

# Oglethorpe Power Corporation

## First Mortgage Bonds New Issue Report

### Ratings

#### New Issues

\$300,000,000 First Mortgage Bonds  
Series 2011A A

#### Outstanding Debt<sup>a</sup>

\$2,300,000,000 First Mortgage Bonds  
Various Series A

\$983,191,000 Pollution Control,  
Revenue Bonds, Various Series A

<sup>a</sup>As of Dec. 31, 2010.

### Rating Outlook

Stable

### Key Utility Statistics

(Fiscal Year Ended 12/31/10)

System Type	Wholesale Electric
NERC Region	SERC
No. of Members	39
Annual Revenues (\$ Mil.)	1,294.0
Top Member (% of Revenues)	14.5
Primary Fuel Source	Natural Gas/Coal
Member Peak Demand (MW)	8,990
Energy Growth (%)	9.2
Debt Service Coverage (x)	1.74
Days Operating Cash	310
Equity/Capitalization (%)	10.0

### Related Research

[U.S. Public Power Peer Study](#) —  
June 2011, June 20, 2011

### Analysts

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### New Issue Details

**Sale Information:** \$300 million first mortgage bonds, series 2011A.

**Security:** The 2011A bonds will be secured by a first mortgage lien on substantially all of the cooperative's owned tangible and certain intangible assets.

**Purpose:** Net proceeds will be used to finance the construction of Plant Vogtle Units No. 3 and No. 4, redeem outstanding short-term debt, and for general corporate purposes.

**Final Maturity:** Sept. 1, 2050.

### Key Rating Drivers

**Large Diversified Membership:** Oglethorpe Power Corporation (OPC) is among the largest electric cooperatives in the U.S. OPC's 39 members serve 1.8 million consumers, representing 4.1 million people throughout 151 of the 159 counties in Georgia.

**Long-Term Wholesale Contracts:** Power is supplied by OPC to its members pursuant to take-or-pay power sales contracts that extend to Dec. 31, 2050. These contracts have historically allowed for the timely recovery of energy costs, including fuel and purchased power.

**Sizable Construction Program:** OPC's ratings and Outlook reflect its multibillion capital-expansion program, and the impact the significant amount of related debt will have on the cooperative's financial metrics and wholesale cost of power.

**Planned Nuclear Construction:** OPC's expenditure plan includes the sizable Plant Vogtle nuclear expansion project (OPC's share is \$4.2 billion), which Fitch views as risky and complex. Construction will accelerate following receipt of the full construction and operating license (COL) from the Nuclear Regulatory Commission (NRC) expected no later than 2012.

**Stronger Financial Metrics:** OPC continues to bolster its financial profile through the early years of its sizable construction program, which will mitigate the impact of related borrowings. Fitch views OPC's targeted margins for interest ratio (MFIR, 1.14x) and current metrics for equity (10% of capitalization), cash on hand (310 days), and liquidity (636 days) as instrumental to the current rating.

**Low Funding Risk:** OPC's funding risk is reduced by its access to the low-cost Rural Utilities Service (RUS) loan program for eligible expenditures and the anticipated funding for up to 70% of the Vogtle project costs through the Department of Energy (DOE) guaranteed loan program. Material changes in either funding program could be a concern, though they are not anticipated.

### What Could Trigger a Rating Action

**Weakening of Financial Policies:** Fitch would view negatively any weakening of the financial policies and initiatives that have supported the cooperative's financial metrics in recent years.

**Adverse Nuclear Developments:** Adverse developments related to the Vogtle licensing process or construction that weaken the cooperative's current and forecasted metrics could lead to downward pressure on the ratings or Outlook.

## Rating History

Rating	Action	Outlook/ Watch	Date
A	Affirm	Stable	8/16/11
A	Affirm	Stable	3/15/11
A	Affirm	Stable	11/4/10
A	Affirm	Stable	3/22/10
A	Affirm	Stable	11/20/09
A	Affirm	Stable	10/9/09
A	Affirm	Stable	2/5/09
A	Affirm	Stable	11/24/08
A	Affirm	Stable	8/11/08
A	Affirm	Stable	3/28/08
A	Affirm	Stable	9/7/07
A	Affirm	Stable	9/12/06
A	Affirm	Stable	3/21/06
A	Affirm	Stable	10/18/04
A	Affirm	Stable	10/11/02
A	Affirm	Stable	3/7/00
A	Affirm	Stable	12/21/98
A	Affirm	Stable	3/9/98
A	Affirm	Stable	11/26/97
A	Affirm	Stable	11/24/97
A	Assigned	Stable	3/12/97

## Credit Profile

OPC is the largest generation and transmission (G&T) cooperative in the U.S. in terms of assets (\$7.592 billion at June 30, 2011) and energy sales (22,645 GWh in 2010). OPC consists of 39 member owners and currently provides wholesale power supply to 38, each a retail electric distribution cooperative. OPC's members, in turn, provide retail electric service to approximately 1.8 million customers (4.1 million residents) located predominately throughout rural Georgia. OPC is headquartered in Tucker, GA.

## Governance and Management Strategy

OPC is governed by a board of directors typically consisting of 14 directors, 12 member-directors, and two independent directors. One independent director position is currently vacant. All of the directors are selected by a nominating committee and elected by the membership. OPC's bylaws ensure equitable and balanced representation among the membership, as well as between their officers and directors. Additionally, the bylaws require suitable qualifications and the independence of outside directors.

OPC's day-to-day operations are managed by a team of seven executives led by the president and CEO, Tom Smith, whose career with OPC spans more than 30 years. The other senior members of the management team also have significant experience and tenure with the organization, which Fitch views favorably. Fitch observes there is a strong and collaborative working relationship between the management team and the OPC membership.

## Organizational, Business and Financial Strategy

OPC supplies only a portion of its members' energy requirements unlike the traditional G&T cooperative model. In 1997, OPC and its members restructured the organization into three separate companies. OPC generates and supplies power to the members. Georgia Transmission Corporation (GTC) became the owner of the transmission assets and provides transmission service. Georgia System Operations Corporation (GSOC) manages the system operations business, including the system control center. At the same time, OPC and its members amended their wholesale power contracts to eliminate OPC's obligation to provide all-requirements power supply and allow each of the members to assume responsibility for its own supplemental power supply.

Since then, OPC has focused primarily on the operation and management of the organization's existing asset base, while the members have contracted separately for supplemental power supply either individually or in small "scheduling" groups. Prior to 1997, OPC supplied nearly all of the members' energy requirements. However, by 2010, OPC supplied only 56% of the total member energy needs.

The terms of the 1997 restructuring left open the possibility of OPC acquiring future resources, subject to the approval of 75% of the members of the board of directors, 75% of the total membership, and members representing 75% of total patronage capital. In recent years, the demand for new resources has grown and the competitive power markets have not provided attractive options for meeting member power requirements. As such, the members have not only extended their existing contracts with OPC, but have elected to pursue a number of new resource options through the cooperative instead of individually.

## Related Criteria

[Revenue-Supported Rating Criteria, June 20, 2011](#)

[U.S. Public Power Rating Criteria, March 28, 2011](#)

As a result, OPC has embarked upon a multibillion dollar capital-expansion program to acquire and/or construct new generating assets, including the development of two additional nuclear units on the site of the existing Plant Vogtle nuclear station. The OPC members are expected to retain the obligation of procuring supplemental power supply going forward. However, the cooperative's evolving strategy clearly envisions an increasing reliance on OPC for future power supply.

### Customer Profile and Service Area

OPC provides wholesale electric service to 39 retail electric distribution cooperatives located throughout Georgia, including Flint Electric Membership Corporation (EMC), which returned to the membership in December 2009. Collectively, the OPC members serve a vast region covering approximately 38,000 square miles (65% of the state's land area) and encompassing 151 of the state's 159 counties. The membership currently serves a total of 1.8 million electric customers, representing about 4.1 million people. Overall, the member service territory exhibits strong breadth and diversity, which Fitch views very favorably.

The territory served by the OPC members is largely rural, though some members serve suburban regions surrounding the state's largest cities, including Atlanta. There is little concentration among the members, with the three largest (Cobb EMC, Jackson EMC, and Sawnee EMC) combining for only 35% of OPC's total revenues in 2010. None of the other members account for more than 10% of revenues on an individual basis.

Member energy sales are heavily weighted toward residential consumers (69% of total sales in 2010), given the rural nature of the service territory. Small commercial and industrial consumers accounted for an additional 18% of sales, followed by large commercial and industrial consumers (11%). There is no significant retail customer concentration.

Member energy requirements declined in both 2008 and 2009 after many years of very strong growth (more than 3.6% per annum in 2005–2007), reflecting milder weather and a weaker economy. Sales in 2010 rebounded sharply (9.2%) due to more favorable weather and increased economic activity, but they are expected to moderate in 2011. OPC's most recent load forecast is predicting long term growth in energy and demand of only 2.52% and 2.32%, respectively. These latest forecasted growth rates are well below those forecasted in prior years (the 2006 forecast predicted growth rates of over 4.3%). This decline has caused OPC and its members to adjust its power supply resource plan accordingly.

### OPC Member Sales Information

	2010	2009	2008	2007
Member Peak Demand (MW)	8,990	8,470	8,947	9,292
Total Member Electric Requirements (MWh)	40,170	36,793	37,530	37,653
Sales Growth (%)	9.20	(2.00)	(0.30)	N.A.
Member Electric Requirements Supplied by OPC (MWh)	22,645	20,192	23,309	22,815
Sales Growth (%)	12.10	(13.40)	2.20	N.A.
Total Customers Served by Members	1,777,217	1,773,676	1,768,118	1,748,306
Residential Sales — Membership (%)	69	68	67	67
Commercial and Industrial Sales — Membership (%)	28	29	30	30

N.A. – Not available.  
Source: OPC

OPC's members generally have the exclusive right to serve customers within their respective territories. However, since 1973, certain large industrial and commercial customers in Georgia (with loads of more than 900 kW) have been allowed to receive electric service from the

provider of their choice. This limited form of retail competition has had no meaningful impact on OPC member sales, nor is it expected to go forward. Currently, there is no legislation under consideration that would expand retail competition in Georgia.

## Assets and Operations

### Power Supply Resources

OPC has direct ownership interests in 30 individual generating units, which provide the cooperative with a well-diversified portfolio of 7,078 MWs of capacity to supply member needs. OPC's natural gas-fired and dual-fueled generating units now represent the largest segment of generating capacity (3,516 MW, 50% of owned capacity in 2011), given the cooperative's recent asset acquisitions, including the Murray Energy Facility earlier this year. However, OPC's coal-fired units (1,529 MW, 22% in 2011), together with the cooperative's share of the Plant Hatch and Plant Vogtle nuclear units (1,216 MW, 17%), still account for the vast majority of energy supplied to the members. OPC's share of the Rocky Mountain Pumped Storage Hydro facility (816 MW, 12%) provides additional capacity and fuel diversity but effectively little power supply.

OPC also operates two combustion turbine facilities (six units) totaling 725 MW owned by Smarr EMC (a cooperative owned by 36 of its 39 members) and manages 562 MWs of Southeastern Power Administration (SEPA) capacity on behalf of the members.

The performance at the largest generating units owned by OPC has been very strong, as evidenced by availability factors above the industry average. Georgia Power Company (GPC) co-owns and operates most of OPC's largest units, and is acknowledged as a very capable operator. Fitch views the historical performance of the OPC units, as well as the fuel flexibility inherent in the portfolio, as very favorable. The following table summarizes OPC's portfolio of generating resources and recent operating metrics.

### OPC Generating Facilities and Operating Performance

Plant	Fuel Type	% Interest	Capacity Share (MW)	Operation Date	Equivalent Availability (%)	Capacity Factor (%)
<b>Plant Hatch<sup>a</sup></b>						
Unit 1	Nuclear	30.00	263	1975	84	85
Unit 2	Nuclear	30.00	264	1979	95	96
<b>Plant Vogtle<sup>a</sup></b>						
Unit 1	Nuclear	30.00	344	1987	100	102
Unit 2	Nuclear	30.00	345	1989	91	93
<b>Plant Wansley<sup>a</sup></b>						
Unit 1	Coal	30.00	262	1976	87	53
Unit 2	Coal	30.00	262	1978	97	67
Combustion Turbine	Oil	30.00	0	1980	37	0
<b>Plant Scherer<sup>a</sup></b>						
Unit 1	Coal	60.00	501	1982	99	89
Unit 2	Coal	60.00	504	1984	98	90
<b>Rocky Mountain</b>						
Unit 1	Pumped Hydro	74.61	272	1995	62	16
Unit 2	Pumped Hydro	74.61	272	1995	75	13
Unit 3	Pumped Hydro	74.61	272	1995	89	17
Doyle	Gas	100.00	348	2000	98	1
<b>Talbot</b>						
Units 1-6	Gas/Oil	100.00	664	2002/2003	93	4
Chattahoochee	Gas	100.00	469	2003	65	38
Hawk Road	Gas	100.00	487	2001	87	5
Hartwell	Gas	100.00	298	1994	93	7
Murray Energy	Gas	100.00	1,250	2002	—	—
<b>Total</b>	—	—	<b>7,078</b>	—	—	—

<sup>a</sup>GPC is the operating agent.

Source: Dec. 31, 2010 OPC Form 10-K.

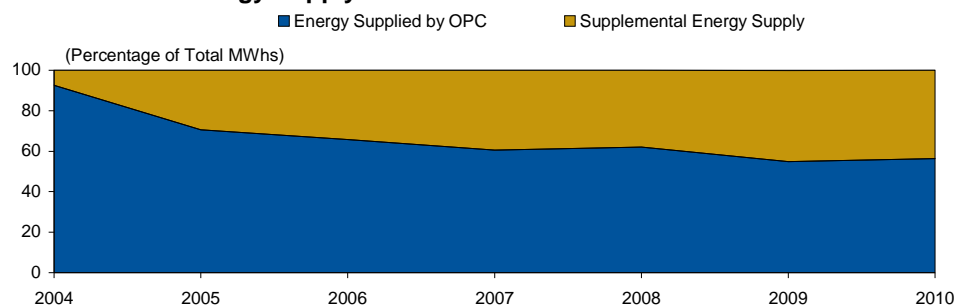
Currently, there are no specific renewable standards within the state of Georgia. OPC and its members continue to explore cost-effective renewable projects, but the projects identified to date do not provide meaningful capacity.

Fuel price hedging is conducted and coordinated with members, generally with a view toward hedging an increasing portion of expenditures over a three-year period. The cooperative's fuel suppliers are well diversified, particularly with respect to coal, which is delivered by 12 different suppliers from 17 different locations.

### Supplemental Power Supply

OPC's members are responsible for obtaining their power supply requirements in excess of that supplied by the cooperative, as noted earlier. The members have pursued a variety of strategies for contracting power supply, both individually and as scheduling groups. Most have entered into full-requirements contracts with notable and experienced counterparties that expire at the end of 2015. As a result, power supplied by OPC has accounted for a declining portion of total member energy requirements since 2004.

#### OPC Member Energy Supply



Source: OPC annual reports.

### Future Power Supply and Capital Expansion Plan

The power needs of the membership continue to grow. As such, OPC has worked to identify and develop power supply options to serve this demand as an alternative to an increased reliance by members on third-party contracts for power supply. In recent years, members have embraced a number of the options presented by OPC and have approved the acquisition or development of nearly 2,700 MWs of additional capacity. The cornerstone of this effort is the development of the new Vogtle nuclear units. However, OPC's efforts have also included the opportunistic acquisition of approximately 2,050 MWs of operating gas-fired facilities.

#### Murray Energy Facility

On April 8, 2011, OPC acquired the Murray Energy Facility, a 1,250-MW two unit gas-fired combined-cycle facility located near Dalton, GA, from KGen Power Corporation for \$529 million. The acquisition of the facility, which has been in commercial operation since 2002, was somewhat opportunistic. It has also led OPC to revise its capital-expansion plan by canceling the planned construction of a 605-MW combined-cycle unit and indefinitely deferring the construction of a 100-MW biomass facility.

The acquisition of the facility is somewhat premature when measured against the needs of the membership. However, the benefits of the attractive purchase price and the avoidance of construction risk outweigh the cost of the excess capacity. The Murray units will provide the members with much-needed capacity beginning in 2016, when many of the supplemental power contracts expire. The purchase price, at approximately \$423/kW, was considerably less than the cost OPC had projected for constructing a new combined-cycle plant. Additionally, the benefit of eliminating construction risk is noteworthy, if unquantifiable.

Mitigating the impact of excess capacity in the near term is a short-term contract with a third party for a portion of the capacity. The contract is expected to remain in place. However, the economics of the acquisition would still be compelling, based on OPC's analysis, even if the new capacity sat idle until needed. OPC estimates the acquisition and related project cancellations have allowed the cooperative to reduce its projected capital expenditures by \$1.2 billion through 2015 (exclusive of the acquisition price).

### **Vogtle Units No. 3 and No. 4**

The most significant component of the OPC capital plan, by far, is its participation in the development of two additional units (units No. 3 and No. 4) at the existing Plant Vogtle site. OPC participates in the project along with each of the current co-owners: GPC (45.7%); the Municipal Electric Authority of Georgia (22.7%); and the City of Dalton Utilities (1.6%). The units will use the new Westinghouse AP1000 technology. Combined, these new units will provide OPC with 660 MWs of additional capacity at a total estimated cost of \$4.2 billion, or \$6,350 per kW.

Preliminary construction activity has been ongoing at the site since Aug. 26, 2009, when the NRC issued an early site permit and limited work authorization. However, more substantial construction activity will not occur until the NRC approves the final AP1000 reactor design and issues the COL. Westinghouse submitted a revised design on June 13, 2011, addressing prior NRC concerns. A final decision regarding the design and approval is anticipated during the fourth quarter of 2011. If approved, OPC expects issuance of the COL no later than early 2012, and commercial operation of the units (COD) commencing in 2016 and 2017, consistent with the schedule disclosed in recent years.

Fitch is well aware of the magnitude and complexity of the proposed Vogtle expansion project and has factored the projected operational and financial impact into its current rating and Outlook. Mitigating Fitch's concerns are the prior experience of the co-owners in constructing and operating the existing Plant Vogtle and Hatch nuclear units and the terms of the engineering, procurement, and construction (EPC) contract with Westinghouse and Stone and Webster, which provides performance guarantees.

Fitch plans to closely monitor the progress of construction and will assess the impact of any increase in the projected cost of completion on OPC's cost of power supply and financial metrics. The full rate-setting authority of OPC and its members mitigates the risk of cost recovery, but metrics could still become strained if costs are much higher than expected.

Fitch has reviewed various scenarios provided by OPC that consider the impact of a delay or abandonment of the Vogtle expansion project. Fitch believes the increased costs and related impact on the wholesale cost of power would be manageable in the cases where a two-year delay in the issuance of the COL or COD is factored.

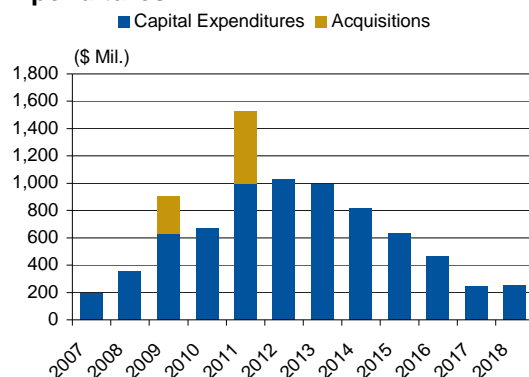
Abandonment of the Vogtle project would likely produce considerably more financial strain, particularly at COD, and result in considerable downward pressure on the current rating. The

wholesale rate increases required to fully recover the invested capital, as well as the cost of replacement power over the forecast period are, in Fitch's view, reasonable. However, the projections may not factor in all of the political, reputational, and ancillary financial risks that would accompany abandonment.

Fitch is also monitoring the response of U.S. regulatory authorities to the recent challenges of the Japanese nuclear energy industry. Currently, Fitch does not believe the overall cost or development schedule for the Vogtle expansion project has been materially affected by the situation in Japan. According to OPC, final modifications to design and operating procedures recommended by the NRC may increase costs, but the impact is not expected to be material.

Adding to the initiatives and expenditures outlined earlier will be those required for OPC's share of environmental compliance projects, principally at the coal-fired plants Scherer and Wansley (\$541 million), as well as existing fleet additions and replacements (\$926 million).

**Historical and Projected Capital Expenditures**



Source: OPC.

Also under consideration, but not yet approved or fully subscribed, are the construction of additional combustion turbine units that could further increase OPC's projected capital expenditures through 2018. A summary of OPC's historical and forecasted capital expenditures appears to the left.

Fitch views the OPC capital-expansion plan as well designed, prudent, and consistent with the cooperative's goal of cost effectively supplying an increasing portion of the members' capacity needs. OPC expects that, with the addition of the

planned resources and including the Smarr EMC and SEPA capacity, it will supply approximately 77% of member capacity by 2018 from a portfolio of resources that exhibits greater fuel and unit diversity. Fitch also notes the size and complexity of the plan, as well as the inherent risks therein. However, Fitch believes the undertakings will be effectively administered by the OPC management team and its partners and vendors.

**Capital and Financing Plan**

OPC has proactively developed a financial plan to both enhance margin coverage and cash flow and finance the portion of the capital expenditures not funded by internal cash flow since adopting the current capital expansion plan. The recent decisions of the OPC board to set rates in order to achieve an MFIR of up to 1.14x have been central to enhancing cash flow from operations and reducing annual financing requirements.

OPC's external funding requirements related to the current capital plan, however, will still be significant despite increased cash flow. OPC estimates for the period of 2011–2018, more than \$5.7 billion in long-term financing will be required to fund the proposed construction, repay short-term borrowings, and meet scheduled maturities.

OPC has developed a comprehensive strategy to broadly diversify its funding sources to help ensure the necessary funding will be available and minimize its reliance on the capital markets.

In May 2010, OPC signed a conditional term sheet with the DOE that will provide funding from the Federal Financing Bank (guaranteed by the DOE) for 70% of the estimated \$4.2 billion cost of OPC's share of the Vogtle expansion (up to approximately \$3.0 billion). Funds under the DOE loan could be available beginning in 2012 subject to final approval. Of the remaining cost, \$1.15 billion has been prefunded, leaving only \$100 million of additional capital market funding necessary through 2018. Virtually all of the remaining capital requirements projected by OPC, an estimated \$2.1 billion, are expected to receive long-term funding through the RUS loan program.

OPC also increased its access to committed credit facilities recently to approximately \$2.0 billion to ensure access to capital. Fitch's views the capital access as important due to the magnitude of the construction program and the uncertainty of timing associated with approvals and funding under the government-administered loan programs. Going forward, OPC expects to maintain available liquidity (including cash on hand) of between \$1.3 billion and \$2.0 billion through 2013, supporting its reliance on short-term borrowings and commercial paper issuance for interim funding.

### Rates and Cost Structure

Neither OPC's wholesale rates nor member retail rates are subject to regulation or approval of any federal or state authority, including the Federal Energy Regulatory Commission (FERC) or Georgia State Public Service Commission. Further, certain changes to the OPC and member rate schedules may be subject to RUS approval. However, adjustments to rates to reflect changes in costs are generally excluded.

Wholesale rates are established by OPC's board of directors and must be reviewed at least annually. OPC's rate schedule assigns fixed costs based on each member's fixed percentage of capacity. Additionally, the cooperative determines monthly energy charges based on the passthrough of actual fuel, operating, and purchased energy costs. The rate schedule also includes a prior-period adjustment mechanism to ensure that OPC achieves its required minimum MFIR.

OPC's wholesale cost of power (5.71 cents/kWh in 2010) is relatively competitive when compared to the state's two other power suppliers, MEAG and GPC. This is mostly due to the common ownership of the state's largest generating resources and the high-voltage transmission system. More importantly, the average residential rates of the OPC membership are solidly competitive with GPC and the MEAG participants.

OPC's forecasted wholesale power costs are an important consideration in its creditworthiness going forward, given the cost of the capital-expansion plan. OPC's 2011 power cost projections indicate wholesale rates will rise meaningfully from 2011–2018 but remain very competitive. Projected rates are also considerably lower than the cooperative's 2010 forecast, reflecting the reduced capital plan, lower natural gas costs, and less stringent climate change assumptions.

In addition, OPC's projections indicate member retail rates will also increase accordingly. However they will remain competitive in all scenarios with the state's other suppliers, who will experience similar cost increases related to shared resources.

### Financial and Projected Performance

The operating performance at OPC in 2010 continued to improve slightly, reflecting the cooperative's strategy of generating excess cash flow to offset the impact of construction-related borrowings. Based on the preliminary and unaudited information provided by OPC,

operating and net margins both increased during 2010, from \$224 million to \$239 million, and \$26 million to \$38 million, respectively. Fitch-calculated debt service, adjusted for capitalized interest and refunding activity, improved from 1.61x in 2009 to 1.74x. The improvement reflected slightly higher funds available for debt service (FADS, \$533 million versus \$489 million) and relatively stable cash debt service expense (\$306 million versus \$305 million).

Despite increased debt outstanding (\$5.142 billion versus \$4.786 billion), leverage remained unchanged at year-end 2010, as measured by the ratios of debt/FADS (10.0x) and debt/capitalization (10%). The stable ratios also reflect the improved FADS reported in 2010, which offset increased borrowings.

Liquidity ratios remained strong and relatively unchanged at year-end 2010. Cash on hand was reported at 310 days (\$775 million) and available borrowing capacity totaled \$705 million. These robust ratios reflect OPC's significant prefunding activity completed to date and its strategy of maintaining borrowing capacity sufficient to complete its planned construction program.

Financial performance and metrics for the six months ended June 30, 2011, also reflected modest earnings improvement, an unchanged equity ratio (10%), and lower but still strong cash balances (\$418 million).

### **Projected Performance**

Fitch has reviewed OPC's long-range financial forecast and believes the near-term targets are achievable and based on reasonable assumptions. OPC plans to manage rates and cash flow to its targeted MFIR of 1.14x, which will result in operating margins and net margins that will increase steadily for the period of 2011–2017 before declining. All operating cash flow and the borrowings discussed earlier will be used to fund capital expenditures.

Total equity to capitalization is expected to be gradually eroded as a result of the sizable borrowings. However, the ratio should return to current levels by 2019.

Maintaining wholesale rates and operating earnings consistent with current policies and forecasts, together with managing the capital-expansion plan and related financing, will remain the key factor in OPC's creditworthiness and rating for many years to come.

### **Member Cooperatives**

The consolidated financial profile of the OPC membership has improved steadily in recent years and is supportive of the cooperative's rating. The members reported consolidated net margins of \$208.8 million on total revenues of \$3.76 billion and an aggregate TIER of 2.22x, as calculated by OPC, for the year ended Dec. 31, 2010. The members reported total net worth of \$2.6 billion and an aggregate ratio of equity to capitalization of 45% at year-end 2010. A summary of aggregate metrics for 2008–2010 is provided on page 10.

**Oglethorpe Member Aggregate Financial Metrics**

(\$ Mil.)

<b>Financial Metric</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Operating Revenues	3,471.30	3,527.90	3,758.60
Operating Margin	230.50	282.20	292.50
Net Margins	127.30	164.60	208.80
TIER	1.78	1.94	2.22
Long-Term Debt	3,045.40	3,310.30	3,162.60
Equity	2,333.70	2,466.10	2,635.20
Equity/Capitalization (%)	43	43	45

Source: OPC.

## Financial Summary — Oglethorpe Power Corporation

(\$000, Fiscal Years Ended Dec. 31)	2010	2009	2008	2007	2006
<b>Cash Flow (x)</b>					
Debt Service Coverage	1.74	1.61	1.61	0.96	1.01
Coverage of Full Obligations	1.69	1.54	1.52	0.97	1.01
<b>Liquidity</b>					
Days Cash on Hand	310	307	74	143	218
Days Liquidity on Hand	636	640	431	611	708
<b>Leverage (%)</b>					
Debt/Funds Available for Debt Service	10.0	10.0	8.8	8.4	8.9
Equity/Capitalization	10	10	12	11	11
Equity/Adjusted Capitalization	10	10	11	10	10
<b>Other (%)</b>					
General Fund Transfer/Total Revenue	0	0	0	0	0
<b>Income Statement</b>					
Total Operating Revenues	1,293,992	1,145,261	1,238,760	1,151,242	1,128,879
Total Operating Expenses	1,054,743	921,139	1,041,681	964,014	942,582
<b>Operating Income</b>					
Adjustment to Operating Income for Debt Service Coverage	294,627	265,355	244,287	265,965	280,469
Funds Available for Debt Service	533,876	489,477	442,226	452,799	427,237
<b>Total Annual Debt Service</b>	<b>306,279</b>	<b>304,802</b>	<b>274,162</b>	<b>469,751</b>	<b>421,401</b>
<b>Balance Sheet</b>					
Unrestricted Funds	672,212	579,069	167,659	290,930	423,757
Restricted Funds	103,586	102,995	177,914	48,124	18,312
<b>Total Cash</b>	<b>775,798</b>	<b>682,064</b>	<b>345,573</b>	<b>339,054</b>	<b>442,069</b>
Total Debt	5,313,321	4,906,442	3,873,789	3,979,039	3,810,687
Equity and/or Retained Earnings	595,483	560,966	534,481	483,879	468,521

Source: Fitch and CreditScope.

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