

March 12, 2020

Docket Nos.: 52-025  
52-026ND-20-0243  
10 CFR 50.75(e)(3)U.S. Nuclear Regulatory Commission  
Document Control Desk  
Washington, DC 20555-0001Southern Nuclear Operating Company  
Vogtle Electric Generating Plant Units 3 and 4  
Financial Assurance Requirements for Decommissioning

Ladies and Gentlemen:

Southern Nuclear Operating Company (SNC) holds operating licenses 52-025 and 52-026 for Vogtle Electric Generating Plant (VEGP) Unit 3 and Unit 4, respectively. In accordance with 10 CFR 50.75 (e)(3), SNC is required to submit a report for each unit, no later than thirty (30) days after the NRC publishes notice in the Federal Register (85 FR 8030) under 10 CFR 52.103(a), containing certification of financial assurance for decommissioning (Enclosure 1) and copies of the financial instruments to be used (Enclosure 2). On behalf of the licensed owners of VEGP 3&4 (Georgia Power Company, Oglethorpe Power Corporation, the Municipal Electric Authority of Georgia, and the City of Dalton), SNC submits the following in satisfaction of the requirements of 10 CFR 50.75(e)(3):

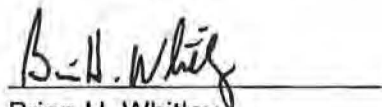
- An update to the information described in COL Application, Part 1, "General and Financial Information," Appendix 1D, "Decommissioning Fund Estimate Report," Sections 1D.1, "Decommissioning Funding Calculation" and 1D.5, "References," and
- A copy of the executed financial instrument that each owner intends to use.

This letter contains no regulatory commitments.

Should you have any questions, please contact Ms. Amy Chamberlain at (205) 992-6361.

I declare under penalty of perjury that the foregoing is true and correct. Executed on the 12<sup>th</sup> of March 2020.

Respectfully submitted,

Brian H. Whitley  
Director, Regulatory Affairs  
Southern Nuclear Operating Company

- Enclosures:
1. Updated Information Described in the COL Application, Sections 1D.1 and 1D.5
  2. Executed Financial Instruments

cc:

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U.S. Nuclear Regulatory Commission

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**Southern Nuclear Operating Company**

**ND-20-0243**

**Enclosure 1**

**Vogtle Electric Generating Plant (VEGP) Units 3 and 4**

**Updated Information Described in the COL Application, Sections 1D.1 and 1D.5**

**(Enclosure 1 consists of 3 pages, including this cover page.)**

Georgia Power Company (GPC), Oglethorpe Power Corporation (OPC), Municipal Electric Authority of Georgia (MEAG) and the City of Dalton (“Dalton Utilities”), thereby referenced as “Owners”, recover the estimated total cost of decommissioning through rates established by “cost of service” or similar ratemaking regulation, and therefore are authorized by 10 CFR 50.75(e)(1)(ii)(A) to use the external sinking fund method as the exclusive mechanism for providing financial assurance of decommissioning funds. Accordingly, the Owners will deposit funds for the decommissioning of VEGP Units 3 and 4 using the external sinking fund method described in 10 CFR 50.75(e)(1)(ii).

#### 1D.1 DECOMMISSIONING FUNDING CALCULATION

The NRC minimum funding requirement for decommissioning provides reasonable assurance that funding will be available to remove a facility safely from service and reduce residual radioactivity to a level that permits release of the site property for unrestricted use and termination of the license. The NRC minimum funding requirement for decommissioning does not include the cost of removal and disposal of spent fuel or nonradioactive structures and materials beyond that necessary to terminate the license. The purpose of this calculation is to determine the NRC minimum decommissioning funding requirement for the Vogtle Electric Generating Plant (VEGP) Units 3 and 4 in accordance with the requirements of 10 CFR 50.75(c). The calculation for VEGP Units 3 and 4 is based on the Westinghouse AP1000 pressurized water reactor (PWR) that was licensed based upon the referenced Design Control Document (DCD). This design has a thermal power rating of 3400 MW<sub>t</sub>.

The methodology used to determine the NRC minimum funding requirement in January 1986 dollars for PWRs is specified by 10 CFR 50.75(c)(1)(i). For PWRs with a thermal power greater than or equal to 3400 MW<sub>t</sub>, the NRC minimum funding requirement is \$105 million (January 1986 dollars).

10 CFR 50.75(c)(2) requires that the following adjustment factor be applied to the January 1986 minimum decommissioning funding requirement to reflect escalation of labor (L), energy (E), and radioactive waste burial (B) as follows:

$$0.65 L + 0.13 E + 0.22 B$$

The escalation factors for labor and energy are based on regional data from the U.S. Department of Labor Bureau of Labor Statistics (Reference 1D-1) and are determined as described below. The escalation factor for burial is taken directly from NRC report NUREG–1307, “Report of Waste Burial Charges” (Reference 1D-2), for the Barnwell, South Carolina facility.

As described in NUREG-1307, the escalation factor for energy associated with PWRs is determined as follows:

$$E = 0.58 P + 0.42 F$$

where P and F are the escalation factors for electric power and light fuel oil, respectively. The escalation factors for labor, electric power, and light fuel oil for any given year are determined by

dividing the respective December index for the previous year by the corresponding January 1986 index. For example, the escalation factor used to determine the 1990 NRC minimum is calculated by dividing the December 1989 indices for labor, electric power, and light fuel oil by the corresponding January 1986 index.

As described in NUREG-1307, the NRC provides two options for the disposal of radioactive material during decommissioning which significantly affect the NRC minimum funding requirement for decommissioning. In the calculation performed for March 2020, the escalation factors B, E, F, L and P are as follows:

$$B = 12.853$$

$$E = 2.357$$

$$F = 2.537$$

$$L = 2.689$$

$$P = 2.228$$

Based on the results of this calculation, the 2020 NRC minimum funding requirement for each unit is \$ 512,596,343, in 2019 dollars.

#### 1D.5 REFERENCES

1. Code of Federal Regulation, Title 10, Part 50, Section 75, Reporting and Recordkeeping for Decommissioning Planning
2. NUREG-1307, Report on Waste Burial Charges, Revisions 1 through 17
3. U. S. Department of Labor Bureau of Labor Statistics website (<http://data.bls.gov>), Series IDs CIU2010000000220I (8) (Employment Cost Index – South 2007 - current), WPU0543 (Industrial Electric Power 2008 - current), WPU0573 (Light Fuel Oils 2008 – current)

**Southern Nuclear Operating Company**

**ND-20-0243**

**Enclosure 2**

**Vogtle Electric Generating Plant (VEGP) Units 3 and 4**

**Executed Financial Instruments**

**(Enclosure 2 consists of 179 pages, plus this cover page.)**



FIRST AMENDED AND RESTATED  
MASTER TRUST AGREEMENT  
FOR THE  
DECOMMISSIONING OF NUCLEAR PLANTS  
BETWEEN  
GEORGIA POWER COMPANY  
AND  
THE BANK OF NEW YORK MELLON, AS TRUSTEE

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**FIRST AMENDED AND RESTATED MASTER TRUST AGREEMENT**

This First Amended and Restated Master Trust Agreement is hereby entered into this 14<sup>th</sup> day of February, 2020, by and between Georgia Power company, a corporation organized and existing under the laws of the State of Georgia, and The Bank of New York Mellon, successor by operation of law to Mellon Bank, N.A., ("BNY Mellon"), as Trustee.

**WITNESSETH:**

WHEREAS, Georgia Power Company (hereinafter referred to as the "Company") presently owns a portion of and operates nuclear power facilities at Plant Hatch and Plant Vogtle pursuant to nuclear facility operating licenses issued by the U.S. Nuclear Regulatory Commission; and

WHEREAS, such operating licenses are expected to expire beginning in the year 2034, at which time the Company desires to begin removing the affected nuclear facilities safely from service and reducing the residual radioactivity to a level that permits termination of the applicable license; and

WHEREAS, the Nuclear Regulatory Commission, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 50, with respect to the radioactive decommissioning of nuclear power facilities; and

WHEREAS, Section 50.75 of Title 10 of the Code of Federal Regulations requires that a holder of, or an applicant for, a license to operate a nuclear power facility provide assurance that funds will be available when needed for required radioactive decommissioning activities; and

WHEREAS, the Company, as a co-licensee of nuclear power units at Plant Hatch and Plant Vogtle, is subject to such regulations governing the funding of radioactive decommissioning costs; and

WHEREAS, the Company has elected to use a trust fund to provide its portion of the radioactive decommissioning costs attributable to its ownership interests in Plant Hatch and Plant Vogtle, as identified in Exhibit A attached hereto and incorporated herein by reference, and such other nuclear power facilities whose radioactive decommissioning costs are eligible for funding herein; and

WHEREAS, the Company intends to fund and maintain in trust at least its portion of the minimum funding requirements established by the Nuclear Regulatory Commission for the radioactive decommissioning of its nuclear power facilities; and

WHEREAS, the Company intends that its radioactive decommissioning costs that may be funded through deductible contributions made and invested pursuant to Section 468A of the Internal Revenue Code of 1986, as amended, shall be held under the terms and provisions of the Master Decommissioning Trust and that any such other radioactive decommissioning costs required or permitted by the Nuclear Regulatory Commission not deductible pursuant to Section 468A of the Internal Revenue Code of 1986, as amended, may be funded through this Master Decommissioning Trust; and

WHEREAS, the Company and Bank South, N.A. entered into that certain Qualified Master Trust Agreement for the Decommissioning of Nuclear Plants and that certain Nonqualified Master Trust Agreement for the Decommissioning of Nuclear Plants, both of which effective January 1, 1989, which agreements were amended, consolidated, and restated in that certain Master Trust Agreement for the Decommissioning of Nuclear Plants effective June 15, 1992 between the Company and the Trustee (the "Trust Agreement"), pursuant to which, among other things, the Company established Funds for the exclusive purpose of decommissioning its nuclear power units and to constitute qualified nuclear reserve funds;

WHEREAS, the Trust Agreement was subsequently amended on December 31, 1994, February 16, 2000, December 23, 2003, November 28, 2006, and March 10, 2009;

WHEREAS, in Section 11.1 of the Trust Agreement, the parties specifically reserve the right to amend the Trust Agreement;

WHEREAS, Company now desires to amend and restate the Trust Agreement;

WHEREAS, BNY Mellon is willing to act as Trustee of the Master Decommissioning Trust upon all of the terms and conditions set forth herein;

WHEREAS, the Company and BNY Mellon intend that the term "Master Decommissioning Fund," as used throughout this Trust Agreement, shall refer simply to the aggregation of the assets of the Funds and shall not constitute any entity separate and apart from the Funds;

WHEREAS, the Company and BNY Mellon intend that the term "Master Decommissioning Trust," as used throughout this Trust Agreement, shall refer collectively to the multiple trusts comprising the qualified and nonqualified funds, and shall not constitute a trust separate and apart from such trusts; and

WHEREAS, the Company and BNY Mellon desire to ensure that any pooling of the assets of the Funds, in accordance with Section 2.2 of this Trust Agreement, does not create an association taxable as a corporation within the meaning of Treasury Regulations section 301.7701-2(a).

NOW, THEREFORE, the Board of Directors of Georgia Power Company and BNY Mellon, as Trustee, declare and agree that BNY Mellon shall receive, hold, and administer all sums of money and such other property acceptable to BNY Mellon as shall from time to time be contributed, paid, or delivered to it hereunder, IN TRUST, upon the terms and conditions as set forth herein.

**ARTICLE I**  
**TITLE - PURPOSE - POLICY - EFFECT**

1.1 Name of Trust. The master decommissioning trust established hereunder shall be known as the Master Trust for the Decommissioning of Nuclear Plants and is sometimes hereinafter referred to as the "Trust" or as the "Master Decommissioning Trust."

1.2 Definitions. Where used in this Trust Agreement, unless the context otherwise requires or unless otherwise expressly provided:

(a) "Account Party" shall mean an officer of the Company designated to represent the Company for this purpose and any Person to whom the Trustee shall be instructed by the Company to deliver its annual account under Section 7.2.

(b) "Accounting Period" shall mean either the twelve (12) consecutive month period coincident with the calendar year or the shorter period in any year in which the Trustee accepts appointment as Trustee hereunder or ceases to act as Trustee for any reason.

(c) "Asset Manager" shall mean Investment Managers, individually or collectively as the context shall require, with respect to those assets held in an Investment Account over which it exercises, or to the extent it is authorized to exercise discretionary investment authority or control.

(d) "Bank Business Day" shall mean a day on which the Trustee is open for business.

(e) "Board of Directors" shall mean the Board of Directors of the Company.

(f) "BNY Mellon Corp." has the meaning set forth in Section 6.1(e).

(g) "BNY Mellon Group" has the meaning set forth in Section 13.9.

(h) "Centralized Functions" has the meaning set forth in Section 13.9.

(i) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and regulations issued thereunder.

(j) "Collateral" has the meaning set forth in Section 6.2(i).

(k) "Company" shall mean Georgia Power Company, or any successor thereto.

(l) "Cross-Trading Information" has the meaning set forth in Section 6.1(e)

(m) "Customer-Related Data" has the meaning set forth in Section 13.9.

(n) "Data Providers" has the meaning set forth in Section 2.3.

(o) "Data Terms Website" has the meaning set forth in Section 2.3.

(p) "Decommission" shall mean to remove power facility safely from service and reduce radioactivity to a level that permits release property for unrestricted use and termination operating license.

(q) "Decommissioning Costs" shall mean the Company's proportionate share of the direct and indirect expenses arising from or relating to the Decommissioning of a Participating Unit.

(r) "Directed Fund" shall mean any Investment Account, or part thereof, subject to the discretionary management and control of any Investment Manager.

(s) “Discretionary Fund” shall mean any Investment Account, or part thereof, subject to the discretionary management and control of the Trustee.

(t) “Duly Authorized Officer” has the meaning set forth in Section 12.3

(u) “Economic Sanctions Compliance Program” shall mean a program, policy, procedure, or measure designed to prevent a violation of Sanctions.

(v) “Equitable Share” shall mean the interest of any Fund in any Investment Account.

(w) “Exemption” has the meaning set forth in Section 6.1(e).

(x) “Fund” shall mean a Qualified Fund or a Nonqualified Fund. “Nonqualified Fund” shall mean a fund established for a Participating Unit to Decommission a nuclear power facility pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974 and the regulations thereunder, the assets of which are held by this Master Decommissioning Trust consisting of such Participating Unit’s Nonqualified Assets.

(y) “Investment Account” shall mean each pool of assets in which one or more Funds has an interest during an Accounting Period.

(z) “Investment Manager” shall mean a bank or investment adviser who is registered as an investment adviser under the Investment Advisers Act of 1940.

(aa) “Investment Vehicle” shall mean any common, collective, or commingled trust, investment company, corporation functioning as an investment intermediary, or other entity or arrangement to which, or pursuant to which, assets of the Master Decommissioning Trust may be transferred or in which the Master Decommissioning Trust has an interest, beneficial or otherwise.

(bb) “Market Data” shall mean pricing or other data related to securities and other assets. Market Data includes but is not limited to security identifiers, valuations, bond ratings, classification data, and other data received from Data Providers.

(cc) “Master Decommissioning Fund” shall mean all cash and other property contributed, paid, or delivered to the Trustee hereunder, all investments made therewith and proceeds thereof and all earnings and profits thereon, less payments, transfers, or other distributions which, at the time of reference, shall have been made by the Trustee, as authorized herein. The Master Decommissioning Fund shall include all evidences of ownership, interest, or participation in an Investment Vehicle, but shall not, solely by reason of the Master Decommissioning Fund’s investment therein, be deemed to include any assets of such Investment Vehicle. In sum, the Master Decommissioning Fund shall be used merely to refer to the assets of the Funds in the aggregate and is not intended nor should it be construed to constitute a separate entity.

(dd) “Master Decommissioning Trust” shall be used merely to refer to the trusts comprising the Funds in the aggregate and is not intended nor should it be construed to constitute a separate entity or trust.

(ee) “Nonqualified Assets shall mean those assets of each Fund that are not deductible under Section 468A of the Code.

(ff) “NRC” shall mean the U.S. Nuclear Regulatory Commission, an agency of the U.S. Government, or any successor thereto.

(gg) “Participating Unit” shall mean any unit of a nuclear power facility in which the Company has an ownership interest. The Participating Units as of the date hereof are identified in Exhibit A attached hereto and incorporated herein by reference.

(hh) “Person” shall mean the NRC, natural person, trust, estate, corporation of any kind or purpose, mutual company, joint-stock company, unincorporated organization, committee, board, fiduciary, or representative capacity, as the context may require.

(ii) “Qualified Assets” shall mean those assets of each Fund that may be contributed to a Fund under Section 468A of the Code.

(jj) “Qualified Fund” shall mean a fund established for a Participating Unit to Decommission a nuclear power facility pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974 and the regulations thereunder the assets of which are held by this Master Decommissioning Trust consisting of such Participating Unit’s Qualified Assets.

(kk) “Sanctions” shall mean all economic sanctions laws, rules, regulations, executive orders and other requirements administered by any governmental authority of the United States (including the U.S. Department of the Treasury’s Office of Foreign Assets Control) or any other applicable domestic or foreign authority with jurisdiction over the Company.

(ll) “Trust Agreement” shall mean all of the provisions of this instrument and of all other instruments amendatory hereof.

(mm) “Trustee” shall mean The Bank of New York Mellon, and its successors and assigns, including any bank or trust company into which it may hereafter be merged or consolidated. “Trustee” shall also mean any successor Trustee subsequently appointed pursuant to Section 9.2 herein.

(nn) “Valuation Date” shall mean the last day of each calendar month.

The plural of any term shall have a meaning corresponding to the singular thereof as so defined and any neuter pronoun used herein shall include the masculine or feminine, as the context may require.

1.3 Purpose. The Master Decommissioning Trust is hereby established to fund the Decommissioning Costs of the Participating Units. Except as otherwise may be permitted by law and the terms of the Master Decommissioning Trust, at no time prior to the satisfaction of all liabilities with respect to the Decommissioning of a Participating Unit shall any part of the Equitable Share of such Participating Unit in the Master Decommissioning Trust be used for, or diverted to, any purposes other than such Decommissioning Costs, and for defraying administrative costs and other incidental expenses of the Master Decommissioning Trust. Notwithstanding any other provision of this Trust Agreement, the Equitable Share of each



Participating Unit in the Qualified Fund must be used as authorized by Section 468A and the regulations thereunder and this Trust Agreement may not be amended so as to violate Section 468A or the regulations thereunder.

1.4 Effect. All Persons at any time interested in any Participating Unit shall be bound by the provisions of this Trust Agreement and, in the event of any conflict between this Trust Agreement and the provisions of any license granted by a federal agency, or any law, order or regulation governing a Participating Unit, the provisions of this Trust Agreement shall not control, except to the extent necessary to carry out the intent and purpose of the Master Decommissioning Trust.

1.5 Domestic Trust. The Funds shall at all times be maintained as domestic trusts in the United States.

1.6 Trustee Not Responsible for Enforcing Contributions or for Sufficiency. The Trustee shall have no responsibility (a) for enforcing payment of any contribution for the Decommissioning of any Participating Unit or for the timing or amount thereof, (b) for the adequacy of the Master Decommissioning Fund or the funding standards adopted by the Company to meet or discharge any liabilities for the Decommissioning of a Participating Unit, or (c) for the satisfaction by the Company of the minimum funding standards established by the NRC for the Decommissioning of a Participating Unit.

## **ARTICLE II** **PARTICIPATION**

2.1 Eligibility. The Decommissioning of any Participating Unit may be funded, in whole or in part, through this Master Decommissioning Trust to the extent the contributions to fund the Decommissioning for such Participating Unit are required or permitted under any statute, regulations or order issued by the NRC through the establishment of Qualified Funds and Nonqualified Funds, respectively, for the Participating Units, respectfully, under this Master Decommissioning Trust.

2.2 Fund Interest in Investment Accounts. The Trustee shall maintain records reflecting the Equitable Share of each Fund of each Participating Unit in each Investment Account. Each Equitable Share of each Fund of each Participating Unit in each Investment Account shall consist of separate accounts maintained solely to fund Decommissioning Costs and the administrative costs and other incidental expenses of the Equitable Share of each Participating Unit. The Company shall provide the Trustee with current information in order that the Trustee may determine such Equitable Shares. An Investment Account may be divided into one or more sub-funds or accounts or described in a different manner on any books kept or records rendered by the Trustee without in any way affecting the duties or responsibilities of the Trustee under the provisions of this Trust Agreement. Notwithstanding anything else to the contrary in this Trust Agreement, the assets of a Qualified Fund may be pooled in an Investment Account only with the assets of other Qualified Funds and the assets of a Nonqualified Fund may be pooled in an Investment Account only with the assets of other Nonqualified Funds. In no event shall the Trustee pool the assets of the Qualified Funds in an Investment Account with the assets of the Nonqualified Funds. Whenever the Trustee pools the assets of the Funds permitted in this Section 2.2, the Trustee shall treat each Fund in the Investment Account as having received or accrued a ratable portion of the net income of the Investment Account in any years. Any Investment Account undertaken as permitted in this Section 2.2 can be

terminated at any time by any Fund. No Fund in an Investment Account may substitute for itself in such arrangement any person that is not a member of that Investment Account.

2.3 Valuations. The Trustee shall report the value of the assets of the Master Decommissioning Fund as of each Valuation Date and shall in the normal course issue monthly reports to the Company within twenty (20) days after each Valuation Date indicating the value of the assets of the Equitable Share allocated to each Participating Unit. The Company shall separately identify to the Trustee at the time of contribution to the Master Decommissioning Fund any amounts to be allocated to the Equitable Share of each Participating Unit. Assets will be valued at their market values at the close of business on the Valuation Date, or, in the absence of readily ascertainable market values, at such values as the Trustee shall determine in accordance with methods consistently followed and uniformly applied. In providing Market Data related to the Fund in connection with this Agreement, the Trustee is authorized to use pricing vendors, brokers, dealers, investment managers, and other persons providing Market Data to the Trustee (“Data Providers”). The Trustee shall be entitled to rely without inquiry on all Market Data provided to it, and the Trustee shall not be liable for any losses incurred as a result of Market Data that, without Trustee’s knowledge, contains errors or that is incomplete. The Company acknowledges that certain pricing or valuation information may be based on calculated amounts rather than actual market transactions and may not reflect actual market values, and that the variance between such calculated amounts and actual market values may be material. The Trustee shall not be required to inquire into the pricing of any securities or other assets even though the Trustee may receive different prices for the same securities or assets. Market Data may be the intellectual property of the Data Providers, which may impose additional terms and conditions upon the Company’s use of the Market Data. The additional terms and conditions can be found on the Data Terms Website, at <http://bnymellon.com/products/assetservicing/vendoragreement.pdf> (“Data Terms Website”), or any successor website the address of which is provided by the Trustee to the Company. The Company agrees to those terms as they are posted in the Data Terms Website from time to time. Anything in this Trust Agreement to the contrary notwithstanding, with respect to assets constituting part of a Directed Fund or assets included at the request of the Company as hereinabove provided, the Trustee may rely for all purposes of this Trust Agreement on the latest valuation and transaction information submitted to it by the Person responsible for the investment of assets even if such information predates the Valuation Date. The Company will cause such Person to provide the Trustee with all information needed by the Trustee to discharge its obligations to value such assets and to account under this Trust Agreement.

### **ARTICLE III**

#### **ADMINISTRATION OF DECOMMISSIONING PLANS**

3.1 Payment for Decommissioning Activities. The Trustee shall make all payments to the Company for Decommissioning of a Participating Unit from the Fund or Funds of such Participating Unit upon presentation to the Trustee of the following:

- (a) One certificate duly executed by the Secretary of the Company attesting to the occurrence of the events with respect to a Participating Unit, and in the form set forth in the Specimen Certificate attached hereto as Exhibit B and incorporated herein by reference; and
- (b) A certificate for each request for payment or reimbursement from the Equitable Share of a Participating Unit in the form set forth in the Specimen Certificate

attached hereto as Exhibit C and incorporated herein by reference, and attesting to the following conditions with respect to such Participating Unit:

- (1) that Decommissioning is proceeding pursuant to a plan established in accordance with NRC regulations; and
- (2) that the funds withdrawn will be expended for activities undertaken pursuant to such Decommissioning plan.

3.2 Payments Pursuant to NRC Direction. In the event of the Company's default or inability to direct Decommissioning activities with respect to a Participating Unit, the Trustee shall make payments from the Fund or Funds of such Participating Unit as the NRC shall direct, in writing, to provide for the payment of the costs of required activities covered by the Master Decommissioning Trust. Under such circumstances, the Trustee shall reimburse the Company, or such other Persons as specified by the NRC, from such Fund or Funds for expenditures for required activities in such amounts as the NRC specifies in writing. In addition, the Trustee shall refund to the Company such amounts as the NRC specifies in writing. Upon any payment or reimbursement made pursuant to this Section 3.2, the amount distributed from a Fund of a Participating Unit shall no longer constitute part of the Master Decommissioning Fund.

3.3 Responsibility for Decommissioning. The Trustee shall not be responsible for the Decommissioning of any Participating Units, nor for the application of the assets held in a Fund of a Participating Unit and distributed to the Company for the payment of liabilities and expenses in the Decommissioning of a Participating Unit. In the event it shall become necessary for the NRC to undertake any rights or obligations of the Company pursuant to Section 3.2 above, the Trustee shall not be liable with respect to any act or omission to act by it made in good faith at the direction of the NRC.

3.4 Reversion of Company Contributions. Subject to Section 1.3 of this Trust Agreement, at the direction of the Company, contributions to a Fund of a Participating Unit under the Master Decommissioning Trust may revert to the Company under the following circumstances:

(a) If any contribution intended to be a Qualified Asset is determined by the Company or the Internal Revenue Service to be nondeductible under Section 468A of the Code, then such contribution, to the extent that it is determined to be nondeductible, and any earnings thereon, may be returned to the Company within a reasonable time after such determination, or transferred by the Trustee at the discretion of the Company to a Fund consisting of Nonqualified Assets or to the trustee of a separate trust adopted by the Company to hold contributions required by the NRC that are not deductible under Section 468A of the Code.

(b) If any contribution is made by the Company by reason of a mistake of law or fact, such contribution, and any earnings thereon, may be returned to the Company within a reasonable time after discovery of such mistake of law or fact, or transferred by the Trustee at the discretion of the Company to a Fund consisting of Nonqualified Assets or to the trustee of a separate trust adopted by the Company to hold contributions required by the NRC that are not deductible under Section 468A of the Code.

3.5 Payment or Reimbursement of Administrative Expenses. On the direction of the Company, the Trustee shall pay monies from Funds of the Participating Units to pay the reasonable administrative costs and other incidental expenses of the Master Decommissioning Trust not otherwise authorized to be paid pursuant to this Trust. Such administrative costs or incidental expenses shall include, but not be limited to, fees arising from the Company's employment of accountants, legal counsel who may be of counsel to the Company, other specialists, and other Persons as the Company deems necessary or desirable in connection with the administration of the Master Decommissioning Trust and the Decommissioning of the Participating Units. The Company in its sole discretion may direct that the Trustee reimburse the Company for such expenses or costs paid by the Company or directly pay the Persons rendering such administrative services. Any payments or reimbursements made pursuant to this Section 3.5 shall be allocated among the Funds of the Participating Units in the same manner as described in Section 8.3 herein. Upon any payment or reimbursement made pursuant to this Section 3.5, the amounts distributed from a Fund of a Participating Unit shall no longer constitute part of the Master Decommissioning Fund.

3.6 Prohibition Against Assignment or Alienation. Except as provided under this Section 3.6 and Section 10.1 herein, no portion of a Fund of a Participating Unit shall be subject in any manner to anticipation, alienation, sale, transfer, assignment (either at law or in equity), pledge, encumbrance, charge, garnishment, levy, execution, or other legal or equitable process, and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, garnish, levy, execute, or enforce other legal or equitable process against the same shall be void. In addition, no portion of any such Fund shall be in any manner subject to the debts, contracts, liabilities, engagements, or torts of the Company or any general or secured creditor of the Company. Notwithstanding the foregoing, the expenses for services or materials incurred by any Person in connection with the Decommissioning of a Participating Unit and for which a certificate has been submitted by the Company to the Trustee pursuant to Section 3.1(b) shall constitute a charge exclusively on behalf of such Person against the Fund or Funds of such Participating Unit until paid. Such charge shall apply only to the lesser of the amount of such certificate or the remaining assets of such Fund or Funds.

3.7 Required Notice for Certain Payments. Except for withdrawals being made under 10 CFR 50.82(a)(8) or for payments of ordinary administrative costs (including taxes) and other incidental expenses of a Fund (including legal, accounting, actuarial, and trustee expenses) in connection with the operation of a Fund pursuant to Section 3.5 hereof, no disbursement or payment may be made from a Fund until written notice of the intention to make a disbursement or payment has given the Director, Office of Nuclear Reactor Regulation at least 30 working days before the date of the intended disbursement or payment.

3.8 Payments from Nonqualified Fund. Pursuant to Authorized Instructions, the Trustee shall make payments from a Nonqualified Fund to a Qualified Fund provided, 1) such payments are in cash, or in the case of a special transfer pursuant to section 468A(f) of the Code and Treas. Reg. §1.468A-8T or any corresponding future Treasury Regulations, in cash or in securities or a combination thereof, and 2) are in accordance with any applicable contribution limitations.

#### **ARTICLE IV** **INVESTMENT OF TRUST ASSETS**

4.1 Asset Managers. Discretionary authority for the management and control of assets from time to time held in the Master Decommissioning Fund may be retained, allocated,

or delegated, as the case may be, for one or more purposes, to and among the Asset Managers by the Company, in its absolute discretion. The terms and conditions of appointment and retention of any Asset Manager shall be the responsibility of the Company. The terms and conditions of any allocation to an Asset Manager shall be the responsibility of the Company. The Company shall promptly notify the Trustee in writing of the appointment or removal of an Asset Manager. Any notice of appointment pursuant to this Section 4.1 shall constitute a representation and warranty that the Asset Manager has been appointed by the Company and that any Asset Manager (other than the Trustee and the Company) is an Investment Manager.

4.2 Investment Discretion. The assets of the Master Decommissioning Trust shall be invested and reinvested, without distinction between principal and income, at such time or times in such investments and pursuant to such investment strategies or courses of action and in such shares and proportions, pursuant to the investment guidelines of the Company, as the Asset Managers in their sole discretion shall deem advisable. The Asset Managers shall discharge their duties under this Trust Agreement with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

4.3 Limitations on Investment Discretion. The Asset Managers shall be restricted to investing the Qualified Assets and the Nonqualified Assets of the Master Decommissioning Trust directly in such investments as shall not be prohibited from time to time under regulations, orders, regulatory guides, or other pronouncements issued by the NRC or Internal Revenue Service. In addition, the Company may further limit, restrict, or impose guidelines affecting the exercise of the discretion herein above conferred on any Asset Manager. Any limitations, restrictions, or guidelines applicable to the Trustee, as Asset Manager, shall be communicated in writing to the Trustee. The Trustee shall have no responsibility with respect to the formulation of any funding policy or any investment or diversification policies embodied herein. The Company shall be responsible for communicating, and monitoring adherence to, any limitations or guidelines imposed on any other Asset Manager. Notwithstanding any other provision of this Trust Agreement to the contrary, including, without limitation, any specific or general power granted to the Trustee, including the power to invest in real property, no portion of the Master Decommissioning Fund shall be directly invested in real estate. For this purpose, direct investment in real estate includes, but is not limited to, real property, leaseholds or mineral interests but does not include indirect investments such as REITs.

4.4 Responsibility for Diversification. The Trustee shall not be responsible for determining the diversification policy of the Master Decommissioning Fund, for monitoring adherence by the Asset Managers to such policy, and for advising the Asset Managers with respect to limitations on assets contained in the Equitable Share of any Participating Unit or imposed on the Master Decommissioning Trust by any applicable statute, except with respect to any assets comprising the Discretionary Fund.

## **ARTICLE V**

### **RESPONSIBILITY FOR DIRECTED FUNDS**

5.1 Responsibility for Selection of Agents. All transactions of any kind or nature in or from a Directed Fund shall be made upon such terms and conditions and from or through such principals and agents as the Asset Manager shall direct.

5.2 Trustee Not Responsible for Investments in Directed Funds. The Trustee shall be under no duty or obligation to review or to question any direction of any Investment Manager, or to review securities or any other property held in any Directed Fund with respect to prudence or proper diversification or compliance with any limitation on the Asset Manager's authority under the terms of the Master Decommissioning Trust, any agreement entered into between the Company and the Asset Manager or imposed by applicable law, or to make any suggestions or recommendations to the Company or the Asset Manager with respect to the retention or investment of any assets of any Directed Fund, and shall have no authority to take any action or to refrain from taking any action with respect to any asset of a Directed Fund, unless and until it is directed to do so by the Asset Manager.

5.3 Investment Vehicles. Any Investment Vehicle, or interest therein, acquired by or transferred to the Trustee upon the directions of the Asset Manager shall be allocated to the appropriate Directed Fund, and the Trustee's duties and responsibilities under this Trust Agreement shall not be increased or otherwise affected thereby. The Trustee shall be responsible solely for the safekeeping of the evidence of the Master Decommissioning Trust's ownership of or interest or participation in such Investment Vehicle.

5.4 Reliance on Asset Manager. The Trustee shall be required under this Trust Agreement to execute documents, to settle transactions, to take action on behalf of or in the name of the Master Decommissioning Trust and to make and receive payments on the direction of the Asset Manager. Any direction of the Asset Manager shall constitute a certification to the Trustee (a) that the transaction will not violate the prohibitions against self-dealing under Sections 468A and 4951 of the Code, (b) that the investment is authorized under the terms of this Trust Agreement and any other agreement or law affecting the Asset Manager's authority to deal with the Directed Fund, (c) that any contract, agency, joinder, adoption, participation agreement, assignment, or other document of any kind which the Trustee is required to execute to effectuate the transaction has been reviewed by the Asset Manager and, to the extent it deems advisable and prudent, its counsel, (d) that such instrument or document is in proper form for execution by the Trustee, and (e) that all other acts to perfect and protect the Master Decommissioning Trust's rights have been taken, and the Trustee shall have no duty to make any independent inquiry or investigation as to any of the foregoing before acting upon such direction. In addition, the Trustee shall not be liable for the default of any Person with respect to any investment in a Directed Fund or for the form, genuineness, validity, sufficiency, or effect of any document executed by, delivered to, or held by it for any Directed Fund on account of such investment, or if, for any reason (other than the gross negligence or willful misconduct of the Trustee) any rights of the Master Decommissioning Trust therein shall lapse or shall become unenforceable or worthless.

5.5 Merger of Funds. The Trustee shall not have any discretionary responsibility or authority to manage or control any asset held in a Directed Fund upon the resignation or removal of an Asset Manager unless and until it has been notified in writing by the Company that the Asset Manager's authority has terminated and that such Directed Fund's assets are to be integrated with the Discretionary Fund. Such notice shall not be deemed effective until two (2) Bank Business Days after it has been received by the Trustee. The Trustee shall not be liable for any losses to the Master Decommissioning Fund resulting from (a) the disposition of any investment made by the Asset Manager, (b) the retention of any illiquid or unmarketable investment or any investment which is not widely publicly traded, (c) the holding of any other investment acquired by the Asset Manager if the Trustee is unable to dispose of such investment because of any restrictions imposed by the Securities Act of 1933 or other Federal or State law, or if an orderly liquidation of such investment is impractical under prevailing conditions, (d)

failure to comply with any investment limitations imposed pursuant to Section 4.2 and 4.3, or (e) for any other violation of the terms of this Trust Agreement or applicable law as a result of the addition of Directed Fund assets to the Discretionary Fund.

5.6 Notification of Company in Event of Breach. If the Trustee has knowledge of a breach committed by an Asset Manager with respect to the duties or responsibilities delegated to an Asset Manager under the terms of this Trust Agreement or any other agreement affecting the Asset Manager's authority to deal with the Directed Fund, it shall notify the Company, and the Company shall thereafter assume full responsibility to all Persons interested in a Fund of a Participating Unit to remedy such breach.

5.7 Definition of Knowledge. While the Trustee will perform certain duties (such as custodial, reporting, recording, valuation, and bookkeeping functions) with respect to Directed Funds, such duties will not involve the exercise of any discretionary authority to manage or control the assets of the Directed Funds and will be the responsibility of officers or other employees of the Trustee who are unfamiliar with and have no responsibility for investment management. Therefore, the Company agrees that in the event that knowledge of the Trustee shall be a prerequisite to imposing a duty upon or to determining liability of the Trustee under this Trust Agreement or any statute regulating the conduct of the Trustee with respect to such Directed Funds or relieving the Company of its undertakings under Section 14.2, the Trustee will not be deemed to have knowledge of, or to have participated in, any act or omission of an Asset Manager involving the investment of assets allocated to the Directed Funds as a result of the receipt and processing of information in the course of performing such duties.

5.8 Duty to Enforce Claims. Except to the extent that any law or regulation may provide or require otherwise, the Trustee shall have no duty to commence or maintain any action, suit, or legal proceeding on behalf of the Master Decommissioning Trust on account of or with respect to any investment made in or for a Directed Fund unless the Trustee has been directed to do so by the Company or an Investment Manager, and unless the Trustee is either in possession of funds sufficient for such purpose or unless it has been indemnified by the Company or the Investment Manager, to its satisfaction, for counsel fees, costs, and other expenses and liabilities to which it, in its sole judgment, may be subjected by beginning or maintaining such action, suit, or legal proceeding.

5.9 Restrictions on Transfer. Except as otherwise specifically provided herein, nothing herein shall be deemed to empower any Asset Manager to direct the Trustee to transfer any asset of a Directed Fund to such Asset Manager.

## **ARTICLE VI**

### **POWERS OF ASSET MANAGERS**

6.1 General Powers. Without in any way limiting the powers and discretion conferred upon any Asset Manager by the other provisions of this Trust Agreement or by law, each Asset Manager shall be vested with the following powers and discretion with respect to the assets of the Master Decommissioning Trust subject to its management and control, and, upon the directions of the Asset Manager of a Directed Fund, the Trustee shall make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to enable such Asset Manager to carry out such powers and discretion:

(a) to sell, exchange, convey, transfer, or otherwise dispose of any property by private contract or at public auction, and no person dealing with the Asset Manager shall be bound to see to the application of the purchase money or to inquire into the validity, expediency, or propriety of any such sale or other disposition;

(b) to enter into contracts or make commitments either alone or in company with others to sell or acquire property, including to engage in transactions involving financial futures, including but not limited to stock index futures, and options on financial futures; and in carrying out such transactions to open accounts to trade in and to make or take delivery of financial futures, to provide original, variation, maintenance and other required margin in the form of money, securities, or otherwise, and to exercise options, short-selling programs, foreign exchange or foreign exchange contracts, swaps and other derivative investments with third parties;

(c) to vote upon any bonds, or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights, or other options and to make any payments incidental thereto; to consent to or otherwise participate in corporate reorganizations or other changes affecting corporate securities and to delegate discretionary powers and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to bonds, securities or other property;

(d) to purchase units or certificates issued by an investment company, pooled trust, or comparable entity;

(e) to transfer to a common, collective, pooled trust fund or mutual fund maintained by the Asset Manager, hereunder, all or part of the Master Decommissioning Fund as the Asset Manager may deem advisable, and such part or all of the Master Decommissioning Fund so transferred shall be subject to all the terms and provisions of the common, collective, pooled trust fund or mutual fund which permit the commingling for investment purposes of such trust assets with trust assets of other trusts. The Company expressly understands and agrees that any such collective fund may provide for the lending of its securities by the collective fund trustee and that such collective fund's trustee will receive compensation from such collective fund for the lending of securities that is separate from any compensation of the Trustee hereunder, or any compensation of the collective fund trustee for the management of such collective fund. The Trustee is authorized to invest in a collective fund which invests in The Bank of New York Mellon Corporation ("BNY Mellon Corp.") stock in accordance with the terms and conditions of the Department of Labor Prohibited Transaction Exemption 95-56 (the "Exemption") granted to the Trustee and its affiliates and to use a cross-trading program in accordance with the Exemption. The Company acknowledges receipt of the notice entitled "Cross-Trading Information", a copy of which is attached to this Trust Agreement as Exhibit E; and

(f) to be reimbursed for the expenses incurred in exercising any of the foregoing powers or to pay the reasonable expenses incurred by any agent, manager, or trustee appointed pursuant thereto.

6.2 Additional Powers of Trustee. In addition, the Trustee is hereby authorized:



(a) to register any securities held in the Master Decommissioning Fund in its own name or in the name of a nominee, to hold any securities in bearer form, and to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary or representative capacities or as agent for customers, or to deposit or to arrange for the deposit of such securities in any qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by other depositors, or to deposit or arrange for the deposit of any securities issued by the United States Government, or any agency or instrumentality thereof, with a Federal Reserve Bank, but the books and records of the Trustee shall at all times show that all such investments are part of the Master Decommissioning Trust;

(b) to employ suitable agents, depositories, and counsel, domestic or foreign, other than itself and to charge their reasonable expenses and compensation against the Master Decommissioning Fund, and to confer upon any such depository the powers conferred upon the Trustee by paragraph (a) of this Section 6.2, as well as the power to appoint subagents and depositories, wherever situated, in connection with the retention of securities or other property;

(c) to deposit funds in interest bearing account deposits maintained by or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee;

(d) to compromise or otherwise adjust all claims in favor of or against the Master Decommissioning Fund, subject to the prior written consent of the Company;

(e) to make any distribution or transfer of assets authorized under Article IX or Article X in cash or in kind as the Trustee, in its absolute discretion, shall determine and, in furtherance thereof, to value such assets, which valuation shall be conclusive and binding on all persons; and

(f) to hold uninvested cash balances when reasonable and necessary, without incurring any liability for the payment of interest thereon, provided that in no event shall uninvested cash balances be held solely for the purpose of awaiting investment;

(g) upon the consent of the Company, to temporarily invest funds awaiting investment by an Asset Manager in a separate or commingled trust fund established by the Trustee for the investment of funds for Decommissioning Costs and consisting solely of investments permitted under Section 4.3 of this Trust Agreement;

(h) to lend the assets of the Master Decommissioning Fund in accordance with the terms and conditions of a separate securities lending agreement; and

(i) to take all action necessary to pay for, and settle, authorized transactions, including exercising the power to borrow or raise monies from the Trustee in its corporate capacity or an affiliate. To secure expenses and advances made to settle or pay for authorized transactions, including payment for securities and disbursements, the Company grants to the Trustee a first priority security interest in the Master Decommissioning Fund, all Property therein, all income, substitutions and proceeds, whether now owned or hereafter acquired (the "Collateral"); provided that the Company

does not grant the Trustee a security interest in any securities issued by an affiliate of the Trustee (as defined in Section 23A of the Federal Reserve Act). The parties intend that as the securities intermediary with respect to the Collateral, the Trustee's security interest shall automatically be perfected when it attaches. The Trustee shall be entitled to collect from the Master Decommissioning Fund sufficient cash for reimbursement and, if such cash is insufficient, with prior notice to the Company dispose of the assets of the Master Decommissioning Fund to the extent necessary to obtain reimbursement. To the extent the Trustee advances funds to the Master Decommissioning Fund for disbursements or to effect the settlement of purchase transactions, the Trustee shall be entitled to collect from the Master Decommissioning Fund reasonable charges established under the Trustee's standard overdraft terms, conditions and procedures, which terms, conditions and procedures shall be furnished in writing or otherwise communicated to the Duly Authorized Officer.

## **ARTICLE VII**

### **RECORDS AND ACCOUNTS OF TRUSTEE**

7.1 Records. The Trustee shall keep accurate and detailed accounts of all investments, receipts, disbursements, and other transactions in the Master Decommissioning Fund to fund the decommissioning costs for each Participating Unit, and all accounts, books, and records relating thereto shall be opened to inspection and audit at all reasonable times during normal business hours by any Person designated by the Company.

7.2 Annual Account. The Trustee shall, within sixty (60) days following the close of each Accounting Period, file with the Account Party in accordance with Section 13.5, a written account setting forth the receipts and disbursements of Equitable Shares of each Participating Unit under the Master Decommissioning Trust and the investments and other transactions effected by it upon its own authority pursuant to the directions of any Person as herein provided during the Accounting Period.

7.3 Account Stated. The Company agrees that it will file all objections, if any, to the Trustee's annual or other accounting in writing with the Trustee, within ninety (90) days of the filing of such annual or other account with the Account Party and that except for fraud or other such crime on behalf of the Trustee no objection to any such account may be made after such ninety (90) day period has lapsed.

7.4 Judicial Accountings. Nothing herein shall in any way limit the Trustee's right to bring any action or proceeding in a court of competent jurisdiction to settle its account or for such other relief as it may deem appropriate.

7.5 Necessary Parties. Except to the extent that any law or regulation may provide otherwise, in order to protect the Master Decommissioning Trust from the expense of litigation, no Person other than the Company shall be a necessary party in any proceeding under Section 7.4, may require the Trustee to account, or may institute any other action or proceeding against the Trustee or the Master Decommissioning Trust.

7.6 Responsibility for Notices and Filings with the NRC and the Internal Revenue Service. Except as set forth specifically on Exhibit "D" attached hereto and made a part hereof, which Exhibit "D" may be amended from time to time by the parties hereto by mutual written agreement, the Trustee shall not be responsible with respect to any Participating Unit to give or apply for any notices, to make any filings, or to maintain any records required by the NRC or

the Internal Revenue Service, all of which, for purposes of this Trust Agreement, shall be the responsibility of the Company.

## **ARTICLE VIII** **COMPENSATION, TAXES, AND EXPENSES**

8.1 Compensation and Expenses. Any expenses incurred by the Trustee in connection with its administration of the Equitable Shares of each Participating Unit under the Master Decommissioning Trust, including, but not limited to, fees for legal services rendered to the Trustee (whether or not rendered in connection with a judicial or administrative proceeding), such compensation to the Trustee as shall be agreed upon from time to time between the Trustee and an officer of the Company, and all other proper charges and disbursements of the Trustee, may, in the sole discretion of the Company, be paid by the Company but shall otherwise be paid from the Equitable Shares of the Participating Units under the Master Decommissioning Trust. The Trustee's entitlement to reimbursement hereunder shall not be affected by the resignation or removal of the Trustee or by the termination of an Equitable Share of a Participating Unit under the Master Decommissioning Trust. Except and unless otherwise provided herein, the Trustee shall have no lien, security interest or right of set-off whatsoever upon any of the assets of the Master Decommissioning Fund for the payment of fees and expenses for services rendered by or on behalf of the Trustee under this Trust Agreement without the written consent of the Company.

8.2 Taxes. All taxes of any kind and all kinds whatsoever that may be levied or assessed under existing or future laws, domestic or foreign, upon the Master Decommissioning Trust or the income thereof, shall be paid from the Equitable Shares of the Participating Units under the Master Decommissioning Trust, as appropriate.

8.3 Allocation. Any tax or expense which is specifically allocable to one or more Participating Units shall be charged against the Fund or Funds of such Participating Unit or Units consistent with such allocation. Any expense that is allocable to all of the Participating Units shall be charged against the appropriate Fund or Funds of all of the Participating Units under the Master Decommissioning Trust as a whole consistent with such allocation.

## **ARTICLE IX** **RESIGNATION OR REMOVAL OF TRUSTEE**

9.1 Resignation or Removal. The Trustee may be removed by the Company at any time upon thirty (30) days' notice in writing to the Trustee, or upon such lesser or greater notice as the Company and the Trustee may agree. The Trustee may resign at any time upon thirty (30) days' notice in writing to the Company, or upon such lesser or greater notice as the Company and the Trustee may agree.

9.2 Designation of Successor Trustee. Upon the removal or resignation of the Trustee, the Company shall either appoint a successor trustee who shall have the same powers and duties as those conferred upon the Trustee hereunder, and upon acceptance of such appointment by the successor trustee, the Trustee shall assign, transfer, and pay over the Master Decommissioning Trust to such successor trustee, or the Company shall direct the Trustee to transfer the Master Decommissioning Trust directly to the trustee of another trust designated by the Company. Any such assignment or transfer of the Master Decommissioning Trust shall be effectuated no later than the last day of the month in which the thirty (30) day notice period, as described in Section 9.1, expires. If, for any reason, the Company cannot or does not act

promptly to appoint a successor trustee or direct the transfer of the Master Decommissioning Trust to another qualified trust in the event of the resignation or removal of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee. Any expenses incurred by the Trustee in connection therewith shall be charged to and paid from the Master Decommissioning Trust as an expense of administration.

9.3 Reserve for Expenses. The Trustee is authorized to reserve such amount which may reasonably be required for payments of its fees and expenses in connection with the settlement of its account or otherwise, and any balance of such reserve remaining after the payment of such fees and expenses shall be paid over in accordance with the directions of the Company under Section 9.2. The Trustee is authorized to invest such reserves in any investment authorized under the terms of this Trust Agreement appropriate for the temporary investment of cash reserves of trusts.

## **ARTICLE X**

### **WITHDRAWAL OF PARTICIPATING UNITS**

10.1 Event of Withdrawal. Upon receipt of notice from the Company of a withdrawal of any Participating Unit, or any part thereof, from the Master Decommissioning Trust, the Trustee shall segregate the portion of assets of the Master Decommissioning Fund allocable to the Fund or Funds of the Participating Unit, or part thereof, and, subject to Section 1.3 of the Trust Agreement, shall dispose of such assets in accordance with the directions of the Company. Such dispositions may include, but shall not be limited to, the transfer of all or a portion of such assets to (a) another funding method considered acceptable by the NRC for providing financial assurance of the availability of funds for Decommissioning, or (b) another funding method for financial assurance maintained by any successor to the Company incident to the transfer or disposition by the Company of all or a portion of its ownership interest with respect to a Participating Unit.

10.2 Approval of Appropriate Agencies. The Trustee may, in its absolute discretion, condition delivery, transfer, or distribution of any assets withdrawn from the Master Decommissioning Fund under this Article X upon the Trustee's receiving assurances satisfactory to it that the Company has made any notice or filings which may be required to be given the NRC or the Internal Revenue Service.

## **ARTICLE XI**

### **AMENDMENT OR TERMINATION**

11.1 Amendment. Subject to Section 1.3, the Company reserves the right at any time and from time to time to amend, in whole or in part, any or all of the provisions of this Trust Agreement by notice thereof in writing delivered to the Trustee; provided, however, no amendment which affects the rights, duties, or responsibilities of the Trustee may be made without its prior written consent.

11.2 Termination. Subject to Section 1.3, this Trust Agreement shall terminate when all transfers and payments required or permitted to be made by the Trustee under the provisions hereof shall have been made, unless terminated earlier by the Company by written notice to the Trustee. Upon written notice from the Company that Decommissioning is complete with respect to a Participating Unit, any assets remaining in any Fund or Funds of such Participating Unit after the payment of all Decommissioning Costs, any administrative costs and any other

incidental expenses of the Master Decommissioning Trust allocable to such Fund or Funds shall be returned to the Company.

11.3 Trustee's Authority to Survive Termination. Until the final distribution of the Master Decommissioning Fund, the Trustee shall continue to have and may exercise all of the powers and discretion conferred upon it by this Trust Agreement

11.4 U.S. Special Resolution Regime Transferability . . Notwithstanding anything herein to the contrary, in the event the Trustee becomes subject to a proceeding under a U.S. special resolution regime, the transfer of this Agreement (and any interest and obligation in or under, and any property securing, this Agreement) from the Trustee will be effective to the same extent as the transfer would be effective under the U.S. special resolution regime if the Agreement (and any interest and obligation in or under, and any property securing, the Agreement) were governed by the laws of the United States or a state of the United States; and, in the event the Trustee or any affiliate becomes subject to a proceeding under a U.S. special resolution regime, default rights with respect to the Agreement that may be exercised against the Trustee are permitted to be exercised to no greater extent than the default rights could be exercised under the U.S. special resolution regime if the Agreement were governed by the laws of the United States or a state of the United States.

## **ARTICLE XII** **AUTHORITIES**

12.1 Company. Whenever the provisions of this Trust Agreement specifically require or permit any action to be taken by the Company, such action must be authorized or ratified by the Board of Directors or by any designee or committee authorized by the Board of Directors to act on behalf of the Company. Any resolution adopted by the Board of Directors or by such authorized designee or committee or other evidence of such authorization or ratification shall be certified to the Trustee by the Secretary or an Assistant Secretary of the Company under its corporate seal, and the Trustee may rely upon any authorization so certified until revoked or modified by a further action of the Board of Directors or by such authorized designee or committee similarly certified to the Trustee.

12.2 Investment Manager. The Company shall cause each Investment Manager to furnish the Trustee from time to time with the names and signatures of those persons authorized to direct the Trustee on its behalf hereunder.

12.3 Authorized Instructions. Shall mean: (i) all directions to the Trustee from a Duly Authorized Officer (as defined below) pursuant to the terms of this Trust Agreement; (ii) all directions by or on behalf of the Company or the Investment Manager to the Trustee in its corporate capacity (or any of its affiliates) relating to foreign exchange; (iii) all directions by or on behalf of the Company or the Investment Manager pursuant to an agreement with Trustee (or any of its affiliates) with respect to benefit disbursement services or information or transactional services provided via a web site sponsored by the Trustee (or any of its affiliates) (e.g., the "Workbench web site") and (iv) all directions by or on behalf of a Duly Authorized Officer pursuant to any other written agreement or procedure between Trustee (or any of its affiliates) and such Duly Authorized Officer, if such agreement or procedure specifically provides that authorized persons thereunder are deemed to be authorized to give instructions under this Trust Agreement. Authorized Instructions shall be in writing, transmitted by first class mail, overnight delivery, private courier, facsimile, or shall be an electronic transmission subject to the Trustee's policies and procedures, other institutional delivery systems or trade

matching utilities as directed by a Duly Authorized Officer and supported by the Trustee, or other methods agreed upon in writing by the Company or the named fiduciary and the Trustee. The Trustee may, in its discretion, accept oral directions and instructions from a Duly Authorized Officer and may require confirmation in writing. However, where the Trustee acts on an oral direction or instruction, the Trustee shall not be liable if a subsequent written confirmation fails to conform to the oral direction or instruction. Except as required by applicable law, the Trustee shall be (1) fully protected in acting in accordance with all such Authorized Instructions and in failing to act in the absence thereof, and (2) under no duty to question any direction of a Duly Authorized Officer with respect to the portion of the Master Decommissioning Fund over which such Duly Authorized Officer has authority, to review any property held in the Master Decommissioning Fund, to make any suggestions with respect to the investment, retention and reinvestment of the assets in the Master Decommissioning Fund, or to evaluate or question the performance of any Duly Authorized Officer. The Trustee shall not be responsible or liable for any diminution of value of any securities or other property held by the Trustee or its subcustodians pursuant to Authorized Instructions. In following an Authorized Instruction, the Trustee shall be fully protected and shall not be liable for the acts or omissions of any person or entity not selected or retained by the Trustee in its sole discretion, including, but not limited to, any broker-dealer or other entity designated by the Company or Investment Manager to hold property of the Master Decommissioning Fund as collateral or otherwise pursuant to an investment strategy. The Trustee shall act through one, or more than one, of its duly authorized trust officers, and the Company shall act through one or more of its duly authorized officers or employees (“Duly Authorized Officer”). The Trustee shall establish with the Duly Authorized Officer such oral, written or electronic communication procedures (or any combination of such communication procedures) or such other procedures as the Trustee and the Duly Authorized Officer deem responsible and prudent under the circumstances for the orderly administration of the Master Decommissioning Fund, and the Trustee and the Duly Authorized Officer shall follow such procedures.

12.4 Continuation of Authority. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event terminating the authority of any Person, including any Investment Manager, has occurred.

12.5 No Obligation to Act on Unsatisfactory Notice. The Trustee shall incur no liability under this Trust Agreement for any failure to act pursuant to any notice, direction, or any other communication from any Asset Manager, the Company, or any other Person or the designee of any of them unless and until it shall have received instructions in form satisfactory to it.

### **ARTICLE XIII** **GENERAL PROVISIONS**

13.1 Governing Law. To the extent that state law shall not have been preempted by the provisions of any other law of the United States heretofore or hereafter enacted, this Trust Agreement shall be administered, construed and enforced according to the laws of the State of New York.

13.2 Entire Agreement. The Trustee’s duties and responsibilities to any Participating Unit or any Person interested therein shall be limited to those specifically set forth in this Trust Agreement, except as may otherwise be provided by applicable law. No amendment to any agreement or instrument affecting any Participating Unit or any other document shall enlarge the Trustee’s duties or responsibilities hereunder without its prior written consent.

13.3 Experts. The Trustee may consult with experts of its choice (who may be experts employed by the Company), including legal counsel, appraisers, pricing services, accountants, or actuaries, selected by it with due care as to the meaning and construction of the Trust Agreement on any provisions hereof, or concerning its powers and duties hereunder, and shall be protected for any action taken or omitted by it on the basis of its reasonable reliance on the opinion of such expert.

13.4 Successor to the Trustee. Any successor, by merger or otherwise, to substantially all of the trust business of the Trustee shall automatically and without further action become the Trustee hereunder, subject to all the terms and conditions and entitled to all the benefits and immunities hereof.

13.5 Notices. All notices, reports, annual accounts, and other communications to the Company, Investment Manager, or any other Person shall be deemed to have been duly given if mailed, postage prepaid, or delivered in hand to such Person at its address appearing on the records of the Trustee, which address shall be filed with the Trustee at the time of the establishment of the Master Decommissioning Trust and shall be kept current thereafter by the Company. All directions, notices, statements, objections, and other communications to the Trustee shall be deemed to have been given when received by the Trustee at its offices.

13.6 No Waiver; Reservation of Rights. The rights, remedies, privileges, and immunities expressed herein are cumulative and are not exclusive, and the Trustee and the Company shall be entitled to claim all other rights, remedies, privileges, and immunities to which it may be entitled under applicable law, except as may be otherwise provided by this Trust Agreement.

13.7 Descriptive Headings. The captions in this Trust Agreement are solely for convenience of reference and shall not define or limit the provisions hereof.

13.8 Force Majeure. Notwithstanding anything contained in this Trust Agreement to the contrary, the Trustee shall not be responsible or liable for its failure to perform under this Trust Agreement or for any losses to the Master Decommissioning Fund resulting from any event beyond the reasonable control of the Trustee, its agents, or its subcustodians; provided that Trustee has implemented and maintained commercially reasonable practices and procedures to prevent or mitigate the reasonably foreseeable adverse effects of such an event. This Section shall survive the termination of this Trust Agreement

13.9 Customer-Related Data. BNY Mellon Corp., the corporate parent of BNY Mellon is a global financial organization that provides services to clients through its affiliates and subsidiaries in multiple jurisdictions (the "BNY Mellon Group"). The BNY Mellon Group may centralize functions, including audit, accounting, risk, legal, compliance, sales, administration, product communication, relationship management, storage, compilation and analysis of customer-related data, and other functions (the "Centralized Functions") in one or more affiliates, subsidiaries and third-party service providers. Solely in connection with the Centralized Functions, the Company consents to the disclosure of, and authorizes the Trustee to disclose, information regarding the Company and its accounts ("Customer-Related Data") to the BNY Mellon Group and to its third-party service providers who are subject to confidentiality obligations with respect to such Customer-Related Data. In addition, the BNY Mellon Group may aggregate Customer-Related Data with other data collected and/or calculated by the BNY Mellon Group, and the BNY Mellon Group will own all such aggregated data, provided that the BNY Mellon Group shall not distribute the aggregated data in a format

that identifies Customer-Related Data with the Company. In addition, the Trustee may disclose Customer-Related Data as required by law or at the request of any governmental or regulatory authority.

#### **ARTICLE XIV UNDERTAKING BY COMPANY**

14.1 Undertaking. In consideration of the Trustee agreeing to enter into this Trust Agreement, the Company hereby agrees to hold harmless the Trustee, individually and as trustee, and its directors, officers, and employees, from and against all amounts, including without limitation taxes, expenses (including reasonable counsel fees), liabilities, claims, damages, actions, suits, or other charges, incurred by or assessed against it, individually or as trustee, or its directors, officers or employees, (a) as a direct or indirect result of anything done in good faith, or alleged to have been done, by or on behalf of the Trustee in reliance upon the directions of any Investment Manager, or the Company, or anything omitted, in the absence of such directions, or (b) as a direct or indirect result of the failure of the Company, directly or indirectly, to adequately, carefully, and diligently discharge its fiduciary responsibilities with respect to the investments of Master Decommissioning Fund assets by an Investment Manager.

14.2 Limitation on Undertaking. Anything hereinabove to the contrary notwithstanding, the Company shall have no responsibility to the Trustee under Section 14.1 if the Trustee 1) knowingly participated in or knowingly concealed any act or omission of any Person described in such Section 14.1, knowing that such act or omission constituted a breach of such person's fiduciary responsibilities, or 2) if as a result of its negligence or willful misconduct the Trustee either fails to perform any of the duties specifically undertaken by it under the provisions of this Trust Agreement or fails to act in conformity with duly given and authorized directions hereunder. In addition, the Company shall have no responsibility to the Trustee under Section 14.1 for any income or excise taxes, penalties or interest imposed against the Trustee arising from or related to any violation of the prohibitions against self-dealing set forth in the Code by the Trustee or any of the Trustee's directors, officers or employees, and the payment of any such income or excise taxes, penalties or interest shall be the sole responsibility of the Trustee.

14.3 Limitation on Trustee Responsibility. The Trustee shall not be responsible for any losses resulting from the deposit or maintenance of securities or other property (in accordance with market practice, custom, or regulation) with any recognized foreign or domestic clearing facility, book-entry system, centralized custodial depository, or similar organization. The Trustee shall not be responsible or liable for any losses or damages suffered by the Master Decommissioning Fund arising as a result of any act or omission or insolvency of any custodian, subtrustee or subcustodian, except to the extent the Trustee was negligent in its selection or continued retention of such entity. The Trustee shall not be liable to the Company, or the Trust for indirect, consequential or special damages arising in connection with this Agreement even if the Trustee has been advised of the possibility of such damages. Settlements of transactions may be affected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Company acknowledges that this may, in certain circumstances, require the delivery of cash or securities (or other property) without the concurrent receipt of securities (or other property) or cash and, in such circumstances, the Company shall have sole responsibility for nonreceipt of payment (or late payment) by the counterparty

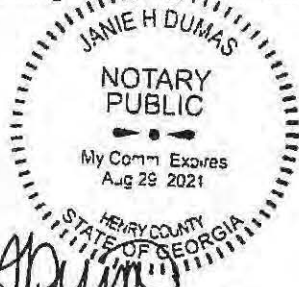


14.4 Economic Sanctions Compliance Program. Throughout the term of this Agreement, the Company agrees it (i) shall maintain, and comply with, an Economic Sanctions Compliance Program; (ii) shall ensure that neither the Company nor any of its affiliates, directors, or officers, or Asset Managers is an individual or entity that is, or is owned or controlled by, an individual or entity that is: (A) the subject of Sanctions or an the target of investigation for Sanctions compliance, or (B) located, organized, or resident in a country or territory that is, or whose government is, the subject of Sanctions or the target of an investigation for Sanctions compliance; and (iii) shall not, directly or indirectly, cause or permit the use of the Funds in any manner that would result in a violation of Sanctions.

The Company will promptly provide to the Trustee such information as the Trustee reasonably requests in connection with the matters referenced in this Section 14.4, including information regarding the accounts hereunder, the assets held or to be held in the accounts, the source thereof, and the identity of any individual or entity having or claiming an interest therein. The Trustee may decline to act or provide services in respect of any account, and take such other actions as it, in its reasonable discretion, deems necessary or advisable, in connection with the matters referenced in this Section 14.4. If the Trustee declines to act or provide services as provided in the preceding sentence, except as otherwise prohibited by applicable law or official request, the Trustee will inform the Company thereof as soon as reasonably practicable.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties hereto have caused this Master Decommissioning Trust Agreement to be executed by their respective officers thereunto duly authorized and their corporate seals to be hereunto affixed and attested on the day and year first above written.



(Corporate Seal)

Attest: *Janie H. Dumas*

GEORGIA POWER COMPANY

By: *David Perach*  
Name: David Perach  
Title: VP CFO & Treasurer

(Corporate Seal)

Attest: *Charles F. Kosko*

BANK OF NEW YORK MELLON,  
Successor by operation of law to  
Mellon Bank, N.A.

By: *Charles F. Kosko*  
Name: CHARLES F. KOSKO  
Title: VICE PRESIDENT

**EXHIBIT A**

**MASTER DECOMMISSIONING TRUST**

**PARTICIPATING UNITS AND OWNERSHIP INTERESTS**

	<b>Hatch Unit 1</b>	<b>Hatch Unit 2</b>	<b>Vogtle Unit 1</b>	<b>Vogtle Unit 2</b>	<b>Vogtle Unit 3</b>	<b>Vogtle Unit 4</b>
NRC Facility Operating License Number	DPR-57	NPF-5	NPF-68	NPF-81	NPF-91	NPF-92
License Expiration Date	8/6/34	6/13/38	1/16/47	2/9/49	11/61 (est.)	11/62 (est.)
<b>Ownership Interest Percentage</b>						
Georgia Power Company	50.1	50.1	45.7	45.7	45.7	45.7
Oglethorpe Power Corporation	30.0	30.0	30.0	30.0	30.0	30.0
Municipal Electric Authority of Georgia	17.7	17.7	22.7	22.7	22.7	22.7
City of Dalton	2.2	2.2	1.6	1.6	1.6	1.6
<b>TOTAL:</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**EXHIBIT B**

**MASTER DECOMMISSIONING TRUST  
SPECIMEN CERTIFICATE OF EVENTS**

Bank of New York Mellon

[  
\_\_\_\_\_]  
\_\_\_\_\_]

Attention: [Trust Division]

Gentlemen:

In accordance with the terms of that certain Trust Agreement by and between Georgia Power Company and Bank of New York Mellon, as Trustee, dated \_\_\_\_\_, I, \_\_\_\_\_, Secretary of Georgia Power Company, hereby certify that the following events have occurred:

1. Georgia Power Company is required to commence the decommissioning of its \_\_\_\_\_ facility, Unit \_\_\_\_\_ located at \_\_\_\_\_ (hereinafter called the "decommissioning"),
2. the plans and procedures for the commencement and conduct of the decommissioning have been established in accordance with regulations issued by the United States Nuclear Regulatory Commission, or its successor, and
3. the Board of Directors of Georgia Power Company has adopted the attached resolution authorizing the commencement of the decommissioning.

\_\_\_\_\_  
Secretary of Georgia Power Company

\_\_\_\_\_  
Date

**EXHIBIT C**

**MASTER DECOMMISSIONING TRUST  
SPECIMEN CERTIFICATE**

Bank of New York Mellon

[  
\_\_\_\_\_]  
\_\_\_\_\_]

Attention: [Trust Division]

Attention: Trust Division

Gentlemen:

In accordance with the terms of that certain Trust Agreement by and between Georgia Power Company and Bank of New York Mellon, as Trustee, dated \_\_\_\_\_, I, [insert name], [insert Treasurer or Assistant Treasurer] of Georgia Power Company, hereby certify that:

1. decommissioning of Georgia Power Company's \_\_\_\_\_ facility, Unit \_\_\_\_\_, located at \_\_\_\_\_ is proceeding pursuant to a plan and procedures established in accordance with regulations issued by the United States Nuclear Regulatory Commission, or its successor, and
2. the funds requested for payment or reimbursement on this date, \$\_\_\_\_\_, will be expended for decommissioning activities pursuant to such plan.

\_\_\_\_\_  
[Insert Treasurer or Assistant Treasurer] of  
Georgia Power Company

\_\_\_\_\_  
Date

**EXHIBIT D**

**RESPONSIBILITIES OF TRUSTEE  
UNDER SECTION 7.6**

1. The Trustee shall be responsible for the computation, filing and payment, if required, from Equitable Shares of each Participating Unit of:
  - a. federal income tax, including quarterly estimated filings and payments as required on I.R.S. Form 1120-ND "Return for Nuclear Decommissioning Funds and Certain Related Persons" for each Qualified Fund;
  - b. State of Georgia Corporation income tax, including quarterly estimated filings and payments as required on Georgia Department of Revenue Income Tax Division Form 600 for each Qualified Fund.
2. The Trustee shall be responsible for the computation and filing of:
  - a. U.S. Fiduciary Income Tax Return, I.R.S. Form 1041 for each Nonqualified Fund;
  - b. State of Georgia Fiduciary Income Tax Return, Georgia Department of Revenue Income Tax Division Form 501 for each Nonqualified Fund.
3. The Trustee shall be responsible for the computation, filing and payment, if required, from Equitable Shares of each Participating Unit of Intangible Personal Property Tax for the State of Georgia or the State of New York as required.
4. The Trustee shall be responsible for the computation, filing and payment, if required, from Equitable Shares of each Participating Unit of any other tax that is required.

## EXHIBIT E

### CROSS TRADING INFORMATION

As part of the Cross-Trading Program covered by the Department of Labor Prohibited Transaction Exemption (“PTE”) 95-56 for BNY Mellon Corp. and its affiliates, BNY Mellon Corp. is to provide to each affected employee benefit plan the following information:

#### I. The Existence of the Cross-Trading Program

BNY Mellon Corp. has developed and intends to utilize, wherever applicable, a Cross-Trading Program for Indexed Accounts and Large Accounts as those terms are defined in PTE 95-56.

#### II. The “Triggering Events” Creating Cross-Trade Opportunities

In accordance with PTE 95-56, three “Triggering Events” may create opportunities for Cross-Trading transactions. They are generally the following (see PTE 95-56 for more information):

1. A change in the composition or weighting of the index by the independent organization creating and maintaining the index;
2. A change in the overall level of investment in an Indexed Account as a result of investments and withdrawals on the Indexed Account’s opening date, where the Indexed Account is a bank collective fund, or on any relevant date for non-bank collective funds; provided, however, a change in an Indexed Account resulting from investments or withdrawals of assets of BNY Mellon Corp.’s own plans (other than BNY Mellon Corp.’s defined contributions plans under which participants may direct among various investment options, including Indexed Accounts) are excluded as “Triggering Events”; or
3. A recorded declaration by BNY Mellon Corp. that an accumulation of cash in an Indexed Account attributable to interest or dividends on, and/or tender offers for, portfolio securities equal to not more than .5% of the Indexed Account’s total value has occurred.

#### III. The Pricing Mechanism Utilized for Securities Purchased or Sold

Securities will be valued at the current market value for the securities on the date of the crossing transaction.

Equity Securities – the current market value for the equity security will be the closing price on the day of trading as determined by an independent pricing service; unless the security was added to or deleted from an index after the close of trading, in which case the price will be the opening price for that security on the next business day after the announcement of the addition or deletion.

Debt Securities – the current market value of the debt security will be the price determined by BNY Mellon Corp. as of the close of the day of trading according to the Securities and Exchange Commission’s Rule 17a-7(b)(4) under the Investment Company Act of 1940. Debt securities that are not reported securities or traded on an

exchange, will be valued based on an average of the highest current independent bids and the lowest current independent offers on the day of cross trading. BNY Mellon Corp. will use reasonable inquiry to obtain such prices from as least three independent sources that are brokers or market makers. If there are fewer than three independent sources to price a certain debt security, the closing price quotations will be obtained from all available sources.

IV. The Allocation Method

Direct cross-trade opportunities will be allocated among potential buyers or sellers of debt or equity securities on a pro-rata basis. With respect to equity securities, please note BNY Mellon Corp. imposes a trivial dollar amount constraint to reduce excessive custody ticket charges to participating accounts.

V. Other Procedures Implemented by BNY Mellon Corp. for its Cross-Trading Practices

BNY Mellon Corp. has developed certain internal operation procedures for cross-trading debt and equity securities. The procedures are available upon request.





**Southern Nuclear Operating Company**

**ND-20-0243**

**Enclosure 2b**

**Vogtle Electric Generating Plant (VEGP) Units 3 and 4**

**Executed Financial Instrument:**

**Oglethorpe Power Corporation**

**Executed Master Nuclear Decommissioning Trust Agreement**

MASTER NUCLEAR DECOMMISSIONING  
TRUST AGREEMENT

THIS MASTER NUCLEAR DECOMMISSIONING TRUST AGREEMENT (this "Agreement"), dated as of February 18, 2020 between OGLETHORPE POWER CORPORATION (AN ELECTRIC MEMBERSHIP CORPORATION), an electric membership corporation organized and existing under the laws of the State of Georgia (the "Company"), as grantor and THE BANK OF NEW YORK MELLON, a bank organized under the laws of the state of New York (the "Trustee"), as trustee.

WITNESSETH:

WHEREAS, the Company is a co-owner of undivided interests in, and is a co-licensee of, the nuclear generating facilities described in Schedule I attached hereto; and

WHEREAS, the United States Nuclear Regulatory Commission (the "NRC"), an agency of the United States Government, has promulgated regulations requiring licensees of nuclear generating facilities to provide reasonable financial assurance that funds will be available when needed for the decommissioning costs attributable to such facilities (see Title X, Chapter I of the Code of Federal Regulations, Part 50, promulgated pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974); and

WHEREAS, the Company wishes to establish a separate trust to provide for the reasonable financial assurance required by the NRC for the decommissioning costs attributable to the Company's interest in each of its nuclear generating facilities listed on Schedule I; and

WHEREAS, the execution and delivery of this Agreement have been duly authorized by the Company and the Trustee and all things necessary to make this Agreement a valid and binding agreement by the Company and the Trustee have been done.

NOW THEREFORE, in consideration of the promises and the mutual covenants contained herein, the Company and the Trustee declare and agree that the Trustee will hold, administer and deliver all Securities (as defined in Section 3.03) and cash as shall from time to time be delivered, granted, conveyed, released, assigned, transferred, or contributed to it hereunder, IN TRUST, upon all of the terms, provisions and conditions set forth herein.

ARTICLE I

Name, Establishment, Purposes of the Trust, Contributions

Section 1.01. Name. Each trust established and maintained hereunder individually shall be known by the name set forth in Schedule I. The trusts established and maintained hereunder collectively shall be known as the "Oglethorpe Power Master Nuclear Decommissioning Trust for Vogtle Units 3 and 4" and shall be referred to herein as the "Trust". Any one of the trusts established and maintained hereunder shall be referred to as "Fund" and all the trusts established hereunder shall collectively be referred to as "Funds" (which term shall include (i) all Securities and cash delivered, granted, conveyed, released, assigned, transferred, or contributed to the Trustee with respect to one or more Facilities, (ii) all investments made therewith and proceeds thereof and (iii) all earnings and profits thereon, less payments, transfers or distributions as authorized herein).

Section 1.02. Establishment of Trust and Separate Funds. The Company has delivered, granted, conveyed, released, assigned, transferred, and contributed to the Trustee Securities and cash, and the Trustee hereby agrees to hold, administer and deliver said Securities and cash, together with all other contributions, and the income and gains realized thereon, IN TRUST, in accordance with the terms, provisions and conditions of this Agreement. The Trust shall at all times be maintained as a domestic trust in the United States. The Trustee shall establish and maintain hereunder a separate Fund for each facility identified in Schedule I (each a "Facility" and, collectively, the "Facilities"). Each Fund established hereunder shall constitute a separate trust and shall be maintained pursuant to this Agreement. The Trustee shall maintain separate records for each Fund and shall credit thereto its proportionate share of all income and gains of the Trust and charge thereto its proportionate share of all administrative costs and losses of the Trust. To determine the proportionate share of income and gains or administrative costs and losses to be credited or charged to a Fund, the Trustee shall separately credit each item of income and gain and separately charge each item of administrative costs and loss in the same proportion as each Fund's assets giving rise to such item of income, gain, administrative cost or loss bears to the aggregate assets of all the Funds giving rise to such item. Unless otherwise instructed in writing by the Company, the Trustee shall not be required to segregate or separately invest assets of the Funds, it being intended that the assets of the Funds may be commingled in the Trust and maintained, invested and reinvested as a common pool.

Section 1.03. Purposes of the Trust. The Trust is established and maintained to fund the Company's share of the Decommissioning Costs as defined in Section 2.01 associated with the Facilities and to comply with all applicable NRC regulations. Each Fund is established and maintained for the purpose of funding the Decommissioning Costs for the Facility with respect to which such Fund is established and maintained. Except as may otherwise be permitted by the terms of this Agreement, at no time prior to the satisfaction of all of the Decommissioning Costs of the Facility with respect to which a Fund has been established and maintained hereunder, shall any part of such Fund be used for, or diverted for, any other purpose. No third party shall have access to any Fund except as provided in this Agreement nor shall the assets of any Fund be subject to the claims of general or secured creditors of the Company.

Section 1.04. Contributions to the Trust. From time to time, the Company may make contributions to the Trust. The Company shall set forth in writing to the Trustee the amount of each contribution and the portion of each contribution to be allocated to each Fund. The Trustee shall acknowledge in writing to the Company receipt of all contributions and the allocation of such contributions among the Funds. The Trustee shall have no responsibility to any person (a) for enforcing payment of any contribution to the Trust or for the timing and amount thereof, (b) for the adequacy of the Trust or the funding standards adopted by the Company to meet or discharge any Decommissioning Costs or other liabilities in connection with any Facility or (c) for the satisfaction by the Company of the requirements established by the NRC for the decommissioning of any Facility. If the Company in its sole and absolute discretion determines any assets in any Fund to be excess assets, the Company shall deliver a certificate to that effect advising the Trustee of the amount of the excess assets and the Fund or Funds involved and, subject to and in accordance with the terms of Section 2.03 below, the Trustee shall pay over to or on the order of the Company the amount stated therein. For purposes of this Agreement, excess assets shall include assets held in any Fund in excess of the amount which, when divided by the Company's share of the amount required by the NRC to demonstrate reasonable assurance of funds for the decommissioning of the Facility with respect to which such Fund is established, equals (x) the established useful life of such Facility minus the number of years remaining of such established useful life divided by (y) the established useful life of such Facility.

ARTICLE II  
Payments by the Trustee

Section 2.01. Limitation on Use of Assets. The assets of the Funds shall be used exclusively (a) to satisfy, in whole or in part, any expenses or liabilities incurred by or on behalf of the Company with respect to the decommissioning of the respective Facilities, including expenses incurred in connection with the preparation for decommissioning, such as engineering and other planning expenses, all expenses in connection with the entombment, decontamination, dismantlement, removal and disposal of the structures, systems and components of the respective Facilities and all expenses incurred after the actual decommissioning occurs, such as physical security and radiation monitoring expenses (the "Decommissioning Costs"), (b) to pay from the assets of each Fund the administrative costs and other incidental expenses of such Fund, and (c) to invest in Securities and investments as directed by the investment manager(s) pursuant to Section 3.02(a) or the Trustee pursuant to Section 3.02(b).

Section 2.02. Certification for Decommissioning Costs. In connection with the first payment of Decommissioning Costs for a Facility a certificate duly executed by the president or the secretary of the Company substantially in the form of, and attesting to the occurrence of the events set forth in, the specimen certificate attached hereto as Exhibit A shall be presented to the Trustee. If assets of the Funds are required to satisfy Decommissioning Costs, the Company shall present a certificate substantially in the form attached hereto as Exhibit B requesting payment from the Funds. Any certificate requesting payment by the Trustee to a third party or to the Company from the Funds for Decommissioning Costs shall include the following:

- (a) a statement of the amount of the payment to be made from the Funds;
- (b) a statement that the payment is requested to pay Decommissioning Costs which have been incurred;
- (c) the nature of the Decommissioning Costs to be paid;
- (d) the payee, which may be the Company in the case of reimbursement for payments previously made or expenses previously incurred by the Company for Decommissioning Costs;
- (e) a statement that the Decommissioning Costs for which payment is requested have not theretofore been paid out of funds of the Funds; and
- (f) a statement that any necessary authorizations of the NRC and/or any other governmental agencies having jurisdiction with respect to the decommissioning have been obtained.

The Trustee shall retain at least one counterpart of all copies of such certificates (including attachments) and related documents received by it pursuant to this Article II.

The Company shall have the right to enforce payments from the Funds upon compliance with the procedures set forth in this Section 2.02.

Section 2.03. Notice Regarding Disbursements or Payments. Except for (i) payments of ordinary administrative costs (including taxes) and other incidental expenses of the Funds (including

legal, accounting, actuarial, and Trustee expenses) incurred in connection with the operation of the Funds, and (ii) withdrawals being made under 10 CFR 50.82(a)(8), no disbursement or payment may be made from the Trust until written notice of the intention to make a disbursement or payment has been given to the NRC's Director, Office of Nuclear Reactor Regulation, or the NRC's Director, Office of Nuclear Material Safety and Safeguards, as applicable, at least 30 working days before the date of the intended disbursement or payment. The disbursement or payment from the Trust may be made following the 30 working day notice period if no written notice of objection from the NRC's Director, Office of Nuclear Reactor Regulation, or the NRC's Director, Office of Nuclear Material Safety and Safeguards, as applicable, is received by the Trustee or the Company within the notice period. The required notice may be made by the Trustee or on the Trustee's behalf. No such notice is required for withdrawals being made pursuant to 10 CFR 50.82(a)(8)(ii), including withdrawals made during the operating life of the plant to be used for decommissioning planning. In addition, no such notice is required to be made to the NRC after decommissioning has begun and withdrawals are being made under 10 CFR 50.82(a)(8). This Section 2.03 is intended to qualify each and every provision of this Agreement allowing distributions from the Funds, and in the event of any conflict between any such provision and this Section 2.03, this Section 2.03 shall control.

Section 2.04. Administrative Costs. The Trustee shall pay, as directed by the Company, the administrative costs and other incidental expenses of a Fund, including all federal, state, and local taxes, if any, imposed directly on the Fund, legal expenses, investment manager fees, consulting fees, accounting expenses, actuarial expenses and Trustee expenses, from the assets of the Fund.

Section 2.05 Payments Pursuant to NRC Direction. In the event of the Company's failure to direct decommissioning with respect to any Facility, and if such failure violates any applicable NRC regulation or final, non-appealable NRC order, the Trustee shall make payments from the applicable Fund, to such persons as the NRC shall direct in writing, to provide for the payment of the Decommissioning Costs of such Facility and for the payment of the administrative costs of such Fund.

Section 2.06 Responsibility for Decommissioning. The Trustee shall not be responsible for the decommissioning of any Facility, nor for the application of the assets held in a Fund established with respect to a Facility and distributed to the Company for the payment of the Decommissioning Costs of such Facility. In the event the NRC shall direct the Trustee to make payments pursuant to Section 2.05, the Trustee shall not be liable with respect to any act or omission to act by it made in good faith at the direction of the NRC in accordance with Section 2.05.

### ARTICLE III Concerning the Trustee

Section 3.01. Authority of Trustee. The Trustee hereby accepts the Trust created under this Agreement. The Trustee shall hold the Funds IN TRUST and shall have the authority and discretion to manage and control the Funds to the extent provided in this Agreement but does not guarantee the Funds in any manner against investment loss or depreciation in asset value or guarantee the adequacy of the Funds to satisfy the Decommissioning Costs. The Trustee shall not be responsible for any other loss to or diminution of the Funds, or for any other loss or damage which may result from the discharge of its duties hereunder except for any action not taken in good faith and as provided in Section 3.04.

Section 3.02. Investment of Funds.

(a) The Company shall have the authority to appoint and remove one or more investment managers (which may include the Company) from time to time who shall have the power to direct the Trustee in investing the assets of the Funds. To the extent that the Company chooses to exercise this authority, it shall so notify the Trustee and instruct the Trustee in writing to separate into a separate account those assets the investment of which will be directed by each investment manager. Upon the separation of the assets in accordance with the Company instructions, the Trustee, as to those assets while so separated, shall be released and relieved of all investment duties, investment responsibilities and investment liabilities normally or statutorily incident to a trustee.

(b) To the extent that the investment of assets of the Funds is not being directed by one or more investment managers under Section 3.02(a), to the extent agreed upon by the Trustee, the Trustee shall hold, invest, and reinvest the Securities, cash and any other property delivered, granted, conveyed, released, assigned, transferred, or contributed to it hereunder in accordance with the Company's investment guidelines (as may be provided to Trustee and as in effect from time to time); provided, however, that in the event a specific policy, guideline, objective, restriction, condition, limitation or direction in the Company's investment guidelines conflicts with any applicable NRC regulation, the Trustee shall not be required to act in accordance with such specific non-compliant provision in the Company's investment guidelines.

Section 3.03 Holding Securities. "Securities" shall include, without limitation, any common stock and other equity securities, mutual funds, depository receipts, limited partnership and limited liability company interests, bonds, debentures and other debt securities, notes or other obligations, and any instruments representing rights to receive, purchase, or subscribe for the same, or representing any other rights or interests therein (whether represented by a certificate or held in a Depository (as defined below), with a Subcustodian (as defined below) or on the books of the issuer) that are acceptable to the Trustee. Subject to the terms hereof, the Company hereby authorizes the Trustee to hold any Securities in registered form in the name of the Trustee or one of its Nominees. "Nominee" shall mean an entity controlled by Trustee or a BNY Mellon Affiliate and utilized by Trustee solely and exclusively to hold Securities of customers of Trustee in registered form.

Securities held hereunder shall be segregated at all times on the Trustee's books and records from the Trustee's own property whether registered in the name of the Trustee or one of its Nominees. The Trustee shall be entitled to utilize Subcustodians and Depositories in connection with its performance hereunder. Securities and cash held through Subcustodians shall be held subject to the terms and conditions of the Trustee's or a BNY Mellon Affiliate's agreements with such Subcustodians. Where Securities and cash are held through Subcustodians pursuant to an agreement of a BNY Mellon Affiliate with such Subcustodian, Trustee shall have an inter-affiliate agreement with such BNY Mellon Affiliate which is not inconsistent with the obligations and undertakings of Trustee under this Agreement and Trustee shall be liable for the acts or omissions of such BNY Mellon Affiliate to the same extent as though they were the acts or omissions of Trustee pursuant to this Agreement. Securities and cash deposited by the Trustee in a Depository will be held subject to the rules, terms and conditions of such Depository. Subcustodians may hold Securities in Depositories in which such Subcustodians participate. Unless Securities are required to be held in a separate account in the name of the Fund by local law or practice or a particular Subcustodian agreement, Securities deposited with Subcustodians will be held in a commingled account in the name of the Trustee directly or through a BNY Mellon Affiliate for its clients. The Trustee shall identify on its books and records the Securities and cash belonging to the Funds (and that such Securities and cash are held in trust hereunder), whether held directly or indirectly through Depositories or Subcustodians. In no event shall the Trustee be liable for any losses, costs,

expenses, damages, liabilities and claims (“Losses”) arising out of the holding of Non-U.S. Securities or cash other than U.S. dollars in any particular country, including but not limited to, Losses resulting from nationalization, expropriation or other governmental actions; regulation of the banking or securities industry; exchange or currency controls or restrictions, devaluations or fluctuations or currency redenomination; availability of Non-U.S. Securities or cash denominated in currency other than U.S. dollars or market conditions which prevent the transfer of property or the execution of Securities transactions or affect the value of property (“Country Risk Events”).

Trustee shall make available to the Company a list of the Subcustodians and Depositories: (A) holding the Funds at any given time, and (B) utilized by Trustee from time to time and shall make available any change to such lists as promptly as reasonably practicable under the circumstances through Trustee’s on-line information reporting system and/or by making such information available through NetInfo communications or any successor communication system implemented by Trustee. It shall be the Company’s responsibility to subscribe to NetInfo’s, and can do so through NEXEN (<https://nexen.bnymellon.com>).

Section 3.04 Subcustodians. “Subcustodian” shall mean a bank or other financial institution, (other than a Depository) that is utilized by the Trustee, in its reasonable discretion, in connection with the purchase, sale or custody of Non-U.S. Securities or cash denominated in currency other than U.S. dollars hereunder. “Non-U.S. Securities” shall mean Securities that are required by applicable law or market practice to be safe-kept, or are principally settled, outside the United States. The Trustee shall exercise reasonable care in the selection, retention, monitoring, and continued use of Subcustodians in light of prevailing rules, practices, procedures and circumstances in the relevant market but in no event less care than Trustee exercises for selecting, retaining, and monitoring subcustodians of its own assets (the “Required Care”).

With respect to any Losses incurred by the Trust, the Company or any other person as a result of the acts or the failure to act by any Subcustodian (“Operational Losses” which specifically excludes Losses arising out of or relating to Country Risk Events), the Trustee shall be liable for:

- a. Operational Losses with respect to Securities or cash held by the Trustee with or through a BNY Mellon Affiliate; and
- b. Operational Losses with respect to Securities or cash held by the Trustee with or through a Subcustodian (other than a BNY Mellon Affiliate) to the extent that such Operational Losses were caused by Trustee’s negligence (in light of prevailing rules, practices, procedures and circumstances in the relevant market) or failure to otherwise exercise Required Care.

With respect to all other Operational Losses not covered by clauses (a) and (b) above, the Trustee shall take appropriate action to recover Operational Losses from such Subcustodian, and Trustee’s sole liability shall be limited to amounts recovered from such Subcustodian (exclusive of costs and expenses incurred by the Trustee).

In addition, the Trustee shall be liable for repayment to the Trust of cash credited to the Funds and credited to any relevant cash account at the Subcustodian that the Trustee is not able to recover from the Subcustodian (other than as a direct result of Country Risk Events).

Section 3.05 Deposits. The Trustee may hold cash in accounts or may arrange to have such

cash held by any direct or indirect subsidiary of The Bank of New York Mellon Corporation (a “BNY Mellon Affiliate”), Subcustodian, or with a Depository (defined below) provided that all cash denominated in U.S. dollars is held in the United States of American and in the name of Trustee at all times. Where cash is on deposit with the Trustee, a Subcustodian, a BNY Mellon Affiliate or a Depository, it will be subject to the terms of this Agreement and such deposit terms and conditions as may be issued by such entity from time to time.

Section 3.06 Depositories. “Depository” shall include the Book-Entry System, the Depository Trust Company, Euroclear, Clearstream Banking S.A., the Canadian Depository System, CLS Bank and any other securities depository, book-entry system or clearing agency (and their respective successors and nominees) authorized to act as a securities depository, book-entry system or clearing agency pursuant to applicable law.. “Book-Entry System” shall mean the U.S. Federal Reserve/Treasury book-entry system for receiving and delivering securities, its successors and nominees. The Trustee shall have no liability whatsoever for the action or inaction of any Depository or for any Losses resulting from the maintenance of Securities with a Depository. The Trustee shall be liable to repay cash credited to the Funds and credited to any relevant account at such Depository (other than as a direct result of Country Risk Events).

Section 3.07 Compensation. Subject to and in accordance with all applicable NRC regulations, the Trustee shall be entitled to receive out of the Funds reasonable compensation for services rendered by it, as well as expenses necessarily incurred by it in the execution of the Trust hereunder. The Company acknowledges that, as part of the Trustee’s compensation, the Trustee will earn interest on balances, including disbursement balances and balances arising from purchase and sale transactions.

Section 3.08 Overdrafts and Indebtedness.

(a) The Trustee may, in its sole discretion, advance funds in any currency hereunder. If an overdraft occurs in a Fund (including, without limitation, overdrafts incurred in connection with the settlement of Securities transactions, funds transfers or foreign exchange transactions) or if the Fund owes compensation to the Trustee, the Trustee shall be entitled to collect from the Trust the amount of such advance, overdraft or indebtedness, plus accrued interest at a rate then charged by the Trustee to its institutional custody clients in the relevant currency.

(b) In order to secure repayment of any such advancement or compensation owed to the Trustee, the Company on behalf of the Trust hereby pledges and grants to the Trustee a right of setoff against Securities and cash now or hereafter held in such Funds (including the proceeds thereof), not in excess of the amount of such advancement or indebtedness. The Trustee shall be entitled to collect from the Funds sufficient cash for reimbursement, and if such cash is insufficient, to sell the Securities in the Funds to the extent necessary to obtain reimbursement.

Section 3.09 Pricing and Other Data. For purposes of this Section, “Market Data” shall mean pricing or other data related to Securities and other assets. Market Data includes but is not limited to security identifiers, valuations, bond ratings, classification data, and other data received from investment managers and others. In providing Market Data related to the Funds in connection with this Agreement, the Trustee is authorized to use pricing vendors, brokers, dealers, investment managers, Authorized Parties, Subcustodians, depositories and any other person providing Market Data to the Trustee (“Data Providers”). The Trustee may follow Authorized Instructions in providing pricing or other Market Data, even if such instructions direct the Trustee to override its usual procedures and Market Data sources.



The Trustee shall be entitled to rely without inquiry on all Market Data (and all Authorized Instructions related to Market Data) provided to it, and the Trustee shall not be liable for any losses incurred as a result of errors or omissions with respect to any Market Data utilized by the Trustee or the Company hereunder. The Company acknowledges that certain pricing or valuation information may be based on calculated amounts rather than actual market transactions and may not reflect actual market values, and that the variance between such calculated amounts and actual market values may be material. Market Data may be the intellectual property of the Data Providers, which may impose additional terms and conditions upon the Company's use of the Market Data. The additional terms and conditions can be found on the Data Terms Website, at <http://bnymellon.com/products/assetservicing/vendoragreement.pdf> ("Data Terms Website"), or any successor website the address of which is provided by the Trustee to the Company. The Company agrees to those terms as they are posted in the Data Terms Website from time to time. Certain Data Providers may not permit the Company's directed price to be used. Performance measurement and analytic services may use different data sources than those used by the Trustee to provide Market Data for the Funds, with the result that different prices and other Market Data may apply.

Section 3.10 Books of Account. The Trustee shall keep separate true and correct books of account with respect to each of the Funds, which books of account shall at all reasonable times be open to inspection by the Company or its duly appointed representatives. The Trustee shall, upon written request of the Company, permit government agencies, such as the NRC or the Internal Revenue Service, to inspect the books of account of the Funds. The Trustee shall furnish to the Company by the tenth business day of each month a statement for each Fund showing, with respect to the preceding calendar month, the balance of assets on hand at the beginning of such month, all receipts, investment transactions, and disbursements which took place during such month and the balance of assets on hand at the end of such month. The Trustee agrees to provide on a timely basis any information deemed necessary by the Company to file the Company's federal, state and local tax returns. The Trustee shall be solely responsible for the safekeeping of the evidence of the Trust's ownership of or interest or participation in all investment transactions.

Section 3.11 Authorized Parties. The Company shall notify the Trustee in writing of all persons or entities who are authorized to act on its behalf under the terms of this Agreement and the rights, powers and duties of each such person or entity and in the absence of such notice, the Trustee shall rely solely upon the Company. The Trustee shall be entitled to deal with any such person or entity so identified by the Company or by an Investment Manager ("Authorized Party" or "Authorized Parties") until notified otherwise in writing.

Section 3.12 Authorized Instructions. "Authorized Instructions" shall mean (i) all directions to the Trustee from an Authorized Party pursuant to the terms of this Agreement; (ii) all directions by or on behalf of the Company to the Trustee in its corporate capacity (or any of its affiliates) with respect to contracts for foreign exchange; (iii) all directions by or on behalf of the Company pursuant to an agreement with Trustee (or any of its affiliates) with respect to information or transactional services provided via a web site sponsored by the Trustee (or any of its affiliates) (e.g., the "Workbench web site") and (iv) all directions by or on behalf of the Company pursuant to any other agreement or procedure between Trustee (or any of its affiliates) and the Company, if such agreement or procedure specifically provides that authorized persons thereunder are deemed to be authorized to give instructions under this Agreement. Authorized Instructions shall be in writing, transmitted by first class mail, overnight delivery, private courier, facsimile, or shall be an electronic transmission subject to the Trustee's policies and procedures, other institutional delivery systems or trade matching utilities as directed by an Authorized Party and supported by the Trustee, or other methods agreed upon in writing

by the Company and the Trustee. "Authorized Transactions" shall mean any action or series of actions resulting from Authorized Instructions.

Section 3.13. Reliance on Authorized Instructions/Documents. The Trustee shall act and shall be fully protected in acting in accordance with Authorized Instructions. The Trustee acting in good faith may conclusively rely, as to the truth of statements and the correctness of opinions expressed in any certificate or other documents conforming to the requirements of this Agreement. If the Trustee in the administration of the Funds, shall deem it necessary or desirable that a matter be provided or established prior to taking or suffering any action hereunder, such matter (unless evidence in respect thereof is otherwise specifically prescribed hereunder) may be deemed by the Trustee to be conclusively provided or established by a certificate signed by the chief executive officer, chief financial officer or any vice president of the Company (or officers holding substantially equivalent positions if the Company does not have a chief executive officer, chief financial officer or vice president), or any other officer of the Company expressly authorized by the Company to deliver such certificate on behalf of the Company, and delivered to the Trustee. The Trustee shall have no duty to inquire into the validity, accuracy or relevancy of any statement contained in any certificate or document nor the authorization of any party making such certificate or delivering such document and the Trustee may rely and shall be protected in acting or refraining from acting upon any such written certificate or document furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties.

Section 3.14 Liability and Indemnification. In performing its duties under this agreement, the Trustee acknowledges and agrees that it is a fiduciary with respect to the Trust and shall exercise such diligence, competence, care and skill as may be reasonably expected of a professional institutional trustee. The duties of the Trustee shall only be those specifically undertaken pursuant to this Agreement. The Trustee shall not be liable for any action taken by it in good faith and without negligence or willful misconduct and believed by it to be authorized or within the rights or powers conferred upon it by this Agreement and may consult with counsel of its own choice (including counsel for the Company) and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and without negligence or willful misconduct and in accordance with the opinion of such counsel. The Company hereby agrees to indemnify the Trustee for, and to hold it harmless against, all losses, costs, expenses, damages, liabilities and claims, incurred without negligence, willful recklessness or bad faith on the part of the Trustee, arising out of or in connection with its entering into this Agreement and carrying out its duties hereunder, including reasonable counsel fees and expenses in third party suits and in a successful defense of claims asserted by the Company. This provision shall survive the termination of this Agreement.

Under no circumstances shall either party be liable to, or be required to indemnify, the other party or any third party for indirect, consequential or special damages arising in connection with this Agreement.

The Trustee shall not be responsible or liable for any losses or damages suffered by the Funds arising as a result of the insolvency of any person, including but not limited to a Subcustodian, Depository, broker, bank, and a counterparty to the settlement of a transaction or to a foreign exchange transaction, except to the extent otherwise specifically provided herein.

Any stated limitations on liability shall not relieve the Trustee from any responsibility or liability the Trustee may have under applicable state or federal laws.

Settlements of transactions may be effected in trading and processing practices customary in the

jurisdiction or market where the transaction occurs. The Company acknowledges that this may, in certain circumstances, require the delivery of cash or Securities (or other property) without the concurrent receipt of Securities (or other property) or cash and, in such circumstances, the Company shall have sole responsibility for nonreceipt of payment (or late payment) by the counterparty.

Notwithstanding anything in this Agreement to the contrary, the Trustee shall not be responsible or liable for any failure to perform under this Agreement or for any losses to the Funds resulting from any event beyond the reasonable control and without the fault or negligence of the Trustee provided that: (i) the Trustee gives the Company prompt written notice describing the particulars of the occurrence giving rise to such failure to perform or losses to the Fund(s); (ii) the suspension of Trustee's performance is of no greater scope and of no longer duration than is required by such occurrence; and (iii) the Trustee proceeds with reasonable diligence to remedy its inability to perform and at the reasonable request of the Company provides reports to the Company describing actions taken to end such failure to perform or mitigate losses to the Fund(s).

Section 3.15 (a) Contractual Income. The Trustee shall credit the Funds with income and maturity proceeds on Securities on the contractual payment date net of any taxes or upon actual receipt, as agreed between the Trustee and the Company. To the extent the Company and the Trustee have agreed to credit income on the contractual payment date, the Trustee may reverse such accounting entries with back value to the contractual payment date if the Trustee reasonably believes that such amount will not be received by it.

(b) Contractual Settlement. The Trustee will attend to the settlement of Securities transactions on the basis of either contractual settlement date accounting or actual settlement date accounting, as agreed between the Company and the Trustee. To the extent the Company and the Trustee have agreed to settle certain Securities transactions on the basis of contractual settlement date accounting, the Trustee may reverse with back value to the contractual settlement date any entry relating to such contractual settlement where the related transaction remains unsettled according to established procedures.

Section 3.16 Resignation, Removal and Successor Trustees. (a) Subject to the provisions of Section 3.16(b), the Trustee may be removed by the Company at any time upon thirty (30) days' notice in writing to the Trustee, or upon such lesser or greater notice as the Company and the Trustee may agree. Subject to the provisions of Section 3.16(b), the Trustee may resign at any time upon thirty (30) days' written notice to the Company, or upon such lesser or greater notice as the Company and the Trustee may agree.

(b) Upon the removal or resignation of the Trustee, the Company, in its sole and absolute discretion, shall (a) appoint a successor trustee who shall have the same powers and duties as those conferred upon the Trustee hereunder; or (b) direct the Trustee to transfer the assets in the Trust directly to the trustee of another trust, and, upon acceptance of such appointment or transfer by the successor or other trustee, the Trustee shall promptly assign, transfer and pay over the Funds to such successor other trustee; or (c) implement another financial assurance mechanism as provided under 10 C.F.R. 50.75(e). The removal or resignation of the Trustee shall become effectively on upon the acceptance by such successor or other trustee. If in the event of the removal or resignation of the Trustee the Company cannot or does not act promptly to appoint a successor trustee or direct the transfer of the Trust assets to another trust, the Trustee may apply to any court of competent jurisdiction to appoint a successor trustee. If the Trustee shall be adjudged bankrupt or insolvent, a vacancy shall thereupon be

deemed to exist in the office of Trustee and a successor shall thereupon be appointed by the Company. Any successor trustee appointed hereunder shall execute, acknowledge and deliver to the Company an appropriate written instrument accepting such appointment hereunder, subject to all the terms and conditions hereof, and thereupon such successor trustee shall become fully vested with all the rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named as Trustee hereunder. The Trustee shall upon written request of the Company, and payment of all fees and expenses, deliver to the successor trustee the corpus of the Funds and perform such other acts as may be required or be desirable to vest and confirm in said successor trustee all right, title and interest in the corpus of the Fund to which it succeeds.

Section 3.17 Merger of Trustee. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation to which the corporate trust functions of the Trustee may be transferred, shall be the successor Trustee under this Agreement without the necessity of executing or filing any additional acceptance of this Agreement or the performance of any further act on the part of any other parties hereto.

Section 3.18 Foreign Exchange. Any foreign exchange transaction effected by the Trustee in connection with this Agreement may be entered with the Trustee or a BNY Mellon Affiliate acting as a principal or otherwise through customary channels. The Company or its investment manager(s) may issue standing Authorized Instructions with respect to foreign exchange transactions, but the Trustee may establish rules or limitations concerning any foreign exchange facility made available to the Funds. With respect to foreign exchange transactions done through The Bank of New York Mellon's Global Markets FX Desk, it is acting as a principal counterparty on its own behalf and is not acting as a fiduciary or agent for, or in connection with, the Company, the Trust, or its investment manager(s).

Section 3.19 Required Disclosure. With respect to Securities that are registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act") or that are issued by an issuer registered under the Investment Company Act of 1940, as amended, Section 14(b) of the Exchange Act and Rule 14b-2 promulgated thereunder require the Trustee to disclose to issuers of such Securities, upon their request, the name, address and Securities position of the Trustee's clients who are "beneficial owners" (as defined in the Exchange Act) of the issuer's Securities, unless the beneficial owner objects to such disclosure. The Exchange Act defines a "beneficial owner" as any person who has or shares the power to vote a security (pursuant to an agreement or otherwise) or who directs the voting of a security. The Company has designated on the signature page hereof, whether: (1) as beneficial owner, it objects to the disclosure of its name, address and Securities position to any U.S. issuer that requests such information pursuant to the Exchange Act for the specific purpose of direct communications between such issuer and the Company; or (2) the Trustee shall contact the Company with respect to relevant Securities for the Company to make the decision whether it objects to the disclosure of the beneficial owner's name, address and Securities position to any U.S. issuer that requests such information pursuant to the Exchange Act.

With respect to Securities issued outside the United States, the Trustee shall disclose information required by any Depository, the laws or regulations of the relevant jurisdiction, rules of the relevant stock exchange or organizational documents of an issuer. The Trustee is also authorized to supply any information regarding the Funds that is required by any law, regulation or rules now or hereafter in effect. The Company agrees to supply the Trustee with any required information if it is not otherwise reasonably available to the Trustee.

Section 3.20 Sanctions.

(a) Throughout the term of this Agreement, the Company agrees it shall: (i) ensure that neither the Company nor any of its affiliates, directors, or officers, or investment managers is an individual or entity that is, or is owned or controlled by an individual or entity that is: (A) the target of Sanctions, or (B) located, organized or resident in a country or territory that is, or whose government is, the target of country or territory-specific Sanctions; and (ii) take commercially reasonable measures to not cause or permits the use of the Funds in violation of Sanctions.

(b) The Company will promptly provide to the Trustee such information as the Trustee reasonably requests in connection with the matters referenced in this Section 3.20, including information regarding the Funds, the assets held or to be held in the Funds, the source thereof, and the identity of any individual or entity having or claiming an interest therein. The Trustee may decline to act or provide services in respect of any Fund, and take such other actions as it, in its reasonable discretion, deems necessary to comply with Sanctions. If the Trustee declines to act or provide services as provided in the preceding sentence, except as otherwise prohibited by applicable law, the Trustee will inform the Company thereof as soon as reasonably practicable and provide a written explanation of why the Trustee deems its action necessary to comply with Sanctions.

(c) As used herein:

“Sanctions” shall mean all economic sanctions, laws, rules, regulations, executive orders and requirements administered by any governmental authority of the U.S. (including the U.S. Office of Foreign Assets Control) and the European Union (including any national jurisdiction or member state thereof), in addition to any other applicable governmental authority with jurisdiction over the Company.

Section 3.21 Centralized Functions. The Bank of New York Mellon Corporation is a global financial organization that provides services to clients through its affiliates and subsidiaries in multiple jurisdictions (the “BNY Mellon Group”). The BNY Mellon Group may centralize administrative functions, including audit, accounting, risk, legal, compliance, sales, administration, product communication, relationship management, storage, compilation and analysis of customer-related data, and other functions (the “Centralized Functions”) in one or more affiliates, subsidiaries and third-party service providers. Solely in connection with the Centralized Functions, (i) the Company consents to the disclosure of, and authorizes the Trustee to disclose, information regarding the Company and the Funds (“Customer-Related Data”) to the BNY Mellon Group, and (ii) the Trustee may store the names and business addresses of the Company’s employees provided to the Trustee by the Company on the systems or in the records of the BNY Mellon Group. In addition, the BNY Mellon Group may aggregate Customer-Related Data with other data collected and/or calculated by the BNY Mellon Group, and the BNY Mellon Group will own all such aggregated data, provided that the BNY Mellon Group shall not distribute the aggregated data in a format that identifies Customer-Related Data with the Company. In addition, the Trustee may disclose Customer-Related Data as required by law.

ARTICLE IV  
Amendments

The Company may amend, in whole or in part, this Agreement from time to time; provided, however, that no amendment which materially increases the expenses or responsibilities of the Trustee shall be considered valid and binding until such time as the amendment is executed by the Trustee. Notwithstanding any provision herein to the contrary, this Agreement cannot be amended in any material respect without first providing thirty (30) working days prior written notice to the NRC's Director of the Office of Nuclear Reactor Regulation or the Director of the Office of Nuclear Material Safety and Safeguards, as applicable.

## ARTICLE V

### Powers of the Trustee and Investment Manager

Section 5.01 General Powers. The Trustee shall have and exercise the following powers and authority in the administration of the Funds at the direction of an investment manager where such powers and authority relate to the investment of assets in held a separate account established for an investment manager, and in its sole discretion where such powers and authority relate to investments made by the Trustee in accordance with Section 3.02(b):

(a) to purchase, receive or subscribe for any Securities, cash or other property and to retain in trust such Securities, cash or other property;

(b) to sell, exchange, convey, transfer, or otherwise dispose of any property held in the Funds and to make any sale by private contract or public auction; and no person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity, expediency or propriety of any such sale or other disposition;

(c) to forward to the Authorized Party designated by the Company proxies or ballots for any stocks, bonds or other Securities held in the Funds in a form to enable the Authorized Party to effect the voting of proxies, excluding bankruptcy matters to which the Trustee's duties are set forth in (e) below;

(d) to submit or cause to be submitted to the Company or its investment manager, as designated by the Company, information received by the Trustee, or summaries of information, regarding ownership rights pertaining to property held in the Funds, in accordance with the Trustee's practices, excluding bankruptcy matters to which the Trustee's duties are set forth in Section (e) below;

(e) to forward to the Authorized Party designated by the Company an initial notice of bankruptcy cases relating to Securities held in the Funds and a notice of any required action related to such bankruptcy cases as may be actually received by the Trustee. No further action or notification related to the bankruptcy case shall be required absent the specific agreement of the parties hereto;

(f) to exercise any rights appurtenant to any such stocks, bonds or other Securities for the conversion thereof into other stocks, bonds or Securities, or to exercise rights or options to subscribe for or purchase additional stocks, bonds or other Securities, and to make any and all necessary payments with respect to any such conversion or exercise, as well as to write options with respect to such stocks and to enter into any transactions in other forms of options with respect to any option which a Fund has outstanding at any time;

(g) to join in, dissent from or oppose the reorganization, recapitalization, consolidation, sale or merger of corporations or properties of which the Funds may hold stocks, bonds or other Securities or in which it may be interested, upon such terms and conditions as deemed wise, to pay any expenses, assessments or subscriptions in connection therewith, and to accept any Securities or property, whether or not trustees would be authorized to invest in such Securities or property, which may be issued upon any such reorganization, recapitalization, consolidation, sale or merger and thereafter to hold the same, without any duty to sell;

(h) to enter into any type of contract with any insurance company or companies, either for the purposes of investment or otherwise; provided that no insurance company dealing with the Trustee shall be considered to be a party to this Agreement and shall only be bound by and held accountable to the extent of its contract with the Trustee. Except as otherwise provided by any contract, the insurance company need only look to the Trustee with regard to any instructions issued and shall make disbursements or payments to any person, including the Trustee, as shall be directed by the Trustee. Where applicable, the Trustee shall be the sole owner of any and all insurance policies or contracts issued. Such contracts or policies, unless otherwise determined, shall be held as an asset of the Funds for safekeeping or custodian purposes only;

(i) to lend the assets of the Funds in accordance with the terms and conditions of a separate securities lending agreement;

(j) to purchase, enter, sell, hold, and generally deal in any manner in futures and/or options contracts, short-selling programs, foreign exchange or foreign exchange contracts, swaps, synthetic GICs, BICs and similar instruments and other derivative investments or of any other property; to grant, purchase, sell, exercise, permit to expire, permit to be held in escrow, and otherwise to acquire, dispose of, hold and generally deal in any manner with and in all forms of options in any combination;

(k) to invest in any collective, common or pooled trust fund operated or maintained exclusively for the commingling and collective investment of monies or other assets including any such fund operated or maintained by the Trustee or an affiliate. The Company expressly understands and agrees that any such collective fund may provide for the lending of its Securities by the collective fund trustee and that such collective fund's trustee will receive compensation for the lending of Securities that is separate from any compensation of the Trustee hereunder, or any compensation of the collective fund trustee for the management of such collective fund. The Trustee is authorized to invest in a collective fund which invests in The Bank of New York Mellon Corporation stock in accordance with the terms and conditions of the Department of Labor Prohibited Transaction Exemption 95-56 (the "Exemption") granted to Mellon Bank, N.A. and its affiliates and to use a cross-trading program in accordance with the Exemption. The Company acknowledges receipt of the notice entitled "Cross-Trading Information", a copy of which is attached to this Agreement as **Exhibit C**; and

(l) to invest in open-end and closed-end investment companies, including those for which the Trustee or an affiliate provides services for a fee, regardless of the purposes for which such fund or funds were created, and any partnership, limited or unlimited, joint venture and other forms of joint enterprise created for any lawful purpose.

Notwithstanding anything else in this Agreement to the contrary, including, without limitation, any specific or general power granted to the Trustee and to the Investment Managers, including the power to

invest in real property, no portion of the Funds shall be invested in real estate. For this purpose “real estate” includes, but is not limited to, real property, leaseholds or mineral interests.

Section 5.02 Specific Powers of the Trustee. The Trustee shall have the following powers and authority, to be exercised in its sole discretion with respect to the Funds:

(a) to appoint agents, Subcustodians, subtrustees, or counsel, domestic or foreign, as to part or all of the Funds and functions incident thereto where, in the sole discretion of the Trustee, such delegation is necessary in order to facilitate the operations of the Funds and such delegation is not inconsistent with the purposes of the Funds or in contravention of any applicable law. To the extent that the appointment of any such person or entity may be deemed to be the appointment of a fiduciary, the Trustee may exercise the powers granted hereby to appoint as such a fiduciary any person or entity. Upon such delegation, the Trustee may require such reports, bonds or written agreements as it deems necessary to properly monitor the actions of its delegate;

(b) to cause any investment, either in whole or in part, in the Funds to be registered in, or transferred into, the Trustee's name or the names of a Nominee or Nominees, including but not limited to that of the Trustee or a BNY Mellon Affiliate, a clearing corporation, or a Depository, or in book entry form, or to retain any such investment unregistered or in a form permitting transfer by delivery, provided that the books and records of the Trustee shall at all times show that such investments are a part of the Funds; and to cause any such investment, or the evidence thereof, to be held by the Trustee, in a Depository, in a clearing corporation, or in book entry form. The Trustee shall have no liability whatsoever for the action or inaction of any Depository or for any losses resulting from the maintenance of Securities with a Depository;

(c) to make, execute and deliver, as trustee, any and all deeds, leases, mortgages, conveyances, waivers, releases or other instruments in writing necessary or desirable for the accomplishment of any of the foregoing powers;

(d) to defend against or participate in any legal actions involving the Funds or the Trustee in its capacity stated herein, in the manner and to the extent it deems advisable;

(e) to form corporations and to create trusts, to hold title to any security or other property, to enter into agreements creating partnerships or joint ventures for any purpose or purposes determined by the Trustee to be in the best interests of the Funds;

(f) to establish and maintain such separate accounts in accordance with the instructions of the Company as the Company deems necessary for the proper administration of the Funds, or as determined to be necessary by the Trustee;

(g) to hold uninvested cash in its commercial bank or that of an affiliate, as it shall deem reasonable or necessary; and

(h) to generally take all action, whether or not expressly authorized, which the Trustee may deem necessary or desirable for the protection of the Funds.

The powers described in this Article V may be exercised by the Trustee with or without instructions, from the Company or a party authorized by the Company to act on its behalf, but where the



Trustee acts on Authorized Instructions, the Trustee's liability shall be limited in accordance with the terms of this Agreement.

ARTICLE VI  
Termination

Each Fund shall terminate upon the earlier to occur of:

(a) substantial completion of the Decommissioning of the Facility with respect to which the Fund was established and maintained, as evidenced by a certificate of the Company given to the Trustee;

(b) the sale or other disposition by the Company of all or any portion of its interest in a Facility with respect to which the Fund was established and maintained; provided, however, in the event of a partial sale of any Facility, the related Fund shall terminate only pro rata;

(c) notice from the Company to the Trustee that the Fund is no longer required under applicable NRC regulations;

(d) the distribution for the purposes of the Trust of all of the assets in the Fund; or

(e) the twenty-first anniversary of the date of the death of the survivor from among a class consisting of all of the descendants of the late Joseph P. Kennedy, the former Ambassador to the Court of Saint James, who are living on the date of the establishment of such Fund.

The termination of any Fund, including the distribution of such Fund's assets, if applicable, shall be subject to the NRC notice provisions of Section 2.03. The termination of any Fund hereunder shall not affect or cause the termination of the Trust or any other Fund established and maintained hereunder, and the Trust shall terminate only when all of the Funds have terminated.

Upon the termination of any Fund, the excess funds, if any, shall, subject to applicable NRC regulations, be paid by the Trustee to the Company or disposed of in accordance with the direction of the Company. Such dispositions may include the transfer of all or a portion of such assets to (a) another funding method considered acceptable by the NRC for providing financial assurance of the availability of funds for Decommissioning or (b) another funding method for financial assurance maintained by any successor to the Company incident to the transfer or disposition by the Company of all or a portion of its ownership interest with respect to a Facility. If the Company elects to transfer all or any portion of a Fund established with respect to the Facility into a separate trust for the benefit of the Company's successor in interest to such Facility, the Company shall so notify the Trustee in writing. The Trustee may enter into a separate trust agreement with the Company's successor in interest containing substantially the same terms set forth herein and shall transfer the amount stated in such notice to the separate trust. In the event that the Company's successor selects another trustee to administer the separate trust, the Trustee shall transfer the amount specified in such notice to the other trustee, and the Trustee shall have no further duties or obligations with respect to the amount transferred or with respect to the separate trust.

ARTICLE VII  
Miscellaneous

Section 7.01. Binding Agreement. All covenants and agreements in this Agreement shall be binding upon and inure to the benefit of the respective parties hereto, their successors and assigns.

Section 7.02. Notices. All notices and communications hereunder shall be in writing and shall be deemed to be duly given on the date mailed if sent by registered mail, return receipt requested, as follows:

The Bank of New York Mellon  
Asset Servicing  
Attn: Jim Corbett, Vice President  
Room 151-4040  
BNY Mellon Center  
Pittsburgh PA 15258

Oglethorpe Power Corporation (An Electric Membership Corporation)  
Attn: Anne F. Appleby, Vice President, Treasurer  
2100 East Exchange Place  
Tucker, Georgia 30084

or at such other address as any of the above may have furnished to the other parties in writing by registered mail, return receipt requested.

Section 7.03. Governing Law. The Funds have been established pursuant to this Agreement in accordance with the requirements for a trust under the laws of the state of Georgia, and this Agreement shall be governed by and construed and enforced in accordance with the substantive laws of the state of Georgia without regard to its conflicts of law provisions. The parties consent to the jurisdiction of a state or federal court situated in Atlanta, Georgia in connection with any dispute hereunder. The Trustee irrevocably waives any objection it may now or hereafter have to venue in such court and any claim that a proceeding brought in such court has been brought in an inconvenient forum. The parties hereby expressly waive, to the full extent permitted by applicable law, any right to trial by jury with respect to any judicial proceeding arising from or related to this Agreement.

Section 7.04 Representations. The Company and the Trustee hereby each represent and warrant to the other that it has full authority to enter into this Agreement upon the terms and conditions hereof and that the individual executing this Agreement on its behalf has the requisite authority to bind the Company and the Trustee to this Agreement.

Section 7.05 No Waiver; Reservation of Rights. The rights, remedies, privileges, and immunities expressed herein are cumulative and are not exclusive, and the Trustee and the Company shall be entitled to claim all other rights, remedies, privileges, and immunities to which it may be entitled under applicable law, except as may be expressly provided in this Agreement.

Section 7.06 USA PATRIOT Act. The Company hereby acknowledges that the Trustee is subject to federal laws, including the Customer Identification Program ("CIP") requirements under the USA PATRIOT Act and its implementing regulations, pursuant to which the Trustee must obtain, verify and record information that allows the Trustee to identify the Company. Accordingly, prior to opening an account hereunder, the Trustee will ask (or has asked) the Company to provide, certain information

including, but not limited to, the Company's name, physical address, tax identification number and other information that will help the Trustee to identify and verify the Company's identity such as organizational documents, certificate of good standing, license to do business, or other pertinent identifying information. . The Company agrees that the Trustee cannot open an account hereunder unless and until the Trustee verifies the Company's identity in accordance with the Trustee's CIP.

Section 7.07 U.S. Special Resolution Regime Transferability. Notwithstanding anything herein to the contrary, in the event BNY Mellon becomes subject to a proceeding under a U.S. special resolution regime that applies to this Agreement, the transfer of this Agreement (and any interest and obligation in or under, and any property securing, the Agreement) from BNY Mellon will be effective to the same extent as the transfer would be effective under the U.S. special resolution regime if the Agreement (and any interest and obligation in or under, and any property securing, the Agreement) were governed by the laws of the United States or a state of the United States; and, in the event BNY Mellon or any affiliate becomes subject to a proceeding under a U.S. special resolution regime that applies to this Agreement, default rights with respect to this Agreement that may be exercised against BNY Mellon are permitted to be exercised to no greater extent than the default rights could be exercised under the U.S. special resolution regime if the Agreement were governed by the laws of the United States or a state of the United States.

Section 7.08 Counterparts. This Agreement may be executed in several counterparts, and all such counterparts executed and delivered, each an original, shall constitute but one and the same instrument.

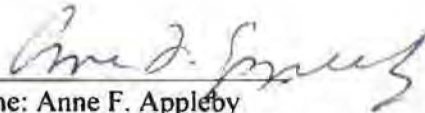
Section 7.09 Recitals. The recitals set forth on page 1 of this Agreement are incorporated into and made part of this Agreement by this reference.

*[Signatures on Following Page]*

IN WITNESS WHEREOF, the parties hereto, each intending to be legally bound hereby, have hereunto set their hands and seals as of the day and year first above written.

**COMPANY:**

Oglethorpe Power Corporation (An Electric Membership Corporation)

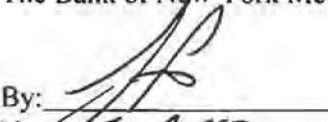
By: 

Name: Anne F. Appleby

Title: Vice President, Treasurer

**TRUSTEE:**

The Bank of New York Mellon

By: 

Name: Jim Co-Bett

Title: VICE PRESIDENT

Schedule "I"  
Facilities

<u>Ownership Interest</u>	<u>Name of Facility</u>	<u>Name of Fund</u>	<u>Docket Number</u>	<u>License Number</u>	<u>License Expiration Date</u>
30.0%	Alvin W. Vogtle Electric Generating Plant Unit No. 3	Oglethorpe Power Nuclear Decommissioning Trust – Vogtle Unit 3	52-025	NPF-91	[Estimated – May 2061]
30.0%	Alvin W. Vogtle Electric Generating Plant Unit No. 4	Oglethorpe Power Nuclear Decommissioning Trust – Vogtle Unit 4	52-026	NPF-92	[Estimated - May 2062]

**EXHIBIT "A"**

**CERTIFICATE OF EVENTS**

[Name and Address of Trustee]

Gentlemen:

In accordance with Section 2.02 of that certain Master Nuclear Decommissioning Trust Agreement dated, March \_\_\_\_\_, 2020, by and between Oglethorpe Power Corporation (An Electric Membership Corporation) (the "Company") and The Bank of New York Mellon, as Trustee, I, [President or Secretary] of the Company, hereby certify that the following events have occurred.:

1. The Company is required to commence the decommissioning (the "Decommissioning") of its interest in Plant \_\_\_\_\_, Unit \_\_\_\_\_ (the "Facility");
2. The plan for the Decommissioning of the Facility has been established in accordance with regulations issued by the United States Nuclear Regulatory Commission, or its successor; and
3. The Board of Directors of the Company has adopted the attached resolution authorizing the commencement of the Decommissioning of the Facility.

WITNESS my hand this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
[President or Secretary]  
Oglethorpe Power Corporation (An Electric Membership Corporation)

**EXHIBIT B**

**CERTIFICATE FOR PAYMENT  
OF DECOMMISSIONING COSTS**

[Name of Trustee],  
as Trustee  
[Address]

This Certificate is submitted pursuant to Section 2.02 of the Master Nuclear Decommissioning Trust Agreement, dated March \_\_, 2020, between The Bank of New York Mellon and Oglethorpe Power Corporation (An Electric Membership Corporation) (the "Company") (the "Agreement"). All capitalized terms used in this Certificate and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement. In your capacity as Trustee, you are hereby authorized and requested to disburse out of the Funds to \_\_\_ the amount of from the [IDENTIFY NAME OF FUND] for the payment of the Decommissioning Costs which have been incurred with respect to the [IDENTIFY UNIT]. With respect to such Decommissioning Costs, the Company hereby certifies as follows:

1. The amount to be disbursed pursuant to this Certificate shall be solely used for the purpose of paying the Decommissioning Costs described in Schedule A hereto.
2. None of the Decommissioning Costs described in Schedule A hereto have previously been made the basis of any certificate pursuant to Section 2.02 of the Agreement.
3. Any necessary authorizations of the applicable Public Utility Commission, or any corresponding governmental authority having jurisdiction over the decommissioning of the Unit have been obtained.

IN WITNESS WHEREOF, the undersigned have executed this Certificate in the capacity shown below as of \_\_\_\_\_.

By: \_\_\_\_\_  
Name:  
Title:

THE BANK OF NEW YORK MELLON

By: \_\_\_\_\_  
Name:  
Title:

## EXHIBIT "C"

### **CROSS-TRADING INFORMATION**

As part of the Cross-Trading Program covered by the Department of Labor Prohibited Transaction Exemption ("PTE") 95-56 for Mellon Bank, N.A. and its affiliates ("BNY Mellon"), BNY Mellon is to provide to each affected employee benefit plan the following information:

#### **I. The Existence of the Cross-Trading Program**

BNY Mellon has developed and intends to utilize, wherever practicable, a Cross-Trading Program for Indexed Accounts and Large Accounts as those terms are defined in PTE 95-56.

#### **II. The "Triggering Events" Creating Cross-Trade Opportunities**

In accordance with PTE 95-56, three "Triggering Events" may create opportunities for Cross-Trading transactions. They are generally the following (see PTE 95-56 for more information):

1. A change in the composition or weighting of the index by the independent organization creating and maintaining the index;
2. A change in the overall level of investment in an Indexed Account as a result of investments and withdrawals on the Indexed Account's opening date, where the Indexed Account is a bank collective fund, or on any relevant date for non-bank collective funds; provided, however, a change in an Indexed Account resulting from investments or withdrawals of assets of BNY Mellon's own plans (other than BNY Mellon's defined contributions plans under which participants may direct among various investment options, including Indexed Accounts) are excluded as a "Triggering Events"; or
3. A recorded declaration by BNY Mellon that an accumulation of cash in an Indexed Account attributable to interest or dividends on, and/or tender offers for portfolio securities equal to not more than .5% of the Indexed Account's total value has occurred.

#### **III. The Pricing Mechanism Utilized for Securities Purchased or Sold**

Securities will be valued at the current market value for the securities on the date of the crossing transaction.

Equity Securities - the current market value for the equity security will be the closing price on the day of trading as determined by an independent pricing service; unless the security was added to or deleted from an index after the close of trading, in which case the price will be the opening price for that security on the next business day after the announcement of the addition or deletion.



Debt Securities - the current market value of the debt security will be the price determined by BNY Mellon as of the close of the day of trading according to the Securities and Exchange Commission's Rule 17a-7(b)(4) under the Investment Company Act of 1940. Debt securities that are not reported securities or traded on an exchange, will be valued based on an average of the highest current independent bids and the lowest current independent offers on the day of cross trading. BNY Mellon will use reasonable inquiry to obtain such prices from at least three independent sources that are brokers or market makers. If there are fewer than three independent sources to price a certain debt security, the closing price quotations will be obtained from all available sources.

IV. The Allocation Method

Direct cross-trade opportunities will be allocated among potential buyers or sellers of debt or equity securities on a pro-rata basis. With respect to equity securities, please note BNY Mellon imposes a trivial dollar amount constraint to reduce excessive custody ticket charges to participating accounts.

V. Other Procedures Implemented by BNY Mellon for its Cross-Trading Practices

BNY Mellon has developed certain internal operational procedures for cross-trading debt and equity securities. These procedures are available upon request.

**Southern Nuclear Operating Company**

**ND-20-0243**

**Enclosure 2c**

**Vogtle Electric Generating Plant (VEGP) Units 3 and 4**

**Executed Financial Instrument:**

**Municipal Electric Authority of Georgia**

**Executed Nuclear Decommissioning Master Trust Agreement**

***MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA,  
MEAG POWER SPVJ, LLC  
MEAG POWER SPVP, LLC  
&  
MEAG POWER SPVM, LLC  
AMENDED AND RESTATED  
NUCLEAR DECOMMISSIONING MASTER TRUST AGREEMENT  
FOR  
THE EDWIN I. HATCH AND ALVIN W. VOGTLE NUCLEAR PLANTS***

*Effective June 22, 2015*

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**AMENDED AND RESTATED**  
**NUCLEAR DECOMMISSIONING MASTER TRUST AGREEMENT**

**THIS AMENDED AND RESTATED TRUST AGREEMENT** (“Trust Agreement”) made and entered into this 22<sup>nd</sup> day of June, 2015. by and between the **MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA**, a public body corporate and politic and a public corporation organized and existing under and by virtue of the laws of the State of Georgia (“the Authority”), **MEAG POWER SPVJ, LLC** (“SPVJ”), a Georgia limited liability company, **MEAG POWER SPVP, LLC** (“SPVP”), a Georgia limited liability company, and **MEAG POWER SPVM, LLC** (“SPVM”), a Georgia limited liability company, (each a “Grantor” and together “Grantors”) as Grantors, and **THE BANK OF NEW YORK MELLON**, a New York banking corporation having trust powers (the “Trustee”), as Trustee.

W I T N E S S E T H

**THAT WHEREAS**, the Authority is currently the owner and licensee of certain undivided interests, as hereinafter set out, in the Alvin W. Vogtle Nuclear Plant Units 1 and 2 (individually, “Vogtle Unit 1” and “Vogtle Unit 2,” and collectively, “Vogtle Units 1 and 2”) and the Edwin I. Hatch Nuclear Plant Units 1 and 2, (individually, “Hatch Unit 1” and “Hatch Unit 2,” and collectively, “Hatch Units 1 and 2”), and associated facilities hereinafter described; and

**WHEREAS**, the Authority is currently the owner and licensee of certain undivided interests in the Alvin W. Vogtle Nuclear Plant Units 3 and 4 and associated facilities (individually, “Vogtle Unit 3” and “Vogtle Unit 4,” and collectively, “Vogtle Units 3 and 4”), and SPVJ, SPVP, and SPVM are expected to become the owner and licensee of respective interests in Vogtle Units 3 and 4; and

**WHEREAS**, the Grantors’ interests in Vogtle Units 1 and 2, Hatch Units 1 and 2, and Vogtle Units 3 and 4 (together, the “Plants”) are subject to regulation by the United States Nuclear Regulatory Commission (the “NRC”), an agency of the United States Government; and

**WHEREAS**, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, the NRC has promulgated regulations in Title 10 of the Code of Federal Regulations, Part 50, which require that a holder of, or an applicant for, a license to operate a nuclear power plant provide certain financial assurance that funds will be available when needed for required decommissioning costs and activities; and

**WHEREAS**, in order to comply with the foregoing regulations, the Authority has created and established a separate decommissioning trust for each Hatch Unit and each existing Vogtle Unit, *i.e.*, Hatch Unit 1, Hatch Unit 2, Vogtle Unit 1 and Vogtle Unit 2, which was established pursuant to the Municipal Electric Authority of Georgia Decommissioning Trust for the Edwin I. Hatch and Alvin W. Vogtle Nuclear Plants, effective January 1, 1990, as amended (the “Original Trust Agreement”); and the Authority desires to establish a separate decommissioning trust for each planned Vogtle Unit, *i.e.*, Vogtle Unit 3 and Vogtle Unit 4; and each of the other Grantors desires to establish a decommissioning trust for Vogtle Unit 3 and a decommissioning trust for Vogtle Unit 4; and the Authority and the Trustee desire to amend and restate the Original Trust Agreement; and

**WHEREAS**, a portion of each decommissioning trust exists for purposes of receiving funds to provide the required levels of funds and financial assurance for each Grantor’s *pro rata* share of the future decommissioning costs of the plants and associated facilities (“License Termination 50.75 Account”); and

**WHEREAS**, it is also expected that there will be future decommissioning costs associated with the Grantors' respective *pro rata* undivided interests in portions of the plants and associated facilities hereinafter described, over and above those required to be funded in the License Termination 50.75 Account within each trust, and for which funds are expected to be set aside for other lawful purposes ("Non-License Termination Non-50.75 Account"); and

**WHEREAS**, the Grantors have selected the Trustee to act as the Trustee hereunder; and

**WHEREAS**, the Trustee is willing to act and serve as Trustee hereunder upon the terms, provisions and conditions hereinafter set forth;

**NOW, THEREFORE**, the Grantors and the Trustee agree as follows:

**ARTICLE I**  
**GENERAL PROVISIONS**

**1.1 Name of Trusts.** The Grantors each create the following Trust Funds (referred to herein as the "Trusts" or the "Trust Funds"):

<b><u>Grantor:</u></b>	<b><u>Trusts:</u></b>
Authority	MEAG Power Hatch Unit 1 Trust MEAG Power Hatch Unit 2 Trust MEAG Power Vogtle Unit 1 Trust MEAG Power Vogtle Unit 2 Trust MEAG Power Vogtle Unit 3 Trust MEAG Power Vogtle Unit 4 Trust
SPVJ	SPVJ Vogtle Unit 3 Trust SPVJ Vogtle Unit 4 Trust
SPVP	SPVP Vogtle Unit 3 Trust SPVP Vogtle Unit 4 Trust
SPVM	SPVM Vogtle Unit 3 Trust SPVM Vogtle Unit 4 Trust

Each Trust Fund is the entire undistributed amount of all contributions and/or transferred assets placed with the Trustee, as adjusted for all income, expense, gain, or loss on such amount as may exist from time to time.

Grantors have previously released, assigned, transferred, conveyed and delivered unto the Trustee all of that property in the existing Trust Accounts, to have and to hold the same in trust for the uses and purposes and subject to the terms, provisions, conditions and powers hereinafter set forth.

**1.2 Grantors; Trustee.** The Grantor for each Trust is as set forth in the Table in Section 1.1. The Trustee under this Amended and Restated Trust Agreement is The Bank of New York Mellon, its successors and assigns, or any other person, company, bank, or trust company appointed as provided in Section 7.11.

**1.3 Authority to Act as Agent.** SPVJ, SPVP, and SPVM hereby appoint the Authority as their Agent for all purposes under this Agreement; provided, however, in acting as Agent for SPVJ, SPVP, or SPVM, the Authority shall be bound to comply and shall comply with all laws and regulations and lawful Orders or other direction provided by any governmental agency with jurisdiction, such as the NRC, that are applicable to SPVJ, SPVP, and SPVM.

## **ARTICLE II** **DEFINITIONS**

**2.1 Certain Terms Defined.** For all purposes of this Agreement, unless context otherwise requires, the following terms shall have the following meanings:

(a) **“Account”** shall mean either a License Termination 50.75 Account or a Non-License Termination Non 50.75 Account as those terms are defined below.

(b) **“Agreement”**, **“Trust Agreement”** and the terms **“hereof”**, **“herein”**, **“hereto”** and **“hereunder”** when used in this Agreement shall mean and include this Agreement as the same may **from** time to time be amended, modified or supplemented.

(c) **“Authority”** shall mean the Municipal Electric Authority of Georgia, a public body corporate and politic and a public corporation organized and existing under and by virtue of the laws of the State of Georgia, and its successors or assigns.

(d) **“Authorized Officer”** shall mean the President, Treasurer, Secretary, Chief Financial Officer or any Vice President identified as such in an incumbency certificate delivered to the Trustee.

(e) **“Board of the Authority”** or **“Board”** shall mean the nine member Board of the Authority.

(f) **“Code”** shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

(g) **“Decommissioning Costs”** shall mean the costs and expenses incurred or to be incurred in the future to remove the plants and associated facilities hereinafter described, including all common facilities associated with each such Plant, safely from service and to reduce residual radioactivity to a level that permits release of the property for unrestricted use and termination of an NRC operating license, which may include costs over and above those costs and expenses funded in the License Termination 50.75 Account.

(h) **“Disbursement Certificate”** shall mean a document properly completed and executed by an authorized representative of the Authority and delivered to the Trustee, certifying that the amounts shown therein to be paid are Decommissioning Costs incurred hereunder, in substantially the form attached hereto as Exhibit 1.

(i) **“Fund”** or **“Trust Fund”** shall mean any one of the separate trust funds established hereunder, and **“Funds”** or **“Trust Funds”** shall mean all of the trust funds established hereunder, collectively.

(j) **“Future Orders”** shall mean any orders of the NRC or any successor agency or any other federal or state agency having jurisdiction over the Grantors’ interests in the



Plants, or any federal or state laws hereafter adopted and applicable to the retention, investment and utilization of funds for the costs of decommissioning any of the Plants herein described, above and beyond those funds in the License Termination 50.75 Account, which are applicable to the Grantors.

(k) **“Investment Manager”** shall mean any fiduciary or fiduciaries designated as an Investment Manager hereunder by the Authority.

(l) **“License Termination 50.75 Account”** shall mean an account established within each Trust Fund, which is intended to provide decommissioning funding assurance for funding the decommissioning costs contemplated by the NRC’s regulations in 10 C.F.R. § 50.75. The funds held in the License Termination 50.75 Account are subject to the requirements of 10 C.F.R. § 50.75(h)(2), and the restrictions on the use of funds in 10 C.F.R. § 50.82(a)(8).

(m) **“Non-License Termination Non-50.75 Account”** shall mean an account established within each Trust Fund, which is intended to accumulate funds other than those required to satisfy the financial assurance requirements in the NRC’s regulations in 10 C.F.R. § 50.75, such as irradiated fuel management, non-radiological site restoration, or any other lawful purpose. The funds held in the Non-License Termination Non-50.75 Account are not subject to the requirements of 10 C.F.R. § 50.75(h)(2), and not subject to the restrictions on the use of funds in 10 C.F.R. § 50.82(a)(8).

(n) **“NRC”** shall mean the United States Nuclear Regulatory Commission, an agency of the United States Government, and its successors and assigns.

(o) **“Officer’s Certificate”** shall mean a certificate signed on behalf of an Issuer by an Authorized Officer and delivered to the Trustee.

(p) **“Opinion of Counsel”** shall mean an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Authority, or may be other counsel satisfactory to the Trustee. Each such opinion shall include the statements provided for in Section 10.09.

(q) **“Plant”** shall mean the Grantors’ undivided interests in and to each, and **“Plants”** shall mean the Grantors’ undivided interests in and to all, of the nuclear power plants and facilities listed and described herein, as such list or description may be supplemented from time to time by the Authority by written notice to the Trustee, and shall mean and include all common facilities associated with each such Plant and facility. Each unit of a multi-unit nuclear power plant site shall be considered as a separate Plant for the purposes of this Agreement.

(r) **“Prudent Investor Rules”** shall mean the “prudent investor” rules established by the Federal Energy Regulatory Commission in 10 C.F.R. § 35.32(a)(3), which incorporate by reference the meaning of “prudent investor” set forth in the Restatement of the Law (Third), Trusts § 227, including general comments and reporter’s notes.

(s) **“SPVJ”** shall mean MEAG Power SPVJ, LLC, a Georgia limited liability company, and its successors or assigns.

(t) **“SPVM”** shall mean MEAG Power SPVM, LLC, a Georgia limited liability company, and its successors or assigns.

(u) “**SPVP**” shall mean MEAG Power SPVP, LLC, a Georgia limited liability company, and its successors or assigns.

(v) “**Transfer Certificate**” shall mean a document properly completed and executed by an Authorized Officer of the Authority and delivered to the Trustee, certifying that the amounts shown therein are required to be transferred from a Trust’s Non-License Termination Non-50.75 Account to the same Trust’s License Termination 50.75 Account, to the Authority, or to a third party as Transfer Payments, substantially in the form attached hereto as Exhibit 3

(w) “**Transfer Payment**” shall mean a payment from a Trust’s Non-License Termination Non-50.75 Account to the same Trust’s License Termination 50.75 Account, to the Authority, or to a third party made pursuant to a Transfer Certificate.

(x) “**Trust**” shall mean each, and “**Trusts**” shall mean all, of the separate Funds created and established hereunder.

(y) “**Trustee**” shall mean The Bank of New York Mellon, the original Trustee named herein, and its successors and assigns, which shall be deemed to include any bank or trust company into which it may hereafter be merged or consolidated. Trustee shall also mean any successor Trustee subsequently appointed under the provisions of this Agreement.

(z) “**Trust Estate**” or “**Trust Property**” shall mean all of the property held from time to time by the Trustee under this Agreement.

(aa) “**Trust Monies**” shall mean all cash, dividends, income, interest, proceeds and other receipts of or from the Trust Estate.

(bb) “**Withdrawal Certificate**” shall mean a document properly completed and executed by an authorized representative of the Authority and delivered to the Trustee, certifying that the amounts shown therein have been paid by a Grantor as Decommissioning Costs hereunder, in substantially the form attached hereto as Exhibit 2.

(cc) “**Working Day**” shall mean any day other than Saturdays, Sundays or any other day that banks in the State of Georgia are required or permitted to be closed.

**2.2 Meaning of Other Terms.** Except when the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations. All references herein to Articles, Sections and other subdivisions refer to the corresponding Articles, Sections and other subdivisions of this Agreement; and the words “herein”, “hereof”, “hereby”, “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

**ARTICLE III**  
**PURPOSE OF TRUST AGREEMENT;**  
**ESTABLISHMENT OF SEPARATE TRUSTS**

**3.1 Intent and Purpose of Trust Agreement.** The Grantors’ intent in establishing the Trusts is to provide assurance that the Plants will be safely removed from service and that residual radiation will be reduced to permit release of the property for unrestricted use and to comply with the applicable NRC regulations and with any Future Orders with respect to such decommissioning, by providing funds for contemplated future Decommissioning Costs associated with their *pro rata* undivided interest in the Plants

herein described, including costs over and above those provided for in the License Termination 50.75 Account, and, if so determined and directed by the Authority in its sole discretion, to pay funds held hereunder over to the Trustee to be held thereafter upon the terms and provisions of this Trust Agreement. Therefore, the Grantors intend that the Trusts continue until such time as all of its decommissioning obligations, requirements or costs are satisfied, as determined by the Authority, or until such later time as the NRC determines that such decommissioning obligations have been satisfied and that the Trusts are no longer required. Toward those ends, the purpose of this Trust Agreement is to provide the NRC-mandated funds for the contemplated future Decommissioning Costs related to the Grantors' undivided interests in the Plants herein described, in order to provide reasonable assurance that the Plants will be safely removed from service and that residual radiation will be reduced to permit release of the property for unrestricted use, and to comply with the applicable NRC regulations with respect to such decommissioning, and the Trust Property and all net income therefrom shall be held and distributed for such purposes only, and for no other uses or purposes, and upon termination as hereinafter provided, all Trust Property and Funds not so used, if any, shall be returned to the Grantors.

**3.2 Separate Trust Funds for Hatch Units 1 and 2, Vogtle Units 1 and 2, and Vogtle Units 3 and 4.** The Trustee has established twelve (12) separate Trusts hereunder, one each for Hatch Unit 1, Hatch Unit 2, Vogtle Unit 1, and Vogtle Unit 2; four (4) for Vogtle Unit 3; and four (4) for Vogtle Unit 4 as hereinafter described, each such Trust to be known as follows:

<b><u>Grantor:</u></b>	<b><u>Trusts:</u></b>
Authority	MEAG Power Hatch Unit 1 Trust MEAG Power Hatch Unit 2 Trust MEAG Power Vogtle Unit 1 Trust MEAG Power Vogtle Unit 2 Trust MEAG Power Vogtle Unit 3 Trust MEAG Power Vogtle Unit 4 Trust
SPVJ	SPVJ Vogtle Unit 3 Trust SPVJ Vogtle Unit 4 Trust
SPVP	SPVP Vogtle Unit 3 Trust SPVP Vogtle Unit 4 Trust
SPVM	SPVM Vogtle Unit 3 Trust SPVM Vogtle Unit 4 Trust

**3.3 Separate Accounts for Each Trust.** Within each Trust listed in Sections 3.2, the Trustee shall establish a License Termination 50.75 Account and a Non-License Termination Non-50.75 Account. The License Termination 50.75 Account is intended to provide the financial assurance required by 10 C.F.R. § 50.75 of the NRC's regulations and shall be restricted to the purposes for which funding is required pursuant to 10 C.F.R. § 50.75. The Non-License Termination Non-50.75 Account is not governed by NRC's regulations in 10 C.F.R. § 50.75 or 10 C.F.R. § 50.82(a)(8). Upon the request of the Grantor of a Trust, the Trustee shall establish and maintain one or more subaccounts within each Account.

**3.4 Separate Records. Commingling of Investments.** The Trustee shall maintain separate records for each Trust, and each License Termination 50.75 and Non-License Termination Non-50.75 Account within each Trust, and any subaccount within any Account, and record the amounts contributed to each Trust and each

Trusts' License Termination 50.75 and Non-License Termination Non-50.75 Account, and any subaccount within any Account. For each License Termination 50.75 Account and Non-License Termination Non 50.75 Account, and any subaccount within any Account, the Trustee shall credit thereto the *pro rata* share of all income of the Trust Funds and charge thereto the *pro rata* share of all expenses (other than expenses attributable to a particular Plant which shall be expenses charged to the Trust named for such Plant) and any losses. However, unless otherwise instructed in writing by the Authority, nothing contained in this Section 3.4 or elsewhere herein shall be deemed to require the Trustee to segregate or invest separately assets of the Trust Funds, it being intended that the assets of the Trust Funds may be held, managed, invested and reinvested in undivided interests in the same property, but shall not be required to be so maintained or invested.

#### **ARTICLE IV** **DISPOSITIVE PROVISIONS**

**4.1 Payment of Nuclear Decommissioning Costs.** The Trustee shall make payments for any Plant from the corresponding Trust in accordance with the following procedures:

**(a) Disbursements to Third Parties.** The Trustee shall make payments of Decommissioning Costs to any person (other than the Authority) for goods provided or labor or other services rendered to the Authority in connection with the decommissioning of a Plant in accordance with a Disbursement Certificate from the Authority.

**(b) Reimbursement to the Authority.** The Trustee shall make payments to the Authority in reimbursement of Decommissioning Costs actually incurred by the Authority, and paid to any other person, in accordance with a Withdrawal Certificate from the Authority.

**(c) Transfers by the Authority.** The Trustee shall make payments from the Non-License Termination Non-50.75 Account to the same Trust's License Termination 50.75 Account, to the Authority, or to a third party for the purpose of making Transfer Payments on the date specified in a Transfer Certificate from the Authority.

The Trustee shall be under no duty to inquire into the correctness or accuracy of matters contained in any properly executed Disbursement Certificate, Withdrawal Certificate or Transfer Certificate unless the representative of the Trustee involved with the certificate in question has actual knowledge that any statement made therein is not true.

**4.2 Default by Authority.** In the event of the Authority's failure, whether by default or inability, to exercise any of its rights or obligations under this Trust Agreement, the NRC may assume any and all of such rights and/or obligations as the NRC may, in its sole discretion, deem necessary or appropriate, and the NRC is made a beneficiary of the Trusts for this purpose. If, pursuant to the terms of this Section 4.2, the NRC assumes any rights and/or obligations of the Authority hereunder, the NRC shall provide the Trustee with written notification of any such assumption stating that it is a Notice of Assumption under this Agreement. Thereafter, the Trustee shall make payments from the Funds, as the NRC shall direct in writing, solely for: (i) payment of the Decommissioning Costs covered by this Trust Agreement; and (ii) payment of all other expenses incurred by the Authority or the NRC in the discharge of any obligations under this Trust Agreement. In addition, the Trustee shall refund to the Authority any amounts as the NRC shall specify in writing as no longer required to provide for Decommissioning Costs, and upon such refund, such amounts shall no longer constitute part of the Funds.

The Trustee shall be under no duty to inquire into the correctness or accuracy of matters contained in any properly executed Certificate unless the representative of the Trustee involved with the certificate in

question has actual knowledge that any statement made therein is not true. The Trustee shall not be charged with having notice of a default under this Agreement unless it has received a Notice of Assumption.

In the event it becomes necessary for the NRC to undertake any rights or obligations of the Authority pursuant to this Section 4.2, the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith at the direction of the NRC.

**4.3 Notice Regarding Disbursements, Withdrawals or Transfers.** Except for (i) payments of ordinary administrative costs (including taxes) and other incidental expenses of the fund (including legal, accounting, actuarial, and trustee expenses) in connection with the operation of the Fund, and (ii) withdrawals being made under 10 C.F.R. § 50.82(a)(8), no disbursement, payment or transfer may be made from a License Termination 50.75 Account within a Trust until written notice of the intention to make a disbursement, payment or transfer has been given to the Director, Office of Nuclear Reactor Regulation, or the Director, Office of Nuclear Material Safety and Safeguards, as applicable, at least 30 Working Days before the date of the intended disbursement or payment. The disbursement or payment from the trust may be made following the 30 Working Day notice period if no written notice of objection from the Director, Office of Nuclear Reactor Regulation, or the Director, Office of Nuclear Material Safety and Safeguards, as applicable, is received by the Trustee or the Authority within the notice period. The required notice may be made by the Authority. No such notice is required for withdrawals being made pursuant to 10 C.F.R. § 50.82(a)(8).

**4.4 Tax Withholding Obligations.** In order to comply with applicable tax laws (inclusive of rules, regulations and interpretations promulgated by competent authorities) related to this Agreement in effect from time to time (“Applicable Tax Law”) that a foreign financial institution, the Trustee, Grantors Authority, or other party is (or has agreed to be) subject to, the Authority agrees (i) upon the reasonable request of the Trustee, to provide to the Trustee information about the Trusts the Authority has in its possession, sufficient to permit the Trustee to determine whether it has tax related obligations under any Applicable Tax Law, (ii) that the Trustee shall be entitled to make any withholding or deduction from payments to the extent necessary to comply with Applicable Tax Law, and (iii) subject to the limitations set forth therein, to hold the Trustee harmless for any losses it may suffer to the extent it is complying with Applicable Tax Law. The terms of this Section 4.4 shall survive the termination of this Agreement.

## **ARTICLE V** **GENERAL PROVISIONS RELATING TO THE TRUST**

**5.1 Alterations and Amendments.** The Grantors and the Trustee understand and agree that modifications or amendments may be required to this Agreement from time to time to effectuate the purposes of this Agreement and to comply with amendments to or changes in NRC rules and regulations, any Future Orders, and any other changes in the laws applicable to the Grantors, the Plants or the Trusts. The Grantors and the Trustee may amend this Agreement to the extent necessary or desirable to effectuate such purpose or to comply with such Future Orders or changes. This Agreement also may be modified or amended to effectuate the handling of investments and administrative reports and details. Any modification or amendment to this Agreement shall be by an instrument in writing signed by the Grantors and the Trustee. The Trustee shall have no duty to inquire or make any investigations as to whether any proposed amendment is consistent with this Section, and the Grantors shall furnish the Trustee, if it so requests an Officer’s Certificate and an Opinion of Counsel that all conditions precedent to any such amendment required by this Agreement have been complied with and the execution of the amendment is authorized or permitted by this Agreement and does not violate the rules and regulations of any federal or state agency having jurisdiction over the Grantors’ interests in the Plants, and that all necessary approvals to such amendment have been obtained; provided, however, in any such event, the Trustee may decline to adopt any such amendment, if such amendment materially increases the expenses or responsibility of the Trustee and no adequate provision is made to compensate the Trustee for such increase, or if the Trustee would be unable, with reasonable effort, to comply with its duties as to be amended.

**5.2 Additions to Trusts.** From time to time prior to the termination of any Trust hereunder, the Grantors may make, and the Trustee shall accept, additional contributions of funds to such Trust, provided such property is acceptable to the Trustee, to be held hereunder. The making of a contribution by a Grantor shall constitute the certification of the Grantor that all necessary consents and approvals to such contribution, if any are required, have been obtained.

**5.3 Return of Excess Funds.** From time to time prior to the termination of any Trust hereunder, the Grantor may determine that the funds in such Trust exceed the amount required for the Decommissioning Costs of the related Plant. Upon delivery of a Transfer Certificate of the Authority to the Trustee stating that an amount in a Non-License Termination Non-50.75 Account is not needed to pay the Decommissioning Costs of the related Plant, specifying the amount and the Trust or Trusts involved, and requesting payment of such excess amount, the Trustee shall distribute such excess amount to the Grantor. The delivery of such a certificate by the Authority shall constitute the certification of the Authority that all necessary orders, consents and approvals to such distribution have been obtained and that payment of such excess amount will not violate any rules or regulations of the NRC.

**5.4 No Transferability of Interest in Any Trust.** The interest of the Grantors in any Trust hereunder is not transferable, whether voluntarily or involuntarily, by the Grantors, nor subject to the claims of general or secured creditors of the Grantors; provided, however, that any creditor of a Grantor as to which a Disbursement Certificate for a Trust has been properly completed and submitted to the Trustee may assert a claim directly against such Trust in an amount not to exceed the lesser of the amount specified in such Disbursement Certificate or the amount of such Trust then available to pay Decommissioning Costs; provided further that, upon a transfer of their interests in Vogtle Unit 3 or Vogtle Unit 4 from SPVJ, SPVP or SPVM to the Authority, all interests in the License Termination 50.75 Accounts in the respective Trusts of SPVJ, SPVP or SPVM applicable to such interests shall be transferred to the Authority, and the Trustee shall transfer the assets of such trusts to the applicable MEAG Power Vogtle Unit 3 Trust and/or MEAG Power Vogtle Unit 4 Trust, as directed by the Authority. The assets in Non-License Termination Non-50.75 Accounts relating to any such transferred interests shall be disposed of as directed by the Authority.

**5.5 No Authority to Conduct Business.** The purpose of this Trust Agreement is limited to the matters set forth herein and this Agreement shall not be construed to confer upon the Trustee any authority to conduct business.

## **ARTICLE VI** **TERMINATION**

**6.1 Time of Termination.** Each separate Trust hereunder shall continue until terminated upon the first to occur of the following events:

(a) Upon the substantial completion of the nuclear decommissioning of the Plant for which a separate Trust is created and named hereunder, as evidenced by a written certification of such substantial completion executed by the Authority and delivered to the Trustee.

(b) Upon the sale or other disposition by the Grantor of its interest in the Plant for which a separate Trust is created and named hereunder, as evidenced by a written certification of such sale or other disposition executed by the Authority and delivered to the Trustee, stating that such sale or other disposition does not violate any rules or regulations of any federal or state agency having jurisdiction over the Plant; provided, however, that such certification shall direct the Trustee as to distribution of the Trust Funds, whether as set forth in Section 5.4, or to the Authority, or to the benefit of another entity succeeding to a Grantor's interest in a Plant.

(c) Upon an applicable rule or order of the NRC, or a final decision of any court of competent jurisdiction, that a Trust Fund for a Plant for which a Trust is created and named hereunder is no longer required, but in such event only upon notification by the Authority to the Trustee that the Grantor desires to terminate such Trust.

(d) Upon the distribution for the purposes of such Trust as provided herein of all or substantially all of the assets and property then held by the Trustee in a separate Trust created and named hereunder.

(e) Upon the decision of a Grantor to terminate any separate Trust or the Trusts, because the Trust or Trusts are not needed for the payment of the Decommissioning Costs of the Plant or Plants as evidenced by a written certification executed by the Authority and delivered to the Trustee, all Trust Funds shall be delivered to the Grantor or to such other entity or trust as directed by the Authority.

The termination of any separate Trust hereunder shall not affect nor cause the termination of this Trust Agreement or any other separate Trust hereunder, and this Trust Agreement shall terminate when all of the separate Trusts hereunder have terminated and all assets held by the Trustee hereunder have been distributed.

**6.2 Distribution of Trust Assets Upon Termination.** Upon termination of each separate Trust hereunder, the Trustee shall distribute the entire remaining amount of and all assets then held by it in such Trust, if any, including all accrued, accumulated and undistributed net income, to the Authority, or as the Authority may direct.

**6.3 Certification by Authority.** Anything herein to the contrary notwithstanding, in connection with any termination under the preceding subparagraphs of this Article VI, the Trustee shall act only upon (a) an order of the NRC, or any court of competent jurisdiction, having jurisdiction over the Authority's interest in the Plants, specifically authorizing such distribution, or (b) the Authority having furnished the Trustee with an Officer's Certificate and Opinion of Counsel to the effect that no such orders are necessary to authorize such distribution or that all conditions precedent in this agreement have been complied with and necessary orders, consents and approvals to such distribution have been obtained and the distribution is authorized or permitted by this Agreement. In addition, any certification by the Authority to the Trustee hereunder shall direct the Trustee under which of the preceding subparagraphs a termination has or is about to take place, shall request the Trustee to make a termination distribution hereunder and shall direct the Trustee as to the delivery of any property to be distributed; it being understood and agreed by the Authority that the Trustee shall be under no duty or obligation to inquire into or determine when and if a termination has occurred hereunder and that the Trustee shall make any terminating distribution only in reliance upon the Authority's certification and the order or opinion referred to above.

**6.4 Continuation of Trust for Winding Up.** After the termination of any separate Trust or of all the Trust Funds, and for the purpose of liquidating and winding up its affairs, the Trustee shall continue to act as such until its duties have been fully performed. Upon the distribution of all of the Trust Estate for the purposes of this Trust, or to the Grantor, and the payment and discharge of all debts, liabilities and obligations of the Trust Agreement, the Trustee shall have no further duties or obligations hereunder.

## **ARTICLE VII** **GENERAL PROVISIONS RELATED TO THE TRUSTEE**

**7.1 Management of Trust Property.** The Trustee shall hold, manage, invest and reinvest the Trust Property and shall accumulate in the Trust and *pro rata* in each separate Account all net income, after payment of expenses and other disbursements as herein provided, from the Trust and add the same to the principal upon the receipt thereof. The Trustee accepts and undertakes to discharge the Trusts created by this Agreement, upon the terms, provisions and conditions hereof.

**7.2 Compensation and Reimbursement of Expenses of Trustee.** The Trustee shall receive as its compensation for its services, reimbursement of its expenses as agreed to in a fee letter of even date herewith from the Trustee to the Authority signed by the parties hereto. Such compensation may be adjusted from time to time in the future in such amounts as may be agreed upon in writing by the Trustee and the Authority.

**7.3 Payment of Expenses of Administration.** Subject to the written approval of the Authority, which shall not be unreasonably withheld or delayed, the Trustee shall be authorized to make payments from the Trust Estate of all administrative costs reasonably incurred by it in the performance of its duties under this Agreement including, but not limited to, Trustee's fees, legal, accounting and actuarial expense, reasonable out-of-pocket expenses and other incidental expenses incurred by the Trustee in connection with the administration of this Trust and each separate Trust. The Trustee is also authorized to make payments from the Trust Estate of all administrative costs incurred by or on behalf of the Grantors including, but not limited to, the fees and expenses of accountants, actuaries, attorneys, consulting engineers, Investment Managers, and other consultants, advisors and agents, general administrative fees and costs, and any other fees and expenses determined by the Authority to be appropriate for payment from the Trusts, upon written request from the Authority, or to reimburse the Authority therefore upon its written request. All such administrative expenses of a general nature shall be allocated proportionately among the Trusts established hereunder, and the Trustee shall maintain such records as are necessary to reflect the allocation of costs and expenses in accordance with this Section.

**7.4 Financial Statements, Accounts and Reports.** The Trustee shall keep accurate and detailed records and accounts of all investments, receipts and disbursements and other transactions hereunder and all accounts, books and records relating thereto shall be open to inspection and audit at all reasonable times by any person designated by the Authority.

**7.5 Financial Statements.** The Trustee shall furnish monthly financial statements for each Trust to the Authority not later than the seventh (7th) Working Day of the following month, or at such other less frequent interval as the Authority may require. The financial statements shall show the financial condition of the Trust, including without limitation, the market value of the assets, and the receipts, income, expenses, disbursements and other transactions of each Trust for the period since the preceding statement. Any such financial statement may be approved by the Authority by written notice to the Trustee or by failure to object to such financial statement within six (6) months of the delivery of the annual audit of the Authority. The approval of any such financial statement shall constitute a full and complete discharge of the Trustee as to all matters set forth in such financial statement; provided, however, that the foregoing shall not relieve or absolve the Trustee from any liability associated with a failure to perform its fiduciary responsibilities. The financial statements of the Trusts shall be audited annually by the independent certified public accountants then employed by the Authority or by other independent certified public accountants selected by the Authority for such purposes, and the Trustee agrees to make available and furnish such information as may be required for such audit and to cooperate fully therein.

**7.6. Tax Information Returns and Other Reports.** The Grantors represent to the Trustee that they believe the Trusts are exempt from taxes under current law and regulations. However, the Trustee agrees to prepare or cause to be prepared such income or other tax information returns and reports as may be required from time to time, and shall provide copies thereof to the Authority in advance of their filing for review by the Authority. The Trustee shall provide to the Authority all statements, documents, lists, or other information reasonably requested by the Authority. The Trustee shall also sign all such information returns which may be required and file them or cause them to be filed with the appropriate government agencies. The Trustee shall cooperate with all requests made by regulatory agencies and shall provide copies to the Authority in advance of all information submitted to regulatory agencies. At the Authority's request, the Trustee shall testify with respect to the Trusts and the Trust Fund in proceedings before regulatory agencies.



**7.7 Transactions with Third Parties.** No person or organization dealing with the Trustee hereunder shall be required to inquire into or to investigate its authority for entering into any transaction or to see to the application of the proceeds of any such transaction.

**7.8 Exoneration from Bond and Court Returns.** The Trustee shall not be required to give bond or surety and shall not be required to file any inventory or appraisal or any annual or other returns or reports with any court whatsoever; provided, however, that the Trustee shall furnish the financial statements and reports to the Authority as provided in Sections 7.4 and 7.5.

**7.9 Removal of Trustee.** The Authority may at any time remove the Trustee then serving and appoint a qualified successor Trustee by instrument in writing signed by the Authority and delivered to the then serving Trustee, which instrument shall designate and appoint the successor Trustee and which shall be effective no later than sixty (60) days from the date thereof or upon such shorter notice as may be designated by the Authority to the Trustee, provided that the successor Trustee has signified its acceptance of such appointment by instrument in writing delivered to the Authority and the then serving Trustee. Any Trustee so removed shall promptly deliver all property then held by it hereunder to the successor Trustee so appointed and shall thereafter be relieved of any further duties and obligations hereunder.

**7.10 Resignation of Trustee.** Any Trustee then serving hereunder may at any time resign upon sixty (60) days' notice, or upon such shorter notice as may be acceptable to the Authority, by an instrument in writing, signed by it and delivered to the Authority, and such resignation shall become effective upon the appointment of the qualified successor Trustee by the Authority as provided herein.

**7.11 Appointment of Successor Trustee.** In the event the Trustee should so resign, then the Authority shall appoint a successor Trustee, by instrument in writing, signed by it, and delivered to such successor and to the Trustee. Should the Authority fail or refuse within sixty (60) days so to appoint such successor, then such successor may be appointed by order of the Superior Court of Fulton County, Georgia, upon application of the Authority, or the then serving Trustee or of any person interested in the Trusts.

**7.12 Acceptance of Appointment by Successor Trustee.** Any successor Trustee appointed hereunder shall execute an instrument accepting such appointment hereunder and shall deliver one counterpart thereof to the Authority and, in case of a resignation or removal, to the retiring Trustee. Thereupon such successor Trustee shall, without any further act, become vested with all the estates, properties, rights, powers, trusts, and duties of its predecessor in the Trusts hereunder with like effect as if originally named Trustee herein; but the retiring Trustee shall nevertheless, when requested in writing by the successor Trustee or the Authority, and upon payment of lawful charges and disbursements then unpaid, if any, execute and deliver an appropriate instrument or instruments conveying and transferring to such successor Trustee upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of such retiring Trustee, and shall duly assign, transfer, and deliver to such successor Trustee all property and money held by it hereunder.

**7.13 Successor Trustee.** No successor Trustee shall be required to inquire into or audit the acts or doings of any predecessor Trustee or to make any claims against any predecessor Trustee, and any successor Trustee shall have and may exercise any and all of the powers, privileges, immunities and exemptions herein conferred upon the original Trustee as fully and to the same extent as if such successor originally had been named as a Trustee hereunder.

**7.14 Reliance on Statement by Trustee.** Any person dealing with the Trustee shall be fully protected in relying upon the Trustee's certificate that it has authority to take any action under this Trust Agreement.

**7.15 Application of Money Paid or Transferred to Trustee.** No person dealing with the Trustee shall be required to follow the application by the Trustee of any money or property which may be paid or transferred to the Trustee.

**7.16 Future Orders.** The Authority shall promptly advise the Trustee in writing of the existence of any Future Orders having the effect of imposing new or different responsibilities on the Trustee under this Agreement.

**7.17 Certain Duties and Responsibilities of the Trustee.**

(a) In the absence of bad faith on its part, the Trustee may conclusively rely upon requests, notices, approvals, certificates or opinions furnished to the Trustee and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall have no duty to examine the same to determine whether they conform to the requirements of this Agreement unless the representative of the Trustee involved with the certificate in question has actual knowledge that any statement made therein is not true.

(b) No provision of this Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that (i) this Subsection shall not be constructed to limit the effect of Subsection (a) of this Section; (ii) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts or was otherwise negligent in making the judgment; and (iii) no provision of this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

**7.18 Certain Rights of Trustee.** Except as otherwise provided in Section 7.17 hereof:

(a) Any request or direction of the Authority mentioned herein shall be sufficiently evidenced by a written request or direction signed, prepared or furnished by an authorized representative of the Authority or a verbal or telephonic request or order confirmed within a reasonable time by such a written request or direction, and any action of the Board of the Authority, and any actions taken by or through SPVJ, SPVP, and SPVM, may be sufficiently evidenced by a certificate of the Grantor's secretary or an assistant secretary;

(b) Whenever in the administration of any Trust created under this Agreement the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may rely upon the certificate of an authorized representative of the Authority or, after a default by the Authority and assumption of any rights and/or obligations of the Authority pursuant to the terms of this Section 4.2, the NRC;

(c) The Trustee may consult with legal counsel of its own selection; provided, however, that the Trustee will not select counsel that it knows represents another owner of any of the Plants. The written advice of such counsel or any opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in reliance thereon;

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of the Authority pursuant to this Agreement, unless the Authority shall have offered to the Trustee, to the extent permitted by applicable law, indemnity or

security satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) In no event will the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(f) The Trustee may act through agents, attorneys or custodians and will not be responsible for the misconduct or negligence of any agent, attorney or custodian appointed with due care;

(g) The Trustee shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of the Trustee (including, but not limited to, any act or provision of any present or future law or regulation or governmental authority, any act of God or war, civil unrest, local or national disturbance or disaster, any act of terrorism, or the unavailability of the Federal Reserve Bank wire or facsimile or other wire or communication facility);

(h) The permissive rights of the Trustee to do things enumerated in this Agreement will not be construed as a duty unless so specified herein;

(i) The Trustee shall not be responsible for the existence, genuineness or value of the Trust Estate or any of the assets in the Trusts or for the validity, perfection, priority or enforceability of the liens in any such assets, whether impaired by operation of law or by reason of any act or omission of the Trustee hereunder, except to the extent that such act or omission constitutes negligence or willful misconduct of the Trustee, or for the validity of title to those assets, for insuring those assets, or for the payment of taxes, charges, assessments or liens upon those assets;

(j) In the event of any ambiguity or uncertainty under this Agreement or in any notice, instruction, or other communication received by the Trustee relating to this Agreement, the Trustee may, in its sole discretion, refrain from taking any action unless and until the Trustee receives written instructions signed by the Authority or, after a default by the Authority and assumption of any rights and/or obligations of the Authority pursuant to the terms of this Section 4.2, the NRC, which eliminates such ambiguity or uncertainty; and

(k) If the Trustee is required by a governmental agency or action initiated by a third party to undertake efforts beyond that which is set forth herein but related thereto (other than due to the Trustee's negligence or willful misconduct), the Trustee shall notify the Authority of the same in writing and the Authority shall promptly pay the Trustee for such extraordinary fees, costs and expenses reasonably and necessarily incurred in connection therewith, including reasonable attorneys' fees and expenses.

The provisions of this Section 7 and the other rights and protections of the Trustee under this Agreement shall survive the termination of this Agreement and the resignation or removal of the Trustee.

**7.19 Indemnification.** To the extent permitted by applicable law, the Authority will fully indemnify the Trustee, its officers, directors, employees, agents, attorneys, custodians, successors, and assigns (collectively, the "Indemnified Parties") against any and all loss, liability, claim, damage or expense (including reasonable attorneys' fees and expenses) incurred by them in connection with the acceptance and administration of this Agreement or the performance of their duties hereunder, including the costs and expenses of defending themselves against any claim (whether asserted by the Authority, the

Grantors, or any other person). The Authority need not reimburse any expense or indemnify against any loss, liability or expense incurred by any Indemnified Party through its own willful misconduct or negligence. The Authority's obligations pursuant to this Section 7.19 will survive the resignation or removal of the Trustee and the discharge of this Agreement.

**ARTICLE VIII**  
**LIMITATIONS ON AND DIRECTIONS TO TRUSTEE AS TO INVESTMENTS**

**8.1 Investment by Direction of Authority or Investment Manager(s).**

(a) Anything herein to the contrary notwithstanding, unless and until otherwise instructed by the Authority, the Trustee shall invest and reinvest all of the Trust Property as directed in writing by the Authority or any Investment Manager, pursuant to the Authority's overall investment policy. The Authority shall, by appropriate certificate signed by it and delivered to the Trustee, provide the Trustee with written notice of its officers, employees and agents who are authorized to establish investment policy hereunder, and the Trustee shall be protected in relying on all directions and instructions received from any such person or persons. To the extent the assets of the Trust Funds have not been invested at the written direction of the Authority on any given day, the Trustee shall invest such uninvested assets as the Authority or its Investment Manager may direct in writing. The Authority and the Trustee shall establish appropriate systems, guidelines and procedures in order to effectuate such handling of investments hereunder.

(b) The Authority may appoint one or more Investment Managers. And, it may provide overall investment policy to the Trustee or an Investment Manager, but it may do so only in writing and may not serve as Investment Manager or otherwise engage in day-to-day management of the fund or mandate individual investment decisions. The Authority's investment policy is set forth in its Asset/Liability Management Policy (attached hereto as Exhibit 4).

**8.2 Limitations on Investments.** Investments under this Trust Agreement shall be limited to those permitted in accordance with the Prudent Investor Rule. The Authority intends to establish policies, procedures, guidelines and restrictions for handling investments under this Trust in its Asset/Liability Management Policy, which it may from time to time modify, change or supplement. The Authority shall notify the Trustee in writing when changes are made to its Asset/Liability Management Policy. To the extent permitted by applicable law, the Authority may expand, contract or otherwise change the investment policy.

Notwithstanding anything to the contrary herein, no Trust shall acquire or hold securities or other obligations of the Authority, or any other owner or operator of the Plants, or any of their affiliates as defined in the Investment Company Act of 1940, as amended, unless they are securities or other obligations of a state government.

**8.3 Certain Duties of Trustee as to Authority-Directed Investments.** The Trustee shall have no duty or obligation to make any recommendations with respect to the acquisition, retention and disposition thereof, and shall have no liability or responsibility to the Grantors or the Trusts for acting on the direction of, or for failure to act in the absence of direction from, the Authority or an Investment Manager.

**8.4 Appointment of Investment Manager.** The Authority shall have the right from time to time to appoint and remove one or more Investment Managers for any Trust held hereunder and to direct the segregation of any part or all of any such Trust into one or more accounts to be known as "investment manager accounts" and, if it does so, it shall appoint an individual, partnership, association or corporation as Investment Manager to direct, on its behalf, the portion of any Trust so segregated. Written notice of any such appointment and/or removal shall be given to

the Trustee and the Investment Manager so appointed. The appointment shall be accomplished using an investment manager agreement signed by the Authority and the Investment Manager and delivered to the Trustee. As long as the Investment Manager is acting, the Investment Manager shall have full authority, on behalf of the Authority, to direct in writing the investment (including the acquisition, retention and disposition of investments), subject to the limitations set forth in Section 8.2 hereof, of the assets and securities from time to time in the investment manager account being managed by the Investment Manager. The Trustee shall have no duty or obligation to review the assets from time to time comprising such investment manager account, or to make any recommendations with respect to the acquisition, retention and disposition thereof.

The Trustee shall have no liability or responsibility to the Grantors, the Authority or the Trusts for acting on the direction of, or for failure to act in the absence of directions from, the Investment Manager for any investment manager account. The Trustee may assume that any investment manager account previously established and the appointment of any Investment Manager for that account continues in force until receipt of written notice to the contrary from the Authority. Pending receipt of directions from the Investment Manager, any cash received by the Trustee from time to time for any investment manager account shall be invested upon receipt as the Authority or its Investment Manager may direct in writing. The Trustee shall have no duty or obligation to make any recommendations with respect to the acquisition, retention and disposition thereof, and shall have no liability or responsibility to the Grantors or the Trusts for acting on the direction of, or for failure to act in the absence of direction from, the Investment Manager. The Trustee shall advise the Investment Manager of information it receives from an issuer or similar source regarding calls, redemptions, purchase offers and similar matters relating to assets held in any Trust hereunder. To the extent permitted by applicable law, the Authority will indemnify the Trustee and hold it harmless from any liability or expense in connection with or arising out of (i) any action taken or omitted or any investment of the investment manager account made by the Trustee at the direction of the Investment Manager, or (ii) any action taken by the Trustee pursuant to notification of an order issued by an Investment Manager to purchase or sell securities directly to a broker or dealer under a power of attorney.

## **ARTICLE IX** **TRUSTEE'S POWERS**

**9.1 Powers of the Trustee.** In the management, care and disposition of this Trust, the Trustee hereunder, subject to the specific provisions hereof, shall have the power to do all things and to execute such instruments as may be deemed necessary or proper, including, but not limited to, the following powers, all of which may be exercised without order of or report to any court:

(a) To invest and reinvest all Trust Property as directed in writing by the Authority and/or Investment Manager in such securities and investments as the Authority and/or Investment Manager specifies;

(b) To sell, exchange or otherwise dispose of any property at any time held or acquired under this Trust, at public or private sale, for cash or on terms, without advertisement, including the right to lease and to grant options to buy for any term notwithstanding the period of the Trust;

(c) To retain for investment any property transferred to any Trust by the Authority, without regard to any law now or hereafter in force limiting the investments of fiduciaries, and the Trustee shall be under no obligation to diversify the investments of the Trusts;

(d) To collect, receive and hold any and all money and other property of whatsoever kind or nature due to or owing or belonging to a Trust;

(e) To vote in person or by proxy and to agree to or take any other action in regard to any reorganization, merger, consolidation, liquidation, bankruptcy or other procedure or proceeding affecting any stock, bond, note or other security held hereunder;

(f) To register any stock, bond or other security in the name of any nominee, without the addition of words indicating that such security is held in a fiduciary capacity; but accurate records shall be maintained showing that such security is a Trust asset, and the Trustee shall be responsible for the acts of such nominee;

(g) Subject to approval of the Authority, to employ, retain and remove attorneys, accountants, insurance consultants, custodians, engineers and other agents, if such employment be deemed necessary, and to pay reasonable compensation for their services;

(h) To compromise, settle or adjust any claim or demand by or against the Trusts, and to agree to any rescission or modification of any contract or agreement affecting the Trusts;

(i) To perform any act authorized, permitted, or required under any instruments relating to or forming a part of the Trust Estate whether in the nature of an approval, consent, demand, or notice thereunder or otherwise, unless such act would require the consent of the Authority in accordance with the express provisions of this Agreement;

(j) To do and perform any acts or things and only those acts or things necessary or appropriate for the conservation and protection of the Trust Estate.

## ARTICLE X MISCELLANEOUS PROVISIONS

**10.1 Headings.** All Article and Section headings set forth in this Agreement are for convenience only and shall not be deemed to be a part of this Agreement for any other purpose and shall not be taken as in any way limiting or interpreting any Section or Subsection of this Agreement.

**10.2 Severability.** In the event any provision of this Agreement or its application to any person or in any circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

**10.3 Governing Law and Waiver of Jury Trial.** This Agreement is entered into and executed in the State of Georgia, and all questions pertaining to its validity, construction and administration shall be governed by and determined in accordance with the laws of the State of Georgia. EACH PARTY TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.

**10.4 Notices.** All written notices required to be given by this Agreement shall be deemed to have been properly given if delivered by hand or when mailed by registered or certified mail, return receipt requested, postage prepaid, to the parties hereto as follows:

If to the Grantors:

Municipal Electric Authority of Georgia  
MEAG Power SPVJ, LLC  
MEAG Power SPVP, LLC  
MEAG Power SPVM, LLC  
1470 Riveredge Parkway  
Atlanta, Georgia 30328-4640  
Attention: Senior Vice President, Chief Financial Officer

If to the Trustee:

The Bank of New York Mellon  
Attention: Corporate Trust  
505 North 20<sup>th</sup> Street, Suite 950  
Birmingham, AL 35203  
Fax: 205-328-7169

or at such other address or addresses, or to the attention of such other person or persons, as the Grantors or the Trustee may hereafter notify the other party in accordance herewith.

**10.5 Fiscal Year.** The fiscal year of the Trust shall end on December 31 of each year.

**10.6 Successors and Assigns.** Subject to the provisions of Sections 5.4, 7.9, 7.10, 7.11 and 7.12, this Agreement shall be binding upon and inure to the benefit of the Grantors, the Trustee, and their respective successors and assigns.

**10.7 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

**10.8 Electronic Means.** The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Agreement and delivered using email or facsimile (“Electronic Means”); provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Authority acknowledges that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer; provided, however, that the Authority may designate certain electronic mail addresses or other specific electronic addresses from time to time that are identified as being associated with specific Authorized Officers, and if instructed by the Authority, Trustee shall only act upon Instructions by Electronic Means if such direction is received from such electronic mail addresses or electronic addresses. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a

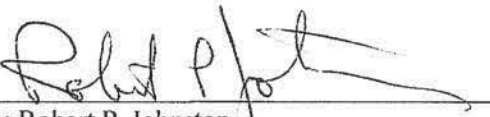
subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

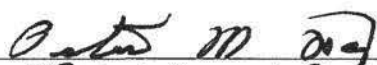
**10.9 Evidence of Compliance with Conditions Precedent.** Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Agreement shall include (1) a statement that each Person making such certificate or opinion has read such covenant or condition and the definitions thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of such Person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.



IN WITNESS WHEREOF, the Grantors and the Trustee have each hereunto caused their respective corporate names and seals to be affixed and this Agreement to be executed and delivered by and through their duly-authorized officers, all as of the effective day and year first above written.

MUNICIPAL ELECTRIC AUTHORITY  
OF GEORGIA

By:   
Name: Robert P. Johnston  
Its: President and Chief Executive Officer

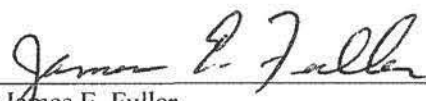
Attest:   
Its: Senior VP and General Counsel

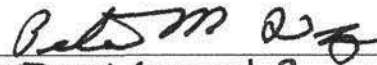
[CORPORATE SEAL]



MEAG POWER SPVJ, LLC  
MEAG POWER SPVP, LLC  
MEAG POWER SPVM, LLC

By: Municipal Electric Authority of Georgia, the sole Member of MEAG Power SPVM, LLC, MEAG Power SPVP, LLC, MEAG Power SPVM, LLC

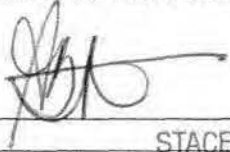
By:   
Name: James E. Fuller  
Its: Senior Vice President, Chief Financial Officer

Attest:   
Its: Senior VP and General Counsel

[CORPORATE SEAL]



THE BANK OF NEW YORK MELLON

By:   
Its: STACEY B. POINDEXTER  
VICE PRESIDENT

Attest: Francine Kruid  
Its: Vice President

[CORPORATE SEAL]



EXHIBIT 1  
DISBURSEMENT CERTIFICATE

The Bank of New York Mellon  
Attention: Corporate Trust  
505 North 20<sup>th</sup> Street, Suite 950  
Birmingham, AL 35203

RE: Amended and Restated Trust Agreement, by and between Municipal Electric Authority of Georgia, MEAG Power SPVJ, LLC, MEAG Power SPVP, LLC, and MEAG Power SPVM, LLC and The Bank of New York Mellon, as Trustee, dated as of \_\_\_\_\_, 2015

The undersigned hereby certifies pursuant to Section 4.1(a) of the aforementioned Trust Agreement (the "Agreement"):

1. The undersigned is a representative and Authorized Officer of Municipal Electric Authority of Georgia (the "Authority") authorized to give this certificate.
2. Any necessary authorizations of the NRC or any corresponding governmental authority having jurisdiction over the decommissioning of the Unit have been obtained and all requirements of law have been satisfied, except that prior written notice to the NRC **[is] [is not]** required pursuant to Section 4.3 of the Agreement.
3. None of the Decommissioning Costs described in Schedule 1 attached hereto have previously been made the basis of any certificate pursuant to Section 4.1 of the Agreement.
4. The amounts shown on the schedule attached hereto have been incurred for Decommissioning Costs, as such term is defined in the Agreement, in accordance with the said plans and procedures.

In accordance with Section 4.1(a) of the Agreement, the Authority hereby directs payment of the amounts shown on the schedule attached hereto from the License Termination 50.75 Account and/or Non-License Termination Non-50.75 Account of the Trust(s) to the payees, as indicated on the schedule.

Given this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[MUNICIPAL ELECTRIC AUTHORITY OF  
GEORGIA], [MEAG POWER SPVJ, LLC],  
[MEAG POWER SPVP, LLC], and/or [MEAG  
POWER SPVM, LLC]

By: \_\_\_\_\_  
Title:

**Payee**

**Payment Details**

Schedule 1  
**Trust**

**Amount**

EXHIBIT 2  
WITHDRAWAL CERTIFICATE

The Bank of New York Mellon  
Attention: Corporate Trust  
505 North 20<sup>th</sup> Street, Suite 950  
Birmingham, AL 35203

RE: Amended and Restated Trust Agreement, by and between Municipal Electric Authority of Georgia, MEAG Power SPVJ, LLC, MEAG Power SPVP, LLC, and MEAG Power SPVM, LLC and The Bank of New York Mellon, as Trustee, dated as of \_\_\_\_\_, 2015

The undersigned hereby certifies pursuant to Section 4.1(b) of the aforementioned Trust Agreement (the "Agreement"):

1. The undersigned is a representative and Authorized Officer of Municipal Electric Authority of Georgia (the "Authority") authorized to give this certificate.
2. Any necessary authorizations of the NRC or any corresponding governmental authority having jurisdiction over the decommissioning of the Unit have been obtained and all requirements of law have been satisfied, except that prior written notice to the NRC **[is] [is not]** required pursuant to Section 4.3 of the Agreement.
3. None of the Decommissioning Costs described in Schedule 1 attached hereto have previously been made the basis of any certificate pursuant to Section 4.1 of the Agreement.
4. The amounts shown on the schedule attached hereto have been actually paid by a Grantor to the third persons shown thereon for Decommissioning Costs, as such term is defined in the Agreement.

In accordance with Section 4.1(b) of the Agreement, the Authority hereby directs payment to the Authority of the amounts shown on the schedule attached hereto from the License Termination 50.75 Account and/or Non-License Termination Non-50.75 Account of the Trust(s) to a Grantor, pursuant to the payment details indicated on the schedule.

Given this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[MUNICIPAL ELECTRIC AUTHORITY OF  
GEORGIA], [MEAG POWER SPVJ, LLC],  
[MEAG POWER SPVP, LLC], and/or [MEAG  
POWER SPVM, LLC]

By: \_\_\_\_\_  
Title:

**Payee**

**Amount**

**Schedule  
Trust**

**Payment Details for the Grantor**

EXHIBIT 3  
TRANSFER CERTIFICATE

The Bank of New York Mellon  
Attention: Corporate Trust  
505 North 20<sup>th</sup> Street, Suite 950  
Birmingham, AL 35203

RE: Amended and Restated Trust Agreement, by and between Municipal Electric Authority of Georgia, MEAG Power SPVJ, LLC, MEAG Power SPVP, LLC, and MEAG Power SPVM, LLC and The Bank of New York Mellon, as Trustee, dated as of \_\_\_\_\_, 2015

The undersigned hereby certifies pursuant to Section 4.1(c) of the aforementioned Trust Agreement (the "Agreement"):

1. The undersigned is a representative and Authorized Officer of Municipal Electric Authority of Georgia (the "Authority") authorized to give this certificate.

2. Any necessary authorizations of the NRC or any corresponding governmental authority having jurisdiction over the decommissioning of the Unit have been obtained and all requirements of law have been satisfied, except that prior written notice to the NRC **[is] [is not]** required pursuant to Section 4.3 of the Agreement.

3. **[The amounts shown on Schedule 1 attached hereto should be transferred to the License Termination 50.75 Account specified therein.]**

**[None of the amounts described in Schedule 1 attached hereto have previously been made the basis of any certificate pursuant to Section 4.1 of the Agreement.]**

4. **The amounts shown on the schedule attached hereto are no longer required to provide for Decommissioning Costs, as such term is defined in the Agreement.]**

In accordance with Section 4.1(c) of the Agreement, the Authority hereby directs payment of the amounts shown on the schedule attached hereto from the Non-License Termination Non-50.75 Account of the Trust(s) to the **[License Termination 50.75 Account] [payees, as indicated on the schedule]**.

Given this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[MUNICIPAL ELECTRIC AUTHORITY OF  
GEORGIA], [MEAG POWER SPVJ, LLC],  
[MEAG POWER SPVP, LLC], and/or [MEAG  
POWER SPVM, LLC]

By: \_\_\_\_\_  
Title:

<b>Payee</b>	<b>Amount</b>	<b>Schedule</b>	<b>Trust</b>	<b>Payment Details</b>
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EXHIBIT 4  
ASSET/LIABILITY MANAGEMENT POLICY

**APPROVED BY MEAG BOARD ON 01-18-18**



**ASSET/LIABILITY MANAGEMENT POLICY  
MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA**

**As Amended**

**January 18, 2018**

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## ASSET/LIABILITY MANAGEMENT POLICY

### INTRODUCTION

#### Purpose

The purpose of this Asset/Liability Management Policy (the “Policy”) is to establish a framework to govern the management of the Municipal Electric Authority of Georgia’s (“MEAG Power” or the “Authority”) financial assets and liabilities. The Authority desires to maximize returns and minimize costs when funding the Authority’s capital needs while cost-effectively managing various interest and market risks through the optimal use of derivative instruments. The primary objective of the above is to meet all of the Authority’s cash flow requirements and reduce the overall revenue requirements of MEAG Power’s Participants without exposing the Authority to undue or inappropriate risks.

This Policy and its specific provisions are meant to guide the Authority’s Board of Directors (the “Board”), the Board’s appointed Asset/Liability Committee (the “Committee”), the President and Chief Executive Officer, the Chief Financial Officer, the finance staff, and external money managers in effectively achieving this purpose through prudent management of Authority funds and through proper monitoring and reporting of financial activities.

This Policy, as approved by the Board upon the recommendation of the Committee, governs the Authority’s investment of funds, issuance and management of debt securities, use of derivative instruments, overall management of interest rate risk, and all reporting requirements relating to its financial activities, including:

- guidelines for the investment portfolio that control the level of risk assumed in the portfolio and ensure that assets are managed in accordance with stated objectives;
- a written statement of the expectations and objectives in the investment of Authority assets;
- a written statement of the expectations and objectives in the Authority’s issuance and management of Authority debt;
- guidelines for the use of derivatives instruments;

- requirements for reporting and communication among the Board, the Committee, the President and Chief Executive Officer, the Chief Financial Officer, and responsible finance staff; and
- criteria to monitor and evaluate performance results.

The use of derivative instruments to hedge natural gas purchase transactions is excluded from the scope of this Policy. The Authority has established a separate Fuel Risk Management Policy to manage the risks associated with hedging natural gas. Since natural gas hedging is largely related to energy production, the authority and oversight for derivative transactions for natural gas hedging falls under the purview of the Power Supply Committee. The oversight of mark-to-market issues related to the portfolio of gas hedging derivatives will, as with all of the Authority's derivative instruments, fall under the scope of the Committee.

The Board has established this Policy in the exercise of its fiduciary responsibility for guidance of the Committee, the President and Chief Executive Officer, the Chief Financial Officer, finance staff, and external money managers in the best interests of the Authority, Participants, and bondholders.

The Board of the Authority hereby delegates responsibility for the establishment and oversight of this Policy to a three-member Committee but retains final decision-making responsibility with respect to the Policy.

## **A. INVESTMENT MANAGEMENT**

### **Scope**

The Investment Management section of the Policy applies to investment assets of the Authority, whether managed by the finance staff or external money managers, except for the assets of employee retirement plans. Such assets include amounts on deposit in the revenue and operating funds, construction funds, debt service funds, subordinated bond funds, reserve and contingency funds, decommissioning funds, special purpose vehicle funds, and all other funds that may be created from time to time, all of which shall be administered in accordance with the provisions of this Policy.

### **Authority and Delegation**

The ongoing management of internally managed funds, and compliance with the Policy, is the responsibility of management of the Authority, and specifically, the Chief Financial Officer and

finance staff, who are collectively responsible for the day-to-day investment of internally managed funds, as well as oversight of external money manager activities.

Only those Investment Managers authorized in writing by the Committee upon recommendation of the Chief Financial Officer in accordance with the Resolution for Transacting Authority Investments may buy, sell, or otherwise complete any securities transactions with respect to the Authority's investment assets.

### **Investment Managers**

Each person officially authorized as an Investment Manager or retained as a money manager for the Authority shall be responsible for performing the duties set forth in the Investment Management section of this Policy, including, but not limited to, the following:

- Managing the investment assets of the Authority in accordance with this Policy and objectives expressed herein;
- Exercising investment discretion within the guidelines and objectives stated herein. Such discretion includes decisions to buy, hold or sell securities in amounts and proportions reflective of the current investment strategy and compatible with the investment objectives;
- Immediately informing the Committee and the finance staff of any significant matters or adverse developments pertaining to the investment of Authority assets, including any material violations of the Policy, along with an explanation of such violation and an action plan and timetable for achieving compliance with the Policy;
- Reporting the investment activities to the appropriate finance staff and the Committee in the proper manner and timeframe designated in this Policy; and
- Making recommendations to the Committee for changes to the Policy.

It should be noted that each external money manager is responsible for the investment of its respective funds in compliance with this Policy and that the Authority's staff is responsible for day-to-day oversight. The finance staff shall periodically review all external money managers' activities for compliance with the Policy's requirements. Such review should occur at least annually and focus on individual trades as well as the overall portfolio composition, diversity, risk and maturity requirements of the Policy.

## **Regulation**

The legal investment of monies is controlled by provisions of State of Georgia law, including specifically the Official Code of Georgia Annotated Section 46-3-126(9) of the Act of the General Assembly creating the Authority, and the Power Revenue Bond Resolution adopted August 30, 1976, as amended and as amended and restated on September 16, 2004 (the “Power Resolution”), the General Power Revenue Bond Resolution, adopted March 11, 1978 and readopted April 18, 1978, as amended and as amended and restated on September 16, 2004 (the “General Resolution”) and the Bond Anticipation Note Resolutions, adopted October 13, 1997 (the BAN Resolutions), the Amended and Restated Combined Cycle Resolution adopted July 18, 2003 (the “Combined Cycle Resolution”), the Amended and Restated Telecommunications Bond Resolution adopted March 20, 2003 (the “Telecommunications Resolution”), the Second Amended and Restated Plant Vogtle Additional Units Non-PPA Project Bond Resolution adopted December 23, 2014 (Non-PPA), the Second Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution adopted December 23, 2014 (PPA), and the Second Amended and Restated Plant Vogtle Additional Units PPA-2 Project Bond Resolution adopted December 23, 2014 (PPA-2) as interpreted from time to time by written legal opinion of Authority’s General Counsel, (“General Counsel”) and certain provisions of the DOE Loan Guarantee Agreements adopted June 24, 2015, and as amended on March 9, 2016, July 27, 2017 and December 8, 2017, specifically the (i) the Loan Guarantee Agreement, executed between the Project M Entity and DOE (the “Project M Loan Guarantee Agreement”), (ii) the Loan Guarantee Agreement, executed between the Project J Entity and DOE (the “Project J Loan Guarantee Agreement”) and (iii) the Loan Guarantee Agreement, executed between the Project P Entity and DOE (the “Project P Loan Guarantee Agreement” and, together with the Project M Loan Guarantee Agreement and the Project J Loan Guarantee Agreement, the “DOE Loan Guarantee Agreements” and each individually, a “DOE Loan Guarantee Agreement”), and the corresponding Collateral Agency and Accounts Agreements as adopted on June 24, 2015 and amended on August 10, 2017. Accordingly, each of the established funds may have different requirements and restrictions placed upon it by state law, the Power Resolution, the General Resolution, the Combined Cycle Resolution, the Telecommunications Resolution, the Plant Vogtle Additional Units Resolutions, and other applicable resolutions of the Authority, as interpreted from time to time by written opinions of General Counsel.

## **Objective**

The investment objective of the Authority is to preserve and enhance the real inflation-adjusted value of fund assets throughout budgetary and economic cycles, while providing a relatively predictable, stable and consistent stream of cash flows which meet debt service requirements and operational expenses.



## **Prudence**

While the Authority is not subject to the Employee Retirement Income Security Act (ERISA), the standard of prudence to be used by the Investment Manager shall be the same as defined under ERISA's "Prudent Man Rule" for all funds, except the Decommissioning Trust. The guidance for the Decommissioning Trust shall be the "Prudent Investor" standard required by the Nuclear Regulatory Commission and the Federal Energy Regulatory Commission for Decommissioning Trust.

All investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Investment personnel acting in accordance with these written policies and procedures and who exercise prudence and due diligence in making an investment, shall be indemnified and relieved of personal responsibility and liability for that investment's risk or market price change.

## **Ethics**

Investment Managers and other Authority employees involved directly or indirectly in the investment process shall refrain from business activity, personally or within any manager's or employee's immediate family, that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Any such employee or Investment Manager shall disclose to the Committee any material financial interests in such institutions that conduct business with the Authority, and shall disclose any personal financial investment positions that could be related to the performance of the investment portfolio. Any such employee or Investment Manager shall subordinate his personal investment transactions to those of the Authority, particularly with regard to the timing of purchases and sales. This policy is intended to be consistent with, and incorporates the Authority's Ethics Policy.

## **Internal Control**

Management shall establish a system of internal control designed to regulate investment activities of all Authority personnel in order to prevent losses of funds arising from fraud, employee error, misrepresentation by third parties or imprudent actions. Such internal controls will consist of, but not be limited to, periodic management reporting, maintaining detailed operating policies and procedures, documenting and recording Policy requirements, compliance

audits and a due diligence program, and any other actions or steps which may be deemed necessary. The Risk Management Internal Audit function shall pay particular attention to the application of this section.

### **Investment Accounting**

Securities transactions will be accounted and reported for in accordance with Generally Accepted Accounting Principles (“GAAP”), including the Governmental Accounting Standards Board (“GASB”) pronouncements and all other applicable regulations as may be stipulated by state and federal law, bond resolution, and the Policy.

Investment activity should be reconciled, on a monthly basis, with relevant Trustee records, bank statements, external money manager records, or the records of the Authority’s third party administrative agent(s) to ensure completeness and accuracy in reporting.

### **Transfer of Investment Securities**

All transfers of investment securities between funds within a project or between projects will be completed based on the current market value of the security as of the date of transfer.

### **Asset Valuation**

It shall be the policy of the Authority to price, at market value, all investment securities and other financial assets each month. Such investment assets will be valued by either a Trustee or independently contracted third party pricing service. Unusual securities which are illiquid may be priced by more than one pricing service at the discretion of the finance staff. To the extent proper valuation of any security is unattainable by either of these parties, or a conflict exists in the pricing of such security, a broker of the Authority, experienced in such matters, and independent of the security in question, shall make the final fair pricing assessment.

### **Management Reporting**

The finance staff shall meet with the Committee periodically and prepare a written report at least quarterly that summarizes performance, recent market conditions and specific investment strategies employed during the most recent reporting period.

The summary report shall also include information on security holdings, investment maturities, rates of return, risk, market and book values, funds distribution, and other relevant information, including any other information requested by the Committee such as transaction volume by

broker/dealer, etc. The report shall explain the total investment return and compare that return with selected comparable performance indices and/or benchmark indicators.

Though the investments held in the MEAG Defined Benefit Retirement Plan do not fall within the scope of this Policy, the MEAG Retirement Investment Committee (RIC) shall report the Plan's overall status at least annually to the Committee.

### **Documentation and Records**

The responsible finance staff shall maintain, in a timely manner, accurate and adequate records for all investment activity. Such records shall include, at a minimum, records of all trades/securities transaction tickets, confirmation from the counter-party, monthly investment position statement, safekeeping schedule, and collateral records, as applicable, for each transaction.

### **Portfolio Composition**

To achieve management's investment objectives and to satisfy their fiduciary responsibilities, the Authority funds will be managed both internally and by external money managers. Each manager will operate as a single unit within the guidelines of this Policy as it relates to the specific type of funds managed. The primary objective of each manager will be to preserve and enhance base capital while providing a stable flow of income to meet the Authority's liquidity requirements. Individual performance will be measured quarterly on a total return basis and compared to a designated benchmark whose components most closely resemble the policy guidelines for the type of funds managed.

### **Permitted Investments**

Securities acceptable for the investment portfolios of the Authority shall be legal investment securities under applicable laws of the State of Georgia, as amended and as limited by the applicable section of the appropriate bond resolution, trust document, collateral agreement, or loan agreement as interpreted from time to time by the written opinion of General Counsel. (See *Appendix A-1 Permitted Investment Securities by Issuer and Class*).

Prior to investing in new products or engaging in new investment activities, the finance staff shall review all relevant information and receive advice from the General Counsel concerning the legality of the proposed activity. The finance staff shall determine the purpose and fit in relation to the Authority's overall management strategies, accounting treatment, internal controls, risks involved, risk controls and risk monitoring systems, and policies and procedures covering the proposed products or activities and make a proposal of such investment product or

activity to the President and Chief Executive Officer for approval of as a Permitted Investment. If approved, the Policy and/or relevant Appendixes shall be updated accordingly. If such products include structured notes, the structured notes shall have a floating coupon based on a U.S. Dollar denominated index. The maximum acceptable leverage on any structured product shall not exceed 1:1 of the index.

### **Investment of Bond Proceeds (Escrow)**

In the case of a debt refunding requiring the establishment of an escrow fund, the Chief Financial Officer is designated by the Authority to oversee the investment of the funds. The Chief Financial Officer's specific responsibilities include:

- working with the financial advisor, bond counsel, General Counsel, and underwriter to determine how the proceeds will be invested and if such funded escrow satisfies the legal defeasance requirements;
- ensuring that any fees paid during the process were reasonable;
- understanding arbitrage restrictions related to such funds;
- monitoring the investment and custody of the proceeds; and
- maintaining adequate records to comply with arbitrage rebate requirements.

The Chief Financial Officer will ensure that investment decisions conform: with all legal, statutory, and regulatory requirements; requirements established by trust indenture or bond resolution; and requirements that might be imposed by credit enhancement providers.

The Authority requires that underwriters and financial advisors report on any finder's fees or fee-sharing arrangements related to its debt issuance.

The Chief Financial Officer and/or finance staff may invest bond proceeds, when the economics justify, in open market securities in accordance with any bond resolution, bank agreements, and/or State law. It shall be the responsibility of the Chief Financial Officer to carefully evaluate and avoid any potential conflicts of interest. The Chief Financial Officer shall oversee the investment of any bond proceeds to ensure that the Authority's investments are being purchased "at arm's length", fair market values. The Authority will not, in any instance, agree to accept reduced or waived management fees in exchange for allowing the underwriter to invest bond proceeds.

## **Investment of Decommissioning Trust**

The Authority may appoint more than one external money manager as an Investment Manager. In addition to providing access to this policy and any amendments, the Authority may also provide overall investment policy to the Trustee or Investment Manager, but it may do so only in writing and may not serve as Investment Manager or otherwise engage in day-to-day management of the fund or mandate individual investment decisions.

The investment of the Decommissioning Trust monies shall be governed by the “Prudent Investor” standard, which the Investment Managers must adhere to. The Decommissioning Trust may be allocated up to 30% in equities, provided that such investments conform to the “Prudent Investor” standard.

Equity investments will be limited, subject to the Investment Manager’s determination under the “Prudent Investor” standard, to index funds which may include: 70% S&P 500 Index Funds, 15% S&P 400 Midcap Index Funds, 15% Small Cap Index Funds. A Small Cap Value, or Small Cap Growth Manager(s) may be used in lieu of the Small Cap Index Funds.

If Index Funds are used, the Authority will place the funds with a nationally- recognized money manager and seek to minimize the fees associated with the investments. If an active investment manager is used in lieu of Index Funds, the Authority will place the funds with a nationally-recognized money manager with appropriate experience and knowledge of the relevant investment markets.

At least annually, the Chief Financial Officer shall rebalance assets in accordance with the aforementioned allocations.

Investment Managers for both the S&P 500 and S&P 400 Midcap Index Funds will be expected to at all times adhere to all provisions of the respective Trust Document.

Small Cap assets may be invested in an actively managed commingled fund including the assets of other qualified plans. The manager is expected at all times to adhere to the provisions outlined in the commingled fund’s Statement of Characteristics (SOC) in the Revocable Trust Agreement.

## **Limitations and Diversification**

Average investment maturities will be managed to accomplish both liquidity and income objectives. Funds shall be invested in securities which have maturities based upon current cash flow projections to provide for liquidity to make appropriate and timely payments from such

funds. The maturity guidelines for the various funds are specified in Appendix A-3 (Maximum Maturity Limitations by Security, Type, and Fund) .

Investment assets shall be diversified to control the risk of loss resulting from over-concentration of assets in a specific maturity, issuer, instrument, dealer, or bank from which these instruments are bought and sold (See AppendixA-2, A-3, and A-4). Diversification strategies within the established guidelines shall be reviewed and revised periodically as necessary by the appropriate finance staff and by the Committee.

## **Portfolio Strategies**

### **Total Return**

The Investment Portfolio will be actively and prudently managed on a total return basis in an effort to enhance both its base value and yield. The use of leverage or investments that are highly sensitive to interest rate changes, such as Principal and Interest-only mortgage securities, are prohibited.

### **Securities Swaps**

Securities swap transactions may be initiated to enhance portfolio investment income and yield, to improve the quality of securities held, or to reposition portfolio investments as a hedge against interest rate changes and market fluctuation.

### **Spread Trades**

Spread trades may be initiated to enhance portfolio income and yield, or to take advantage of yield curve shifts when abnormal spread relationships are present. The total net par amount of both sides of all Spread Trades may not exceed a maximum of 15% of the total cost of any individually-managed fund.

### **Short Sales**

Short Sale transactions may be initiated to hedge the portfolio against rising interest rates, or to accommodate the short side of a spread trade. Uncovered Short Sales will be limited to 15% of the total cost of any individually-managed fund at any time. All Short Sale positions shall be monitored by staff on a daily basis. Any non-hedging short position that on a mark to market basis has a 16/32nds loss will be closed out.

## **Securities Lending Program (SLP)**

This Policy will address and the Committee will oversee the Securities Lending Program because the underlying subject matter of the SLP is the Authority's investment assets. The collateral and investment securities are to be held in accounts only for the Authority and separate from other program participants. Investment of cash collateral can only be invested in Permitted Investments under this Policy. Further guidelines with respect to Permitted Investments such as any limitations on maturities, ratings or asset classes shall be included in the agreement with the SLP manager and periodically monitored and updated as needed. The collateral requirement will be at least 102% and shall be marked to market daily with any under-funding of collateral rebalanced by the end of the next business day. The performance of the provider shall be reviewed at least quarterly.

## **Reverse Repurchase Agreements**

Reverse Repurchase Agreement (Reverse Repo) transactions may be initiated to convert securities to cash for a specified period of time, to cover delivery of specific securities on a short-sale transaction, or to cover the short-sale side of a spread trade. In the instance of securities to cash conversion, the Reverse Repo transaction must represent a less expensive alternative funding source or an arbitrage opportunity. Unless the transaction is done under a Securities Lending Program, the maximum outstanding Reverse Repo balance shall not exceed 25% of the total cost of any individually-managed fund. Securities which have been purchased with funds borrowed through a Reverse Repo transaction may not be utilized for further Reverse Repo transactions. All Reverse Repo transactions are limited to a maximum leverage of 1:1. Reverse Repo transactions will be monitored weekly, and the respective Collateral will be appropriately marked to market at least monthly. Open positions will be reported in the monthly financial report. Investment Managers must maintain sufficient liquidity to provide for prospective margin calls at all times.

## **Collateralization**

Collateralization is required for investments in certificates of deposit (with the exception of decommissioning funds), repurchase agreements and reverse repurchase agreements. In order to reduce market risk, the collateralization level will be 102% of market value of principal and accrued interest. The only securities acceptable as collateral shall be securities which are deemed Permitted Investments of the Authority as specified in this Policy.

In all cases, the collateral shall be held by a third party safekeeping institution or shall be held in the name of both parties by the Federal Reserve. Such collateral shall not be released to the

pledgor unless deposits are withdrawn, investments are sold or mature, or the investment is adequately secured by other similar collateral.

Each Investment Manager shall verify that the market value of collateral pledged is sufficient to cover the deposit or investment of funds. The finance staff will independently monitor the pricing on at least a monthly basis or more frequently if market condition dictates.

## **Deliveries and Safekeeping**

### **Deliveries**

All deliveries are to be versus payment, either through a major correspondent bank, the Depository Trust Company or through the Federal Reserve System.

### **Safekeeping**

Securities will be held in safekeeping at the Federal Reserve Bank or the Depository Trust Company unless a major correspondent bank or trust company provides superior specialized services at a reasonable cost. While safekeeping charges may be paid by account analysis, charges which are a part of such an analysis will be researched in an attempt to avoid unnecessary safekeeping expenses.

## **External Money Managers**

External investment managers will be selected by the following process:

- A customized request for proposal will be prepared by the Chief Financial Officer and the Authority's investment advisor and distributed to qualified investment managers.
- The Chief Financial Officer and the Authority's investment advisor will evaluate and analyze the completed request for proposals and interview those firms deemed to be most capable of providing investment management services to the Authority.
- The Chief Financial Officer and the Authority's investment advisor will make a detailed written selection recommendation to the Committee along with a summary of the search process. The Committee will either accept the recommendation of the Chief Financial Officer and investment advisor or direct that further steps be taken to ultimately arrive at a decision that the Committee is comfortable with.
- All final selection decisions will be made by the Committee.



## **Investment Dealers**

The qualification and approval process referenced in this section applies to dealer relationships established by the Authority's staff with regard to the internally managed funds. Inquiry of external money managers may be made regarding the dealer approval process and the Chief Financial Officer shall determine that such process maintains the general intent of this section. It is incumbent upon external managers to maintain ethical standards in their approval process and to provide reasonable diversification of business among their dealer relationships.

### **Dealer Limitation**

In all cases the Authority shall have investment relationships with a minimum of five institutions to insure adequate access to investment product, analytical expertise, and marketing capabilities.

### **Dealer Qualification**

Prior to any other assessment of a broker/dealer, the finance staff will perform a due diligence process. This process includes requesting a copy of the primary Account Representative's Form U-4 from the NASD, obtaining the most recent relevant Broker/Dealer financial statements, and conducting a credit analysis. Through this due diligence process the finance staff will:

- Determine that the broker is NASD qualified.
- Determine that the broker has or is guaranteed by a firm with a minimum of \$50 million in net capital.
- Obtain third party evaluation of the firm's credibility if the firm is not a Primary US Government Bond Dealer.
- Obtain and review financial statements to determine stability, performance, and adequacy of material disclosure.

### **Dealer Evaluation**

Upon qualification of a dealer, and when required, the finance staff will evaluate through appropriate due diligence the following critical performance areas and grade the candidate accordingly.

- Institutional and broker qualifications as they relate to general and specific product knowledge (i.e., volume, time, education).
- Technical support capabilities as well as operational efficiency of the organization (i.e., support personnel/trade volume, trades/fails).
- Ability to provide value added services (i.e., comprehensive analysis, trade strategy evaluation, or research).
- Broker and dealer historical relationship with the company (i.e., combined years of service, successful trades/unsuccessful trades).
- Pricing competitiveness based on the ability of the dealer to support the “Bid” and “Ask” side of various market instruments.
- Financial strength and security of the dealer (i.e., credit analysis).
- Online trading and/or electronic trading platform capability (i.e., Bloomberg System, TradeWeb. Etc.).
- Electronic communications and support systems (online/automatic trade confirmations, flow-through trade processing, delivery instruction processing).

### **Dealer Approval**

An approved dealer list will be maintained by the appropriate finance staff of the Authority. Approved dealers will generally consist of primary government securities dealers and other recognizable firms in the general securities business. Upon the evaluation of a prospective dealer, an approval shall be granted or declined based on the final grading. Final approval of any and all dealers is made by the Chief Financial Officer according to qualification and evaluation guidelines, and such approval shall be communicated in writing to the Committee.

### **Dealer Selection**

Upon approval, dealers will be selected based on:

- The need for additional dealers.
- The type of dealer required (i.e., bank, primary, regional.).

- The type of product coverage desired.
- The overall rating of a particular firm.
- The overall qualifications of the assigned broker.

### **Dealer Replacement**

The Authority's finance staff shall maintain an inactive list of alternative dealers. Each of these dealers must pass the appropriate qualification requirements, and be appropriately rated. In the event a current dealer or broker changes coverage or firms, each such dealer or broker is required to undergo the qualification and evaluation process again. At that time, such dealer or broker will be reviewed along with alternative dealers, and an appropriate selection will be made. If a current dealer remains inactive for a six-month period, that dealer will be removed from the active list. An alternative dealer may then be chosen in accordance with the procedures set forth in the Policy under the heading "Dealer Selection". An alternative dealer shall be removed from the inactive list if replaced by an appropriate substitute, or if operational changes are made by the dealer which would require re-evaluation.

### **Electronic Trading Platforms (ETP)**

All dealers that are available on the ETP will be allowable dealers in the bidding, provided that the delivery of the security is on a cash versus delivery basis and the dealer is not precluded from doing business with the Authority elsewhere in this Policy. All other trades will be executed only with dealers on the Approved Dealer List.

## **B. DEBT MANAGEMENT**

### **Scope**

The debt management section of the Policy applies to all debt currently outstanding and future debt issued by the Authority.

### **Objectives**

The Authority's debt shall be managed with the objective of minimizing long-term funding cost and reduction of risk through diversification of exposures in order to respond to unforeseen events or changes in the financial markets. The Authority will strive to develop, on an ongoing basis, an optimal capital structure resulting in the lowest interest costs taking into consideration

the amount and types of fixed and variable rate debt given the Authority's risk tolerance to market fluctuations, capital market outlook, future capital needs, credit, rating agency considerations and tax implications. Diversification in the providers of liquidity, credit support, remarketing agents and bond insurance will be used to the extent possible in order to prevent a single firm negatively impacting the Authority's operations or cost structure.

### **Capital Structure and Goals**

The Authority's capital structure may consist of fixed and variable rate debt in traditional or synthetic form (i.e. interest rate swaps), and prudent use of other hedging strategies such as forward swaps, caps and collars. The capital structure will be managed to achieve the following goals:

- Maintain low cost of capital relative to other electric utilities in the region
- Maintain diversification of debt
- Provide future debt structuring and capacity flexibility
- Reduce exposure to put risk on publicly traded variable rate debt
- Diversification of exposures and risks, including but not limited to counterparties, credit providers, insurers, terms and timing of contracts
- Budgetary predictability for the Participants
- Maintain ongoing and uninterrupted access to capital markets to retain the ability to modify the debt structure and/or fund short-term capital outlays in a short timeframe
- Maintain flexibility in the amount of variable rate exposure to react to changing interest rates

### **Credit Facilities**

The Authority will obtain and keep in place at all times at least one immediately available source of funding, such as a line of credit from a commercial bank. This source of funding should provide MEAG Power with adequate liquidity to respond to unforeseen events. MEAG Power will not enter into a credit agreement with a commercial bank rated lower than the "A" category

unless approved by the Committee and Board. Exposures to a single counterparty should be limited to a maximum of \$500 million, unless authorized by the Committee.

### **Diversification**

The Authority shall monitor and manage the exposures and risks of the debt portfolio in order to minimize any potential negative impact of an adverse change in market conditions. While it is impossible to fully insulate the Authority from changes in market conditions, areas that the Authority will diversify include:

- Remarketing Agents
- Credit providers
- Bond Insurers
- Debt structures (type, maturities, calls, etc)
- Terms (contract language, collateral provisions, etc.)
- Rollover dates (LOC expirations, contracts, etc.)
- Rate resets on variable rate debt

### **Issuance Guidelines**

#### **Private Placements**

The Authority may utilize private placements instead of public market issuances for a variety of reasons, which may include the following:

- More timely access to capital at potentially lower costs
- Improved terms and/or conditions over public market debt
- Improved economics
- Minimizing the public disclosure and reporting requirements during periods of sensitive operations and/or construction

The Authority's financial advisor shall review the proposed structure and the suitability of the private placement. The finance staff shall make the final determination on the best alternative for the issuance based upon the best economics and/or outcome for the Authority.

## **Selection and Managing Method of Sale**

The Authority's policy is to sell debt to the public using the method of sale expected to achieve the best result, taking into consideration short-term and long-term implications. However, there is a divergence of views as to the merits of the competitive and negotiated methods of sale due to lack of comprehensive, empirical evidence that favors one method over the other. The following section of this policy is intended to ensure that the most appropriate method of sale is selected in light of financial, market, transaction-specific and issuer conditions.

Competitive method of sale should be considered when the following conditions are present:

- The Authority has been a stable and regular borrower in the public market.
- There is an active secondary market for the Authority's debt.
- The Authority has an unencumbered credit rating of A or above.
- The issue is neither too large to be absorbed by the market nor too small to attract investors.
- The issue is not composed of complex or innovative features (e.g., a refunding issue) and is readily understood by the market.
- The debt and credit markets are stable with large, constant and/or diverse investor participation.
- Interest rates are stable, market demand is strong and the market is able to absorb reasonable levels of buying and selling with reasonable price reliability.

If conditions for a competitive bond sale are not available and/or the Authority's preference is otherwise, then the following practice will apply to negotiated bond sales:

- A competitive underwriter-selection process will be performed that ensures that multiple proposals are considered. Exceptions to this requirement may be authorized by the CEO and Board as market conditions dictate.
- The finance staff and advisors will remain actively involved in each step of the negotiation and sale processes to uphold the public trust.

- The finance staff and financial advisor, who are familiar with and abreast of the condition of the municipal market, will assist in structuring the issue, pricing of the bonds, and the closing of the issuance.
- The financial advisor will not serve as underwriter of an issue.

The Authority will require that financial professionals disclose the name(s) of any person or firm compensated to promote the selection of the underwriter; any existing or planned arrangements between outside professionals to share tasks, responsibilities and fees; the name(s) of any person or firm with whom the sharing is proposed; and the method used to calculate the fees to be earned.

### **Pricing a Negotiated Sale**

One of the most important outcomes of a bond sale, the cost of borrowing, is established through the pricing process. Unlike a competitive sale, bond pricing in a negotiated sale requires a much greater degree of issuer involvement. The issuer negotiates both the yield on the bonds and the underwriters' compensation, which includes the takedown (or sales commission), management fee, underwriting risk, and expenses.

It is the Authority's policy to strive for the best balance between the yield for each maturity and the takedown (sales commission) to achieve the lowest overall cost of financing. The following actions by the Authority's staff and its advisors are recommended in the pricing process:

- Take steps during the underwriter selection process and prior to final pricing to manage the compensation to underwriters.
  - including a provision in the request for proposal that requires respondents to indicate the range of costs for each component of compensation and specify an expected maximum for each;
  - setting a cap on management fees or expenses;
  - reviewing the amount of underwriters' compensation paid by the Authority for similar issues and/or on previous sales; and
  - reviewing the amount of underwriters' compensation paid by similar issuers on recent sales.

- Develop an understanding of prevailing market conditions, evaluate key economic and financial indicators, and assess how these indicators likely will affect the outcome of the pricing. Among the types of information that will be helpful are;
  - the supply and expected demand for municipal bonds;
  - release of key economic indicators, actual or anticipated actions by regulatory or political bodies and other factors that might affect the capital markets;
  - interest rates and current market yields of recently priced and outstanding bonds with similar characteristics; and
  - interest rates for bonds with similar characteristics provided by independent services that track pricing performances.
  
- Work with the underwriter to develop an appropriate pre-marketing effort to gauge and build investor interest.
  
- Request that the senior managing underwriter propose a consensus pricing scale on the day prior to the pricing that represents the individual views of the members of the underwriting syndicate.
  
- Evaluate carefully whether structural features that reduce the true interest cost (TIC) of a bond offering (i.e., non-callable, long calls, etc.), but limit future flexibility in managing the debt portfolio, will result in greater overall borrowing costs over time.
  
- Give clear directions to underwriters on how bonds should be allocated, consider how policy goals influence the pricing process, and review the Agreement Among Underwriters prior to the sale to ensure that it incorporates the issuer's goals.
  
- Approve all information that will be sent out by the underwriter on the preliminary pricing wire, including the priority of orders, allocation of bonds, and the takedown.

Be present in the offices of the lead manager, if possible, when the bonds are sold since instantaneous market information is available regarding the pricing, bond allocations among the underwriters can be influenced, and issuer presence may serve as a catalyst to improve the overall marketing effort.



- Evaluate the bond sale after its completion to assess the level of up-front costs of issuance, including whether the underwriters' compensation was fair given the level of effort and market conditions; the pricing of the bonds, both in terms of the overall true interest costs and on a maturity-by-maturity basis; and the distribution of bonds and sales credits.
- Request a Pricing/Closing Summary from the lead underwriter that provides a brief synopsis of the transaction and market conditions at the time of pricing while also including details on timelines, pricing wires, marketing materials and participation, and distribution/breakdown of fees by underwriter.
- Develop and maintain a debt database with a summary of information on each issue sold with regard to pricing performance, including the types of bonds sold, call features, credit rating, maturities, yield and takedown by maturity, and the true interest costs.

### **Payment of the Expense Component of Underwriter Discount**

When using the negotiated method of sale for the issuance of bonds, the underwriter's compensation consists of various costs incurred by the underwriter on behalf of the issuer. To insure that these expenses are reasonable and explicitly identified, the Authority's policy is to:

- Require firms proposing to serve as senior managing underwriters to present an itemized list of expenses that they expect to incur.
- Require finance staff to convey clearly to the firm selected as senior managing underwriter, the expenses that the Authority regards as legitimate and those it does not view as reasonable. Among the expenses that may be regarded as legitimate are:
  - compensation for underwriters' counsel;
  - travel to and from the issuer's offices;
  - Dalcomp/Dalnet fees for transmitting information on interest rates, takedowns, and priority of orders;
  - interest/day loan costs;
  - charges for communication, including the rating agency presentation, mailing, printing, and telephone expenses;
  - documented clearing charges; and
  - closing costs.
- Require the finance staff to pay particular attention to fees for underwriters' counsel and consider setting a cap on fees paid to underwriters' counsel.

- Require the senior managing underwriter to explicitly document all expenses incurred on behalf of the Authority in a negotiated sale, as well as any expenses charged to members of the underwriting syndicate. The senior managing underwriter should explain any expenses not included in the original proposal.

### **General Structural Guidelines for Issuance of Debt**

The following guidelines should govern the issuance of new money financing:

- The maturities of debt should be equal to or less than the term of the power sales agreements but not more than the useful economic life of the asset financed.
- Where practicable the debt service structure on new money financing should utilize level debt service payments, and if economically feasible, level principal payments (i.e., declining debt service)
- Use of credit enhancement should be evaluated on a maturity-by-maturity basis to maturity or to the call and only used where the economic benefits exceed the costs.
- In addition, aggressive call features are preferred and should be analyzed closely for future financing flexibility and cost.
- The decision to issue fixed or variable rate debt is largely dependent on the current interest rate cycle, the absolute level of rates, the shape of the yield curve, the Authority's capital structure and construction funding requirements, and changing tax law.

### **Fixed Rate Debt**

#### **Type**

Fixed rate debt will consist of traditional fixed rate debt and synthetic fixed rate debt as authorized by the Resolution of the Board and recommended by the finance staff and the Authority's financial advisor. Permissible types of public market fixed-rate debt are limited to Current Interest Bonds ("CIBs"), Capital Appreciation Bonds ("CABs"), Build America Bonds ("BABs"), and zero-coupon bonds. Additional types of public market fixed-rate debt may be utilized upon the review and recommendation of finance staff with the approval of the Board.

## Refunding Guidelines

- As a general guideline, refunding transactions should be effected based on achieving present value savings for each maturity being refunded based on the minimum present value targets as noted on the following table.

<u>Number of Years Between Call Date and Maturity</u>	<u>Individual Maturity of Each Bond's Present Value Savings</u>
More than 10 years	5.0%
7-10 years	4.0%
4-6 years	3.0%
2-3 years	2.0%
Less than 2 years	1.0%

- As a general guideline the net present value savings on each series of bonds being issued should be at least equal to 5% of the refunded principal amount; and the net present value savings must be at least two times the cost of issuance.
- The savings targets described in the two bullet points above do not apply to refundings of variable rate debt with fixed rate debt.
- Increase flexibility relative to call provisions in structuring of refunding debt with aggressive call provisions where economic and/or strategic benefits warrant.
- The Chief Financial Officer with the advice and concurrence of the Authority's financial advisor may authorize including refunding bond candidates or series of bonds in a refunding transaction which fall below the Refunding Guidelines noted above in situations where it is in the best interest of the Authority given the terms and conditions of the refunded bonds and the economics of the particular transaction under consideration. The finance staff will report to the Committee any situations in which bonds or series of bonds have been included in a refunding transaction which fall below the above noted guidelines.

## Variable Rate Debt

Variable rate debt in traditional and synthetic form is a valuable component of the Authority's capital structure and with prudent use can increase financial flexibility and reduce interest and negative carrying costs, resulting in the improvement of the Authority's overall financial matrices. However, variable rate debt has certain risks relative to remarketing, credit, put feature,

termination, and liquidity factors which may limit the percentage of capital which is prudent to maintain in this form from a credit perspective. Additionally, interest rate risk associated with both traditional and synthetic variable rate debt should be structured appropriately to provide the cost benefits of this type of financing within appropriate risk tolerances.

**Permissible types of public market variable-rate debt are limited to the following:**

- Commercial Paper (“CP”)
- Money Market Municipal Bonds
- Variable Rate Demand Obligations/Bonds/Notes (“VRDOs”, “VRDBs” or “VRDNs”)
- Auction Rate Securities (“ARS”)
- Indexed Floaters
- CPI Index Floaters (“CPI Floaters”)
- Build America Bonds (“BABs”)

Additional types of variable-rate debt may be utilized upon the review and recommendation of the finance staff with the approval of the Board.

**Calculation of Variable Interest Rate Debt Ratio and Net Floating Interest Rate Exposure Ratio**

The finance staff will calculate on a quarterly basis and periodically report to the Committee the Variable Interest Rate Debt Ratio and Net Floating Interest Rate Exposure Ratio.

The Variable Interest Rate Debt Ratio is defined as the variable rate debt of the Authority divided by the total Authority debt on the last day of the reporting period. For purposes of this calculation, variable rate debt is not offset by floating rate assets and interest rate swaps. The total Authority Variable Interest Rate Debt Ratio shall not exceed 35% unless specifically approved by the Board.

The Net Floating Interest Rate Exposure Ratio will be calculated by aggregating the Authority’s short-term variable rate assets and short-term floating rate debt, making an adjustment for the interest rate swaps and tax adjustment necessary to arrive at a net floating rate asset or liability position reflected as a percentage of total debt. For purposes of this calculation only variable interest rate assets and variable rate debt that impact the Participant Annual System Budget will be included. The Net Floating Interest Rate Exposure Ratio will not exceed plus or minus 20% of total debt.

The amount of net variable interest rate exposure maintained shall be based on the following factors:

- **Interest Rates.** The absolute level of interest rates, the direction that interest rates are moving and the shape of the yield curve are all factors in managing the amount of net variable rate exposure. For example, if fixed rates are *high* and the yield curve is *steep*, more net variable interest rate liability exposure may be desirable. Conversely, if interest rates are *low* and the yield curve is *flat*, more variable interest rate asset exposure may be desirable.
- **Capital Structure and Construction Funding.** Variable rate debt is a very efficient way to fund new construction requirements. Additionally, variable rate debt adds flexibility for capital structure changes like accelerating the pay down of generation debt.
- **Market Conditions.** The existing and anticipated market conditions may indicate a need for a larger or smaller amount of variable rate debt than is currently utilized.

### **Interest Rate Swaps and Caps**

Utilizing interest rate swaps and interest rate caps to achieve substantially lower interest costs is a component in building the desired capital structure to allow the Authority to compete effectively.

The Committee members shall receive quarterly performance reports regarding the status of outstanding Interest Rate Swaps and Caps.

### **Reporting**

On an annual basis, the Committee shall receive a summary report of the debt portfolio. The report shall include information on the following:

- Bonds outstanding by type and structure
- Projected Debt Service
- Credit ratings of financial counterparties

## **Monitoring**

MEAG has various requirements and obligations to bondholders and counterparties based upon the outstanding debt resolutions, trust documents, and loan agreements. The finance staff will monitor the funding levels where appropriate to ensure the proper funding at the prescribed time periods. In addition, MEAG will maintain a list of the requirements under each bond resolution, trust document, and loan agreement and ensure the compliance with each provision.

## **C. FINANCIAL DERIVATIVES**

### **General Risk Management Considerations**

#### **The Authority's Philosophy Toward Risk**

The Authority recognizes that certain risks are incidental to normal business operations. However, it is the general philosophy of the Authority to avoid unnecessary risk and to limit to the extent practicable any risks associated with business activities while retaining financial flexibility. Taking any risk unrelated to normal business activities of the Authority is considered inappropriate and is not authorized by this Policy. The attitude which officers and employees of the Authority have toward risk is expected to be consistent with the Authority's philosophy.

#### **Expectations of the Authority's Management**

The President and Chief Executive Officer, the Chief Financial Officer, and the finance staff are expected to limit business risks to acceptable levels established by the Committee.

The President and Chief Executive Officer, the Chief Financial Officer, and the finance staff, unless specifically approved under this Policy, may not engage in activities that expose the Authority to Speculative Risk.

The Authority's management is expected to understand fully the extent to which their decisions and actions expose the Authority to risk. Any activities that are not related to normal business activities of the Authority or that have the effect or potential of increasing risk generally should be avoided. Activities that are not clear and may be interpreted by some as having the effect or potential of increasing risk must be specifically approved by the Board.

## **Outside Funds Management**

Outside fund managers are not authorized to execute derivative transactions without prior written approval from the Chief Financial Officer. Such approval to be given must be based upon the considerations set forth in this section.

## **Risk Management Activities**

### **Risk Identification**

The Board, the Committee, the President and Chief Executive Officer, the Chief Financial Officer, and the finance staff are responsible for identifying, assessing and managing business risk associated with management of the investment, debt and derivative portfolios. The Committee is charged with the responsibility of ensuring that procedures are in place to identify and assess all risk exposures to the Authority and to manage those exposures within tolerable limits. Business exposures include, but are not limited to, the following:

- Net interest rate risk inherent in maintaining the Authority's investment, debt and derivative portfolios
- Market risks included in the Authority's securities portfolio

### **Risk Management**

Market risks that can be managed should be assessed at least monthly and more frequently, if necessary, in response to significant market movements and to changes in activities that expose the Authority to risk.

A sensitivity analysis or "stress test" shall be performed prior to execution of derivative financial instruments to understand and evaluate the effects of potential significant market movements. Such analysis should assess the impact of possible interest rate movements in varying market conditions as specified by the finance staff with the advice of the Authority's financial advisor.

### **Risk Management Objectives**

The purpose of this policy is to ensure that business exposure to risks that have been identified and measured and are capable of being controlled are minimized using the most effective and efficient methods to eliminate, reduce or transfer such exposures. Operating decisions should be made with consideration of associated risks and consideration toward structuring transactions to avoid unnecessary risk whenever possible.

## **Interest Rate Risk**

Management should attempt to issue and manage debt at the lowest all-in cost. The debt portfolio should be maintained with fixed and variable assets and liabilities within parameters as determined by the Committee from time to time in accordance with the provisions of this Policy. In establishing the amount of Net Floating Interest Rate Exposure, the finance staff should consider the extent to which the exposure to interest rate changes is exacerbated or diminished by interest earning assets held by the Authority. The Committee also may decide to give more weight to the effect on cash flow from potential changes in interest rates than on the changes in the market value of the portfolio.

## **Speculative Activities**

The Board, from time to time, may authorize transactions that do not qualify for hedge or deferral accounting. Prior to execution of any such transaction, specific recommendations in writing must be made by the Committee. Such transactions will be subject to the remaining provisions of this Policy.

## **Considerations for the Use of Derivatives**

### **General Objectives for Use of Derivatives**

Use of derivative financial instruments (“derivatives”) should be consistent with the overall business and risk management objectives of the Authority. Derivatives may be used to decrease business risks within limits specified by this policy. Derivatives can be used to reduce exposures that have been identified through the risk identification and measurement processes, providing they qualify clearly as “hedging” activities as defined in this Policy. The use of derivatives is not automatic, nor is it necessarily the only response to managing business risk and is permitted only after the risks that have been identified are determined to exceed tolerance levels established by this Policy and are considered to be unavoidable because they are necessary or in support of normal business activities.

The use of derivatives exposes the Authority to new types of risk. Derivative risks should be evaluated against the exposures they are expected to modify. The use of derivatives also exposes the Authority to other types of risk, including credit, liquidity, settlement, legal and systemic. The use of derivatives should be assessed against these additional risks and such use is permitted only to the extent that the expected benefit of use is considered to outweigh these risks.



In some instances, it may not be clear how the derivative activity affects risk or what type of risk is affected. Such activity generally is not permitted by this Policy because it may have the effect of increasing risk to the Authority. However, to the extent that management believes that such an activity involving use of derivatives is appropriate and consistent with overall business objectives of the Authority, use of derivatives for such activity is permissible only if management documents that the business purpose for the activity is consistent with general business objectives of the Authority. It is the Chief Financial Officer's responsibility to document and obtain specific approval from the Board of Directors and Committee with respect to transactions that result in the Authority's Variable Interest Rate Debt Ratio and Net Floating Interest Rate Exposure Ratio exceeding the prescribed allowable levels as set forth in the Debt Management section of this Policy.

### **Specific Objectives for Use of Derivatives**

The Net Floating Interest Rate Exposure of the Authority may be adjusted as necessary from variable to fixed or fixed to variable using derivative instruments, providing such adjustments move the Net Floating Interest Rate Exposure Ratio within the parameters set forth in the Debt Management section of this Policy. Such transactions are authorized by this Policy provided they are approved in accordance with the Authority's swap resolution as then in effect and are within the prescribed parameters set forth herein and the details of such transactions are reported to the Board at its next meeting.

### **Types of Derivatives Permissible for Use**

The types of derivatives permissible to use as hedges under the Policy include:

- Swaps
- Caps
- Floors
- Collars
- Any combination of the above, such as a swaption

Additional types of derivatives may be utilized when the structure has been reviewed and recommended by the finance staff and approved by the Committee or Board.

## **Prohibitions Regarding the Use of Derivatives**

### **General**

Unless specifically approved by the Board and Committee, derivatives cannot be used for activities that have the effect of increasing risks to the Authority. Accordingly, they should not be used for trading or speculation. Derivative activities are considered speculative if they increase risk, if their use has no relation to objectives specified by the Policy, or if their use is not intended or expected to reduce business risk.

### **Unusual and Complex Transactions**

Derivative instruments can become extremely complex when combinations of components and unusual features are embedded in a single instrument. Complex instruments are more difficult to evaluate from an economic perspective and from an accounting perspective. Transactions and strategies should not be mysterious. The operation of any unusual features, such as a complex formula for determining settlements, must be understood. The necessity for combining such features should be evaluated to ensure that there are valid business reasons for the combination that are consistent with the policy. In some instances, the fair value of complex derivatives is difficult to obtain or cannot be objectively verified. In such instances, it is difficult to fully understand how effective they will be in accomplishing their objectives. Complex derivative transactions are generally prohibited by this Policy if they cannot be readily valued and determined to be effective in reducing risk.

### **Leverage**

Derivative transactions are considered to be highly leveraged if they expose the Authority to losses in excess of gains expected to be generated by the positions and transactions they modify. The use of highly leveraged derivatives is prohibited under this Policy, as they do not reduce risk. Although only the excess leverage exposes the Authority to loss, there generally is no valid business reason for their use that is consistent with risk management objectives of this Policy.

### **Valuation**

Use of any derivative is specifically prohibited if a market quotation (from a broker/dealer other than the counterparty) cannot be obtained for it, or it cannot be valued reliably by the finance staff or the Authority's financial advisor using generally accepted option pricing models (i.e., Black-Scholes or Cox-Ross-Rubinstein models).

## **Generally Accepted Accounting Principles (“GAAP”) Accounting**

The Authority’s hedging activities will adhere to GAAP. Use of derivatives that do not qualify for hedge accounting or deferral accounting under GAAP is prohibited unless approval is obtained from the Board and the Committee.

## **Accounting Motivated Transactions**

Derivative transactions that are primarily motivated by accounting implications and do not reduce economic risk exposure are considered to be inappropriate and are prohibited by this Policy. Derivative transactions are considered to be accounting motivated transactions if they result in the current recognition of revenue or current reduction of cost as a result of incurring a liability to be recognized in the future or taking a risk to be determined and settled in the future. For example, sometimes the motivation for writing options is to recognize the premium in income over the option period as a means of reducing hedging cost or simply enhancing revenues. When such written options are accounted for on an accrual accounting basis, they often have the effect of increasing income currently in the form of premium recognition at the risk of incurring a much higher cost if the option is exercised in the future when the market has moved unfavorably to the writer of the option.

Use of derivatives solely to manage accounting earnings is prohibited. Derivative transactions are unauthorized if the intention of the transaction is to recognize a profit by closing out, modifying, terminating or offsetting the derivative instrument, even if the transaction would otherwise meet the requirements for use under this Policy.

## **Operating Limitations on Use of Derivatives**

### **Forecasted Transactions**

Forecasted transactions that are not expected to occur within one year generally are not considered to be probable of occurring under this Policy. Use of derivatives to hedge such forecasted transactions is not authorized unless specific written approval is obtained from the Board.

### **Maturity of Derivatives**

All derivatives must have an average life, including extensions, less than or equal to the corresponding instrument or transaction to which it is designated (i.e., a five year swap cannot be entered into to hedge a three year debt obligation). Any derivatives which can be extended in

maturity by either the Authority or the counterparty must be approved by the Committee due to the potential speculative nature of such items (see Speculative Activities).

## **Other Considerations**

### **Derivatives Operating Procedures**

- The Authority's internally managed investment portfolio, debt portfolio, and related interest rate risk are managed centrally by the Chief Financial Officer.
- Before entering into any derivative transaction, management must obtain a clear understanding of the products by determining how the value of the derivative relates to the value of the underlying instrument or index and how it operates. Further, management must ascertain that the fair value of the derivative can be estimated using internal valuation models or obtained from either the Authority's financial advisor or a broker/dealer other than the counterparty. The fair value of the derivatives portfolio will be monitored on at least a monthly basis and as requested to measure market risk, including the potential impact on operations of market movements, and credit risk, including exposures by counterparty and in total.
- The Authority will designate all hedging derivatives to a specific asset, liability, or portion of the debt portfolio, firm commitment or anticipated transaction.
- All interest rate swap contracts will conform to the standard International Swap Dealers Association ("ISDA") documentation with modifications as necessary with the advice of General Counsel.
- All derivatives will use an appropriate index (i.e., a taxable obligation should not be hedged with a SIFMA based swap).
- Derivatives should be entered into by either the President or Chief Financial Officer. In the ordinary course of business, the aforementioned individuals must agree on a derivative transaction prior to execution. This should be formally documented through authorization of the transaction confirmation by the approving parties via signature.
- Following execution of a transaction, terms of the transaction should be promptly communicated to all relevant parties. In a typical scenario, the Chief Financial Officer would execute the transaction over the phone. Thereafter, he/she would receive a written confirmation via facsimile from the counterparty financial institution. Upon signing of the confirmation, a copy of the statement should be circulated to the Chief

Financial Officer, The finance staff and appropriate personnel in the Accounting Department as soon as practicable after confirmation of the transaction is received. Appropriate documentation with regard to necessary modifications to the relevant ISDA contracts or legal opinions should be obtained by the finance staff with the advice of General Counsel and filed with the appropriate agreements.

- In the event that a transaction is to be unwound or terminated prior to maturity due to changes in Authority policy, market conditions, or the underlying hedged item, the Committee shall be advised of the unwound or terminated transaction.

### **Counterparty Risk**

The Authority will generally enter into derivative transactions with counterparties that are currently rated in the “A” category or higher or the equivalent rating by recognized rating agencies approved by the Committee and/or currently rating MEAG outstanding debt.

The Authority will generally continue in a derivative transaction if the counterparty’s credit rating is downgraded below the “A” category. Appropriate steps will be taken to minimize risks if the counterparty’s credit rating is downgraded below the “A” category. Such steps may include obtaining collateral, or some other acceptable form of credit enhancement, or terminating the transactions. Split-rated counterparties will be considered at the higher rating category if at least two rating agencies assign the higher rating. Counterparties with only two ratings will be considered at the lower rating. If an existing ISDA contains language further modifying rating requirements, such language should take precedence. The Committee will be notified of all credit downgrades and approve subsequent actions.

The Authority will not enter into a new derivative transaction with a counterparty if the new transaction will result in credit exposure related to derivative transactions governed by this Policy exceeding limits specified by the Committee. The finance staff shall monitor counterparty credit performance and credit limits to minimize concentration risk. Such limits are currently set as follows:

- |                                |                               |
|--------------------------------|-------------------------------|
| - For counterparties rated AAA | Not limited                   |
| - For counterparties rated AA  | Not greater than \$75 million |
| - For counterparties rated A   | Not greater than \$50 million |
| - For counterparties rated BBB | Not greater than \$ 5 million |

For purposes of this paragraph, “credit exposure” with the counterparty means the greater of the current net market value (as determined by generally accepted option pricing models - see Valuation) of all derivatives with “positive” values or 5% of the total notional value of the

derivatives with that counterparty. Prior to entering into new derivative transactions with counterparties rated less than A3/A-, the finance staff should pursue and/or exhaust counterparty options rated A3/A- or higher unless such opportunities would result in less-than-competitive market outcomes for MEAG.

### **Authorized Brokers**

The Chief Financial Officer shall maintain a list of authorized brokers for derivative transactions all of whom shall meet the credit standards of this section. All derivative transactions shall be accomplished with documents approved by the General Counsel.

### **Oversight and Support**

#### **Oversight by Committee**

Through approval of this Policy, the Board has authorized the Committee to assist it in establishing risk management policies and to oversee the Authority's management of interest rate risk and use of derivatives, however, the Board is ultimately responsible for oversight of compliance with this Policy.

Duties and responsibilities of the Committee include:

- Monitoring strategies and permitted uses of and limitations on derivatives.
- Ensuring that policies, strategies, procedures and controls are clear and unambiguous and that they are consistently communicated to and understood by everyone responsible for their implementation and monitoring.
- Establishing a general framework for monitoring results of derivative activities and compliance with procedures and controls, including independent review and control procedures by senior management.
- Evaluating proposed uses of derivatives which are either not specifically or clearly permitted by this Policy, and authorizing transactions considered appropriate and consistent with the overall business objectives of the Authority.
- Evaluating and approving new strategies and/or unusual transactions to ensure that all activities are consistent with this Policy and with overall Authority objectives.

- Approving counterparties proposed by the Chief Financial Officer.
- Specifying reports to be prepared on a periodic basis to be used for monitoring derivative activities and positions.
- Ensuring that all personnel responsible for the Authority's involvement with derivatives (including the Finance, Accounting, Tax, Legal and Risk Management Departments) as well as financial advisory service providers are suitably qualified by training and experience to fulfill their responsibilities.
- Periodically reporting derivative activities, including deficiencies, to the Board and Committee.
- Establishing procedures for identifying and monitoring unusual situations that may indicate unexpected or unauthorized risks taking, existing or potential, such as:
  - Hedging activities that increase concern about possible changes in market rates or prices indicating that the entity is not reducing risk.
  - Unrecognized hedging losses that exceed unrealized cash market gains.
  - Unusual result when applying scenario analysis to existing positions.
  - Failure of risk management results to meet Authority objectives, indicating that the use of derivatives was not effective.

All directives of the Committee with respect to derivatives will be specifically documented in the meeting minutes of the Committee.

### **Independent Review and Control Procedures**

The Risk Management / Internal Audit Department is responsible for performing procedures with respect to derivatives as requested by the Board in accordance with its charter and will report to the Committee on its findings.

### **Information Systems Support**

The Committee will ensure that adequate information systems are available to support derivative activities considering the nature, size and complexity of the derivatives being used. Such systems should ensure that information about derivative transactions is captured, processed and

reported and that transactions are settled in an orderly, efficient and timely manner. These systems also should include methods to independently verify information about the current fair value of derivative positions and other related instruments. Such systems should produce timely management reports, designed to facilitate measurement of the results of the Authority's derivative activities and monitor compliance with risk limit policies.

## **Monitoring**

The Chief Financial Officer should monitor results of derivative activities, and compliance with procedures and controls on a quarterly basis. The Committee should review reports of compliance testing by Risk Management/Internal Audit, reports prepared on a quarterly basis of positions and activities and analyses of the effectiveness of using derivatives to accomplish objectives, including sensitivity to potential market changes.

The Authority will record, report and account for risk management and hedging activities in accordance with GAAP. To monitor management's compliance with this Policy, the following quarterly report shall be submitted to the Committee.

- Open positions of derivatives, by type, showing notional amounts, maturity dates and items hedged or linked.
  
- Individual derivatives by type transacted during the most recent period detailing the specific hedged items, together with the relevant data demonstrating the effectiveness of the hedge.
  
- Gains and losses realized on any derivatives that were terminated and any transaction costs associated with the hedging activity, as well as offsetting amounts on hedged or linked items.
  - Unrealized gains and losses on derivative financial instruments.
  
  - Detail of any written option showing all relevant information including the specific objective for use, the term, fees received and strike price.
  
- Overall debt portfolio sensitivity analysis including effects of hedging activities.
  
- Any other information that the Committee deems relevant to hedging activities in order to fulfill its review and monitoring responsibility under this Policy.



## **D. ADMINISTRATION**

### **Committee**

The Committee is delegated responsibility for recommending to the Board this Policy and changes hereto, and for oversight and compliance with the Policy.

The Committee shall report quarterly to the Board on compliance with the Policy, and any other matters relative to oversight which the Committee deems important. The Committee shall report to the Board immediately any serious matter relating to non-compliance with the Policy, or any other significant matter requiring the Board's attention in the opinion of the Committee. Specific responsibilities of the Committee include:

- Reviewing the Policy and recommending it to the Board for adoption or re-approval.
- Reviewing changes to the Policy to keep it current with respect to new types of permitted investment securities and risk management strategies, changes in the degree of risks to be assumed, changes in risk oversight structure or practices, changes in market conditions, and other changes or additions advisable in the opinion of the Committee and its advisors, and recommending such changes to the Board for adoption. Such review should take place biennially, or more often as changes in business conditions warrant.

Upon revision or re-approval of the Policy, updated versions are to be sent to the following: Committee Members; CEO; Chief Financial Officer; Chief Accounting Officer; Manager of Risk Management and Internal Audit; external money managers; investment advisor; financial advisor; and others as deemed necessary.

- Establishing, through executive management and internal auditing, a monitoring and reporting system to ensure compliance with the Policy.

### **Implementation**

The Policy shall be effective upon its adoption by the Board. To the extent the portfolios and any positions do not comply with the Policy on its effective date, they will be brought into compliance as quickly as it is reasonably possible, having regard for the classification of the securities, without loss to the portfolios.

### **Policy Violations/Exceptions**

Exceptions to the Policy may be approved in advance through a proper notification process. The Chief Financial Officer shall first review a potential exception, and then forward a recommendation to the CEO and the Committee and/or Board for final approval before implementation.

The CEO shall be immediately informed of any significant matters or adverse developments pertaining to any material violations of the Policy, along with an explanation of such violation and an action plan and timetable for achieving compliance with the Policy.

Policy violations should be noted in writing as part of the quarterly ALCO report and addressed by the Committee as needed.

### **Committee Member Transition**

To aid in the process, MEAG staff shall provide orientation assistance to newly-assigned Committee members as needed during their transition by offering information on meeting structures, background, reporting processes, and/or relevant pending events or transactions.

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**Investment Policy - Appendix A-1**  
**Permitted Investment Securities by Issuer and Class**

<b>Class &amp; Issuer</b>	<b>Securities</b>
<u><b>Repurchase Agreements:</b></u> U.S. Banks Securities Dealers	Overnight Repo Term Repo
<u><b>Reverse Repurchase Agreements</b></u> U. S. Banks Securities Dealers	Overnight Reverse Repo Term Reverse Repo
<u><b>Georgia Local Government Investment Pool (GLGIP):</b></u>	State Investment Pool
<u><b>Money Market Funds:</b></u>	AAA-Rated only. Repurchase Agreements fully collateralized and collateral delivered. Investing in only Treasuries and Agencies as appropriate.
<u><b>Certificates of Deposit</b></u>	Collateralized*** FDIC Insured
<u><b>Bank Notes**</b></u>	Fixed Floating Rate
<u><b>Equity Investments**</b></u>	S&P 500 Index Funds S&P 400 Midcap Index Funds Small Cap Index Funds Small Cap Value Equities Small Cap Growth Equities
<u><b>Corporate Bonds**</b></u> Investment Grade	Fixed Variable Rate
<u><b>Treasuries:</b></u> U.S. Treasury HUD Direct Obligations of US Government	Bills Notes Bonds Strips Inflation Indexed Notes & Bonds
<u><b>Agency Debentures (others not listed can be added if Permitted Investments):</b></u> FFCB      TLGP (FDIC Insured)      TVA FHLB      FAMC      Maritime Admini FHLMC      FICO      AID FNMA      PEFCO      USPS Refcorp      SBA      US EX-IM Bank FHA	Bullets Callables Floating Rate Discount Notes Strips
<u><b>Other Corporations or Instrumentalities of the US Government</b></u>	
<u><b>Mortgages:</b></u> FHLMC FNMA GNMA	Balloon Mortgages Mortgage Pools Adjustable Rate

**Investment Policy - Appendix A-1**  
**Permitted Investment Securities by Issuer and Class**

Class & Issuer	Securities
<b><u>CMO &amp; REMIC:</u></b> * FHLMC FNMA GNMA VNMAC AAA Private Label CMOs (Agency Backed)	Mandatory Redemption Bonds VADM (Very Accurately Defined Maturity) PAC (Planned Amortization Class) Sequential Bonds TAC (Targeted Amortization Class) Accrual Bonds Floaters
<b><u>Commercial Mortgages</u></b> ** AAA – Rated	Fixed Rate Floating Rate
<b><u>Commercial Mortgage-Backed Securities (CMBS)</u></b> ** AAA – Rated	Fixed Rate Floating Rate
<b><u>Asset-Backed Securities (ABS)</u></b> ** AAA – Rated	Fixed Rate Floating Rate
<b><u>Municipal Bonds:</u></b> **** Public Housing Authorities (U.S. Guaranteed) State Obligations (General or Special) State of Georgia Obligations (includes Political Subdivisions and public authorities created by the legislature)	Fixed Variable Rate Auction Rate

\* Treasury personnel will use prudence in managing the risk of *Collateralized Mortgage Obligations* (CMOs). Only CMOs backed by pools of mortgages guaranteed by the full faith and credit of the U.S. Government or an agency thereof will be used.

\*\* Permitted investment in Decommissioning Trust Funds only. The aggregate corporate bond allocation shall have a rating no lower than the single “A” category.

\*\*\* Collateralization not required in Decommissioning Funds.

\*\*\*\* As allowable under the terms of the applicable bond resolution(s). If funds are not governed by a bond resolution, then as permitted by applicable Georgia law. Non-MEAG issued municipal bond holdings shall not have a rating below the single “A” category.

**State Obligation bond holdings for Power Resolution and General Resolution Accounts shall not have a rating below the “AA” category.**

As Amended January 18, 2018

## Investment Policy - Appendix A-2

### Portfolio Diversification and Security Position

Security Type	Maximum Position for a Given Trust or Resolution Fund Account
<b><u>Short Term Investments:</u></b> Repurchase Agreements Georgia Local Government Investment Pool (GLGIP) Money Market Funds Certificates of Deposit	100% 100% 100% 25%***
<b><u>Treasuries:</u></b> U.S. Treasury Bills U.S. Treasury Notes U.S. Treasury Strips	100% 100% 20%
<b><u>Agencies:</u></b> Discount Notes Bullet Debentures Callable Debentures Floating Rate Debentures* Strips	100% 100% 50% 40% 25%
<b><u>Municipals:</u></b>	50%****
<b><u>M.B.S.:</u></b> Balloon Product Mortgage Pools Adjustable Rate	30% 30% 30%
<b><u>Asset-Backed Securities (ABS)**</u></b>	25%
<b><u>Commercial Mortgages**</u></b> Mortgage Pools CMBS	25% 25%
<b><u>C.M.O.:</u></b> VADMs, PAC's, Accruals, Mandatory Redemption TAC's, Sequentials, & Other Amort. Z-Bonds Floaters*	40% 20% 5% 10%

**Investment Policy - Appendix A-2**

**Portfolio Diversification and  
Security Position**

Security Type	Maximum Position for a Given Trust or Resolution Fund Account
<b><u>Equities**</u></b> Large Cap Index Fund Mid Cap Index Fund Small Cap Index or Managed Funds Appendix A-2.1	<u>30% Maximum Total Position</u> Within Position - 70% Within Position - 15% Within Position - 15%
<b><u>Corporate Bonds**</u></b>	60%

\* Products issued with U.S. Dollar denominated indices

\*\* Permitted in Decommissioning Trust only

\*\*\*Except for Decommissioning Trust Securities Lending Program in which up to 100% is allowed

\*\*\*\* 100% is allowable for State of Georgia Obligations (includes Political Subdivisions and Public Authorities created by the Legislature). Other investments not issued by the US Government or one of the approved Government Sponsored Enterprises/Agencies will be limited by individual issuer to 10% of the total of a given Trust, Resolution Fund Account, or externally-managed portfolio. Securities Lending Repurchase Agreement cash collateral investments will be limited by issuer/counterparty to 35% of holdings for investments other than collateralized repurchase agreements or money market funds.

**Investment Policy - Appendix A-3**  
**Maximum Maturity Limitations by Security, Type, and Fund**  
**Bond Resolution Accounts**

Funds/Accounts	Resolution: Power-GP General-G BAN-B Combined Cycle- C Telecom-T Non-PPA-M PPA-J PPA-2-P SPV M/J/P -S	Benchmark Performance Index	Maximum Modified Duration Per Trust, Fund or Account	Maximum Repo Maturity	GLGIP MM-Treasury & Agencies MM-Treasuries	Maximum Treasury/ Agency Municipal Maturity	Maximum Mortgage/ CMO Maturity
<b>Debt Service Fund:</b> Debt Service Account Debt Service Reserve Acct Debt Service Reserve Acct	GP/G/C/T/M/J/P GP/G/ C/M/J/P	S&P-LGIP Citigroup 3-7 yr Citigroup 3-7 yr	0.5 years 5 years 8 years	90 days 90 days 90 days	MM-T&A MM-T&A MM-T&A	1 year 7 years 10 years	N/A 7 Years 10 years
<b>Revenue &amp; Operating Fund:</b> Reserve & Operating Acct. Supplemental Power Commercial Paper Fossil Fuel Reserve	GP/G/C/T/M/J/P GP/G/C/M/J/P GP/G GP/G	S&P-LGIP S&P-LGIP S&P-LGIP Citigroup 1-3 yr	0.5 year 0.5 year 1 year 2 years	90 days 90 days 90 days 90 days	MM-T MM-T MM-T MM-T	1 year 1 year 1 year 3 years	1 year 1 year 1 year 3 years
<b>Construction Fund:</b> Revolving Construction Construction-Fund Construction-Sub Bond Fuel Construction Fund Construction Fund-Interest  Nuclear Fuel SPV Local SPV DOE Construction SPV DOE Holdback	GP/G/C/M/J/P GP/G/C/T GP/G M/J/P M/J/P  GP/G/M/J/P S S S	S&P-LGIP Citigroup 1-3 yr Citigroup 3-7 yr Citigroup 1-3 yr Citigroup 3-7 yr  Citigroup 1-3 yr S&P LGIP S&P LGIP S&P LGIP	0.5 year 2 years 5 years 3 years 5 years  3 years 1 year 1 year 1 year	90 days 90 days 90 days 90 days 90 days  90 days none none none	MM-T MM-T&A MM-T&A MM-T&A MM-T&A  MM-T&A MM-T&A MM-T&A MM-T&A	1 year 3 years 7 years 5 years 7 years  5 years 1 year 1 year 1 year	N/A N/A 7 years 5 years 7 years  N/A N/A N/A N/A
<b>Bond Retirement:</b>	GP/G/C/T/M/J/P	S&P-LGIP	0.5 years	90 days	MM-T&A	1 year	N/A
<b>Subordinated Bond Fund:</b> Money Market Bond Debt Service Reserve	GP/G GP/G	S&P-LGIP Citigroup 3-7 yr	0.5 years 5 years	90 days 90 days	MM-T&A MM-T&A	1 years 7 years	N/A 7 years
<b>Reserve &amp; Contingency Fund:</b>	GP/G/C/T/M/J/P	Citigroup 3-7 yr	5 years	90 days	MM-T	7 years	7 years

- GLGIP** Georgia Local Government Investment Pool
- MM-T** Money Market – Treasury
- MM-T&A** Money Market – Treasury & Agency
- S&P-LGIP** Index is comprised of “local government investment pools” rated AAAM or Aam by Standard & Poor’s and Represent pools that strive to maintain a stable net asset value.
- Citigroup 1-3 yr** Citigroup Treasury/Government 1-3 year index
- Citigroup 3-7 yr** Citigroup Treasury/Government 3-7 year index
- Citigroup 7-10 yr** Citigroup Treasury/Government 7-10 year index



**Investment Policy – Appendix A-4**  
**Maximum Maturity Limitations by Security, Type and Fund**  
**Trust Accounts**

Funds/Accounts	Trust	Benchmark Performance Index	Maximum Modified Duration Per Trust, Fund or Account	Maximum Repo Maturity	GLGIP MM-Treasury & Agencies MM-Treasuries	Maximum Treasury/ Agency Municipal Corporate* Maturity	Maximum Mortgage/ CMO/ABS*/CMBS* Maturity
<b>Municipal Competitive Trust Investment Portfolio</b>							
: Short Term	Trust	S&P-LGIP	0.5 years	90 days	GLGIP-MM-T&A	1.5 years***	1.5 years
Intermediate	Trust	Citigroup 3-7 years	5 years	90 days	GLGIP-MM-T&A	10/1/2040***	10/1/2040
Intermediate Tax Restricted	Trust	Citigroup 3-7 years	5 years	90 days	GLGIP-MM-T&A	1/1/2020***	12/31/2018
Intermediate Extended Maturity	Trust	Citigroup 7-10 years	10 years	90 days	GLGIP-MM-T&A	10/1/2040***	10/1/2040
<b>Decommissioning Trust:</b>							
Fixed Income Investment	Trust	Barclays Int. Govt Credit S&P 500	8 years	90 days	GLGIP-MM-T&A	10 years****	30 years**
Large Cap Index Fund*	Trust	S&P 400 Mid Cap	N/A	N/A	N/A	N/A	N/A
Mid Cap Index Fund*	Trust	Russell 2000	N/A	N/A	N/A	N/A	N/A
Small Cap Index/ Managed Funds*	Trust		N/A	N/A	N/A	N/A	N/A
:							

\* Permitted Investment in Decommissioning Trust Fund Only

\*\*Not Beyond Scheduled Decommissioning Trust Cash Flow

\*\*\*For municipal variable rate demand obligations supported as to credit and liquidity by a letter of credit or similar instrument by a commercial bank rated in the three highest rating categories without regard to gradations within a category, the maximum maturity shall be 12/31/2054

\*\*\*\*10 year Maturity Restriction is on an effective basis, not a Stated/Legal Final Maturity basis. Stated/legal Final Maturity will not be greater than 30 years or the Scheduled Decommissioning Trust Cash Flow.

## Appendix A-5

### Glossary of Terms

**Accretion Directed (AD)** - Bond that pays principal from specified accretions of accrual bonds. ADs may, in addition, receive principal from the collateral pay downs.

**Accrual (Z)** - Bond that accretes interest which is added to the outstanding principal balance. This accretion can continue until the bond begins paying principal or until some other event has occurred.

**Accrued Interest** - The interest that has accumulated since the date of issuance or since the last coupon payment period, but not yet received.

**Adverse Development** - arising market conditions that contribute to a material mark to market erosion of principal value for an individual security or the portfolio as a whole.

**ARM Determined Interest Rate (ARM)** - Bond whose interest rate varies according to the changing net pass-through rates paid on the adjustable rate mortgage collateral backing the bonds.

**Arbitrage** - Profiting from differences in short-term interest rate spreads relating to borrowing versus lending.

**Asked Price** - The price at which securities are offered to a potential buyer, the price sellers offer to take.

**Asset Backed Security (ABS)** – A security backed by notes or receivables against assets other than real estate. Examples are autos or credit cards.

**Bank Balance** - The amount of money that is actually in the bank at any given time.

**Bank Notes** – An unsecured note issued by a bank. It is a debt security that carries no FDIC insurance.

**Basis Point** - one one-hundredth of a percent (.01%), used to express yield differentials.

**Basis Price** - Price expressed in yield to maturity, also known as the annual rate of return on an investment.

**Bear Market** - A market characterized by a trend of falling security prices.

**Bid Price** - the price that is offered to an owner to sell a particular security; or to submit a price one is willing to pay for a security.

**Block** - securities offered and sold in the form of units.

**Bond Equivalent Yield** - A measurement of the rate of return, expressed as a percentage, on a security sold on a discount basis that assumes actual days to maturity and a 365-day year.

**Bull Market** - A market characterized by a trend of rising security prices.

**Business Risk** - Business risk means quantifiable or identifiable risk relating to normal business operations (and activities that are a by-product of the normal business operations) of the Authority. Such operations and activities relate to development of services, including support activities, and are necessary for delivery of services of the Authority and cannot be avoided without the entity incurring substantial economic disadvantage because avoidance would unduly limit business operations. Forecasted transactions that expose the entity to risk and are probable also are considered business risks.

**Cash Settlement** - Delivery and payment for securities on the day the transaction takes place.

**Certificate of Deposits** - Interest bearing obligations issued by financial institutions evidencing their receipt of a time deposit at a fixed interest rate for a fixed maturity. Usually pays interest at maturity.

**Clearing** - The process by which credit is received from the collection of checks and wire transfers.

**Collected Balance** - The amount of money that is actually in the bank and available for use.

**Collateral** - *Securities* pledged by a financial institution to secure public funds.

**Collateralized Mortgage Obligation (CMO)** - A security backed by a pool of mortgages. CMOs are usually structured to include several tranches, which allocate interest and principal cash flows between various classes of investors. This Policy permits investment only in the most conservatively structured CMOs, they have not been included in the definition of derivatives.

**Commercial Mortgage** – A loan that has real estate as collateral and is used for a business venture.

**Commercial Mortgage-Backed Security (CMBS)** – A type of mortgage-backed security backed by mortgages on commercial rather than residential real estate.

**Contra-Party Confirm** - Written confirmation from the broker confirming all details of the transaction.

**Corporate Bond** – A debt obligation issued by a corporation.

**Corporate Settlement** - Delivery and Payment for securities three business days after the transaction takes place.

**Coupon** - the annual interest rate on a bond's (or note's) face value that the issuer promises to pay to the bondholder; or the physical certificate attached to a bond evidencing interest due on a payment date.

**Credit Risk** - The possibility that a loss may occur from the failure of another party to perform according to the terms of a contract.

**Delivery Versus Payment (DVP)** - Delivery of securities to a designated point (trustee bank or broker) upon receipt of payment for the securities, in the form of a bank wire or check.

**Derivative** - Any one of a class of securities whose value and performance is based primarily on the expectation of cash flows which are derived through leveraging or depend on specific market occurrences excluding permitted **CMOs** of the following types: **VADM, PAC, Sequential Bonds, TAC, Accrual Bonds** and *Floaters*.

**Derivative Financial Instrument** - A derivative financial instrument is a futures, forward, swap or option contract, or other financial instrument with similar characteristics.

Examples of other financial instruments with characteristics similar to option contracts include interest rate caps or floors. Those instruments have characteristics similar to options in that they provide the holder with benefits of favorable movements in the price of an underlying asset or index with limited or no exposure to losses from unfavorable price movements, generally in return for a premium paid at inception by the holder to the issuer. Other financial instruments with characteristics similar to forward contracts include various kinds of commitments to purchase stocks or bonds, forward interest rate agreements, and interest rate collars. Those instruments are similar to forwards in that they provide benefits of favorable movements in the price of an underlying asset or index and exposure to losses from unfavorable price movements, generally with no payment at inception.

The definition of a derivative financial instrument for purposes of this Policy excludes all on-balance-sheet receivables and payables, including those that “derive” their values or contractually-required cash flows from the price of some other security or index, such as mortgage-backed securities, interest-only and principal-only obligations, and indexed debt instruments. It also excludes optional features that are embedded within an on-balance-sheet receivable or payable (i.e., the conversion feature and call provisions embedded in convertible bonds).

**Direct Obligation** - A security issued by an agency backed by the full faith and credit of the agency (Direct obligations of the U.S. Government are defined as issues of the Treasury Department only).

**Discount** - the difference between face value and the selling price of an issue for issues selling below par.

**Discount Notes** - Short term obligations (maturities of one year or less) of an issuing agency.

**Fail** - A failure to deliver securities on settlement date.

**Federal Agricultural Mortgage Corporation (FAMC) Securities** - Obligations of the Corporation are used to purchase agricultural loans from mortgage lenders in support domestic

agricultural credit markets. Created by Congress, the Federal Agricultural Mortgage Corporation is an instrumentality of the United States.

**Federal Farm Credit Bank Securities** - Obligations of the Farm Credit System, which is a cooperatively owned nationwide system of banks and associations that provides mortgage loans, short and intermediate term credit to farmers, producers, etc., including rural cooperatives. They are secured obligations of banks operating under federal charter with governmental supervision.

**Federal Home Loan Bank Bonds** - Obligations of the Federal Home Loan Banks provide credit support to the thrift industry and stabilize the flow of mortgage money to the public. The banks operate under federal charter and government supervision. The banks must maintain secured advances, guaranteed mortgages, U.S. Government securities or cash in an amount equal to the notes and bonds outstanding. They are also authorized to borrow from the Treasury.

**Federal Housing Administration (FHA) Securities** - Created by Congress, the Administration is an agency of the United States Department of Housing and Urban Development (HUD) and provides mortgage insurance on domestic loans made by FHA-approved lenders. The Administration is largely funded by the income generated from the mortgage insurance premiums.

**Federal National Mortgage Association (FNMA) Securities** - Obligations of the Association issued to provide funds for home mortgages. The internal revenue service has ruled that **FNMA** is an instrumentality of the U.S.

**Financing Corporation (FICO) Securities** - Established by Congress as a federally chartered Corporation to fund the recapitalization of the Federal Savings and Loan Insurance Corporation (FSLIC), FICO's debt securities are backed by the United States Government with respect to principal only, not interest or coupon payments.

**Floater (FLT)** - Bond whose coupon resets periodically based upon a predetermined index. the "floating rate" typically has a cap, floor or both. The coupon varies directly with changes in the index.

**Full Faith and Credit** - The unconditional guarantee of payment of an obligation by an agency.

**Government National Mortgage Association (GNMA) Securities** - Obligations of the Association issued to support mortgage programs which could not be carried out in the private market. Because **GNMA** is a wholly owned corporation of the U.S. these securities are backed by the full faith and credit of the U.S.

**Hedging** - Hedging means reducing risk. Hedging includes activities that convert one type of risk to another risk that is deemed to be more tolerable or preferable than the existing risk. To qualify as a hedge, the activity should be expected to produce a measurable offset to risk relating to any asset, liability, committed transaction, or probable forecasted transaction. For forecasted transactions, offset can be accomplished if the activity locks in a fixed price, determined at the current market rate, thereby reducing or offsetting the risk that the current market price may

change before the anticipated transaction occurs. Such offset should be measured against changes in market values or cash flows.

For derivative activities, offset generally will exist if a derivative position is relatively equal and opposite to the item being hedged. The expectation of offset is typically founded in high inverse correlation between the derivative and the item being hedged. To qualify in part as a hedging activity, the derivative should be structured to provide a high expectation of a high degree of correlation in price or cash flow movement from market changes between it and the hedged item. Offset objectives should include the management of basis risk, which is the risk that the yield and price correlation between the hedged item and the hedging instrument could change, resulting in an over-hedged position.

**Idle Monies** - Discretionary funds with no currently defined liquidity requirements.

**Interest Only (IO)** – A class of mortgage-backed security containing only the interest portion of the underlying mortgage payments, which are separated from the principal portion of those same payments.

**Inverse Floater (INV)** - Bond whose coupon resets periodically (similar to floaters) based on a predetermined index, with an optional floor or cap or both. The coupon varies inversely with changes in the index.

**Investment Grade** – Description of a bond considered eligible for bank investment. Such Bonds are rated BAA or above by Moody's or BBB or above by Standard & Poor's.

**Investment Manager** - An individual, or firm, who is authorized by resolution to transact Authority investments.

**Investment Portfolio** - A collection of securities held by an investor for the purpose of gaining a financial return.

**Investment Statement** - Statement from the broker confirming all account activity for the month.

**Laddering** - A portfolio strategy in which assets are distributed evenly over a range of maturities.

**Leverage** - As applicable, either using borrowed money or an investment with a multiple-based payment dependent on an index or formula.

**Liquidity (LIQ)** - A LIQ bond is intended to qualify as a "liquid asset" for savings institutions. A LIQ bond is any agency issued bond that has a 5-year or less stated maturity or any non-agency issued bond that has a 3-year or less stated maturity -- as measured from issued date in each case.

**Mandatory Redemption Bond (MR)** – A bond that is guaranteed to be redeemed on a specified maturity date as part of a mandatory call.

**Margin Call** - Demand that a customer deposit enough money or securities to bring a margin account up to the initial margin or minimum maintenance requirements. If a customer fails to respond, securities in the account may be liquidated.

**Maritime Administration Securities**- The Administration is an agency of the United States Department of Transportation tasked with the support of domestic waterborne transportation and commerce.

**Market Risk** - Exposure arising from adverse changes in the market value (i.e., price) of an instrument or portfolio of instruments.

**Maturity** - Date at which the principal becomes due and payable in full to the holder of the security.

**Modified Duration** - Duration is a measure of a portfolio's exposure to interest rate risk. A higher value implies greater interest rate risk exposure. The expected Modified Duration is calculated as the weighted average time to payment of all expected principal and interest cash flows, with the weights given by the present value of the cash flow. Expected cash flows are determined taking into account sinking fund pay downs, expected mortgage prepayments, and the exercise of any "in-the-money" imbedded put or call options. Modified Duration is defined as equal to the duration divided by 1, plus the current market yield, divided by the number of payments in a year.

**Municipal Bonds (General Obligation)** - Direct and General obligations of any state provided that at the time of purchase they are rated in either of the two highest rating categories by a nationally recognized rating agency.

**Par Amount** - The face value of a security, shown on the face of the document in a specific dollar amount, also the amount due at maturity.

**Pass Through (PT)** - Bond that represents a 100% interest in specific collateral underlying such bond.

**Permitted Investment** - Any instrument approved for investment purposes by the Official Code of Georgia Annotated, the Power and General Power Revenue Bond Resolutions, and the scope of this Policy.

**Planned Amortization Class (PAC)** - Bond that pays principal based on a predetermined schedule established for a group of PAC bonds. The principal redemption schedule of the PAC group is derived by amortizing the collateral prepayment speeds. The two speeds are the endpoints for the "structuring PAC range." A PAC group is therefore defined as PAC bonds having the same structuring PAC range. A "Group" can be a single bond class.

**PAC-x(yz)** - [PAC-1(11) or PAC-1(22)] PAC with cash flow priority numbers relative to other PAC and TAC groups in the deal. Generally, a PAC-1(11) tranche has the highest cash flow priority and the most protection from call and extension risk.

**x** - the PAC "group" indicated by the issuer on the prospectus.

- y - the first number of the sub-type indicates the relative position in which the bond's **PAC** group will receive principal up to its **PAC** schedule(s), as determined by Bloomberg. A tranche with a "1" in the first position has the highest priority to meet its cash flow schedule when prepayments decline and less cash is available for distribution. This provides protection from extension risk. Tranches with a "2" in the first position will receive cash only after tranches with a "1" in this position have met their **PAC** schedule. The LOWER the number, the HIGHER the cash flow priority of the tranche or group in the deal.
  
- z - the second number of the sub-type indicates the relative position, starting from the last bond group and moving in reverse order, in which the bond's **PAC** group will receive principal in excess of the amount stated in the **PAC** schedule, as determined by Bloomberg. A tranche with a "1" in the second position will receive cash AFTER tranches with higher numbers in this position when prepayments accelerate and more cash is available for distribution. This provides protection against call risk. Tranches with a "2" in the second position will receive cash BEFORE tranches with a "1" in the second position when prepayments increase and the deal must distribute unscheduled principal. The HIGHER the number, the LOWER the cash flow priority of the tranche or group in the deal.

**Pledged Securities - *Securities*** owned by a financial institution, which are pledged as collateral for public deposits.

**Portfolio** - See *Investment Portfolio*.

**Premium** - The purchase of a security in which the price paid exceeds the face value; or the amount by which a security's market price exceeds its face value.

**Principal Amount** - The face or par value of an instrument that does not include any interest.

**Principal Only (PO)** - A class of mortgage-backed security which is secured by principal payments stripped from underlying mortgages.

**Private Export Funding Corporation (PEFCO) Securities** - Created with the support of the United States Treasury Department as a private corporation to assist in the financing of U.S. exports, the Corporation's obligations are guaranteed by the Export-Import Bank of the United States of America, an agency of the U.S. Government. Obligations of the Export-Import Bank are in turn guaranteed by the full faith and credit of the U.S. Government.

**Prudent Expert** - An individual who has proven in-depth knowledge of technical and fundamental factors affecting all relevant areas of investment activities.

**Public Securities Association (PSA) Standard Prepayment Model** - Industry standard for measuring prepayment speeds. Measures mortgage prepayment speeds based upon an assumption that prepayment of mortgages increases gradually over the first 30 months.



**Quote** - the offer to buy or to sell a security at a particular price.

**Refcorp Strips** - bonds issued by the Refunding Corporation, a financing arm for troubled Savings & Loans. Principal payments are guaranteed by the U.S. Government, interest payments are not.

**Regular Settlement** - Delivery and payment for securities the business day after the transaction takes place.

**Receipt Date.** The date the transaction is handled.

**Repurchase Agreement** - Sale of a security usually U.S. Governments, with the simultaneous commitment by the seller that, after a stated period of time, he will repurchase the security plus pay an agreed upon rate of interest.

**Reverse Repurchase Agreement** - A money market lending transaction; the mirror image of a *Repurchase Agreement*.

**Risk Management** - Controlling the risk associated with all business activities of the Authority that could result in the possibility of sustaining any economic loss. It includes activities that identify, measure, assess, limit and reduce risk. Its goal is to limit and reduce risk to the Authority.

**Roll Over** - Reinvesting principal or accrued interest or both from a matured investment.

**Safekeeping** - A service offered by financial institutions in which investments are held on the institution's premises (such as in a vault) for protection.

**Safekeeping Schedule** - Document from the safekeeping agent confirming the inventory and transfer of securities.

**Scheduled (SCH)** - Bond that pays principal based on a predetermined schedule, but does not fit the definition of a **PAC** or **TAC**. Generally, scheduled tranches have a prepayment collar that is too narrow to be called a **PAC**.

**SCH(yz)** - [SCH(22), SCH(33)] Scheduled tranche with cash flow priority numbers relative to the other **PAC**, **TAC** or **SCH** groups in the deal. For a description of the cash flow priority numbers see Planned Amortization Class (**PAC**).

**Securities** - Documents that can be traded for value; instruments of ownership or debt used to finance government and corporate entities.

**Securities Swap** - The simultaneous purchase and sale of similar quality securities.

**Securities Transaction Ticket** - Document evidencing all relevant information relating to an investment transaction.

**Selection Guidelines** - The set criteria used to evaluate a securities dealer.

**Sequential Pay (SEQ)** - Bond that starts to pay principal when classes with an earlier priority have paid to zero. **SEQ** bonds enjoy uninterrupted payment of principal until paid to zero balance. **SEQ** bonds may share principal pay down on a pro-rata basis with another class.

**Settlement Date** - The Date on which a trade is cleared (completed) by delivery of securities for the payment of funds.

**Short Sale** - To execute the sale of a specific security prior to its purchase.

**Small Business Administration (SBA) Securities** - The SBA is an independent agency and instrumentality of the U.S. Government tasked with providing aid and economic development to domestic small business concerns.

**Soft Bullet Maturity (SB)** - Asset backed securities bonds that have collection periods which are structured, but not guaranteed, so that the last scheduled deposit to the principal funding account coincides with the expected maturity date of the bonds.

**Speculative Risk** - Any risk that is engaged in for its own sake and is not a business risk. It includes risk that results from transactions engaged in solely for purposes of profiting from market movements. It is unrelated to production and delivery of products and services, and it could be avoided without a substantial economic penalty to the Authority.

**Spread** - The difference between the amount paid when a security is bought and the amount received when the security is sold; the difference between two prices or two rates.

**Spread Trade** - A trade that weights mismatched maturities on both a long and short position.

**Structured Note** - A customized security whose interest and/or principal is linked to the value of an underlying asset or index by a formula, typically while containing one or more derivative components.

**Support (SUP)** - Bonds that receive principal payments after scheduled payments have been made on some or all **PAC**, **TAC**, and/or **SCH** bonds for each payment date.

**Systemic Risk** - The risk that a disruption (at a firm, in a market segment, to a settlement system, etc.) causes widespread difficulties at other firms, in other market segments or in the financial system as a whole.

**Target Amortization Class (TAC)** - Bond that pays principal based upon a predetermined schedule which is derived by amortizing the collateral based on a single prepayment rate.

**TAC(yz)** - [TAC(11), TAC(22)] Targeted Amortization Class with cash flow priority numbers relative to other **PAC**, **TAC**, or **SCH** groups in the deal. For a description of the cash flow priority numbers, see Planned Amortization Class.

**Temporary Liquidity Guarantee Program (TLGP) Securities** - The Temporary Liquidity Guarantee Program was instituted by the FDIC in 2008 in response to a worldwide credit crisis. The program was designed to foster banking system liquidity by guaranteeing the senior unsecured debt obligations of banks, thrifts, and certain bank holding companies, and by providing full FDIC insurance coverage for non-interest bearing deposit transaction accounts. Securities issued under the program are fully guaranteed by the FDIC with respect to principal and interest. The FDIC guarantee is backed by the full faith and credit of the US Government.

**Tennessee Valley Authority (TVA) Securities** - Established by Congress as a federal corporation, the Authority is an agency and instrumentality of the U.S. Government and a regional development agency and public power company.

**Total Return** - Earned yield based on amortization, accretion, interest income and trading gains and losses.

**Timely Manner** - Within 30 business days of adverse developments.

**Trade Blotter** - Document used to record the details of trading activity at the time of execution.

**Trade Date** - The date on which a transaction is agreed upon.

**Trader** - An individual or a representative who buys and sells securities.

**Tranche** - A class of bonds in a CMO offering which shares the same characteristics.

**Treasury Bills** - Direct obligations of the U.S. that mature in one year or less. They are issued on a discount basis. That is, they are sold at a dollar price less than their par value. The difference is recognized as interest.

**Treasury Notes** - Direct obligations of the U.S. issued with original maturities of between two and ten years. They are issued on a coupon basis and pay interest semi-annually.

**Treasury Strips** - Acronym for Separate Trading of Registered Interest and Principal of Securities. STRIPS are coupon and interest payments that have been separated from U.S. Treasury notes and bonds.

**United States Aid for International Development (AID) Securities** - Obligations of the Agency of International Development, an agency of the United States State Department. AID is an independent agency that provides economic, development, and humanitarian assistance around the world in support of the foreign policy goals of the United States. Its securities carry the full faith and credit guarantee of the US Government.

**United States Export-Import Bank (US EX-IM BANK) Securities** - The Bank is an independent agency wholly-owned by the United States of America, and functions as the official export credit agency of the United States. Its obligations are backed by the full faith and credit of the U.S. Government.

**United States Postal Service (USPS) Securities** - The United States Postal Service is an independent establishment of the executive branch of the United States of America.

**Very Accurately Defined Maturity (VADMs)** - Bonds that guarantee protection against average life variability by having less cash flow timing uncertainty than the underlying collateral. **VADMs** have predictable performance in all market environments.

**Yield** - The rate of annual income or return on an investment expressed as a percentage.

**Yield Curve** - A graph showing the relationship at any given point in time between yield and current maturity.

**Yield to Maturity** - The rate of return yielded by a debt security held to maturity when both interest payments and the investor's capital gain or loss on the security are taken into account.

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**Southern Nuclear Operating Company**

**ND-20-0243**

**Enclosure 2d**

**Vogtle Electric Generating Plant (VEGP) Units 3 and 4**

**Executed Financial Instrument:**

**The City of Dalton (“Dalton Utilities”)**

**Executed Escrow Agreement**

174450

ESCROW AGREEMENT

THIS AGREEMENT, is made and entered into this 25th day of July, 1990, by and between THE CITY OF DALTON, a municipal political subdivision of the State of Georgia, acting through its Board of Water, Light and Sinking Fund Commissioners, and *Citizens and Southern Trust Company (Georgia), N.A.* as Escrow Agent (hereinafter referred to as "Escrow Agent"),

W I T N E S S E T H :

WHEREAS, The City of Dalton has an ownership interest in the Edwin I. Hatch Nuclear Plant Units 1 and 2 ("Plant Hatch"), located in Baxley, Georgia, and the Alvin W. Vogtle Nuclear Plants Units 1 and 2 ("Plant Vogtle"), located in Waynesboro, Georgia, which are also co-owned by the Georgia Power Company, Oglethorpe Power Corporation and the Municipal Electric Authority of Georgia as set forth in Exhibit A, attached hereto and incorporated herein by reference;

WHEREAS, The City of Dalton as a co-owner of Plants Hatch and Vogtle is a co-licensee under Nuclear Regulatory Commission ("NRC") regulations and therefore subject to NRC regulation;

WHEREAS, NRC regulations provide that The City of Dalton as a co-licensee of Plants Hatch and Vogtle is required to provide assurance prior to July 26, 1990, that certain minimum funds will be placed outside the administrative control of The City of Dalton and dedicated to the purpose of decommissioning the radioactive portions of the Plants when their operating licenses expire;

WHEREAS, The City of Dalton has elected to satisfy NRC regulations by the method of purchasing bonds and placing them in the custody of an escrow agent;

WHEREAS, The City of Dalton desires Escrow Agent to act as an escrow agent in accordance with the terms and conditions of this Agreement; and

WHEREAS, the Escrow Agent is willing to act as escrow agent in accordance with the terms of this Agreement;

NOW THEREFORE, for and in consideration of the mutual covenants and promises contained herein, the parties hereto agree as follows:



ARTICLE I

Delivery and Disbursement

1. Appointment of Escrow Agent. The City of Dalton hereby appoints Escrow Agent to act as escrow agent in accordance with and subject to the terms of this Agreement, and the Escrow Agent hereby accepts such appointment and agrees to act in accordance with the terms of this Agreement. Escrow Agent agrees to hold, invest and dispose of the Escrow Funds in accordance with the terms and conditions of this Agreement.

2. Delivery of Escrow Funds. The City of Dalton has delivered to Escrow Agent the personal property described on Exhibit B, attached hereto and incorporated herein by reference. The escrow account shall consist of four Escrow Funds, one for each Participating Unit, as shown on Exhibit B, which shall remain segregated by Participating Unit, for the purpose of funding the decommissioning costs of the respective Participating Units.

3. Representation and Warranties by Participant. The City of Dalton represents and warrants to the Escrow Agent as follows:

(a) The City of Dalton has good, absolute and marketable title to all of the personal property deposited into the Escrow Funds and shown on Exhibit B, free and clear of all liens, claims, encumbrances, and restrictions of every kind. The City of Dalton has the complete and unrestricted right, power and authority to deposit such personal property into the Escrow Funds pursuant to the Agreement. The delivery of such personal property to the Escrow Agent is herein contemplated to vest in the Escrow Agent good, absolute, and marketable title to all of such personal property, free and clear of all liens, claims, encumbrances, and restrictions, except as provided under the terms of the agreement.

(b) The City of Dalton has good, absolute and marketable title to all of the real and/or personal property as of the date such property may be substituted for or added to the assets of the Escrow Funds during the term of this Agreement and shown on Exhibit B of this Agreement, and such property is held subject to no lease, mortgage, pledge, lien, charge, security interest, encumbrance, or restrictions whatsoever. Simultaneous

with the deposit of the properties shown on Exhibit B, The City of Dalton shall take all steps as may be requisite to vest in the Escrow Agent good, absolute, and marketable title to all of such property free and clear of all liens, claims, encumbrances, and restrictions, except as provided under this Agreement.

4. Disbursement of Escrow Funds.

(a) The Escrow Agent shall release the Escrow Fund for a Participating Unit to The City of Dalton upon the presentation of a certificate duly executed by an authorized representative of The City of Dalton attesting to the occurrence of the events, and in the form set forth in the Exhibit C Specimen Certificate of Events, attached hereto and incorporated herein by reference, and upon presentation of a certification in the form set forth in Exhibit D, attached hereto and incorporated herein by reference.

(b) Upon Escrow Agent receiving written notification of the default or disability of The City of Dalton from the NRC, Escrow Agent shall release the

Escrow Fund of the Participating Unit or Units identified by the NRC from the escrow account as the NRC shall direct, in writing, to provide for the payment of the costs of the required decommissioning activities covered by this Agreement.

(c) During the term of this Agreement, The City of Dalton shall be responsible for any and all insurance premiums, personal and real property taxes, federal and state income taxes, or any other taxes that may be imposed by any local, state, or federal governmental authority with respect to the property held in the escrow account.

(d) In the event that The City of Dalton shall transfer part or all of its ownership interest in any Participating Unit, evidenced by a written notification to that effect from an authorized representative of The City of Dalton, the Escrow Agent shall release the respective Escrow Funds in accordance with the written directions of The City of Dalton.

(e) In the event The City of Dalton determines it has placed funds with the Escrow Agent mistakenly or which are otherwise not required to be placed in escrow pursuant to NRC regulations, the Escrow Agent shall release such funds to The City of Dalton upon receipt of written notification to that effect from an authorized representative of The City of Dalton.

(f) In the event that this Escrow Agreement is terminated in accordance with Section 8 of Article III, the Escrow Agent shall release the Escrow Funds in accordance with the written directions of an authorized representative of The City of Dalton.

## ARTICLE II

### Escrow Account Management

1. Investments. In the event that the bonds or other time deposit investment in any Escrow fund shall mature prior to the disbursement or termination of such Escrow Fund, the Escrow Agent shall invest and reinvest the principal and income of such Escrow

Fund and keep the Escrow Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which The City of Dalton may communicate in writing to the Escrow Agent from time to time, subject, however, to the provisions of this Escrow Agreement; the Escrow Agent shall discharge its duties with respect to the escrow account solely in the interest of The City of Dalton and with the care, skill, prudence, and diligence, under the circumstances then prevailing, that persons of prudence, acting in like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims; except that securities or other obligations of The City of Dalton, or any other owner or operator of the Participating Unit(s), or any of their affiliates as defined in the Investment Company Act of 1940, as amended, shall not be acquired or held, unless they are securities or other obligations of a state government.

2. Annual Inventory. After delivery of the Escrow Funds to the Escrow Agent pursuant to this Agreement, the Escrow Agent shall, prior to the first day of July of each year, furnish to The City of Dalton a statement confirming the inventory of the property in the escrow account, including, the maturity values and dates of

maturity and such other identifying information as is included in Exhibit B.

### ARTICLE III

#### Terms of Escrow

1. Duties. The Escrow Agent shall have no duties or obligations hereunder except as expressly set forth herein, shall be responsible only for the performance of such duties and obligations, and shall not be required to take any action otherwise than in accordance with the terms hereof. Except as otherwise provided herein, the Escrow Agent shall not be bound by any waiver, modification, amendment or supersession of this Agreement, unless the Escrow Agent's prior written consent shall be first obtained.

2. Documents. The Escrow Agent may treat as genuine and act in reliance upon any notice, request, consent, instruction, direction, receipt, document, instrument, certificate, letter, paper, or other writing in good faith believed by Escrow Agent to be genuine and Escrow Agent shall not be required to investigate the authenticity or authorization thereof or accuracy of any

information contained therein, and Escrow Agent may assume that any person purporting to give the same has been duly authorized to do so and that the same is properly made or given. The Escrow Agent may rely upon any order, judgment, certification, demand, or other writing delivered to it hereunder without being required to determine the propriety or validity of the service thereof or the jurisdiction of any court.

3. Liabilities. Escrow Agent shall not be in any manner liable or responsible to any person whomsoever for any loss, expense, or damage arising by reason of any act or omission to act by Escrow Agent, or permitted by Escrow Agent, hereunder or in connection with any of the transactions contemplated hereby, including, but not limited to, any loss or liability that may occur by reason of any forgery, false representations, errors of judgment, mistakes of fact or law, the exercise of the discretion of Escrow Agent in any particular manner, any act or omission by Escrow Agent, for any other reason, except for the gross negligence or wilful misconduct of Escrow Agent. The Escrow Agent shall incur no liability for any action or omission to act in accordance with advice of counsel selected by Escrow Agent.



4. Indemnity. The City of Dalton agrees to indemnify and hold the Escrow Agent harmless from and against any and all liabilities, including, without limitation, any claims, costs, damages, judgments, attorneys' fees, investigation costs, disbursements, expenses, obligations, taxes, assessments, actions, suits, or charges imposed upon or incurred by Escrow Agent hereunder, including any litigation arising from this Agreement or involving the subject matter hereof, or by reason of any of the transactions contemplated hereby, and against any loss Escrow Agent may sustain in carrying out the responsibilities of Escrow Agent hereunder.

5. Controversy. In the event any controversy or dispute arising hereunder or with respect to the construction hereof or any action to be taken by the Escrow Agent hereunder or otherwise, Escrow Agent may retain possession of the Escrow Funds without liability to any one until such controversy or dispute shall have been settled, either by mutual agreement (evidenced by appropriate instructions in writing to the Escrow Agent, signed by the proper authorities) or by binding arbitration, or by a final order, decree, or judgment of a court of competent jurisdiction (but Escrow Agent shall be under no duty whatsoever to institute or

defend any such proceedings). The Escrow Agent shall distribute the Escrow Funds in accordance with the terms hereof unless instructed otherwise by an order of a court of competent jurisdiction. Any other provision of this Agreement notwithstanding, Escrow Agent may, at any time in the sole discretion of Escrow Agent, tender into the registry or custody of any court of competent jurisdiction the Escrow Funds, together with such legal pleadings Escrow Agent may deem appropriate and thereupon be discharged from all further duties, obligations, and liabilities under this Agreement. All parties hereto hereby submit to the personal jurisdiction of said court and waive all rights to contest said jurisdiction.

6. Resignation. The Escrow Agent may resign as such at any time and thereupon be discharged of all duties and obligations hereunder by giving thirty (30) days' written notice thereof to The City of Dalton. Upon thirty (30) days' written notice, The City of Dalton may replace the Escrow Agent with a successor whereupon the Escrow Agent so replaced shall be discharged of all duties and obligations hereunder; provided however that any such resignation or replacement shall not be effective until The City of Dalton has appointed a successor Escrow Agent. The successor Escrow Agent

shall have the same powers and duties as those conferred on the Escrow Agent under this Agreement. Upon the successor's acceptance of the appointment, the Escrow Agent shall assign, transfer and pay over to the successor the funds and properties then constituting the escrow account. If The City of Dalton fails to appoint a successor Escrow Agent within fifteen (15) days of the written notice of resignation or replacement, the Escrow Agent may petition a court of competent jurisdiction to name a successor Escrow Agent. The Escrow Agent shall continue to serve until a successor accepts the escrow and receives the Escrow Funds.

7. Cost and Compensation. The City of Dalton agrees to reimburse the Escrow Agent for all reasonable expenses, disbursements, and advances incurred or made by the Escrow Agent in performance of the duties of Escrow Agent hereunder. The Escrow Agent shall be compensated for its services in connection with this Agreement as follows: The City of Dalton shall pay to the Escrow Agent from time to time, and the Escrow Agent shall be entitled to, reasonable compensation for all services rendered by it in the execution of the duties hereby imposed upon it under the terms of this Agreement and in the exercise and performance of any of the

duties hereunder in such amounts and in such manner as the parties may mutually agree.

8. Termination of Escrow Agreement. This Agreement shall terminate (except for the provisions of Article III hereof, which shall survive termination) upon the happening of either (1) the complete distribution of the Escrow Funds, whereupon the Escrow Agent shall be relieved of any further duties and obligations hereunder, or (2) written notice of termination to the Escrow Agent signed by an authorized representative of The City of Dalton.

#### ARTICLE IV

##### Miscellaneous

1. Notices and Authorized Representatives. All notices, consents, or other communications required or permitted hereunder shall be given in writing and hand delivered or sent by certified or registered mail, postage prepaid, and return receipt requested, to the persons and at the addresses listed below, who shall serve as the authorized representatives of the parties, respectively, for all purposes of this Agreement, or to such other persons as may hereafter be designated in writing by the authorized

representatives of the parties in accordance with this Paragraph. All notices, consents, or other communications shall be deemed given when actually hand delivered, or three (3) days after mailing in accordance with this Paragraph.

To The City of Dalton:

Mr. DeForrest Parrott, Secretary  
Board of Water, Light & Sinking Fund Commissioners  
P. O. Box 869  
Harris Street  
Dalton, Georgia 30722-0869

To The Escrow Agent:

*Citizens and Southern Trust Company (Georgia) National Association  
33 North Avenue  
Suite 700  
Atlanta, Georgia 30308  
Attn: Olga Warren*

2. Waiver. No waiver of any breach of any covenant, agreement, or understanding contained herein shall operate as a waiver of any subsequent breach of the same covenant, agreement, or undertaking or as a waiver of any breach of any other covenant, agreement, or undertaking. In the case of a breach by any party of any covenant, agreement, or undertaking, the nonbreaching party may nevertheless accept from the other, any payment or performance without waiving its right to exercise any right or remedy provided

herein or otherwise, with respect to any such breach which was in existence at the time such payment or performance were accepted by it. No failure of any party to exercise any power given herein or to insist upon strict compliance with any covenant, agreement or undertaking contained herein, shall constitute a waiver of such party's right to demand exact compliance with the terms hereof. The waiver by any party of a breach of any covenant, agreement, or undertaking contained herein shall be made only by a written waiver in each case, and no such waiver shall operate or be construed as a waiver of any prior or subsequent breach.

3. Severability. If any provision of this Agreement shall, to any extent, be held invalid, illegal, or unenforceable, in whole or in part, the validity, legality, and enforceability of the remaining part of such provision, and the validity, legality, and enforceability of the other provisions hereof, shall not be affected thereby. If any such invalidity shall be caused by the length of any period of time, the size of any area or the scope of activities set forth in any provision hereof, such period of time, such area or scope or all, shall be considered to be reduced to a period, area, or scope which would cure such invalidity. Any provision of this Agreement which is held invalid, illegal or

unenforceable in any jurisdiction shall not be deemed invalid, illegal, or unenforceable in any other jurisdiction.

4. Counterparts. This Agreement may be executed in more than one counterpart, each such counterpart shall be deemed an original, and all counterparts shall constitute one and the same agreement. This Agreement shall be effective when executed by all parties, but all parties need not execute the original or the same counterpart.

5. Amendments. This Agreement may be amended by a written instrument signed by an authorized representative of each party.

6. Entire Agreement. This Agreement embodies the entire understanding and agreement among the parties pertaining to the subject matter hereof, and all prior agreements and understandings of the parties, whether written or oral, are terminated and superseded by this Agreement and shall be deemed merged herein.

7. Remedies Cumulative. Except as otherwise expressly provided herein, all rights, remedies, powers and privileges conferred hereunder upon any party shall be cumulative and not restrictive of those given by law. No remedy herein conferred is

exclusive of any other available remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given by agreement or now or hereafter existing at law or in equity or by statute.

8. Assignment. Neither this Agreement nor any right, remedy, obligation, or liability arising hereunder or by reason hereof, shall be assignable by the Escrow Agent without the prior written consent of The City of Dalton.

9. Binding Effect. This Agreement shall be binding upon, shall inure to the benefit of, and shall be enforceable by and against all the parties and their respective heirs, legal representatives, successors and assigns. Nothing in this Agreement, expressed or implied, is intended to or shall confer upon any person other than the parties, and their respective heirs, legal representatives, successors, and assigns, any rights, remedies, obligations or liabilities.

10. Further Assurances. Each of the parties will execute, deliver, acknowledge, or supply such further documents, instruments, and assurances as shall be reasonably necessary or



appropriate to carry out the full intent and purposes of this Agreement.

11. Governing Law. This Agreement shall be administered, construed and enforced in accordance with the laws and decisions of the State of Georgia.

IN WITNESS WHEREOF, the parties have executed this Agreement or caused the same to be duly executed under seal on the day and year first above written.

THE CITY OF DALTON

By: *Gene B. Bradley* (SEAL)  
Chairman, Board of Water, Light  
& Sinking Fund Commissioners

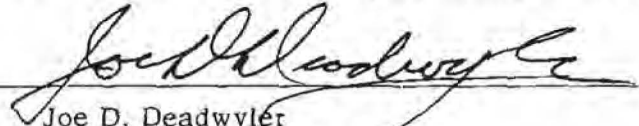
ATTEST:

*Dr. Forrest Parrott*  
Secretary, Board of Water,  
Light and Sinking Fund  
Commissioners

ESCROW AGENT:

Citizens and Southern Trust Company (Georgia), N.A.

By:



Joe D. Deadwyler  
Senior Vice President

Sworn to and subscribed  
before me, this the 25  
day of July, 1990.

  
Notary Public

My Commission Expires:

Notary Public, Cobb County, Georgia  
My Commission Expires

---

Notary Public, Cobb County, Georgia  
My Commission Expires Sept. 15, 1993

EXHIBIT A

PARTICIPATING UNITS AND OWNERSHIP INTERESTS

	<u>Hatch Unit 1</u>	<u>Hatch Unit 2</u>	<u>Vogtle Unit 1</u>	<u>Vogtle Unit 2</u>
NRC Facility Operating License Number	DPR-57	NPF-5	NPF-68	NPF-81
License Expiration Date	8-6-14	6-13-18	1-16-27	2-9-29
Ownership Interest (Percentage)				
Georgia Power Company	50.1	50.1	45.7	45.7
Oglethorpe Power Corporation	30.0	30.0	30.0	30.0
Municipal Electric Authority of Georgia	17.7	17.7	22.7	22.7
The City of Dalton	<u>2.2</u>	<u>2.2</u>	<u>1.6</u>	<u>1.6</u>
	100.0	100.0	100.0	100.0

**EXHIBIT B  
ESCROW FUNDS**

The following bonds have been deposited in the escrow account as the Escrow Funds of the respective Participating Units pursuant to that certain Escrow Agreement by and between The City of Dalton and \_\_\_\_\_, as Escrow Agent, dated \_\_\_\_\_, 1990.

<u>Participating Unit</u>	<u>Bond Identification</u>	<u>Date of Maturity</u>	<u>Value at Maturity</u>
Hatch 1			
Hatch 2			
Vogtle 1			
Vogtle 2			

Receipt of the foregoing Escrow Funds is hereby acknowledged this \_\_\_ day of \_\_\_\_\_, 1990.

**ESCROW AGENT:**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Attest: \_\_\_\_\_  
Title: \_\_\_\_\_

(CORPORATE SEAL)

**EXHIBIT C (p. 1 of 2)**  
**SPECIMEN CERTIFICATE OF EVENTS**

[Insert name and address of escrow agent]

Attention: Escrow Division

Gentlemen:

In accordance with that certain Escrow Agreement by and between The City of Dalton and \_\_\_\_\_, as Escrow Agent, dated \_\_\_\_\_, 1990, I, \_\_\_\_\_, Secretary of the Board of Water, Light and Sinking Fund Commissioners of The City of Dalton hereby certify that the following events have occurred:

1. The City of Dalton is required to commence the decommissioning of its Plant \_\_\_\_\_ facility, Unit \_\_\_\_\_ located at \_\_\_\_\_, Georgia (hereinafter called the decommissioning).
2. The plans and procedures for the commencement and conduct of the decommissioning have been established in accordance with the regulations of the United States Nuclear Regulatory Commission, or its successor.
3. The City Council of The City of Dalton has adopted the attached resolution authorizing expenditures of funds for decommissioning costs.

\_\_\_\_\_  
Secretary of the Board of Water, Light  
and Sinking Fund Commissioners of The  
City of Dalton

\_\_\_\_\_  
Date

EXHIBIT C (p. 2 of 2)  
SPECIMEN CERTIFICATE OF RESOLUTION

I, \_\_\_\_\_, do hereby certify that I am City Clerk of The City of Dalton, a municipal corporation of the State of Georgia, and that the resolution listed below was duly adopted at a meeting of the City Council on \_\_\_\_\_, 20\_\_.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of the City of Dalton this \_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
City Clerk of The City of Dalton

RESOLVED, that the City Council hereby authorizes the Secretary or other appropriate member of the Board of Water, Light and Sinking Fund Commissioners of The City of Dalton to expend amounts for the costs associated with decommissioning of the Plant \_\_\_\_\_ facility, Unit \_\_\_\_, from the funds placed in escrow for that purpose with \_\_\_\_\_, the Escrow Agent, pursuant to the terms of that certain Escrow Agreement dated \_\_\_\_\_, 1990, in accordance with the terms and conditions described to this City Council at this meeting and with such other terms and conditions as the Board of Water, Light and Sinking Fund Commissioners shall approve with and upon the advice of counsel.

**EXHIBIT D  
SPECIMEN CERTIFICATE**

{Insert name and address of escrow agent}

Attention: Escrow Division

Gentlemen:

In accordance with the terms of that certain Escrow Agreement by and between The City of Dalton and \_\_\_\_\_, as Escrow Agent, dated \_\_\_\_\_, 1990, I, \_\_\_\_\_, Secretary of the Board of Water, Light and Sinking Fund Commissioners of The City of Dalton hereby certify that:

1. Decommissioning of The City of Dalton's Plant \_\_\_\_\_ facility, Unit \_\_\_\_\_, located at \_\_\_\_\_, Georgia, is proceeding pursuant to a plan and procedures established in accordance with regulations issued by the United States Nuclear Regulatory Commission, or its successor.
2. The Escrow Fund requested for release on this date will be expended for decommissioning activities pursuant to such plan.

\_\_\_\_\_  
Secretary of the Board of  
Water, Light and Sinking Fund  
Commissioners of The City of Dalton

\_\_\_\_\_  
Date

## **FIRST AMENDMENT TO ESCROW AGREEMENT**

This First Amendment to Escrow Agreement (the "Amendment") is made and entered into this 28 day of February, 2020 by and between the Board of Water, Light and Sinking Fund Commissioners for the City of Dalton, Georgia d/b/a Dalton Utilities ("Dalton Utilities") and The Bank of New York Mellon Corporation ("Escrow Agent")

### **WITNESSETH:**

**WHEREAS**, Dalton Utilities entered into that certain Escrow Agreement dated July 25, 1990 ("Escrow Agreement") with Citizens and Southern Trust Company (Georgia), N.A. ("CSTC"); and

**WHEREAS**, on or around July 27, 1996, Dalton Utilities, CSTC and Escrow Agent entered into an Agreement of Resignation, Appointment, and Acceptance whereby CSTC resigned as escrow agent under the Escrow Agreement, Escrow Agent was appointed as successor escrow agent to CSTC, and Escrow Agent accepted such appointment;

**WHEREAS**, after the Escrow Agreement was executed by the parties, Dalton Utilities acquired an ownership interest in Alvin W. Vogtle Nuclear Plant Units 3 and 4 ("Vogtle 3 and 4") located in Waynesboro, Georgia, which are also co-owned by Georgia Power Company, Oglethorpe Power Corporation and MEAG SPV1, MEAG SPV2, and MEAG SPV3;

**WHEREAS**, Dalton Utilities as a co-owner of Vogtle 3 and 4 is a co-licensee under the Nuclear Regulatory Commission ("NRC") regulations and therefore subject to NRC regulations;

**WHEREAS**, NRC regulations provide that Dalton Utilities as a co-licensee of Vogtle 3 & 4 is required to provide assurance prior to March 13, 2020, that certain minimum funds will be placed outside the administrative control of Dalton Utilities and dedicated to the purpose of decommissioning the radioactive portions of Vogtle 3 and 4 when the respective licenses expire;

**WHEREAS**, Dalton Utilities has elected to satisfy NRC regulations by the method of purchasing bonds and placing them in the custody of the Escrow Agent; and

**WHEREAS**, the parties desire to amend the Escrow Agreement to provide for the inclusion of Vogtle 3 and 4 as Participating Units and the addition of the Escrow Funds for Vogtle 3 and 4 under the Escrow Agreement;

**NOW THEREFORE**, for and in consideration of the mutual covenants and promises herein contained, the parties agree as follows:

### **Article I**

#### **Amendments**

The Escrow Agreement is hereby amended as follows:



1. Any references in the Escrow Agreement to the "City of Dalton" shall be deleted and "Dalton Utilities" shall be substituted in lieu thereof.

2. Paragraph 2 of Article I of the Escrow Agreement is hereby deleted in its entirety and the following shall be substituted in lieu thereof:

"2. Delivery of Escrow Funds. Dalton Utilities has delivered to Escrow Agent the personal property described on Exhibit B, attached hereto and incorporated herein by reference, and Exhibit E with respect to Vogtle 3 and 4, attached hereto and incorporated herein by reference. The escrow account shall consist of six Escrow Funds, one for each Participating Unit listed on Exhibit B and one for each Participating Unit listed on Exhibit E, which each such fund shall remain segregated by Participating Unit, for the purposes of funding the decommissioning costs of the respective Participating Units."

3. Paragraph 2 of Article II of the Escrow Agreement is hereby amended by adding "and Exhibit E" to the end of the last sentence in the paragraph behind the words, "Exhibit B."

4. Paragraph 4 of Article III of the Escrow Agreement is hereby deleted in its entirety and the following shall be substituted in lieu thereof:

"4. Reimbursement of Contractual Damages. To the extent provided by law, in the event Escrow Agent is subject to any damages, judgments, costs and expenses, including reasonable attorneys' fees, or investigation costs ("Damages") arising from or related to a claim in connection with the Escrow Agreement, Dalton Utilities shall reimburse Escrow Agent the amount of any such Damages incurred by Escrow Agent in connection therewith. Notwithstanding anything herein to the contrary, Dalton Utilities shall not be required to reimburse Escrow Agent for any Damages arising from or related to any negligent acts or omissions by Escrow Agent or any breach of the Escrow Agreement by Escrow Agent. Nothing in this Paragraph 4 of Article III shall be construed as a waiver of sovereign immunity by Dalton Utilities."

5. Paragraph 1 of Article IV of the Escrow Agreement is hereby amended by deleting the addresses for the City of Dalton and Escrow Agent and substituting in lieu thereof the following:

"To Dalton Utilities:  
Board of Water, Light and Sinking Fund Commissioners of the City of Dalton,  
Georgia d/b/a Dalton Utilities  
Attn: Mr. Tom Bundros, CEO  
1200 VD Parrott Jr. Pkwy  
Dalton, GA 30721

To the Escrow Agent:

Bank of New York Mellon Corporation  
Attn: Wendy Morgan  
240 Greenwich Street, 7 East  
New York, NY 10286  
Telephone: (212) 815-8286  
Fax: (212) 815-5875 or 5877  
Wendy.morgan1@bnymellon.com

6. The Escrow Agreement is hereby amended by adding an Exhibit "E" to the end of the Escrow Agreement after Exhibit "D" as set forth on the attached Exhibit "E," which shall be incorporated herein and into the Escrow Agreement by reference.

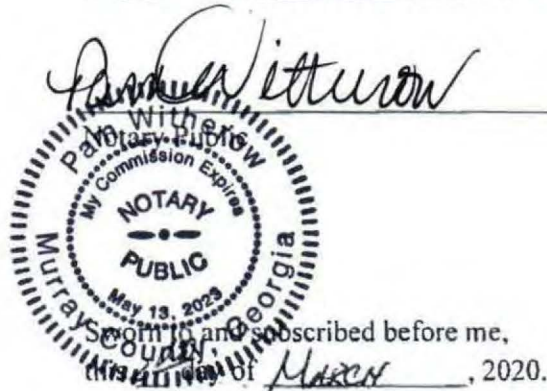
## Article II

### Effect

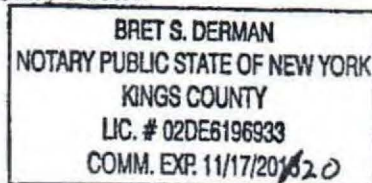
Except as specifically herein modified, the Escrow Agreement shall remain in full force and effect and is hereby ratified and confirmed by the parties hereto as if set forth herein in its entirety.

**IN WITNESS WHEREOF**, the undersigned have caused the execution of this First Amendment to Escrow Agreement as of the date and year first above written.

Sworn to and subscribed before me,  
this 2<sup>nd</sup> day of March, 2020.



Bret S. Derman  
Notary Public



### DALTON UTILITIES:

Board of Water, Light, and Sinking Fund  
Commissioners for the City of Dalton, Georgia  
d/b/a Dalton Utilities

By: Tom Bundros  
Tom Bundros, CEO

### ESCROW AGENT:

The Bank of New York Mellon Corporation

By: Glenn McKeever  
Name: Glenn McKeever  
Title: Vice President

## Exhibit E

### Vogtle 3 and 4 Participating Units, Ownership Interests and Escrow Funds

1. Ownership Information. The following shows the NRC license number and expiration date as well as the ownership interest for Vogtle Units 3 and 4 as of February \_\_\_, 2020.

	<u>Vogtle Unit 3</u>	<u>Vogtle Unit 4</u>
<b>NRC Facility Operating License Number</b>	52-025	52-026
<b>License Expiration Date</b>	11/2061 estimated	11/2062 estimated
<b><u>Ownership Interest (Percentage):</u></b>		
<b>Georgia Power Company</b>	45.7	45.7
<b>Oglethorpe Power Corporation</b>	30.0	30.0
<b>MEAG SPV1</b>	9.3466423	9.3466423
<b>MEAG SPV2</b>	5.6647006	5.6647006
<b>MEAG SPV3</b>	7.6886571	7.6886571
<b>Dalton Utilities</b>	<u>1.6</u> 100.0	<u>1.6</u> 100.0

2. Escrow Funds. The following bonds have been deposited in the escrow account as the Escrow Funds of the respective Participating Units for Vogtle 3 and 4 pursuant to that certain First Amendment to Escrow Agreement between the Board of Water, Light and Sinking Fund Commissioners for the City of Dalton, Georgia d/b/a Dalton Utilities and The Bank of New York Mellon Corporation, as Escrow Agent, dated February \_\_\_, 2020.

3.

<b>Participating Unit</b>	<b>Bond Identification</b>	<b>Date of Maturity</b>	<b>Value at Maturity</b>
Vogtle 3			
Vogtle 4			