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## NEWS RELEASE

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### **AMP TO TAKE NEXT STEPS IN DEVELOPMENT OF A NATURAL GAS GENERATION PROJECT IN MEIGS COUNTY**

**COLUMBUS:** American Municipal Power, Inc. (AMP) plans to move forward with development of an approximately 600 MW natural gas combined cycle (NGCC) generating facility in Meigs County, Ohio.

This announcement came following action taken at a meeting of the American Municipal Power Generating Station (AMPGS) Participants on August 19. Development of the Meigs County site is dependent upon the successful final negotiation of appropriate tax abatements, economic and infrastructure incentives, construction contracts and pricing, as well as a successful effort by AMP to subscribe the project to its member municipal electric systems. Project Participants voted to pursue conversion of the AMPGS project in Meigs County to a NGCC resource to be developed under a lump-sum turn-key fixed-price contract that will be subscribed to interested AMP Members.



AMP selected the Meigs County site near Letart Falls, previously the site of the organization's planned coal-fired facility, as the primary site for a self-build NGCC facility in April 2010. As an alternative to the self-build option, AMP then examined options of partnering with a third-party or individually purchasing one of several NGCC existing facilities or projects under development. The due diligence examination included third-party review of gas markets, wholesale energy market projections (including carbon impacts), construction pricing and permitting implications for both the self-build and purchase options. The due diligence also included negotiations with the owner of an existing NGCC facility.

"It was important to our Participants that we conduct a thorough due diligence examination of our options to ensure we recommended the course of action that would bring the least overall risk, provide the most overall value and allow them to maximize the investments they have already made," AMP President/CEO Marc Gerken said. "Policy-makers at the local, state and federal levels have indicated their support for a natural gas project in Meigs County and we will work with them to finalize the abatements and incentives, including anticipated site infrastructure incentives from the State of Ohio.

"AMP and our Members made some tough decisions in the past year and I applaud their efforts, patience and confidence in each other and the organization they own," said Gerken. "Our Members understand the importance of taking a long-term view of power supply resources and markets. AMP is poised to be in a strong position with our investments in new, more efficient, mine-mouth coal generation in the Prairie State Generating Campus, our various renewable energy investments – including hydroelectric, solar, wind and landfill gas – our energy efficiency program and new natural gas resources. Our portfolio of owned generation will be approximately 18 percent renewable in 2015."

At their August 19 meeting, Participants also voted to secure a block of replacement power from the lower-cost wholesale power supply now available. The economic downturn and



low natural gas pricing have led to historically low wholesale power prices. While this is expected to be a temporary condition, AMP members can benefit by locking in longer term power supply at this time.

The combination of these efforts will allow Participants the opportunity to recoup more than \$100 million with savings from reduced power supply costs (for a portion of Participant power supply needs as compared to AMPGS coal project projected costs through 2020) and utilization of the Meigs County site investment.

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