

**Information Regarding Status of Construction  
of Plant Vogtle Units 3 and 4**

**March 30, 2017**

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The Municipal Electric Authority of Georgia (“MEAG Power”), acting through certain limited liability companies organized and existing under the laws of the State of Georgia, of which MEAG Power is the sole member (collectively, the “Vogtle Units 3&4 Project Entities”), together with Georgia Power Company (“GPC”), Oglethorpe Power Corporation (An Electric Membership Corporation) (“OPC”) and the City of Dalton, Georgia (“Dalton” and, together with Vogtle Units 3&4 Project Entities, GPC and OPC, the “co-owners”), is participating in the development of two new nuclear generating units (“Vogtle Units 3&4”) under construction at the Alvin W. Vogtle Electric Generating Plant located in Burke County, Georgia. The information in this document supplements and updates the information in the Annual Information Statement of MEAG Power dated June 30, 2016 for its Fiscal Year ended December 31, 2015 (the “Annual Information Statement”) under the caption “MEAG POWER – Bulk Power Supply Operations – *The Vogtle Units 3&4 Projects – Description of Vogtle Units 3&4.*” The Annual Information Statement was filed by MEAG Power on June 30, 2016 with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) website, currently located at <http://emma.msrb.org>. Capitalized terms used herein without definition have the respective meanings assigned thereto in the Annual Information Statement.

GPC serves as agent for the co-owners in matters relating to the construction of Vogtle Units 3&4. On April 8, 2008, GPC, acting for itself and as agent for the other co-owners, entered into an Engineering, Procurement and Construction Contract (the “EPC Contract”) with a consortium consisting of Westinghouse Electric Company LLC (“Westinghouse”) and Stone & Webster, Inc., a subsidiary of The Shaw Group Inc. (“Shaw”), which was acquired by Chicago Bridge & Iron Company N.V. (“CB&I”) (Westinghouse and Stone & Webster, Inc. are referred to herein collectively as the “Contractor”). As a result of MEAG Power’s transfer of its ownership interest in Vogtle Units 3&4 to the Vogtle Units 3&4 Project Entities, the Vogtle Units 3&4 Project Entities have assumed MEAG Power’s rights and obligations under the EPC Contract, in proportion to their respective undivided ownership interests in Vogtle Units 3&4. Pursuant to the EPC Contract, the Contractor agreed to design, engineer, procure, construct, and

test two AP1000 nuclear units (with electric generating capacity of approximately 1,100 MWs each) and related facilities at Plant Vogtle.

Under the terms of the EPC Contract, the co-owners agreed to pay a purchase price that is subject to certain price escalations and adjustments, including fixed escalation amounts and certain index-based adjustments, as well as adjustments for change orders, and performance bonuses. The EPC Contract also provides for liquidated damages upon the Contractor's failure to fulfill the schedule and performance guarantees, subject to a cap of 10 percent of the contract price, or approximately \$920 to \$930 million. In addition, the EPC Contract provides for limited cost sharing by the co-owners for increases to Contractor costs under certain conditions. The maximum amount of additional capital costs under this provision attributable to the Vogtle Units 3&4 Project Entities (based on their respective ownership interests) is approximately \$56.8 million. Each co-owner is severally (and not jointly) liable for its proportionate share, based on its ownership interest, of all amounts owed to the Contractor under the EPC Contract. The Vogtle Units 3&4 Project Entities' aggregate proportionate share is 22.7 percent. In the event of certain credit rating downgrades of any co-owner, such co-owner will be required to provide a letter of credit or other credit enhancement.

On December 31, 2015, Westinghouse acquired Stone & Webster, Inc. from CB&I and changed the name of Stone & Webster, Inc. to WECTEC Global Project Services Inc. ("WECTEC"). Certain obligations of Westinghouse and WECTEC under the EPC Contract were originally guaranteed by Toshiba Corporation ("Toshiba"), Westinghouse's parent company, and Shaw (which is now a subsidiary of CB&I), respectively. On March 9, 2016, in connection with Westinghouse's acquisition of WECTEC and pursuant to a settlement agreement entered into between Westinghouse and the co-owners on December 31, 2015 to resolve certain disputes between the co-owners and the Contractor under the EPC Contract, the guarantee of Shaw was terminated. The parent guarantee of Toshiba (the "Toshiba Guarantee") remains in place.

Under the terms of the EPC Contract, the Contractor does not have the right to terminate the EPC Contract for convenience. The Contractor may terminate the EPC Contract under certain circumstances, including certain co-owner suspension or delays of work, action by a governmental authority to stop work permanently, certain breaches of the EPC Contract by the

co-owners, co-owner insolvency, and certain other events. In the event of an abandonment of work by the Contractor, the maximum liability of the Contractor under the EPC Contract is increased significantly but remains subject to limitations. The EPC Contract permits GPC, acting for itself and as agent for the co-owners, to terminate the EPC Contract at any time for their convenience, provided that the co-owners will be required to pay certain termination costs.

On March 29, 2017, Westinghouse and WECTEC each filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. GPC, for itself and as agent for the other co-owners, has entered into an interim assessment agreement with the Contractor and WECTEC Staffing Services LLC, dated as of March 29, 2017 (the “Interim Assessment Agreement”), to provide for a continuation of work with respect to Vogtle Units 3&4. GPC’s entry into the Interim Assessment Agreement is conditioned upon South Carolina Electric & Gas Company entering into a similar interim assessment agreement with the Contractor relating to V.C. Summer (the “V.C. Summer Interim Assessment Agreement”). The provisions in the Interim Assessment Agreement remain subject to the approval of the bankruptcy court and will not be effective until the date of approval by the bankruptcy court (the “Effective Date”). The term of the Interim Assessment Agreement will extend from the Effective Date through the earlier of (i) April 28, 2017, (ii) the termination of the V.C. Summer Interim Assessment Agreement, or (iii) termination of the Interim Assessment Agreement by any party upon five business days’ notice (the “Interim Assessment Period”).

The Interim Assessment Agreement provides, among other items, that (1) GPC will be obligated to pay, on behalf of the co-owners, all costs accrued by the Contractor for subcontractors and vendors for services performed or goods provided during the Interim Assessment Period, with these amounts to be paid to the Contractor, except for amounts accrued for Fluor Corporation (“Fluor”), which will be paid directly to Fluor, (2) during the Interim Assessment Period, the Contractor shall provide certain engineering, procurement and management services for Vogtle Units 3&4, to the same extent as contemplated by the EPC Contract, and GPC, on behalf of the co-owners, will make payments of \$5.4 million per week for these services, (3) GPC will have the right to make payments, on behalf of the co-owners, directly to subcontractors and vendors who have accounts past due with the Contractor, (4) during the Interim Assessment Period, the Contractor will use its commercially reasonable

efforts to provide information reasonably requested by GPC as is necessary to continue construction and investigate the completion status of Vogtle Units 3&4, (5) the Contractor will decide whether to reject or accept the EPC Contract by the later of (i) the termination of the Interim Assessment Agreement and (ii) April 28, 2017, and (6) during the Interim Assessment Period, GPC, on behalf of the co-owners, will forbear from exercising any remedies against Toshiba under the Toshiba Guarantee. Under the Interim Assessment Agreement, all parties expressly reserve all rights and remedies under the EPC Contract, all related security and collateral, and under applicable law.

While GPC, on behalf of the co-owners, is working to provide for a transition that will allow work to continue on Vogtle Units 3&4, GPC, along with the other co-owners, also is undertaking a full-scale schedule and cost-to-complete assessment to determine the impact the Contractor's bankruptcy filing will have on the construction of Vogtle Units 3&4. MEAG Power intends to work with GPC and the other co-owners to determine future actions related to Vogtle Units 3&4. GPC has stated that it also will be working with the Georgia Public Service Commission in regards to this same determination. In addition, GPC has stated that it intends, on behalf of the co-owners, to take all actions available to it to enforce its rights related to the EPC Contract, including enforcing the Toshiba Guarantee, subject to the Interim Assessment Agreement, and accessing \$920 million of letters of credit provided by Westinghouse to the co-owners.

The Contractor's bankruptcy filing is expected to have a material impact on the construction of Vogtle Units 3&4 and could have a material impact on MEAG Power's financial condition and results of operation, although MEAG Power does not have sufficient information at this time to quantify the effect of such filing.

MEAG Power will continue to monitor and evaluate developments related to Vogtle Units 3&4 and will endeavor to undertake a course of action that MEAG Power believes will advance the long-term interest of MEAG Power, JEA, PowerSouth and the Vogtle Units 3&4 Participants. GPC has stated that it will continue to take every action available to it to hold Westinghouse and Toshiba accountable for their financial responsibilities under the EPC Contract and the Toshiba Guarantee.

The ultimate outcome of the matters discussed above cannot be determined at this time.

*Cautionary Note Regarding Forward-Looking Statements*

*Certain information contained in this document is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, statements concerning GPC's intent, on behalf of the co-owners, to enforce the co-owners' rights related to the EPC Contract, future actions related to Vogtle Units 3&4 and the expected impact of the bankruptcy filing. MEAG Power cautions that there are certain factors that could cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue reliance on this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside the control of MEAG Power; accordingly, there can be no assurance that such suggested results will be realized. The following factors, in addition to those discussed in the Annual Information Statement and MEAG Power's related filing with the Municipal Securities Rulemaking Board through such Board's EMMA website on January 25, 2017 entitled "Information Regarding Status of Construction of Plant Vogtle Units 3 and 4," could cause actual results to differ materially from management expectations as suggested by such forward-looking information: the results of the Contractor's bankruptcy filing, including the effect on the EPC Contract and the U.S. Department of Energy loan guarantees; effects of inflation; the ability to control costs and avoid cost overruns during the development, construction and operation of facilities, which include the development and construction of generating facilities with designs that have not been finalized or previously constructed; the ability to construct facilities in accordance with the requirements of permits and licenses and to satisfy any environmental performance standards; advances in technology; legal proceedings and regulatory approvals and actions related to Vogtle Units 3&4, including Georgia Public Service Commission approvals required for GPC and Nuclear Regulatory Commission actions; and changes in MEAG Power's credit ratings, including impacts on interest rates, access to capital markets and collateral requirements. MEAG Power expressly disclaims any obligation to update any forward-looking information.*

## **Other Matters**

The filing of this document does not constitute or imply any representation (i) regarding any other financial, operating or other information about MEAG Power, its bonds or any other “obligated persons” with respect to such bonds or (ii) that no changes, circumstances or events have occurred (other than as described in this document), or that no other information exists, which may have a bearing on the financial condition of MEAG Power or such other obligated persons, the security for such bonds, or an investor’s decision to buy, sell, or hold such bonds.