
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **September 26, 2018**

Oglethorpe Power Corporation

(An Electric Membership Corporation)
(Exact name of registrant as specified in its charter)

GEORGIA
(State of incorporation)

333-192954
(Commission File Number)

58-1211925
(I.R.S. Employer Identification No.)

**2100 East Exchange Place
Tucker, Georgia**
(Address of principal executive offices)

30084-5336
(Zip Code)

Registrant's telephone number, including area code: **(770) 270-7600**

None
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement

The information related to the Term Sheet and amendments to the Vogtle Joint Ownership Agreements, as discussed in Item 8.01, is incorporated by reference into this Item 1.01.

Item 8.01 Other Events.

As previously disclosed, we, Georgia Power Company, the Municipal Electric Authority of Georgia (MEAG), and the City of Dalton, Georgia, acting by and through its Board of Water, Light, and Sinking Fund Commissioners, doing business as Dalton Utilities (Dalton and, together with Georgia Power, OPC, and MEAG, the Co-owners), were required to conduct a vote to continue construction of Plant Vogtle Units No. 3 and No. 4, pursuant to our joint ownership agreements (the Vogtle Joint Ownership Agreements).

On September 26, 2018, the Co-owners received the required vote to continue construction of Plant Vogtle Units 3 and 4. In connection with the vote to continue construction, Georgia Power entered into a binding term sheet with the other Co-owners and MEAG's wholly-owned subsidiaries MEAG Power SPVJ, LLC, MEAG Power SPVM, LLC, and MEAG Power SPVP, LLC to take certain actions which partially mitigate potential financial exposure for the other Co-owners, including amendments to the Vogtle Joint Ownership Agreements and the purchase of production tax credits (PTCs) from the other Co-Owners (the Term Sheet). The Co-owners will memorialize the provisions set forth in the Term Sheet in definitive agreements.

In connection with our vote to continue construction with Vogtle Units No. 3 and No. 4, we approved a revised budget of \$7.5 billion for our 30% interest in the Vogtle project. As with our prior budgets and consistent with our conservative budget practices, this budget includes a separate Oglethorpe-level contingency amount in addition to capital costs, allowance for funds used during construction, and our allocation of the project-level contingency.

Amendments to the Vogtle Joint Ownership Agreements

Pursuant to the Term Sheet, the Co-owners would amend the Vogtle Joint Ownership Agreements to provide as follows:

- each Co-owner would be obligated to pay its proportionate share of construction costs for Vogtle Units No. 3 and No. 4 based on its ownership interest up to (A) the estimated cost at completion ("EAC") for Vogtle Units No. 3 and No. 4 which forms the basis of Georgia Power's forecast of \$8.4 billion in Georgia Power's nineteenth Vogtle Construction Monitoring report (the 19th VCM) filed with the Georgia Public Service Commission (PSC) plus (B) \$800 million of additional construction costs;
- Georgia Power will be responsible for 55.7% of any construction costs that exceed the EAC in the 19th VCM by \$800 million to \$1.6 billion (resulting in \$80 million of potential additional costs to Georgia Power), with the remaining Co-owners responsible for 44.3% of such costs pro rata in accordance with their respective ownership interests;
- Georgia Power will be responsible for 65.7% of any construction costs that exceed the EAC in the 19th VCM by \$1.6 billion to \$2.1 billion (resulting in a

further \$100 million of potential additional costs to Georgia Power), with the remaining Co-owners responsible for 34.3% of such costs pro rata in accordance with their respective ownership interests.

If the EAC exceeds the EAC in the 19th VCM by more than \$2.1 billion, each of the Co-owners, other than Georgia Power, would have a one-time option to tender a portion of its ownership interest to Georgia Power in exchange for Georgia Power's agreement to pay 100% of such Co-owner's remaining share of construction costs in excess of the EAC in the 19th VCM plus \$2.1 billion. In this event, Georgia Power would have the option of cancelling the project in lieu of purchasing a portion of the ownership interest of any other Co-owner. If Georgia Power accepts the offer to purchase a portion of another Co-owner's ownership interest in Vogtle Units No. 3 and No. 4, the ownership interest(s) to be conveyed from the tendering Co-owner to Georgia Power would be calculated based on the proportion of the cumulative amount of construction costs paid by each such tendering Co-owner and by Georgia Power as of the commercial operation date of Vogtle Unit No. 4. For purposes of this calculation, payments made by Georgia Power on behalf of another Co-owner in accordance with the second and third bullets above would be treated as payments made by the applicable Co-owner.

In the event the actual costs at completion are less than the EAC reflected in the 19th VCM report and (A) Vogtle Unit No. 3 is placed in service by the currently scheduled date of November 2021 or (B) Vogtle Unit No. 4 is placed in service by the currently scheduled date of November 2022, Georgia Power would be entitled to 60.7% of the cost savings with respect to the relevant unit and the remaining Co-owners would be entitled to 39.3% of such savings on a pro rata basis in accordance with their respective ownership interests.

For purposes of all of the foregoing provisions, construction costs would not include costs (i) resulting from force majeure events, (ii) legal fees and legal expenses due to litigation with contractors or subcontractors that are not subsidiaries or affiliates of The Southern Company, and (iii) additional costs caused by Co-owner requests other than Georgia Power, except for the exercise of a right to vote granted under the Vogtle Joint Ownership Agreements, that increase costs by \$100,000 or more.

Under the Term Sheet, the provisions of the Vogtle Joint Ownership Agreements requiring that Co-owners holding 90% of the ownership interests in Vogtle Units No. 3 and No. 4 vote to continue construction following certain "Project Adverse Events" would be amended. In particular, an increase in the construction cost estimate for Vogtle Units No. 3 and No. 4 would no longer constitute a "Project Adverse Event" and thus would no longer require a vote. In addition, the "Project Adverse Event" relating to disallowances of cost recovery by Georgia Power would be amended to exclude any additional amounts paid by Georgia Power on behalf of the other Co-owners pursuant to the Term Sheet provisions described above and the first 6% of costs during any six-month VCM reporting period that are disallowed by the Georgia PSC for recovery, or for which Georgia Power elects not to seek cost recovery, through retail rates. Under the Term Sheet, the Vogtle Joint Ownership Agreements would be further revised to provide that Georgia Power may cancel the project at any time in its sole discretion.

The Vogtle Joint Ownership Agreements also would be amended to provide that if the holders of at least 90% of the ownership interests fail to vote in favor of continuing the project following any future "Project Adverse Event," work on Vogtle Units No. 3 and No. 4 would continue for a period of 30 days if the holders of more than 50% of the ownership interests vote in favor of continuing construction (the Majority Voting Owners). In such a case, the Co-owners (i) would agree to negotiate in good faith towards the resumption of the project, (ii) if no

agreement was reached during such 30-day period, the project would be cancelled, and (iii) in the event of such a cancellation, the Majority Voting Owners would be obligated to reimburse any other Co-owner for the costs it incurred during such 30-day negotiation period.

Purchase of PTCs During Commercial Operation

In addition, under the terms of the Term Sheet, Georgia Power agreed to purchase additional PTCs from us, Dalton, MEAG SPVM, MEAG SPVP, and MEAG SPVJ at varying purchase prices dependent upon the actual cost to complete construction of Vogtle Units No. 3 and No. 4 as compared to the EAC included in the 19th VCM report filed with the Georgia PSC. The purchases will be at the option of the applicable Co-owner. The purchases will occur during the month after such PTCs are earned and will be at the following purchase prices: (i) 88% of face value if the actual cost remains at or below the EAC reflected in the 19th VCM; (ii) 91% of face value if the actual cost increases by no more than \$299 million over the EAC reflected in the 19th VCM; (iii) 95% of face value if the actual cost increases \$300 million but less than \$600 million over the EAC reflected in the 19th VCM; and (iv) 98% of face value if the actual cost increases by \$600 million or more over the EAC reflected in the 19th VCM.

Project Controls

Pursuant to the Term Sheet, the Co-owners will continue to retain a third party to independently consult, advise and report to the Co-owners on issues pertaining to (i) project management and controls, (ii) organizational controls, (iii) commercial management plans and (iv) interim project reports.

The ultimate outcome of these matters cannot be determined at this time.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Co-Owner Term Sheet, dated September 26, 2018</u>

Cautionary Statement Regarding Forward-Looking Statements

Certain information contained in this Current Report on Form 8-K is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, statements concerning the execution of definitive agreements related to the Term Sheet and the cost and schedule for Vogtle Units No. 3 and No. 4. We caution that there are certain factors that could cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue reliance on this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside of our control; accordingly, there can be no assurance that such suggested results will be realized. Some of the risks, uncertainties and assumptions that may cause actual results to materially differ from these forward-looking statements are described under “Item 1A — RISK FACTORS” and in other sections of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and under “CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS” and “Risk Factors” in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018. We expressly disclaim any obligation to update any forward-looking information.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**OGLETHORPE POWER CORPORATION
(AN ELECTRIC MEMBERSHIP CORPORATION)**

Date: September 26, 2018

By: /s/ Michael L. Smith

Michael L. Smith
President and Chief Executive Officer

Execution Date: 09/26/2018

Co-Owner Term Sheet

- A. Co-Owner Support

Relevant ownership agreements will be modified as follows:

1. Each Owner will pay its share of Qualifying Construction Costs up to the VCM 19 forecast (for point of reference this value shall be the total project cost of which GPC's share is \$8.4 billion) plus \$800 million according to the ownership percentages in the Ownership Participation Agreement as amended.
 2. In the event the Estimate at Completion is revised and exceeds the VCM 19 forecast by more than \$800 million, GPC will pay:
 - a. 55.7% of actual Qualifying Construction Costs between the VCM 19 forecast plus an additional \$800 million and the VCM 19 forecast plus an additional \$1.6 billion; and the other Co-owners (i.e. OPC, MEAG, Dalton) will share 44.3% of such costs on a pro rata basis according to their Ownership percentages set forth in the Ownership Participation Agreement. For the avoidance of doubt GPC shall be obligated to pay up to \$80 million of the other Co-owner's share of costs in the aggregate under this paragraph 2.a.
 - b. 65.7% of the Qualifying Construction Costs between amounts greater than the VCM 19 forecast plus an additional \$1.6 billion and the VCM 19 forecast plus an additional \$2.1 billion, and the other Co-owners (i.e. OPC, MEAG, Dalton) will share 34.3% of such costs on a pro rata basis according to their Ownership percentages set forth in the Ownership Participation Agreement. For the avoidance of doubt GPC shall be obligated to pay up to \$100 million of the other Co-owner's share of costs in the aggregate under this paragraph 2.b.
 - c. In the event the Estimate at Completion is revised and exceeds the VCM 19 forecast plus \$2.1 billion, each of the Co-owners shall have a one-time option to be exercised or not at the time the budget forecast first shows the budget exceeding VCM 19 plus \$2.1 billion to tender a portion of its interest in the Project to GPC in exchange for GPC's agreement to pay 100% of such Co-owner's remaining share of Cost of Construction (as defined in the Ownership Participation Agreement) in excess of the VCM 19 forecast plus \$2.1 billion. In order to make an effective tender of its interest a Co-owner must provide GPC with evidence that each lender, off taker or other party with an interest in a Co-owner's interest in the Project has approved the conveyance of such interest in the Project to GPC under this sub paragraph and has agreed to release any liens relating to the interest to be conveyed to GPC. The ownership interest to be conveyed from the tendering Co-owner to GPC shall be calculated based on each Owner's share of Cost of Construction paid at the Commercial Operation date of Unit 4 divided by the total Cost of Construction paid by all Owners at Commercial Operation date of Unit 4. In order to reconcile ownership interests to total Cost of Construction paid by each Owner such interests shall be conveyed by the tendering Owner free and
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clear of all encumbrances or clouds on title, within 180 days of the Commercial Operation date of Unit 4. GPC shall have the option of canceling the Project in lieu of accepting such an offer. For purposes of the calculation to be done to determine the ownership interest to be conveyed the actual Cost of Construction of the Project as of the Commercial Operation Date of Unit 4 shall be used.

- d. If one or more Co-owners exercise the option set forth in A.2(c) and GPC does not exercise its option of canceling the project in lieu of such offer, then GPC shall accept such offer and each Co-owner's Ownership percentage and right to output in the Project will be adjusted in accordance with the percentage of the total Cost of Construction paid by that Owner, net of Toshiba Guarantee payments, and each Co-owner shall be credited in the calculation in 2(c) for any Qualifying Construction Costs payments made by GPC on behalf of such Co-owner in accordance with paragraph A.2(a)-(b) as if such payment was a Cost of Construction paid by that Co-owner, as of commercial operation date of Unit 4.
 - e. Any owner that does not make a tender under A.2(c) will share costs in excess of VCM 19 plus \$2.1 billion according to their Ownership percentages set forth in the Ownership Participation Agreement.
3. To the extent Cost of Construction on a Unit are less than the VCM 19 forecast and achieves the 29+ month schedule as to that Unit, GPC shall be entitled to 60.7% of the savings on the Unit and the other Co-owners will share 39.3% of the savings on the Unit on a pro rata basis according to their Ownership percentages in accordance with the Ownership Participation Agreement.
 4. Qualifying Construction Costs means all Cost of Construction (as defined in Ownership Participation Agreement) payable under the Ownership Participation Agreement, provided however that Qualifying Construction Costs do not include: (i) Costs that are the result of Force Majeure events defined as in Exhibit A (ii) legal fees and legal expenses incurred due to litigation with Contractors or subcontractors that are not subsidiaries or affiliates of Southern Company, and (iii) costs caused by Co-owner requests, except for the exercise of a right to vote granted under the Ownership Participation Agreement, other than GPC that increase Project costs by \$100,000 or more;
 5. The Ownership Participation Agreement will be amended as follows:
 - a. Eliminate all PAEs based on a \$ 1billion increase in the Estimate at Completion set forth in paragraph 2.1 of the Agreement Regarding Additional Participating Party Rights;
 - b. The rate parity PAEs in paragraph 2.1 of the Agreement Regarding Additional Participating Party Rights will be amended to exclude all payments made by GPC under paragraph A.2 on behalf of Co-Owners other than GPC and the first 6% of costs in any VCM period; and
 - c. GPC will be entitled in its sole discretion to cancel the project at any time.
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- B. Additional PTC Purchases (applicable to all Co-Owners)

1. At each Co-owner's option for its own PTCs [to be exercised (or not) at the time PTCs are earned], GPC will purchase additional PTCs from OPC, Dalton, and MEAG (collectively "Co-owners") based on the following terms and conditions:
 - a. If the Cost of Construction at Commercial Operation of Unit 4 for the Vogtle Project ("EAC") remains at or below the EAC forecast reflected in VCM 19, GPC will purchase 100% of Co-Owners' PTCs at 88% of their Face Value during the month after they are earned.
 - b. If the EAC increases from \$0 to \$299 million over the EAC reflected in VCM 19, GPC will purchase 100% of Co-Owners' PTCs at 91% of their Face Value during the month after they are earned.
 - c. If the EAC increases by \$300 million to \$599 million over the EAC reflected in VCM 19, GPC will purchase 100% of Co-Owners' PTCs at 95% of their Face Value during the month after they are earned.
 - d. If the EAC increases by \$600 million or more over the EAC reflected in VCM 19, GPC will purchase 100% of Co-Owners' PTCs at 98% of their Face Value during the month after they are earned.
 - e. As a condition to any obligation to purchase Co-Owners' PTCs under this paragraph B.1, each Co-Owner shall provide GPC with (i) documentation evidencing a transfer by such Co-Owner to GPC of all right, interest and entitlement to such PTCs free of all liens and other encumbrances and (ii) a warranty of title as to such PTC and affidavit by Co-Owners warranting that they have transferred to GPC all of their right, interest and entitlement as to such PTCs free and clear of all liens and without breach of any agreements.
 - f. For clarity, GPC's obligation under this paragraph B.1 will only apply to the MEAG SPVJ PTCs remaining following any GPC purchases of SPVJ PTCs under a separate agreement between GPC and MEAG.

- C. Termination Procedures

1. In the event of a Project termination in which Owners holding more than 50% of the ownership interests in the Project voted or desire to continue the Project after such cancellation:
 - a) Work on the Project will continue for a period of thirty (30) days (and SNC shall not be obligated to commence orderly termination of Work during such thirty (30) day period)
 - b) During the thirty (30) day period Owners will negotiate in good faith regarding the terms of the resumption of the Project;
 - c) In the event the Project is not resumed at the end of the thirty (30) day negotiation period the Owner(s) voting to continue the Work shall reimburse any
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Owner that did not vote to continue the Work for such Owner's incremental Project Costs of continuing the Work during the thirty (30) day period.

- D. Project Controls (applicable to all Co-Owners)

KPMG will continue to be retained by the Project Owners, in accordance with the engagement letter executed on July 24, 2018, to consult, advise and report to the Owners on issues pertaining to (1) project management and controls, (2) organizational controls, (3) commercial management plans, and (4) interim project reports. KPMG will remain as project advisors until released by 67% of the Owners. If KPMG is no longer able or willing to fulfill such role they shall be replaced with an equivalent nationally recognized construction management group.

IN WITNESS WHEREOF, the Parties have duly executed this Co-Owner Term Sheet as of the date first above written.

Signed, sealed and delivered in the presence of:

/s/ M. Stanford Blanton

Witness

Cheryl Smiley

Notary Public

My Commission expires:

GEORGIA POWER COMPANY

By: /s/ Chris Cummiskey

Name: Chris Cummiskey

Title: EVP

Attest: /s/ Meredith M. Lackey

Its: General Counsel Corporate Secretary, SVP

(CORPORATE SEAL)

Signed, sealed and delivered in the presence of:

/s/ Elizabeth B. Higgins

Witness

Jean L. Wheeler

Notary Public

My Commission expires: May 7, 2020

**OGLETHORPE POWER CORPORATION
(AN ELECTRIC MEMBERSHIP CORPORATION)**

By: /s/ Michael L. Smith

Name: Michael L. Smith

Title: President and CEO

Attest: /s/ Kimberly D. Adams

Its: Secretary

(CORPORATE SEAL)

Signed, sealed and delivered in the presence of:

/s/ Rebekah Clemons

Witness

Cindy R. Carter

Notary Public

**MUNICIPAL ELECTRIC AUTHORITY
OF GEORGIA**

By: /s/ James E. Fuller

Name: James E. Fuller

Title: President & Chief Executive Officer

My Commission expires:

Attest: /s/ Pete M. Degnan
Its: Sr. V.P. & General Counsel
(CORPORATE SEAL)

Signed, sealed and delivered in the presence of:

MEAG POWER SPVJ, LLC

By: MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA, its sole member

/s/ Rebekah Clemons
Witness
Cindy R. Carter
Notary Public
My Commission expires:

By: /s/ James E. Fuller
Name: James E. Fuller
Title: President & Chief Executive Officer

Attest: /s/ Pete M. Degnan
Its: Sr. V.P. & General Counsel
(CORPORATE SEAL)

Signed, sealed and delivered in the presence of:

MEAG POWER SPVM, LLC

By: MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA, its sole member

/s/ Rebekah Clemons
Witness
Cindy R. Carter
Notary Public
My Commission expires:

By: /s/ James E. Fuller
Name: James E. Fuller
Title: President & Chief Executive Officer

Attest: /s/ Pete M. Degnan
Its: Sr. V.P. & General Counsel
(CORPORATE SEAL)

Signed, sealed and delivered in the presence of:

MEAG POWER SPVP, LLC

By: MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA, its sole member

/s/ Rebekah Clemons
Witness
Cindy R. Carter
Notary Public
My Commission expires:

By: /s/ James E. Fuller
Name: James E. Fuller
Title: President & Chief Executive Officer

Attest: /s/ Pete M. Degnan
Its: Sr. V.P. & General Counsel
(CORPORATE SEAL)

Signed, sealed and delivered in the presence
of:

**CITY OF DALTON, BY AND THROUGH ITS BOARD
OF WATER, LIGHT AND SINKING FUND
COMMISSIONERS, d/b/a DALTON UTILITIES**

/s/ Lashan Petty

Witness
Lashan Petty

Notary Public
My Commission expires: 05-09-2021

By: /s/ Tom Bundros

Name: Tom Bundros

Title: CEO, Dalton Utilities

Attest: /s/ John Thomas

Its: Chief Energy Services Officer

(CORPORATE SEAL)

EXHIBIT A

A "Force Majeure Event" means any event or circumstance to the extent that it: (a) prevents or materially delays or materially increases the costs of the performance of work in connection with the Project (whether by GPC, SNC, or any Project contractors or subcontractors) or the performance of any GPC or SNC obligation in connection with the various Project ownership and agency agreements; (b) is beyond the reasonable control of and not the result of the fault or negligence of GPC or SNC; and (c) could not have been prevented by GPC's or SNC's exercise of reasonable diligence. To the extent that the preceding conditions are satisfied, Force Majeure Events include the following events or circumstances: (i) war, civil insurrection, riots, sabotage, acts of terrorism; (ii) acts of God, including flash floods, hurricanes, tornadoes, typhoons, lightning strikes, earthquakes and the like; (iii) epidemics, quarantines, embargoes, trade disputes, blockades; (iv) labor disputes, strikes, labor shortages; (v) Governmental actions or inactions (or significant delays associated with issuance of such actions) that affect the licensing, completion, startup, operations, or financing of the Project; (vi) changes in laws or regulations governing the Project; (vii) significant market fluctuations; (viii) bankruptcy or abandonment by contractors or subcontractors; (ix) significant supply chain disruptions, including shortages of equipment and materials; (x) administrative proceedings or litigation regarding ITAAC or other regulatory challenges to commencement of operation of the Project.
