



Department of Energy

Washington, DC 20585

January 15, 2009

Municipal Electric Authority of Georgia
1470 Riveredge Parkway, NW
Atlanta, GA 30328
Attention: Robert P. Johnston, President and Chief Executive Officer

Re: United States Department of Energy (DOE) Loan Guarantee

Ladies and Gentlemen:

We are pleased to provide you with credit subsidy cost estimates relating to the Vogtle Project. The following outlines the cost subsidy cost estimates for SPV1, SPV2 and SPV3.

MEAG SPV 1:

Based on the Terms and Conditions negotiated between SPV1, a special purpose limited liability company to be formed as a wholly-owned subsidiary of Municipal Electric Authority of Georgia, and the DOE Loan Guarantee Program Office (LGPO), the LGPO has developed a range of credit subsidy cost estimates for the proposed project.

At this time, the LGPO estimate of the Credit Subsidy Cost associated with your requested loan guarantee in the amount of \$609,945,534 (including estimated capitalized interest in the amount of \$81,812,581), ranges from \$37M to \$64M. The center of that range is \$50M, although the central value is not necessarily an indication of the final estimate. Because of uncertainty, borrowers should plan to raise sufficient capital equal to 95% of the upper bound of the range estimate provided.

This estimate is not binding and may change based on a variety of factors, including but not limited to the completion of the LGPO's due diligence, the final credit rating, the terms of the definitive financing agreements, and other project-specific factors.

This estimate is intended to provide you with information to consider as you move forward in project development activities. In developing this estimate, the LGPO has relied on the best available information at this time. There will usually be differences between preliminary credit subsidy estimates and the final determination of credit subsidy cost. These differences may be material. Therefore, the range estimate provided above is not binding and is subject to change as the LGPO proceeds through the due diligence, documentation and final credit underwriting process.



MEAG SPV 2:

Based on the Terms and Conditions negotiated between SPV2, a special purpose limited liability company to be formed as a wholly-owned subsidiary of Municipal Electric Authority of Georgia, and the DOE Loan Guarantee Program Office (LGPO), the LGPO has developed a range of credit subsidy cost estimates for the proposed project.

At this time, the LGPO estimate of the Credit Subsidy Cost associated with your requested loan guarantee in the amount of \$684,747,616 (including estimated capitalized interest in the amount of \$117,707,503), ranges from \$46M to \$76M. The center of that range is \$61M, although the central value is not necessarily an indication of the final estimate. Because of uncertainty, borrowers should plan to raise sufficient capital equal to 95% of the upper bound of the range estimate provided.

This estimate is not binding and may change based on a variety of factors, including but not limited to the completion of the LGPO's due diligence, the final credit rating, the terms of the definitive financing agreements, and other project-specific factors.

This estimate is intended to provide you with information to consider as you move forward in project development activities. In developing this estimate, the LGPO has relied on the best available information at this time. There will usually be differences between preliminary credit subsidy estimates and the final determination of credit subsidy cost. These differences may be material. Therefore, the range estimate provided above is not binding and is subject to change as the LGPO proceeds through the due diligence, documentation and final credit underwriting process.

MEAG SPV 3:

Based on the Terms and Conditions negotiated between SPV3, a special purpose limited liability company to be formed as a wholly-owned subsidiary of Municipal Electric Authority of Georgia, and the DOE Loan Guarantee Program Office (LGPO), the LGPO has developed a range of credit subsidy cost estimates for the proposed project.

At this time, the LGPO estimate of the Credit Subsidy Cost associated with your requested loan guarantee in the amount of \$501,748,302 (including estimated capitalized interest in the amount of \$67,299,981), ranges from \$25M to \$46M. The center of that range is \$36M, although the central value is not necessarily an indication of the final estimate. Because of uncertainty, borrowers should plan to raise sufficient capital equal to 95% of the upper bound of the range estimate provided.

This estimate is not binding and may change based on a variety of factors, including but not limited to the completion of the LGPO's due diligence, the final credit rating, the terms of the definitive financing agreements, and other project-specific factors.

This estimate is intended to provide you with information to consider as you move forward in project development activities. In developing this estimate, the LGPO has

relied on the best available information at this time. There will usually be differences between preliminary credit subsidy estimates and the final determination of credit subsidy cost. These differences may be material. Therefore, the range estimate provided above is not binding and is subject to change as the LGPO proceeds through the due diligence, documentation and final credit underwriting process.

We look forward to working with you on this important project.

Best Regards,

UNITED STATES DEPARTMENT OF ENERGY

By: 

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy