



## **News Release**

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## **Power4Georgians Addresses Misinformation about Financing, Tax Abatements and Infrastructure**

*Plant Washington developers clarify important issues as part of commitment to transparency in all aspects of power plant's development*

(Atlanta, Ga. – January 8, 2010) – Power4Georgians remains enthusiastic about developing a state-of-the-art power generation facility in Washington County. Recently, questions have been raised about the financing, ownership and tax treatment of Plant Washington and the possible risk to the taxpayers of Washington County. Power4Georgians has provided information about the project that addresses these concerns and makes it clear that the development of Plant Washington will not create any financial risk or obligation whatsoever for the taxpayers of Washington County.

“Developing a large multibillion-dollar energy facility such as Plant Washington includes several complex processes – engineering, permitting and financing among them – that can be confusing,” said Dean Alford, spokesperson for Power4Georgians. “Because such confusion can lead to erroneous rumors, we have always been committed to complete transparency and are more than happy to share the facts.”

### **Tax Abatements**

Alford said a tax abatement is a tool used by local governments as an incentive to attract private investment and job creation. Typically, a tax abatement exempts all or part of the increased property value resulting from new investment from property taxes for a specified period of time. The abatement can be a specific dollar amount or a percentage of the tax obligation. Although a tax abatement has been proposed for Plant Washington, the details and value have not been determined at this time.

“All Georgia communities can provide relief from ad valorem taxes as an incentive to induce the location of a new business or the expansion of an existing business in the community,” Alford said. “A tax abatement for an investment the size of Plant Washington is very common in Georgia, especially where local leaders are committed to creating jobs and economic opportunities for residents, such as in Washington County.”

Alford pointed out that such abatements have been vital to Washington County becoming a hub of energy development in Georgia, and that Washington County has granted tax abatements to other power facilities in the county.

### **Development Authority Bonds**

“One of the most important issues we want to address concerns bonds and financial liability for Plant Washington,” said Alford. “I want to be very clear that bonds issued by the Washington County Development Authority for Plant Washington will in no way impose a financial liability for Washington County government or citizens.”

According to Alford, the Development Authority and Power4Georgians will enter into a sale and leaseback agreement upon the completion of Plant Washington – a widely accepted and proven financing mechanism.

Under the agreement, the Washington County Development Authority will issue revenue bonds to Power4Georgians and the title of Plant Washington will be transferred to the Development Authority as security for the bonds. The Development Authority will then lease Plant Washington back to Power4Georgians, which will have sole possession of the plant and will own the revenue bonds. The revenue bonds will be payable from the lease payments made by Power4Georgians under the lease, and will never become obligations of the Development Authority or Washington County. Power4Georgians will be considered to be the owner of Plant Washington under generally accepted accounting principles and for the purpose of federal income taxation.

“The leaseback agreement can seem complicated,” said Alford, “but the bottom line is, there will be no public or local government monies used to finance Plant Washington, and the plant will not impose any financial risk or obligation – even in the event of default – to Washington County government or taxpayers.”

## **Taxes**

At this time it is difficult to predict the amount of property taxes that will be paid by Power4Georgians. Current county property tax rates may be adjusted according to county revenues and needs, and may be higher or lower by the time Plant Washington is developed. However, based on current projections – and even with a tax abatement – Alford estimates that Plant Washington will pay between \$35 million and \$40 million in taxes during its first five years of operation and millions more dollars in subsequent years.

## **Emissions Control Equipment**

As one of the cleanest coal-fired power plants in the nation, approximately one-third of Plant Washington's cost will be devoted to emissions control systems and other environmental technologies. Many states, including Georgia, allow tax credits or exemptions for the purchase and use of this type equipment. Accordingly, Plant Washington's pollution control equipment will be exempt from ad valorem taxation.

The estimated value of the exemption will not be known until the project is bid out and built, and until tax rates have been established for the given year(s) involved. A preliminary estimate values the pollution control equipment at approximately \$700 million based on current project calculations.

## **Facilities Authority**

Some opponents of Plant Washington have claimed that state lawmakers established a special Facilities Authority in Washington County to provide a covert mechanism to provide public financing for the power plant, something that is simply not true.

"In 2009, the Legislature did establish a new Facilities Authority in Washington County. However the purpose of that Authority is to issue bonds to finance a service center being established by the Georgia Board of Regents in the county," Alford noted. "The new Facilities Authority will not be involved with Plant Washington in any way whatsoever."

## **Infrastructure**

The development of a 1,600-acre power facility such as Plant Washington will require the development or redevelopment of some public infrastructure. In order to minimize any potential disruption to existing roadways or residents' travels, Power4Georgians has publicly committed to relocating portions of Mayview Road and Mathis Road.

“It is important for people to know that Power4Georgians has committed to being fully and solely responsible for all costs related to infrastructure modifications,” Alford added. “We will not seek financial support or assistance from Washington County for any infrastructure projects related to Plant Washington.”

### **Moving Forward**

Power4Georgians first proposed plans for Plant Washington two years ago, in January 2008. The 850-megawatt coal-fired energy facility is being engineered with multiple, state-of-the-art emissions control technologies and, according to state regulators, will be one of the cleanest coal plants in the nation. The \$2.1 billion plant is expected to create nearly 1,600 construction jobs, as well as 120 permanent jobs onsite and up to 200 additional jobs in supporting industries when complete. The Georgia Environmental Protection Division issued draft permits for the plant in August 2009.

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