt)

Gentlemen:

We have acted as bond counsel to the Municipal Electric Authority of Georgia (the “Authority”), a public body corporate and politic and an instrumentality of the State of Georgia, in connection with the issuance of \$1,224,265,000 aggregate principal amount of the Authority’s Plant Vogtle Units 3&4 Project J Bonds, Taxable Series 2010A (Issuer Subsidy – Build America Bonds) (the “Series 2010A Taxable Bonds”) and \$24,170,000 aggregate principal amount of the Authority’s Plant Vogtle Units 3&4 Project J Bonds, Series 2010B (Tax-Exempt) (the “Series 2010B Tax-Exempt Bonds” and, together with the Series 2010A Taxable Bonds, the “Bonds”), issued pursuant to the provisions of the Act creating the Municipal Electric Authority of Georgia, codified at Official Code of Georgia Annotated, § 46-3-110, *et seq.*, as amended (the “Act”), and under and pursuant to a resolution of the Authority adopted on October 16, 2008 entitled “Plant Vogtle Additional Units PPA Project Bond Resolution,” as supplemented, amended and restated (the “Project J Bond Resolution”), including as supplemented and amended by a resolution supplemental thereto adopted by the Authority on March 3, 2010 entitled “Second Supplemental Plant Vogtle Additional Units PPA Project Bond Resolution” authorizing the issuance of the Bonds. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Project J Bond Resolution.

The Project J Bond Resolution provides that (1) the Series 2010A Taxable Bonds are being issued to (a) fund a portion of the costs of acquisition and construction of Project J, (b) refinance certain outstanding bond anticipation notes issued for Project J, (c) fund certain capitalized interest on the Series 2010A Taxable Bonds, (d) provide moneys to fund a debt service reserve account established under the Project J Bond Resolution and (e) pay the costs of issuance of the Series 2010A Taxable Bonds and (2) the Series 2010B Tax-Exempt Bonds are being issued to (a) refinance certain outstanding bond anticipation notes issued for Project J, (b) fund certain capitalized interest on the Series 2010B Tax-Exempt Bonds, (c) provide moneys to fund a debt service reserve account established under the Project J Bond Resolution and (d) pay the costs of issuance of the Series 2010B Tax-Exempt Bonds. The Authority reserves the right to issue additional Project J Bonds under the Project J Bond Resolution on the

terms and conditions and for the purposes stated therein. Except as provided in the Project J Bond Resolution, all Outstanding Bonds shall rank equally as to security and payment.

The Authority has entered into a power purchase agreement with 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 (such power purchase agreement, as amended heretofore, is herein called the "Project J PPA"). The Authority has also entered into thirty-nine separate power sales contracts with thirty-nine political subdivisions of the State of Georgia (said power sales contracts are herein called the "Project J Power Sales Contracts").

As bond counsel, we have reviewed a certified copy of the Project J Bond Resolution, a certified copy of the Project J PPA, certified copies of the Project J Power Sales Contracts, opinions of counsel to the Authority, certificates of the Authority, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the fourth paragraph of this letter (except that we have not relied on any such legal conclusions that are to the same effect as the opinions set forth herein). Furthermore, we have assumed compliance with all covenants and agreements contained in the Project J Bond Resolution, the Project J PPA and the Project J Power Sales Contracts. We call attention to the fact that the rights and obligations under the Bonds, the Project J Bond Resolution, the Project J PPA and the Project J Power Sales Contracts and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public bodies corporate and politic of the State of Georgia. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement of the Authority, dated March 3, 2010, relating to the Bonds or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority has the right and power under the Act to adopt the Project J Bond Resolution, and the Project J Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and effect in accordance with its terms and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Project J Bond Resolution is required. The Project J Bond Resolution creates the valid pledge and assignment that it purports to create of the Trust Estate, subject only to the provisions of the

Project J Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Project J Bond Resolution.

2. The Authority is duly authorized and entitled to issue the Bonds and the Bonds have been duly validated, authorized and issued by the Authority in accordance with the Constitution and laws of the State of Georgia, including the Act, and the Project J Bond Resolution. The Bonds constitute the valid and binding obligations of the Authority as provided in the Project J Bond Resolution, are enforceable in accordance with their terms and the terms of the Project J Bond Resolution and are entitled to the benefits of the Act and the Project J Bond Resolution. The Bonds do not constitute a debt or a loan or pledge of the faith and credit of any Additional Units PPA Project Power Purchaser, the State of Georgia or of any political subdivision thereof, other than the Authority, but the Bonds are payable from the funds of the Authority as provided in the Project J Bond Resolution. The issuance of the Bonds shall not obligate any Additional Units PPA Project Power Purchaser, the State of Georgia or any political subdivision thereof to levy or pledge any form of taxation whatever for the payment thereof. No Holder of the Bonds or receiver or trustee in connection therewith shall have the right to enforce the payment thereof against any property of any Additional Units PPA Project Power Purchaser, the State of Georgia or any political subdivision thereof, other than the Authority, nor shall any Bonds constitute a charge, lien or encumbrance, legal or equitable, upon any such property.

3. The Authority has the right and power to enter into and carry out its obligations under the Project J PPA and has duly authorized, executed and delivered the Project J PPA which constitutes a valid and binding agreement of the Authority in accordance with its terms.

4. The Authority has the right and power to enter into and carry out its obligations under the Project J Power Sales Contracts and has duly authorized, executed and delivered the Project J Power Sales Contracts which constitute valid and binding agreements of the Authority in accordance with their terms.

We express no opinion regarding any tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. Nixon Peabody LLP, Special Tax Counsel to the Authority, has rendered an opinion, dated the date hereof, as to such tax consequences.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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**PROPOSED FORM OF OPINION OF BOND COUNSEL
WITH RESPECT TO THE PROJECT J POWER SALES CONTRACTS**

Upon the delivery of the Series 2010A&B Bonds, Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to MEAG Power, proposes to render its opinion with respect to the Project J Power Sales Contracts between MEAG Power and the Project J Participants in substantially the following form:

March __, 2010

Municipal Electric Authority of Georgia
1470 Riveredge Parkway, N.W.
Atlanta, Georgia 30328

Gentlemen:

We have acted as bond counsel to the Municipal Electric Authority of Georgia (the “Authority”), a public body corporate and politic and an instrumentality of the State of Georgia, in connection with the issuance of \$1,224,265,000 aggregate principal amount of the Authority’s Plant Vogtle Units 3&4 Project J Bonds, Taxable Series 2010A (Issuer Subsidy – Build America Bonds) (the “Series 2010A Taxable Bonds”) and \$24,170,000 aggregate principal amount of the Authority’s Plant Vogtle Units 3&4 Project J Bonds, Series 2010B (Tax-Exempt) (the “Series 2010B Tax-Exempt Bonds” and, together with the Series 2010A Taxable Bonds, the “Bonds”). The Bonds are issued pursuant to the provisions of the Act creating the Municipal Electric Authority of Georgia, codified at Official Code of Georgia Annotated, § 46-3-110, *et seq.*, as amended (the “Act”), and under and pursuant to a resolution of the Authority adopted on October 16, 2008 entitled “Plant Vogtle Additional Units PPA Project Bond Resolution,” as supplemented and amended (the “Project J Bond Resolution”), and are more particularly described in the Official Statement of the Authority, dated March 3, 2010, relating to the Bonds (the “Official Statement”).

The Authority has entered into separate power sales contracts (each such power sales contract, a “Project J Power Sales Contract”; collectively, the “Project J Power Sales Contracts”) with certain political subdivisions of the State of Georgia more particularly described in the Official Statement (each such political subdivision, a “Project J Participant”; collectively, the “Project J Participants”), providing for the sale of power and energy from Project J (as defined in the Official Statement).

As bond counsel, we have reviewed the Act, certified copies of the Project J Power Sales Contracts, opinions of counsel to the Authority, certificates of the Authority and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinion set forth herein.

You have asked us to review certain legal matters relating to the Project J Power Sales Contracts. The opinion expressed herein is based upon an analysis of existing laws, regulations, rulings and court decisions and covers certain matters not directly addressed by such authorities. Such opinion may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. For purposes of the opinion hereinafter expressed, we are not passing upon, and have assumed, without undertaking to verify, that (a) each Project J Participant was duly created and is validly existing

as a political subdivision of the State of Georgia, (b) all actions taken by each Project J Participant in connection with its Project J Power Sales Contract were taken in conformity with the requirements of the charter, by-laws or other governing instruments of such Project J Participant, (c) the Authority and each Project J Participant has duly and validly executed and delivered the Project J Power Sales Contract to which it is a party, (d) all documents, instruments and records submitted to us as copies, whether certified or not, conform to the originals thereof, (e) all persons executing documents or instruments as officers of any party or parties to such documents were duly elected or appointed to their respective offices at the time of such execution and (f) all signatures on all documents we have examined are genuine. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph of this letter (except that we have not relied on any such legal conclusions that are to the same effect as the opinion set forth herein). Furthermore, we have assumed compliance with all covenants and agreements contained in the Project J Power Sales Contracts. We call attention to the fact that the rights and obligations under the Project J Power Sales Contracts and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public bodies corporate and politic and political subdivisions of the State of Georgia. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

In addition, we express no opinion, and have made no investigation, as to (i) any local or special acts or any ordinance, resolution or other proceeding of any Project J Participant, (ii) any indenture, agreement or other instrument (other than the Project J Power Sales Contract) of any Project J Participant, (iii) any judicial or governmental order, regulation, rule, judgment or decree of or applicable to any Project J Participant except *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. 2008CV159297 (Super. Ct. Fulton County, Ga., Nov. 18, 2008) and *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. 2009CV179503 (Super. Ct. Fulton County, Ga., January 19, 2010), or (iv) any approval, consent, filing, registration or authorization by or with any governmental or public agency, authority or person which may be required for the execution, delivery or performance by a Project J Participant of the Project J Power Sales Contract to which it is a party.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that the Project J Participants have the right and power to enter into and carry out their respective obligations under their respective Project J Power Sales Contracts, and such Project J Power Sales Contracts constitute valid and binding agreements of such respective Project J Participants enforceable in accordance with their terms.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

**PROPOSED FORM OF OPINION OF SPECIAL TAX COUNSEL
WITH RESPECT TO THE SERIES 2010A&B BONDS**

Upon the delivery of the Series 2010A&B Bonds, Nixon Peabody LLP, Washington, D.C., Special Tax Counsel to MEAG Power, proposes to render its opinion with respect to such Series 2010A&B Bonds in substantially the following form:

March __, 2010

Municipal Electric Authority of Georgia
1470 Riveredge Parkway, N.W.
Atlanta, Georgia 30328

Municipal Electric Authority of Georgia
Plant Vogtle Units 3&4 Project J Bonds, Taxable Series 2010A (Issuer Subsidy – Build America Bonds)
and Plant Vogtle Units 3&4 Project J Bonds, Series 2010B (Tax-Exempt)

Ladies and Gentlemen:

We have acted as special tax counsel to the Municipal Electric Authority of Georgia (the “**Authority**”), a public body corporate and politic and an instrumentality of the State of Georgia, in connection with its issuance of \$1,224,265,000 aggregate principal amount of the Authority’s Plant Vogtle Units 3&4 Project J Bonds, Taxable Series 2010A (Issuer Subsidy – Build America Bonds) (the “**Series 2010A Taxable Bonds**”) and \$24,170,000 aggregate principal amount of the Authority’s Plant Vogtle Units 3&4 Project J Bonds, Series 2010B (Tax-Exempt) (the “**Series 2010B Tax-Exempt Bonds**”) and, together with the Series 2010A Taxable Bonds, the “**Bonds**”). As special tax counsel, we have reviewed the record of proceedings related to the issuance by the Authority of the Bonds, including the Act Creating the Municipal Electric Authority of Georgia, Official Code of Georgia Annotated, sections 46-3-110, *et. seq.*, as amended (the “**Act**”), a resolution of the Authority adopted on October 16, 2008 entitled “Plant Vogtle Additional Units PPA Project Bond Resolution,” as supplemented and amended, including as supplemented and amended by a resolution supplemental thereto adopted by the Authority on March 3, 2010 entitled “Second Supplemental Plant Vogtle Additional Units PPA Project Bond Resolution” authorizing the issuance of the Bonds, the Tax Certificate as to Arbitrage, delivered by the Authority and dated the date hereof (the “**Tax Certificate**”) and such other matters of fact and law as we have deemed necessary to enable us to render the opinions contained herein. In rendering the opinions set forth below, we have relied upon the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, delivered on even date herewith, relating among other things to the validity of the Bonds.

Interest on the Series 2010A Taxable Bonds is not excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “**Code**”) and so will be fully subject to Federal income taxation. This opinion is not intended or provided by Special Tax Counsel to be used and cannot be used by an owner of the Series 2010A Bonds for the purpose of avoiding penalties that may be imposed on the owner of the Series 2010A Bonds. The opinions set forth herein are provided to support the promotion or marketing of such Series 2010A Bonds. Each owner of the Series 2010A Bonds should seek advice based on its particular circumstances from an independent tax advisor.

The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2010B Tax-Exempt Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2010B Tax-Exempt Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Series 2010B Tax-Exempt Bonds. Pursuant to the Supplemental Resolution and the Tax Certificate, the Authority has covenanted to comply with each applicable requirement of the Code necessary to qualify the Series 2010B Tax-Exempt Bonds as obligations described in section 103(a) of the Code. In addition, the Authority and JEA have made certain representations and certifications in the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

Under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Authority and JEA described above, interest on the Series 2010B Tax-Exempt Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. We are also of the opinion that such amounts are not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2010B Tax-Exempt Bonds is not included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

We are also of the opinion that, by virtue of the Act, the Bonds, the transfer thereof and the interest thereon are exempt from taxation by the State of Georgia and any of its political subdivisions.

Except as stated in the preceding four paragraphs, we express no opinion as to any other Federal or state tax consequences of the ownership or disposition of the Bonds. Except as stated above, we express no opinion as to any other matter in connection with the issuance and sale of the Bonds.

Very truly yours,

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

Participants and Generation Assets



- 1 Plant Wansley & Combined Cycle Plant
- 2 Plant Scherer
- 3 Plant Vogtle
- 4 Plant Hatch

