

In the opinion of Norton Rose Fulbright US LLP, Federal Tax Counsel, under existing law and assuming compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, interest on the Series 2016A Bonds will not be includable in the gross income of the owners of the Series 2016A Bonds for purposes of federal income taxation. Interest on the Series 2016A Bonds will not be an item of tax preference for purposes of the federal individual or corporate alternative minimum tax but will be includable in the computation of the alternative minimum tax on corporations imposed by the Code. In the opinion of Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP, Bond Counsel, interest on the Series 2016A Bonds will be exempt from certain Ohio taxes. See "TAX MATTERS" herein.



\$80,050,000
AMERICAN MUNICIPAL POWER, INC.
Meldahl Hydroelectric Project Revenue Bonds
Series 2016A (Green Bonds)

DATED: DATE OF ISSUANCE

DUE: FEBRUARY 15, AS SHOWN ON THE INSIDE COVER PAGE

The Series 2016A Bonds will be issued by American Municipal Power, Inc. ("AMP") in book-entry only form through The Depository Trust Company, which will act as securities depository. Purchases of the Series 2016A Bonds will be made in book-entry form through DTC participants in denominations of \$5,000 or any integral multiple thereof. Payments of principal and interest on the Series 2016A Bonds will be made to beneficial owners by DTC through its participants. See APPENDIX G hereto. The Series 2016A Bonds will bear interest at the rates, and mature on the dates, as described on the inside cover hereof. Interest on the Series 2016A Bonds will accrue from their Issuance Date and will be paid each February 15 and August 15, commencing on February 15, 2017 as more fully described herein.

The Series 2016A Bonds are subject to redemption prior to maturity as described herein.

The Series 2016A Bonds are being issued and will be secured under the Master Trust Indenture, as supplemented, dated as of October 1, 2010, by and between AMP and U.S. Bank National Association, as trustee. The Master Trust Indenture, as so supplemented and as further supplemented and amended from time to time, is herein called the "Indenture".

The Series 2016A Bonds are being issued to (i) make a deposit to the Construction Account under the Indenture to repay draws on a line of credit, the proceeds of which were used to provide interim financing for certain capital expenditures, costs and expenses associated with a hydroelectric facility constructed on the Captain Anthony Meldahl Locks and Dam on the Ohio River (the "Project"); (ii) fund a deposit to the Parity Common Reserve Account; and (iii) pay the costs of issuance of the Series 2016A Bonds.

AMP has entered into a Power Sales Contract dated as of March 1, 2009 (the "Power Sales Contract") with 48 municipalities in the States of Kentucky, Ohio, Michigan and Virginia (the "Participants"). Each Participant is a member of AMP and owns and operates its own electric system (each, an "Electric System"). Under the terms of the Power Sales Contract, each Participant agrees to pay from the revenues of its Electric System, on a take-or-pay basis, for its respective share of electric power and energy from the Project.

The Series 2016A Bonds are special and limited obligations of AMP payable from and secured solely by the Trust Estate pledged under the Indenture, which includes payments to be made to AMP by the Participants pursuant to the Power Sales Contract.

THE SERIES 2016A BONDS ARE NOT OBLIGATIONS OF OR GUARANTEED BY THE STATE OF KENTUCKY, OHIO, MICHIGAN OR VIRGINIA, THE MEMBERS OF AMP, THE PARTICIPANTS OR ANY POLITICAL SUBDIVISION OR INSTRUMENTALITY THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF KENTUCKY, OHIO, MICHIGAN OR VIRGINIA, OR ANY POLITICAL SUBDIVISION, INCLUDING THE MEMBERS OF AMP AND THE PARTICIPANTS, IS PLEDGED FOR THE PAYMENT OF THE SERIES 2016A BONDS. AMP HAS NO TAXING POWER.

The Series 2016A Bonds are offered, subject to prior sale, when, as and if issued and accepted by the Underwriters, subject to the approval of legality by Peck, Shaffer & Williams, a division of Dinsmore and Shohl LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for AMP by its General Counsel and Taft Stettinius & Hollister LLP, and by its Federal Tax Counsel, Norton Rose Fulbright US LLP, and for the Underwriters by Nixon Peabody LLP. It is expected that delivery of the Series 2016A Bonds will be made on or about July 27, 2016, through the facilities of DTC.

BofA Merrill Lynch
The Huntington Investment Company
RBC Capital Markets

J.P. Morgan
US Bancorp

KeyBanc Capital Markets
Morgan Stanley
Wells Fargo Securities

This cover page is only a brief and general summary. Investors must read the entire Official Statement to obtain essential information for making an informed investment decision. This Official Statement is dated July 13, 2016 and the information contained herein speaks only as of that date.

MATURITY SCHEDULE, INTEREST RATES, PRICES OR YIELDS, AND CUSIPs

**\$80,050,000
AMERICAN MUNICIPAL POWER, INC.
MELDAHL HYDROELECTRIC PROJECT REVENUE BONDS
SERIES 2016A (GREEN BONDS)**

<u>DUE</u> <u>FEBRUARY 15</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>YIELD</u>	<u>CUSIP⁽¹⁾</u>
2018	\$ 595,000	3.00%	0.73%	02765U KS2
2019	630,000	3.00	0.87	02765U KT0
2020	675,000	4.00	0.98	02765U KU7
2021	1,035,000	4.00	1.13	02765U KV5
2022	2,185,000	5.00	1.30	02765U KW3
2023	2,240,000	5.00	1.47	02765U KX1
2024	1,735,000	5.00	1.62	02765U KY9
2025	1,780,000	5.00	1.76	02765U KZ6
2026	2,735,000	5.00	1.87	02765U LA0
2027	1,780,000	5.00	1.99*	02765U LB8
2028	1,305,000	2.00	2.25	02765U LC6
2029	3,000,000	5.00	2.10*	02765U LD4
2030	3,080,000	5.00	2.19*	02765U LE2
2031	3,160,000	5.00	2.22*	02765U LF9
2032	3,235,000	5.00	2.29*	02765U LG7
2033	3,320,000	5.00	2.34*	02765U LH5
2034	3,385,000	4.00	2.72*	02765U LJ1
2035	3,060,000	4.00	2.76*	02765U LK8
2036	3,550,000	3.00	3.05	02765U LN2

\$18,225,000 4.00% Term Bonds due February 15, 2041 –Yield 2.84%* CUSIP⁽¹⁾ 02765U LL6

\$19,340,000 5.00% Term Bonds due February 15, 2046 –Yield 2.62%* CUSIP⁽¹⁾ 02765U LM4

⁽¹⁾ Copyright 2016, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of The American Bankers Association by S&P Capital IQ. This information is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with AMP and are included solely for the convenience of the registered owners of the applicable Series 2016A Bonds. Neither AMP nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Series 2016A Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Series 2016A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2016A Bonds.

* Priced at the stated yield to the February 15, 2026 optional redemption date at a Redemption Price of par.

AMERICAN MUNICIPAL POWER, INC.

BOARD OF TRUSTEES

The incumbent municipalities (located in Ohio unless otherwise noted) on the AMP Board of Trustees (the “Board of Trustees”) and their representatives to the Board are as follows:

Trustee	Representative	Employment
Bowling Green	Brian O’Connell	Director of Utilities, City of Bowling Green
Bryan	Brian Carlin	Director of Utilities, Bryan Municipal Utilities
Carey	Roy Johnson	Village Administrator, Village of Carey
Cleveland	Ivan Henderson	Commissioner, Cleveland Public Power
Coldwater, MI	Paul Beckhusen	Director, Coldwater Board of Public Utilities
Cuyahoga Falls	Mike Dougherty	Superintendent, Cuyahoga Falls Electric Department
Danville, VA	Jason Grey	Director of Utilities, City of Danville
DEMEC	Patrick McCullar, Treasurer	President/CEO, Delaware Municipal Electric Corporation
Dover	Dave Filippi	Plant Superintendent, Village of Dover Electric System
Ephrata, PA	Tom Natarian	Director of Operations, Borough of Ephrata
Hamilton	Kevin Maynard, Secretary	Director of Electric, City of Hamilton
Montpelier	Kevin Brooks	Deputy Village Manager, Village of Montpelier
Napoleon	Monica Ireland	City Manager, City of Napoleon
New Martinsville, WV	Chuck Stora	Hydro Plant Manager, City of New Martinsville
Newton Falls	Bill George	Electric Department Superintendent, City of Newton Falls
Oberlin	Steve Dupee, Chair	Director, Oberlin Municipal Light & Power System
Orrville	Jeff Brediger, Vice Chair	Director of Utilities, City of Orrville
Piqua	Nick Berger	Assistant Director, Piqua Municipal Power System
Wadsworth	Robert Patrick	Director of Public Service, City of Wadsworth
Westerville	Chris Monacelli	Acting Electric Utility Manager, City of Westerville Electric System

The President and General Counsel of AMP are ex officio members of the Board of Trustees.

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Marc Gerken, P.E.	President and Chief Executive Officer
John Bentine, Esq.	Senior Vice President, General Counsel
Jolene Thompson	Executive Vice President, Member Services and External Affairs
Pamala Sullivan	Executive Vice President, Power Supply and Generation
Marcy Steckman	Senior Vice President, Finance and Chief Financial Officer
Scott Kiesewetter	Senior Vice President, Generation Operations
Brannon Kelley	Chief Information Officer
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<u>Officer</u>	<u>Office</u>
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Phil Meier	Vice President, Hydroelectric Development & Operations
Rachel Gerrick, Esq.	Deputy General Counsel
Lisa McAlister, Esq.	Deputy General Counsel, FERC/RTO Affairs

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Federal Tax Counsel
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Financial Advisor
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New York, New York

Financial Products Advisor
Kensington Capital Advisors LLC
Charlotte, North Carolina

Trustee
U.S. Bank National Association
Columbus, Ohio

[†] See “AMERICAN MUNICIPAL POWER, INC. – AMP Executive Management and Senior Staff – *Succession Planning*” herein.

The information contained in this Official Statement has been obtained from AMP, DTC and other sources believed to be reliable. This Official Statement is submitted in connection with the sale of the securities described herein and may not be reproduced or used, in whole or in part, for any other purpose. The information contained in this Official Statement is subject to change without notice and neither the delivery of this Official Statement nor any sale made by means of it shall, under any circumstances, create any implication that there have not been changes in the affairs of any party since the date of this Official Statement.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used, such as “plan,” “project,” “expect,” “anticipate,” “intend,” “believe,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. AMP does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

The Underwriters have provided the following sentence for inclusion in this Official Statement: They have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but they do not guarantee the accuracy or completeness of such information.

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by AMP or the Underwriters. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The Series 2016A Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other government entity or agency has or will have passed upon the adequacy of this Official Statement or approved the Series 2016A Bonds for sale.

In making an investment decision, investors must rely on their own examination of the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. No commission or authority has confirmed the accuracy or determined the adequacy of this document.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE SERIES 2016A BONDS. SUCH TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT
\$80,050,000
AMERICAN MUNICIPAL POWER, INC.
MELDAHL HYDROELECTRIC PROJECT REVENUE BONDS
SERIES 2016A (GREEN BONDS)

INTRODUCTION

PURPOSE

This Official Statement, which includes the cover and inside cover pages and appendices attached hereto, contains information concerning (a) American Municipal Power, Inc. (“AMP”), an Ohio nonprofit corporation established pursuant to the laws of the State of Ohio, (b) AMP’s Meldahl Hydroelectric Project Revenue Bonds, Series 2016A (Green Bonds) (the “*Series 2016A Bonds*”) and (c) the Meldahl Hydroelectric Project.

The Series 2016A Bonds are being issued by AMP to (i) make a deposit to the Construction Account under the Indenture to repay draws on the Line of Credit (as hereinafter defined), the proceeds of which were used to provide interim financing for certain capital expenditures, costs and expenses associated with a hydroelectric facility constructed on the Captain Anthony Meldahl Locks and Dam on the Ohio River (the “*Project*”); (ii) fund a deposit to the Parity Common Reserve Account; and (iii) pay the costs of issuance of the Series 2016A Bonds. See “PLAN OF FINANCE – ESTIMATED SOURCES AND USES OF PROCEEDS OF THE SERIES 2016A BONDS” herein.

AUTHORIZATION FOR SERIES 2016A BONDS

The Series 2016A Bonds will be issued and secured under the Master Trust Indenture, dated as of October 1, 2010 (the “*Master Trust Indenture*”), entered into between AMP and U.S. Bank National Association, Columbus, Ohio, as trustee (the “*Trustee*”), as supplemented by the Eighth Supplemental Indenture (the “*Eighth Supplemental Indenture*”), dated as of July 1, 2016 and between AMP and the Trustee. The Master Trust Indenture, as so supplemented and further supplemented and amended from time to time, is herein called the “*Indenture*”. The Series 2016A Bonds are the seventh series of Bonds (as defined below) to be issued under the Master Trust Indenture. The Series 2016A Bonds, together with AMP’s Meldahl Hydroelectric Project Revenue Bonds, Series 2010A, Series 2010B, Series 2010C, Series 2010D and Series 2010E (collectively, the “*Outstanding Bonds*”) and any additional bonds issued under the Indenture on a parity with the Series 2016A Bonds (collectively, with the Series 2016A Bonds, “*Bonds*”) and any Parity Debt are herein called collectively “*Parity Obligations*.” See “THE SERIES 2016A BONDS.” As of June 1, 2016, AMP had \$622,320,000 aggregate principal amount of Bonds and approximately \$106.6 million aggregate principal amount of Subordinate Obligations outstanding under the Indenture. The Subordinate Obligations outstanding under the Indenture consist primarily of subordinate notes evidencing draws on the Line of Credit, the proceeds of which were used to provide interim financing for capital expenditures relating to the Project, including interest during construction, and to retire certain indebtedness issued for the Project, including the Meldahl Hydroelectric Project Revenue Bonds, Series 2011A (the “*Series 2011A Bonds*”)

The Board of Trustees of AMP by a resolution adopted on June 23, 2016, authorized the issuance and sale of the Series 2016A Bonds and approved the form and authorized the execution and delivery of the Eighth Supplemental Indenture.

AMP

AMP was formed under Ohio Revised Code Chapter 1702 as a nonprofit corporation in 1971. Under applicable law, AMP has perpetual existence and the duration of its existence is not otherwise limited by its certificate of incorporation or by any agreement with its member municipalities (the “Members”).

AMP operates on a cooperative nonprofit basis for the mutual benefit of its Members, all of which own and/or operate municipal electric utility systems that include distribution facilities (except in the case of DEMEC (as hereinafter defined)) and in some cases (including DEMEC) generation assets (each, an “Electric System” and collectively, the “Electric Systems”). As of June 1, 2016, AMP had 133 Members – 83 municipalities in Ohio, 29 boroughs in Pennsylvania, six cities in Michigan, five municipalities in Virginia, five cities in Kentucky (three of which are Members through their electric utility boards), two cities in West Virginia, one city in Indiana, one town in Maryland and The Delaware Municipal Electric Corporation (“DEMEC”), a political subdivision and joint action agency of the State of Delaware with nine municipal members.

AMP has obtained letters from the Internal Revenue Service (the “IRS”) determining that AMP is exempt from federal income tax under Section 501(c)(12) of the Internal Revenue Code of 1986, as amended (the “Code”), provided that at least 85% of AMP’s total revenue consists of amounts collected from its Members for the sole purpose of meeting losses and expenses (which includes debt service). AMP believes that it has met the requirements for maintenance of its 501(c)(12) status each year since it received the ruling. AMP intends to retain its 501(c)(12) status. See “AMERICAN MUNICIPAL POWER, INC.” and “TAX MATTERS”.

AMP has also obtained letters from the IRS determining that its income is excludable from federal income tax under Section 115 of the Code on the basis that the income of AMP is derived from the exercise of an essential governmental function and will accrue to a state or a political subdivision thereof. See “AMERICAN MUNICIPAL POWER, INC.” and “TAX MATTERS”.

AMP has also received private letter rulings to the effect that it may issue on behalf of its Members obligations the interest on which is excludable from the gross income of holders thereof for federal income tax purposes and that it is a wholly owned instrumentality of its Members with the consequence that use of tax-exempt financed facilities by AMP will not result in private use under the Code. See “AMERICAN MUNICIPAL POWER, INC. – Tax Status” and “TAX MATTERS”.

THE PROJECT

The Project consists of a three unit hydroelectric generation facility, with a generating capacity of approximately 105 MW, constructed on the Captain Anthony Meldahl Locks and Dam, an existing dam, on the Ohio River, constructed by the United States Army Corps of Engineers (the “Army Corps”), and of related equipment and associated transmission facilities. The Project entered commercial operation on April 12, 2016. The City of Hamilton, Ohio, a member of AMP and a Participant (as hereinafter defined), and AMP hold, as co-licensees, the Federal Energy Regulatory Commission (“FERC”) license necessary to operate the Project. See “–OPERATION OF THE PROJECT” below and “THE PROJECT”.

OWNERSHIP AND OPERATION OF THE PROJECT

Subsequent to Hamilton’s receipt of the FERC license for the Project in June 2008, AMP and Hamilton entered into negotiations to jointly develop, construct and operate the Project. In March 2009, these negotiations culminated in the execution of several agreements (the “AMP-Hamilton Agreements”)

relating to the Project and the Greenup Hydroelectric Facility (the “*Greenup Hydroelectric Facility*”). Under the terms of the AMP-Hamilton Agreements, AMP committed to finance the development and construction of the Project and Hamilton will operate the Project, subject to the policies and procedures adopted by the Meldahl Management Committee. AMP agreed to sell, and Hamilton agreed to purchase, 51.4% of the output of the Project pursuant to the terms of the Power Sales Contract (as hereinafter defined).

The Project is owned by Meldahl, LLC, a single-member, Delaware not-for-profit, limited liability company organized for the sole purpose of owning, maintaining and operating the Project (“*Meldahl, LLC*”). AMP is the sole member of Meldahl, LLC and appoints three members of its Board of Directors (the “*Meldahl Board*”). There are also two Independent Directors, which are appointed by Hamilton. The Meldahl Board has exclusive power to manage the affairs of Meldahl, LLC except for certain matters which require the consent of all of the Directors, including the Independent Directors. See “THE PROJECT – BACKGROUND - *Contractual Agreements Between AMP and Hamilton*”.

Under the terms of the Power Sales Contract, dated as of March 1, 2009 (the “*Power Sales Contract*”) between AMP and 48 Members in Kentucky, Michigan, Ohio and Virginia (the “*Participants*”), AMP has agreed to sell, and the Participants have agreed to purchase, the available capacity and energy of the Project. The Participants have subscribed for 100% of the estimated aggregate generating capacity of the Project. See APPENDIX A – “The Participants”.

PLAN OF FINANCE

PROPOSED FINANCING

AMP will utilize a portion of the proceeds of the Series 2016A Bonds to (i) make a deposit to the Construction Account to repay draws on a Line of Credit, the proceeds of which were used to provide interim financing for certain capital expenditures, costs and expenses associated with the Project, including the redemption of the Series 2011A Bonds, and to pay certain costs associated with the Series 2010E Bonds; (ii) fund a deposit to the Parity Common Reserve Account; and (iii) pay the costs of issuance of the Series 2016A Bonds. AMP currently has approximately \$106.6 million aggregate principal amount of Subordinate Obligations outstanding under the Indenture, which consist primarily of promissory notes issued to evidence draws on the Line of Credit for the purposes described above. AMP anticipates that, following the issuance of the Series 2016A Bonds, it will retire all but approximately \$14 million of such Subordinate Obligations outstanding under the Indenture.

GREEN BONDS

AMP enlisted Sustainalytics, a second opinion provider that conducts environmental, social and governance research to assess the alignment of bonds with the *Green Bond Principles 2016*. The Series 2016A Bonds are labeled Green Bonds because they have been issued to provide completion financing for the Project which will provide greenhouse gas emission-free renewable energy and otherwise align with the *Green Bond Principles 2016*. The use of the term “Green Bonds” is solely for identification purposes and is not intended to provide or imply that the owner of the Series 2016A Bonds is entitled to any additional security. The purpose of the “Green Bond” label is to allow investors to invest directly in an environmentally beneficial project.

INVESTMENT OF PROCEEDS

AMP may seek competitive proposals for “delivery versus payment” forward delivery agreements or portfolios of certain Investment Obligations from qualified financial institutions for the

investment of funds credited to the Parity Common Reserve Account. AMP’s decision to seek and accept any such proposals may be made on or after the date of pricing of the Series 2016A Bonds and will be subject to the acceptability of the terms and conditions of such proposals, market conditions and other factors.

ESTIMATED SOURCES AND USES OF PROCEEDS OF THE SERIES 2016A BONDS

The sources and uses of funds in connection with the issuance of the Series 2016A Bonds are estimated to be as follows:

SOURCES:	
Par Amount	\$80,050,000
Net Offering Premium	<u>13,247,689</u>
Total Sources	<u><u>\$93,297,689</u></u>
USES:	
Deposit to Construction Fund to Repay Draws on the Line of Credit ¹	\$89,530,000
Deposit to Parity Common Reserve Account	2,523,385
Costs of Issuance ²	<u>1,244,304</u>
Total Uses	<u><u>\$93,297,689</u></u>

1 Certain of the Underwriters or their affiliates are parties to the Line of Credit with AMP (see “AMERICAN MUNICIPAL POWER – Liquidity”). As a result, certain of the Underwriters or their affiliates will receive a portion of the proceeds of the Series 2016A Bonds. See “UNDERWRITING” herein.

2 Includes underwriting discount and rating agency, Trustee, consultant and legal fees and other expenses related to the issuance of the Series 2016A Bonds.

SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2016A BONDS

The Series 2016A Bonds are payable from and secured solely by the Trust Estate pledged under the Indenture. The Series 2016A Bonds are equally and ratably secured and are payable solely from the Gross Receipts (subject to the provisions of the Master Trust Indenture which permit AMP to apply such Gross Receipts to the payment of AMP Operating Expenses) and certain amounts held under the Indenture. The Gross Receipts include payments made by the Participants under the Power Sales Contract (excluding amounts paid for transmission service and amounts representing administration fees, which are retained by AMP), and the investment income on moneys and securities held by the Trustee in certain subfunds, accounts and subaccounts established pursuant to the Indenture.

THE SERIES 2016A BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF AMP PAYABLE SOLELY FROM THE REVENUES, MONEYS, SECURITIES AND FUNDS PLEDGED THEREFOR IN THE INDENTURE. THE PAYMENT OF THE SERIES 2016A BONDS IS NOT GUARANTEED BY AMP, ITS MEMBERS OR THE PARTICIPANTS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE MEMBERS, THE PARTICIPANTS, THE STATE OF KENTUCKY, MICHIGAN, OHIO OR VIRGINIA OR ANY POLITICAL SUBDIVISION OR INSTRUMENTALITY THEREOF IS PLEDGED FOR THE PAYMENT OF THE SERIES 2016A BONDS. AMP HAS NO TAXING POWER.

THE INDENTURE

The Series 2016A Bonds are secured under the Indenture by the “Trust Estate” which includes the Gross Receipts (except as stated above), AMP’s rights under the Power Sales Contract (subject to certain reserved rights), and certain other amounts credited to certain subfunds, accounts and subaccounts under the Indenture. For a description of the other subfunds, accounts and subaccounts established pursuant to the Indenture, as well as other provisions of the Indenture, see APPENDIX D – “Summary of Certain Provisions of the Indenture”.

The pledge of the Gross Receipts is subject to the provisions of the Indenture permitting AMP to apply such Gross Receipts to the payment of AMP Operating Expenses. AMP Operating Expenses generally will include all of AMP's costs and expenses reasonably related to the operating and maintenance of the Project and the satisfaction of AMP's obligations pursuant to the Power Sales Contract. See APPENDIX D – “Summary of Certain Provisions of the Indenture – *Definitions*” for the definition of AMP Operating Expenses.

AMP designated the Series 2010B and Series 2010E Bonds as “Build America Bonds” for purposes of the American Recovery and Reinvestment Act of 2009 (as amended, the “*Recovery Act*”). As a result, AMP receives semi-annually cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the Series 2010B and the Series 2010E Bonds, less a reduction mandated by the Balanced Budget and Emergency Deficit Control Act of 1985, as amended (the “*BABs Federal Subsidy*”). In addition, AMP issued the Series 2010C Bonds as “New Clean Renewable Energy Bonds” and, pursuant to the Hiring Incentives to Restore Employment Act (the “*HIRE Act*”), AMP elected to receive semi-annual cash subsidy payments equal to 70% of interest payable on the Series 2010C Taxable Bonds (New CREBs) if the amount of such interest were determined by reference to the applicable tax credit rate under Section 54A(b)(3) of the Internal Revenue Code, as amended, less a reduction mandated by the Balanced Budget and Emergency Deficit Control Act of 1985, as amended (the “*New CREBs Federal Subsidy*” and, together with the BABs Federal Subsidy, the “*Federal Subsidies*”). See “CERTAIN FACTORS AFFECTING AMP, THE PARTICIPANTS AND THE ELECTRIC UTILITY INDUSTRY – FEDERAL SUBSIDIES”. The BABs Federal Subsidies relating to the Series 2010B Bonds and Series 2010E Bonds are pledged solely to the payment of the Series 2010B Bonds and Series 2010E Bonds, respectively, and the New CREBs Federal Subsidy relating to the Series 2010C Bonds is pledged solely to the payment of the Series 2010C Bonds. The Federal Subsidies are not pledged to the payment of other Bonds, including the Series 2016A Bonds.

The Supplemental Indentures providing for the issuance of the Series 2010B Bonds, the Series 2010C Bonds and Series 2010E Bonds effectively provide a credit for the scheduled amount of each Federal Subsidy payment against the computation of debt service on the Series 2010B Bonds, Series 2010C Bonds and Series 2010E Bonds, respectively, such that for the calculation of “*Debt Service Requirement*” as used to determine the Parity Common Reserve Requirement, the rate covenant and the test for the issuance of additional Bonds, the amount of the Federal Subsidy payments scheduled to be received in the relevant period will be excluded from the relevant calculation of debt service for such period. See “DEBT SERVICE REQUIREMENTS” for the amounts of the scheduled payments of the Federal Subsidies payments and APPENDIX D – “Summary of Certain Provisions of the Indenture – *Definitions*” for the definition of “Debt Service Requirements.” The calculation of the scheduled amount of each Federal Subsidy payment described above takes into account the reductions mandated by the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, which, for fiscal year 2016 is 6.8% of each Federal Subsidy payment.

PARITY COMMON RESERVE ACCOUNT

Pursuant to the Indenture, the Series 2016A Bonds are secured by amounts on deposit in the Parity Common Reserve Account of the Bond Subfund, including the investments, if any, thereof, which amounts are pledged to the Trustee as additional security for the payment of the principal of, and interest on, and premium, if any, on such Bonds. AMP may elect to secure additional Parity Obligations with amounts held in the Parity Common Reserve Account (the Outstanding Bonds and any other Parity Obligations having the benefit of the Parity Common Reserve Account, collectively, “*PCRA-Secured Parity Obligations*”).

Under the Indenture, AMP is required to deposit and maintain an amount equal to the Parity Common Reserve Requirement in the Parity Common Reserve Account. The Parity Common Reserve Requirement is defined in the Indenture, as of any date of calculation, as an amount in respect of the outstanding PCRA-Secured Parity Obligations equal to the least of (i) the maximum Debt Service Requirements for such Parity Obligations in any Fiscal Year (“MADS”), (ii) 125% of the average annual Debt Service Requirements for such outstanding Parity Obligations, and (iii) 10% of the original principal amount of such Parity Obligations, provided that if a Series of such Tax Exempt Parity Obligations has more than a de minimis amount of original issue discount or original issue premium, as described in Treasury Regulation Section 1-148-1(b), the issue price of such Parity Obligations is substituted for the principal amount of such Parity Obligations. Amounts held in the Parity Common Reserve Account are to be applied to make payment of the principal of, sinking fund redemption price of, or interest on, PCRA-Secured Parity Obligations, including the Series 2016A Bonds, in the event that amounts on deposit in the Bond Subfund are not sufficient therefor.

As of the date hereof, the Parity Common Reserve Requirement is \$38,063,711 (calculated net of the scheduled payments of the Federal Subsidies). As of the date of issuance of the Series 2016A Bonds, the Parity Common Reserve Requirement is expected to be \$41,462,096 (calculated net of the scheduled payments of the Federal Subsidies), which is equal to coincidental maximum annual debt service for the Outstanding Bonds and the Series 2016A Bonds. AMP will, from the proceeds of the sale of the Series 2016A Bonds, make an incremental deposit to the Parity Common Reserve Account in an amount necessary to ensure that the amount on deposit to the credit of the Parity Common Reserve Account after the issuance of the Series 2016A Bonds is equal to the Parity Common Reserve Requirement. See APPENDIX D – “Summary of Certain Provisions of the Indenture” for a description of the Parity Common Reserve Account and the Parity Common Reserve Account Requirement.

Additional Parity Obligations, including additional Bonds, may be secured by the Parity Common Reserve Account or by a Special Reserve Account or may have no debt service reserve. If AMP undertakes to issue additional PCRA-Secured Parity Obligations, AMP may do so only if the amount to the credit of the Parity Common Reserve Account immediately following their issuance shall be at least equal to the Parity Common Reserve Account Requirement.

SPECIAL RESERVE ACCOUNTS FOR THE SERIES 2010B, SERIES 2010C AND SERIES 2010E BONDS

The Series 2010B, Series 2010C Bonds and Series 2010E Bonds are each secured by Special Reserve Accounts (the “2010 Special Reserve Accounts”). Amounts deposited to the 2010 Special Reserve Accounts are pledged to the Trustee under the applicable Supplemental Indentures to pay interest on the related Series 2010 Bonds in the event that the applicable Federal Subsidy is not received by the Trustee on a timely basis or the amount of the Federal Subsidy received is less than scheduled; provided, however, that if the PCRA has been completely depleted, such Special Reserve Accounts may be drawn upon to pay the principal of and interest on the related Series 2010 Bonds. The 2010 Special Reserve Accounts secure only the Series 2010B Bonds, the Series 2010C Bonds and the Series 2010E Bonds, respectively. The 2010 Special Reserve Accounts do not secure any of the other Outstanding Bonds or the Series 2016A Bonds.

THE POWER SALES CONTRACT

General. Under the Power Sales Contract, each Participant is entitled to receive its Project Share from the Project. In exchange therefor, each Participant is required to make monthly payments to AMP in amounts equal to such Participant’s proportionate share (equal to such Participant’s Project Share) of AMP’s Revenue Requirements, which will include the fixed and variable costs incurred by AMP in connection with the Project, including debt service on the Outstanding Bonds. With the exceptions

discussed below, each Participant's obligation to make payments pursuant to the Power Sales Contract is a limited obligation payable solely out of the revenues, and as an operating expense, of its Electric System. In the case of the City of Coldwater, Michigan (1.71% Project Share), the City of Wyandotte, Michigan (1.68% Project Share) and the City of Marshall, Michigan (0.57% Project Share) in certain circumstances as more fully described in APPENDIX C – "Summary of Certain Provisions of the Power Sales Contract – *Rates and Charges; Method of Payment*," their obligations under the Power Sales Contract may be payable from the revenues of their respective Electric Systems on a basis subordinate to the payment of the operating expenses of their Electric Systems and to debt service on their outstanding (but not future) senior Electric System revenue bonds until such revenue bonds are retired.

The Power Sales Contract shall remain in effect until the later to occur of the (i) expiration of the FERC license with respect to the Project, provided, however, that the Power Sales Contract shall not terminate until the date the principal of, premium, if any, and interest on all Bonds (as defined in the Power Sales Contract) have been paid or deemed paid in accordance with the Indenture; and (ii) a Super Majority of the Participants recommends the Power Sales Contract be terminated; provided, however, that each Participant shall remain obligated to pay to AMP its respective share of the costs of terminating, discontinuing, disposing of, and decommissioning the Project unless AMP, in its sole discretion, elects not to terminate, discontinue, dispose of or decommission in connection with or prior to the termination of the Power Sales Contract.

Take-or-Pay. Each Participant's obligation to make payments pursuant to the Power Sales Contract is a "Take-or-Pay" obligation of such Participant. Therefore, the Power Sales Contract provides that such payments are not subject to any reduction, whether by offset, counterclaim, or otherwise, shall not be conditioned upon the performance by AMP or any other Participant of its obligations under the Power Sales Contract, or any other agreement, and such payments shall be made whether or not the Project is completed, operable, operating and notwithstanding the suspension, interruption, interference, reduction or curtailment, in whole or in part, for any reason whatsoever, of the Project or the Participant's Project Share, including Step Up Power (as defined below), if any.

Step Up Provisions. The Power Sales Contract contains a "Step Up" provision that requires, in the event of a default by a Participant (the "*Defaulting Participant*"), the non-defaulting Participants (the "*Non-Defaulting Participants*") to purchase a pro rata share, based upon each Non-Defaulting Participant's original Project Share, of the Defaulting Participant's entitlement to its Project Share which, together with the shares of the other Non-Defaulting Participants, is equal to the Defaulting Participant's Project Share ("*Step Up Power*"). Under the terms of the Power Sales Contract, each Non-Defaulting Participant is obligated to accept Step Up Power in an amount up to 106% of its original Project Share. This percentage is required to create an effective step up provision in the event that the largest Participant, Hamilton, which has a 51.4% Project Share, should default under the Power Sales Contract. See APPENDIX C – "Summary of Certain Provisions of the Power Sales Contract".

Enforceability of the Power Sales Contract; Legislation. In December 2007, the Franklin County, Ohio, Court of Common Pleas issued an order validating a power sales contract relating to the Combined Hydroelectric Projects (as hereinafter defined), between AMP and the Ohio Participants. Specifically, the court held that Take-or-Pay and Step-Up provisions, similar to those in the Power Sales Contract, constitute valid and binding obligations of the Ohio Participants. Based on such validation order and the constitutional home-rule powers granted Ohio municipalities, Ohio State Counsel is of the opinion that such provisions are binding and enforceable obligations of the Ohio Participants. The Michigan and Virginia Participants have specific legislative authority to enter into long-term power sales agreements, such as the Power Sales Contract, which include Take-or-Pay and Step-Up provisions. Kentucky State Counsel is of the opinion that the Kentucky Participants have the power under Kentucky

statutes applicable to municipal electric systems to enter into and perform their obligations under the Power Sales Contract. See “APPROVAL OF LEGAL MATTERS – Power Sales Contract” herein.

AMP to Control Enforcement. So long as AMP is not in default under the Indenture, AMP will retain the authority to enforce the provisions of the Power Sales Contract against Defaulting Participants. Furthermore, events of default under the Power Sales Contract are not automatically Events of Default under the Indenture.

RATE COVENANT AND COVERAGE

AMP has covenanted under the Indenture that, so long as the Series 2016A Bonds remain outstanding thereunder, it will fix, and if necessary adjust, rates and charges so that the Net Revenues will be sufficient to provide an amount in each Fiscal Year at least equal to the greater of (y) 110% of the Debt Service Requirements for such Fiscal Year on account of the Bonds and any Parity Debt then outstanding and (z) 100% of the sum of the Debt Service Requirements for such fiscal year on account of the Bonds and Parity Debt then outstanding and the amount required to make all other deposits required by the Indenture and to pay all other obligations of AMP related to the Project, including any Subordinate Obligations, as the same become due.

INCURRENCE TEST

Generally, in order to incur Parity Obligations, including additional Bonds, to finance additional costs related to the Project two years after the commercial operation date of the Project, AMP must be able to comply with the terms of the Incurrence Test set forth in the Indenture. AMP may comply with the Incurrence Test with respect to such additional Parity Obligations by providing the Trustee an Officer’s Certificate, which may rely upon certificates or other documentation delivered by an Independent Consultant, certifying that for each Fiscal Year thereafter for which sufficient proceeds of the Parity Obligations and other available funds have not been set aside with the Trustee to pay the interest due in such Fiscal Year, in the signer’s good faith estimation, (i) the Debt Service Coverage Ratio will be not less than 1.10x the Maximum Annual Debt Service Requirement for all of the Parity Obligations, including the proposed additional Parity Obligations, that will be Outstanding immediately following the issuance of such proposed Parity Obligations and (ii) the Debt Service Coverage Ratio is not less than 1.00x the Maximum Annual Debt Service Requirement for all of the Indebtedness, including the proposed additional Parity Obligations, that will be Outstanding immediately following the issuance of such proposed Parity Obligations. The Series 2016A Bonds are not subject to the Incurrence Test because they are being issued less than two years after the April 12, 2016 commercial operation date of the Project.

For a more detailed explanation of the Incurrence Test, including its application to Parity Obligations issued to refund Outstanding Indebtedness, see APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Certain Covenants of AMP”.

SUBORDINATED INDEBTEDNESS

The Indenture provides for the issuance of Subordinate Obligations thereunder. Such Subordinate Obligations are subordinate and junior in right of payment, or provision for payment, to the prior payment in full of Parity Obligations. AMP has from time to time made loans from the Line of Credit, which loans are treated as Subordinate Obligations under the Indenture, to provide interim financing for capital expenditures relating to the Project, to retire certain indebtedness issued for the Project and to reduce the cost impact to the Participants of the cost of power delivered from the Project in the first year after Commercial Operation. As of June 1, 2016, approximately \$106.6 million aggregate

principal amount of such Subordinate Obligations were outstanding. AMP intends to use a portion of the proceeds of the Series 2016A Bonds to pay off a portion of such Subordinate Obligations. Any additional draws on the Line of Credit for the benefit of the Project, including any amounts related to a rate levelization program, will be constitute Subordinate Obligations under the Indenture.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Series 2016A Bonds. Principal of and interest on the Series 2016A Bonds is shown in the table below in the year in which the same comes due. Numbers may not add to totals due to rounding.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	-	-	-
2017	-	\$3,784,253	\$3,784,253
2018	\$595,000	3,595,125	4,190,125
2019	630,000	3,576,750	4,206,750
2020	675,000	3,553,800	4,228,800
2021	1,035,000	3,519,600	4,554,600
2022	2,185,000	3,444,275	5,629,275
2023	2,240,000	3,333,650	5,573,650
2024	1,735,000	3,234,275	4,969,275
2025	1,780,000	3,146,400	4,926,400
2026	2,735,000	3,033,525	5,768,525
2027	1,780,000	2,920,650	4,700,650
2028	1,305,000	2,863,100	4,168,100
2029	3,000,000	2,775,050	5,775,050
2030	3,080,000	2,623,050	5,703,050
2031	3,160,000	2,467,050	5,627,050
2032	3,235,000	2,307,175	5,542,175
2033	3,320,000	2,143,300	5,463,300
2034	3,385,000	1,992,600	5,377,600
2035	3,060,000	1,863,700	4,923,700
2036	3,550,000	1,749,250	5,299,250
2037	3,580,000	1,624,400	5,204,400
2038	3,610,000	1,480,600	5,090,600
2039	3,645,000	1,335,500	4,980,500
2040	3,680,000	1,189,000	4,869,000
2041	3,710,000	1,041,200	4,751,200
2042	3,750,000	873,250	4,623,250
2043	3,815,000	684,125	4,499,125
2044	3,870,000	492,000	4,362,000
2045	3,925,000	297,125	4,222,125
2046	<u>3,980,000</u>	<u>99,500</u>	<u>4,079,500</u>
Total	<u>\$80,050,000</u>	<u>\$67,043,278</u>	<u>\$147,093,278</u>

The following table sets forth the debt service requirements for the Series 2016A Bonds and on the Outstanding Bonds. Principal of and interest on the Bonds are shown in the table below in the year in which the same comes due.

Year Ending December 31,	Series 2016A Bonds			Gross Debt Service on Outstanding Bonds	Total Gross Debt Service ⁽¹⁾	Federal Subsidies ⁽²⁾	Total Net Debt Service ⁽³⁾
	Principal	Interest	Total Debt Service				
2016	-	-	-	\$20,908,277	\$20,908,277	\$ 6,592,094	\$14,316,182
2017	-	\$3,784,253	\$3,784,253	49,714,739	53,498,992	13,184,189	40,314,803
2018	\$595,000	3,595,125	4,190,125	49,688,126	53,878,251	13,184,189	40,694,063
2019	630,000	3,576,750	4,206,750	49,673,591	53,880,341	13,184,189	40,696,153
2020	675,000	3,553,800	4,228,800	49,652,355	53,881,155	13,184,189	40,696,967
2021	1,035,000	3,519,600	4,554,600	49,304,340	53,858,940	13,163,071	40,695,869
2022	2,185,000	3,444,275	5,629,275	48,118,810	53,748,085	13,050,939	40,697,146
2023	2,240,000	3,333,650	5,573,650	47,986,986	53,560,636	12,864,410	40,696,226
2024	1,735,000	3,234,275	4,969,275	48,381,122	53,350,397	12,655,360	40,695,037
2025	1,780,000	3,146,400	4,926,400	48,191,865	53,118,265	12,422,370	40,695,896
2026	2,735,000	3,033,525	5,768,525	47,995,217	53,763,742	13,065,646	40,698,096
2027	1,780,000	2,920,650	4,700,650	48,840,676	53,541,326	12,847,056	40,694,269
2028	1,305,000	2,863,100	4,168,100	48,912,761	53,080,861	12,384,001	40,696,860
2029	3,000,000	2,775,050	5,775,050	46,773,827	52,548,877	11,852,339	40,696,537
2030	3,080,000	2,623,050	5,703,050	46,530,975	52,234,025	11,539,841	40,694,184
2031	3,160,000	2,467,050	5,627,050	46,281,445	51,908,495	11,211,006	40,697,489
2032	3,235,000	2,307,175	5,542,175	46,017,515	51,559,690	10,864,880	40,694,810
2033	3,320,000	2,143,300	5,463,300	45,731,779	51,195,079	10,500,623	40,694,457
2034	3,385,000	1,992,600	5,377,600	45,436,488	50,814,088	10,117,271	40,696,817
2035	3,060,000	1,863,700	4,923,700	45,487,304	50,411,004	9,713,306	40,697,698
2036	3,550,000	1,749,250	5,299,250	44,684,390	49,983,640	9,290,537	40,693,104
2037	3,580,000	1,624,400	5,204,400	44,341,233	49,545,633	8,848,431	40,697,201
2038	3,610,000	1,480,600	5,090,600	43,986,477	49,077,077	8,383,017	40,694,060
2039	3,645,000	1,335,500	4,980,500	43,606,436	48,586,936	7,893,003	40,693,934
2040	3,680,000	1,189,000	4,869,000	43,202,547	48,071,547	7,377,141	40,694,406
2041	3,710,000	1,041,200	4,751,200	42,775,904	47,527,104	6,834,066	40,693,037
2042	3,750,000	873,250	4,623,250	42,332,068	46,955,318	6,262,224	40,693,094
2043	3,815,000	684,125	4,499,125	41,856,572	46,355,697	5,660,050	40,695,646
2044	3,870,000	492,000	4,362,000	41,359,727	45,721,727	5,025,905	40,695,823
2045	3,925,000	297,125	4,222,125	40,831,474	45,053,599	4,358,016	40,695,583
2046	3,980,000	99,500	4,079,500	40,271,687	44,351,187	3,654,590	40,696,597
2047	-	-	-	39,684,713	39,684,713	2,913,649	36,771,063
2048	-	-	-	39,064,521	39,064,521	2,133,082	36,931,438
2049	-	-	-	38,400,176	38,400,176	1,310,812	37,089,365
2050	-	-	-	37,709,995	37,709,995	444,498	37,265,497
Total	\$80,050,000	\$67,043,278	\$147,093,278	\$1,553,736,115	\$1,700,829,393	\$317,969,990	\$1,382,859,403

Numbers may not add to totals due to rounding.

⁽¹⁾ Reflects total gross debt service on all Outstanding Bonds without regard to receipt of Federal Subsidies payable on the Series 2010B, Series 2010C and Series 2010E Bonds.

⁽²⁾ Consistent with current law, Federal Subsidies reflected in the table above assume a 6.8% reduction in such Federal Subsidies through 2025 and no reduction thereafter. The actual reduction in the Federal Subsidies may be greater than or less than such amount. See "CERTAIN FACTORS AFFECTING AMP, THE PARTICIPANTS AND THE ELECTRIC UTILITY INDUSTRY – Federal Subsidies."

⁽³⁾ Total reflects total gross debt service on the Bonds net of the Federal Subsidies.

THE SERIES 2016A BONDS

GENERAL

The Series 2016A Bonds will be dated their date of delivery, will bear interest from that date at the rates per annum set forth on the inside cover page hereof, payable semiannually on February 15 and August 15 of each year, commencing February 15, 2017, and will mature on February 15 in each of the years and in the principal amounts set forth on the inside cover page hereof.

The Series 2016A Bonds will be issuable only in fully registered form in denominations of \$5,000 or any integral multiple thereof. Interest on any Series 2016A Bond will be paid to the person in whose name such bond is registered as of the applicable Regular Record Date, which is February 1 for interest due on February 15, and August 1 for interest due on August 15.

REDEMPTION

Optional Redemption. From any available moneys, AMP may, at its option, redeem prior to their respective maturities, in whole or in part, the Series 2016A Bonds stated to mature after February 15, 2026 on any date beginning February 15, 2026, at a Redemption Price of par, together with interest accrued to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The Series 2016A Bonds due on February 15, 2041 and February 15, 2046 are Term Bonds subject to mandatory sinking fund redemption on the Principal Payment Date in the following years in the following principal amounts at a Redemption Price equal to par, together with interest accrued to the date of redemption:

Series 2016A Term Bonds Maturing on February 15, 2041

<u>Year</u>	<u>Principal Amount</u>
2037	\$3,580,000
2038	3,610,000
2039	3,645,000
2040	3,680,000
2041*	3,710,000

* Final Maturity

Series 2016A Term Bonds Maturing on February 15, 2046

<u>Year</u>	<u>Principal Amount</u>
2042	\$3,750,000
2043	3,815,000
2044	3,870,000
2045	3,925,000
2046*	3,980,000

* Final Maturity

In determining the amount of Term Bonds of a particular maturity to be redeemed with any sinking fund installment, there will be deducted the principal amount of any Term Bonds of such maturity which have been purchased, to the extent permitted by the Indenture, with amounts in the 2016A Sinking Fund Subaccount in the Sinking Account of the Bond Subfund (exclusive of amounts deposited from proceeds of Series 2016A Bonds). In addition, if any Term Bonds of a particular maturity are (a) purchased or redeemed with amounts other than moneys on deposit in the 2016A Sinking Subaccount or (b) deemed to have been paid within the meaning of the Indenture and, with respect to the Term Bonds of such maturity which have been deemed paid, irrevocable instructions have been given to the Trustee to redeem or purchase the same on or prior to the due date of the sinking fund installment to be credited, the Term Bonds of such maturity may be credited against any future sinking fund installment established for the Term Bonds of such maturity as determined by AMP at any time.

Selection of Bonds to be Redeemed. The Series 2016A Bonds may be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. If less than all Series 2016A Bonds shall be called for optional redemption, such Series 2016A Bonds shall be redeemed from the maturity or maturities selected by AMP. If less than all Series 2016A Bonds of any maturity are to be redeemed, the particular Series 2016A Bonds to be redeemed shall be selected by the Trustee by such method as the Trustee in its sole discretion shall determine.

Defeasance. The Series 2016A Bonds may be defeased as described in APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Defeasance.”

NOTICE OF REDEMPTION

Unless waived by any owner of Series 2016A Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee by certified mail, return receipt requested, at least 30, but not more than 90, days prior to the redemption date to each registered owner of the Series 2016A Bonds to be redeemed at the address shown on the bond register.

With respect to optional redemptions, such notice may be conditioned upon moneys being on deposit with the Trustee on or prior to the redemption date in an amount sufficient to pay the redemption price on the redemption date. If such notice is conditional and moneys are not received, such notice shall be of no force and effect, the Trustee shall not redeem such Series 2016A Bonds and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Series 2016A Bonds will not be redeemed.

The failure of any owner of Series 2016A Bonds to receive such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2016A Bonds. Any notice mailed as provided in this section shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

So long as DTC is effecting book-entry transfers of the Series 2016A Bonds, the Trustee shall provide the notices specified above only to DTC. It is expected that DTC will, in turn, notify the Direct Participants, that the Direct Participants will, in turn, notify the Indirect Participants and that the Direct Participants and the Indirect Participants will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC, a Direct Participant or an Indirect Participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2016A Bond (having been mailed notice from the Trustee, a Direct Participant, an Indirect Participant or otherwise), to notify the Beneficial Owner of the Series 2016A Bond so affected, shall not affect the validity of the redemption of such Series 2016A Bond.

THE PROJECT

GENERAL

The Project consists of a run-of-the-river hydroelectric generating facility located at the Captain Anthony Meldahl Locks and Dam, an existing dam operated and managed by the Army Corps, on the Ohio River, approximately 36 miles upstream from Cincinnati, Ohio. The Project will utilize three 35 MW bulb-type turbines, which divert water from the existing dam to generate electricity, and has an estimated net rated electric generating capacity of 105 MW. The Project entered commercial operation on April 12, 2016.

BACKGROUND

General. In 2002, AMP completed a strategic plan, including a 20-year power supply needs analysis. The plan identified the need for additional base load and intermediate generating resources to meet the increasing demands of its Members, concluding that ownership of generating facilities would, in the long term, be less expensive than purchasing power on the open market. In addition, AMP's strategic plan concluded that AMP's Members would benefit from the pursuit of a diverse portfolio of power supply resources, including run-of-the-river hydroelectric, which would reduce project and regulatory risk.

In 2006, AMP commissioned R.W. Beck, Inc., an SAIC Company ("*R.W. Beck*" and now "*Leidos*"), to develop long-term power supply plans for its Members. In February 2007, R. W. Beck prepared a report for each Member that included a 20-year load forecast, a 20-year optimal power supply plan and the key inputs and assumptions used to develop the plan. In developing the plan for each Member, a generation expansion plan was developed assuming that the Member could participate in future AMP generating resources, including run-of-the-river hydroelectric generation. The run-of-the-river hydroelectric generation identified in the power supply plans included the Combined Hydroelectric Projects (as defined below) and the Project. After the execution of the AMP-Hamilton Agreements, the long-term power supply plans were updated to reflect the actual energy and capacity available from the Meldahl Project and the AMP Interest (as defined below) in the Greenup Hydroelectric Facility.

Meldahl Project and the Greenup Hydroelectric Facility. In an effort to diversify and expand its hydroelectric portfolio, Hamilton sought and, on June 25, 2008, secured the FERC license to construct and operate the Project. AMP provided Hamilton with technical and legal support during the period in which the latter was pursuing the FERC license to operate the Project. In addition, AMP submitted an affidavit to FERC committing to support financially the development and construction of the Project.

Upon Hamilton's receipt of the FERC license relating to the Project, AMP and Hamilton entered into negotiations to jointly construct and operate the Project. At the same time, AMP and Hamilton, motivated by a desire to provide additional diversity to their generation portfolios, determined that it would be in both parties' best interests to pursue the possibility of a sale by Hamilton and purchase by AMP of the AMP Interest in the Greenup Hydroelectric Facility. In 2009, these negotiations culminated in the execution of the AMP-Hamilton Agreements, pursuant to which AMP agreed to finance the development and construction of the Project and Hamilton agreed to sell to AMP a 48.6% undivided ownership interest (the "*AMP Interest*") in the Greenup Hydroelectric Facility after the Project entered commercial operation. On May 11, 2016, AMP purchased the AMP Interest with a portion of the proceeds of its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the "*2016 Greenup Bonds*").

Contractual Agreements Between AMP and Hamilton. The principal AMP-Hamilton Agreements consist of: (a) the Meldahl-Greenup Participation Agreement (the “*Participation Agreement*”), (b) the Meldahl, LLC Operating Agreement (the “*LLC Operating Agreement*”); (c) the Meldahl Purchase, Construction and Ownership Agreement (the “*PCOA*”) and (d) the Meldahl Project Operating Agreement (the “*Project Operating Agreement*”).

The basic terms of each agreement are summarized below:

Participation Agreement. The Participation Agreement provided the framework and basic terms pursuant to which the Project was developed and the terms and conditions governing the acquisition by AMP from Hamilton of the AMP Interest in the Greenup Hydroelectric Facility. AMP initially paid Hamilton upon execution of the Participation Agreement \$2.43 million for the right to participate in the Project and another \$2.43 million upon the addition of AMP to the FERC License as a co-licensee with Hamilton (collectively, the \$4.86 million payments are referred to herein as the “*Participation Payment*”). AMP agreed to finance the Project and to sell Hamilton a 51.4% Project Share pursuant to the Power Sales Contract. Hamilton agreed to sell AMP the AMP Interest in the Greenup Hydroelectric Facility upon the placement of the Project into commercial operation, which acquisition occurred on May 11, 2016. Pursuant to the Participation Agreement, Hamilton operates the Project and the Greenup Hydroelectric Facility and is entitled to a \$1/MWh adder, which adder shall be indexed to account for inflation, for each MWh of energy delivered to AMP from the Project and the AMP Interest in the Greenup Hydroelectric Facility.

The Participation Agreement also contains substantive provisions relating to the operation of the Project and, specifically, the role of the Meldahl Management Committee, which has representatives from both AMP and Hamilton (the “*Management Committee*”). Under the terms of the Participation Agreement, decisions relating to (i) annual operating and capital budgets; (ii) budget amendments; (iii) expenditures not provided for in an approved budget, unless in the discretion of Hamilton in its capacity as the Project operator, with the concurrence of the AMP Chief Executive Officer or any Senior Vice President, where circumstances reasonably allow, such expenditure must be made to address an emergency or to comply with a FERC license condition and the circumstances do not reasonably allow time to seek advance approval of such expenditure; (iv) the execution or termination of any contract; (v) the authorization of any construction delay or change order; (vi) making or submitting applications for, amending or changing or accepting any conditions to the license or regulatory approvals; and (vii) the issuance of purchase orders in excess of \$25,000, require the approval of both AMP and Hamilton.

LLC Operating Agreement. The parties determined that it would be beneficial if direct ownership of the Project were held by a separate entity. Therefore, AMP and Hamilton agreed to organize Meldahl, LLC, as a single-member, Delaware not-for-profit limited liability company. AMP is the sole member of Meldahl, LLC. Meldahl, LLC was created for the sole purpose of owning the Project. The Meldahl, LLC Board is appointed by AMP, except for the Independent Directors, who are appointed by Hamilton. The Independent Directors are employees of Hamilton and are independent of AMP.

The Meldahl, LLC Board has exclusive power to manage the company’s affairs within the confines of the AMP-Hamilton Agreements, except for a limited number of matters requiring unanimous consent of all Directors, including the Independent Directors. The matters approval of a majority of the Directors, including each Independent Director are those that would (a) result in the dissolution or liquidation of Meldahl, LLC, (b) change the nature of the business of Meldahl, LLC, (c) transfer a member interest or providing for the withdrawal by a member, (d) amend, modify or otherwise change the LLC Operating Agreement or Meldahl, LLC’s Articles of Organization and (e) provide for the institution of, or consent to, a bankruptcy or insolvency proceeding and other comparable proceedings.

PCOA. Under the terms of the PCOA, AMP agreed, as agent for Meldahl, LLC, to finance, develop, construct and place the Project into commercial operation. AMP is also entitled to arrange for the sale of 100% of the capacity and energy from the Project, subject to the condition that AMP sell a 51.4% Project Share to Hamilton under the terms of the Power Sales Contract.

Project Operating Agreement. Hamilton provides services and personnel to manage and operate the Project. Hamilton will ensure that the Project is operated in compliance with the terms of the FERC License and the terms of the AMP-Hamilton Agreements. As noted earlier, Hamilton has over 25 years' experience operating the Greenup Hydroelectric Facility.

OPERATION OF THE PROJECT

As noted above, the Project is operated by Hamilton pursuant to the terms of the Operating Agreement. Hamilton has owned and operated an electric utility system since 1893 and has operated the Greenup Hydroelectric Facility since Hamilton purchased the facility in May 1988. Currently, Hamilton's Electric System is the second largest municipally-owned electric system in Ohio and is a fully integrated electric generation, transmission and distribution system. Hamilton's Electric System has approximately 125 full-time employees.

By and through its representation on the Management Committee, AMP has an oversight function with respect to the operations of the Project. AMP staff has significant hydroelectric generation experience gained from its operation of the Belleville Hydroelectric Plant, a hydroelectric plant located on the Ohio River that has been in commercial operation since 1999. AMP has managed the construction of over 300 MW of run-of-the-river hydroelectric power generation at existing dams on the Ohio River, including the Project. Certain of such generation facilities have recently achieved commercial operation. See "AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS."

FERC LICENSE

As discussed earlier, Hamilton initially secured the FERC license for the Project. On June 16, 2010, FERC entered its order approving AMP and Hamilton's joint petition with FERC to add AMP as a co-licensee. As contemplated by the FERC order, AMP and Hamilton have entered into an Asset Conveyance Agreement pursuant to which Hamilton conveyed to AMP and AMP accepted the conveyance of a Co-Licensee interest in the FERC license for the Project and as agent for Meldahl, LLC sole title to the other tangible and intangible assets and rights related to the FERC license.

The FERC license expires on June 24, 2058, approximately twelve years after the expected final maturity date of the Series 2016A Bonds. Hamilton and AMP expect to file an application for a new license prior to the expiration of the current license. Under existing law, an application for a new license must be filed no later than two years prior to the expiration of the original license. Based on a review of prior FERC licensure proceedings and discussions with counsel, AMP is confident that a timely license renewal can be obtained.

ENVIRONMENTAL CONSIDERATIONS AND PERMITTING

Pursuant to Section 404 of the Clean Water Act, as amended (33 U.S.C. § 1344), any discharge of dredged or fill materials into "waters of the United States," which term includes navigable waters, tributaries of such waters, interstate waters and their tributaries and certain jurisdictional wetlands, is forbidden unless authorized by a permit (a "Section 404 Permit") issued by the Army Corps. The Section 404 Permit for the Project was issued on April 8, 2010. Applicants for a Section 404 Permit are also required to secure a certification to conduct any activity that may result in a discharge to waters of the

state issued by the state from which the discharge originates pursuant to Section 401 of the Clean Water Act, as amended (33 U.S.C. § 401) (a “*Section 401 Certification*”). The Section 401 Certification for the Project was issued by Kentucky in May 2009.

In addition, as construction of the Project required alteration of the Captain Anthony Meldahl Dam on the Ohio River, AMP and Hamilton were required to receive permission from the Army Corps prior to altering the dam (a “*Section 408 Approval*”), pursuant to Section 14 of the Navigable Rivers and Harbors Act of 1899, as amended (33 U.S.C. § 408). The Section 408 Approval for the Project was approved on March 19, 2010.

AMP and Hamilton have secured all other material permits required to operate the Project. A Spill Prevention, Control and Counter Measure plan is currently under development by Hamilton and will be finalized within six months of the Project’s April 12, 2016 commercial operation date. AMP is in the process of securing a National Pollutant Discharge Elimination System permit from the Commonwealth of Kentucky, Energy & Environmental Cabinet for the oil/water separator outfall.

ELECTRICAL INTERCONNECTION

The Project is served by an approximately 2.2-mile, 138-kV transmission line that passes through Washington and Franklin Townships in Ohio that transmits power from the Project to a Duke Energy Ohio substation. The Ohio Power Siting Board issued the required Certificates of Environmental Compatibility and Public Need for the construction of the transmission line and the substation on November 28, 2011. The Project interconnects to the PJM Interconnection LLC (“*PJM*”) regional transmission organization (“*RTO*”).

TAXES

AMP currently pays Ohio personal property, real estate and applicable sales taxes and has assumed their applicability in respect of the ownership and operation of the Project, but could challenge the application of those taxes in the future. AMP pays certain sales and use and other taxes in Kentucky.

CONSULTING ENGINEER

Leidos has been retained by AMP as Consulting Engineer under the Power Sales Contract. Leidos, a nationally-recognized engineering and consulting firm. For purposes of this Official Statement, Leidos has been retained for the limited purpose of preparing the projections included as APPENDIX E to this Official Statement.

AMERICAN MUNICIPAL POWER, INC.

NONPROFIT CORPORATION

AMP was formed in 1971 as a nonprofit corporation under Ohio Revised Code Chapter 1702. Under applicable law, AMP has perpetual existence and the duration of its existence is not otherwise limited by its certificate of incorporation or by any agreement with its Members. AMP must file, however, at certain times, Statements of Continued Existence with the Ohio Secretary of State pursuant to Ohio Revised Code § 1702.59. AMP has made all such required filings and is in good standing.

As of June 1, 2016, AMP had 133 Members – 83 municipalities in Ohio, 29 boroughs in Pennsylvania, six cities in Michigan, five municipalities in Virginia, five cities in Kentucky (three of

which are Members through their electric utility boards), two cities in West Virginia, one city in Indiana, one town in Maryland and DEMEC.

TAX STATUS

AMP obtained a determination letter from the IRS on July 31, 1980, supplemented by letters dated January 19, 1981 and December 16, 1987, determining that the income of AMP is excludable under Section 501(c)(12) of Code, provided that at least 85% of AMP's total revenue consists of amounts collected from its Members for the sole purpose of meeting losses and expenses (which includes debt service). AMP believes that it has met the requirements for maintenance of Section 501(c)(12) status each year since it received the initial letter. AMP intends to retain its Section 501(c)(12) status.

AMP has also obtained a private letter ruling (the "*Section 115 Ruling*") from the IRS determining that its income is excludable under Section 115 of the Code because the income of AMP is derived from the exercise of an essential governmental function and will accrue to a state or a political subdivision thereof. The Section 115 Ruling complements AMP's 501(c)(12) status and provides some flexibility in respect of AMP's operations.

AMP has also received private letter rulings to the effect that it may issue, on behalf of its Members, obligations the interest on which is excludible from the gross income of holders of the obligations for federal income tax purposes and that it is a wholly owned instrumentality of its Members with the consequence that use of tax-exempt financed facilities by AMP will not result in private use under the Code. See also "TAX MATTERS".

Under Ohio, Kentucky and West Virginia law, AMP currently pays applicable taxes or makes payments in lieu of taxes, but AMP could challenge the application of those taxes in the future.

AFFILIATES; SERVICES

AMP is closely aligned with another Ohio statewide municipal power organization, the Ohio Municipal Electric Association ("*OMEA*"), which is the legislative liaison for the state's municipal electric systems. AMP has also facilitated the formation of a number of municipal joint ventures pursuant to Ohio Revised Code § 715.02 and the Ohio Constitution. In addition to Ohio Municipal Electric Generating Agency ("*OMEGA*") Joint Ventures 1, 2, 4, 5 and 6 (See "*AMERICAN MUNICIPAL POWER, INC. – Other Projects – JVs 1, 2, 4, 5 and 6; Combustion Turbine Project*"), the Municipal Energy Services Agency ("*MESA*") has also been formed. Together with AMP employees, MESA provides management and technical services to AMP and its Members. AMP and MESA combined employ approximately 190 people.

AMP purchases wholesale electric power and energy and resells the same to its Members at rates based on cost and a service fee structured to recover AMP's costs. AMP also develops alternative power resources for its Members to meet their short- and long-term needs, including generation projects owned or operated by AMP. See "*AMERICAN MUNICIPAL POWER, INC.–Other Projects*" below. In 2015, the total cost of power sold or arranged by AMP for its Members, including wholesale power arranged by AMP and power sold by AMP to Members under the power sales contracts relating to AMP's generation projects, was approximately \$1.137 billion, at an average rate of \$73.42/MWh, which rate includes capacity, energy and delivery related services.

AMP's Energy Control Center monitors loads and transmission availability, dispatches, buys and sells power and energy for its Members, 24 hours a day, 365 days a year and controls AMP and Member-owned generation. In-house engineering, operations, safety, power supply, rate, legal, financial, risk

management and environmental staff is available at AMP's headquarters to assist Member communities in addition to performing AMP duties and providing support to the joint ventures.

RELATIONSHIP WITH THE ENERGY AUTHORITY

AMP is a member of The Energy Authority ("*TEA*"), a nonprofit power marketing corporation that is owned by AMP and other public power entities. TEA assists in wholesale marketing and related responsibilities of its members. TEA's mission is to maximize the value of its members and other public power partners' assets in the wholesale energy markets. TEA also provides its members with natural gas procurement and management services for supplying physical natural gas used in the generation of electricity, services which AMP utilizes in connection with the Fremont Energy Center. See "--Other Projects – *AMP Fremont Energy Center*" below.

AMP is also a member of TEA Solutions, a sister company of TEA ("*TEA Solutions*"). As with TEA, TEA Solutions is owned by AMP and other public power utilities. TEA Solutions was created to bring further economies of scale and market experience to TEA's members by providing portfolio management, RTO trading, bilateral power trading, power supply management, natural gas trading services and risk management services.

AMP'S INTEGRATED RESOURCE STRATEGY AND APPROACH TO SUSTAINABILITY

Wind, run-of-the-river hydroelectric, landfill gas, solar and fossil fuels, collectively, are all part of AMP's generation resource mix. AMP's integrated resource strategy is consistent with its corporate sustainability commitment, and includes a portfolio consisting of fossil fuel and a variety of renewable generation projects, energy efficiency initiatives and carbon management activities described below. In addition, AMP's actions are guided by a set of Environmental Stewardship Principles approved by the AMP Board of Trustees.

Renewable Energy. As noted above, wind, run-of-the-river hydroelectric, solar and landfill gas are all part of the renewable generation portfolio mix currently owned by AMP or its Members. AMP has recently completed or is currently constructing approximately 300 MW of new run-of-the-river hydroelectric power generation at existing dams on the Ohio River, including the Project. See "-- Other Projects – *Combined Hydroelectric Projects*" herein. These hydroelectric projects have brought significant economic benefits to the region. AMP is also evaluating other hydroelectric generating facilities, including the R.C. Byrd hydroelectric project (the "*R.C. Byrd Project*"), which would be a run-of-the-river hydroelectric facility located at the R.C. Byrd Locks and Dam on the Ohio River. The City of Wadsworth, Ohio, an AMP Member, has filed a license application for the R.C. Byrd Project with FERC.

In addition, AMP entered into a power purchase agreement for 52 MW of wind generation and has developed an approximately 3.5 MW solar facility in the City of Napoleon, Ohio. See "-- Other Projects – *Napoleon Solar Project*" herein. Additional solar sites, aggregating over 70 MW, have been considered for potential development during the 2016-2017 time period based on Member interest. To facilitate the development of such solar sites, AMP has entered into a power purchase agreement with a wholly-owned subsidiary of NextEra Energy Resources ("*NextEra*"), pursuant to which AMP will agree to purchase approximately 80 MW of power and energy from solar facilities designed, built, owned and operated by NextEra. Each such solar facility will be sited within the service area of a Member and interconnected to such Member's transmission system. The largest of such sites, an approximately 20 MW project to be connected to the distribution system of AMP Member Bowling Green, Ohio is expected to commence construction in July 2016. AMP intends to sell such power and energy to Members pursuant to the terms of a power sales contract between AMP and participating Members.

Energy Efficiency. In 2010, partly in connection with a consent decree (“*Consent Decree*”) relating to Richard H. Gorsuch Station (“*Gorsuch Station*”), a now-retired coal-fired generating facility, AMP executed a 3-year contract with the Vermont Energy Investment Corp. (“*VEIC*”) to implement a set of state-of-the-art energy efficiency services for AMP’s Members. AMP fulfilled its obligations regarding the Consent Decree in 2013. The contract with VEIC was renewed for the period of 2014-2016. VEIC is a nationally recognized leader in developing energy efficiency programs. The contract created an Ohio-based turnkey entity – Efficiency Smart – which utilized VEIC’s technical expertise and financial incentives for participating Members to provide a portfolio of energy efficiency services to all major retail customer classes (i.e., residential, commercial, and industrial). The program currently has 28 participating Members and, as of December 31, 2015, had achieved 158,071 MWh of energy savings since its inception. AMP’s contract with VEIC is performance-based, meaning a portion of VEIC’s fee is at risk if the contract’s performance targets are not met. The savings claims are verified by an independent third party evaluation, measurement and verification team headed by Integral Analytics. Participating Members also receive a performance guarantee from VEIC. AMP is negotiating a new contract with VEIC and is planning to provide its Members with additional program options.

Carbon Management. AMP is taking action to report and reduce CO₂ and other greenhouse gas (“*GHG*”) emissions, while also investing in CO₂ offset projects. AMP includes an annual fee assessment on all AMP-owned fossil fuel generation which funds various CO₂ offset projects, primarily focused on forestry and landfill gas projects that capture or reduce CO₂ and methane, throughout its footprint. To date, AMP has coordinated with the Ohio Department of Natural Resources, Appalachian Regional Reforestation Initiative, American Chestnut Foundation, Green Forests Work and local entities to plant more than 200 acres of seedlings in Ohio, including a substantial portion on former strip-mined land. AMP is planting an additional 180,000 seedlings at 260 acres of reclaimed mine land within three Ohio State Forests in the spring of 2016. In 2014, after conducting a request for proposals, AMP contracted to purchase over 250,000 tons of verified carbon offsets, investing in forestry and landfill gas projects across Member states, including Virginia, Michigan, Pennsylvania and Kentucky, all of which have been certified by the Climate Action Reserve and the Verified Carbon Standard.

GOVERNANCE

AMP is governed by a Board of Trustees. The current Member Trustees and their representatives are shown immediately following the inside cover page of this Official Statement. The AMP Board of Trustees consists of 20 members, currently DEMEC and 19 communities, each of which designates a representative to the Board. Twelve of these Trustee communities are chosen by their fellow public power communities in each of AMP’s Member service groups (DEMEC constitutes its own service group), which assures representation by at least one community from each state that has five or more Members. The other eight are elected at large. The officers of AMP are: Chair of the Board, Vice Chair, Secretary, Treasurer, President and General Counsel. The President and General Counsel are appointed by the Board of Trustees and are *ex officio* members of the Board.

Board of Trustees committees concentrate on vital functions of the organization. Current committees include finance, hydro projects, Prairie State project, AMP Fremont Energy Center project, Efficiency Smart, solar project, joint ventures oversight, legislative, member services, mutual aid, personnel, policy, power supply and generation, risk management and transmission/regional transmission organizations.

AMP EXECUTIVE MANAGEMENT AND SENIOR STAFF

The principal members of the executive management and senior staff of AMP, with information concerning their background and experience, are listed below.

Executive Management

Marc Gerken, P.E., has served as President and Chief Executive Officer of AMP since February 2000. Previously, Mr. Gerken served as Vice President of Business and Operations at AMP from January 16, 1998. He is a 1977 graduate of the University of Dayton, beginning his public service career in 1990 with the City of Napoleon, serving as city engineer. In 1995, he was named city manager of Napoleon and served in that capacity until his employment by AMP. Mr. Gerken is a past Chairman of the American Public Power Association (“APPA”) and a former member of its Board of Directors and is also past President of the Board of Directors of the National Hydropower Association. Mr. Gerken also serves on the Board of Directors of TEA. He holds a B.S. in Civil Engineering from the University of Dayton and is a registered professional engineer in the States of Ohio and Florida.

John Bentine has served as AMP’s General Counsel since 1981 and is an ex officio member of the AMP Board of Trustees. Prior to April 2012, when he became AMP’s “in house” General Counsel, Mr. Bentine was in private practice in Columbus, Ohio. Mr. Bentine served for several years as managing partner of his former law firm, Chester Willcox & Saxbe LLP, that merged into Taft Stettinius & Hollister LLP on January 2, 2012, and chaired his former firm’s management committee from 1998 to 2008. He is admitted to practice in Ohio and before the U.S. District Court, Southern District of Ohio. Before entering private practice in 1981, he served as an assistant and a senior assistant city attorney, City of Columbus, 1978-1981, and as an assistant attorney general and counsel to the Public Utilities Commission of Ohio, 1975-1978. Mr. Bentine holds a B.B.A. from Marshall University and a J.D., *cum laude*, from The Ohio State University.

Jolene Thompson serves as Executive Vice President, Member Services and External Affairs of AMP. Ms. Thompson has been part of the AMP member relations area since 1990, also serving as Executive Director of OMEA since 1997. She is a registered lobbyist in Ohio and Washington, D.C. She oversees human resources, energy policy, energy efficiency, environmental compliance, government relations, media and public relations, NERC compliance, safety compliance, technical services and business operations. Ms. Thompson currently serves on the boards of directors of APPA and Transmission Access Policy Study Group. She holds a B.A. in Journalism from Otterbein University.

Pamala Sullivan serves as Executive Vice President, Power Supply & Generation of AMP. Ms. Sullivan provides oversight to AMP’s power supply and generation operations, including the company’s energy trading floor, commodity procurement, power supply planning, transmission affairs, generation development and operations. Before joining AMP in 2003, Ms. Sullivan was vice president, director of marketing, for a consulting engineering firm specializing in power generation and distribution, where she was responsible for developing and implementing marketing plans and strategies. She holds a B.S. in Electrical Engineering from the University of Toledo.

Marcy Steckman serves as Senior Vice President, Finance and Chief Financial Officer. Ms. Steckman joined AMP in 2013 and served as Chief Accounting Officer until July 1, 2016. She is responsible for all treasury, cash management, debt management, financial planning and analysis, financial reporting, Member credit and Member billing activities. She held similar financial leadership positions with American Electric Power, Ohio Power Company, Huntington National Bank, and Nationwide Mutual Insurance Company. Ms. Steckman holds a B.S. in Accounting from the University of Akron and is a Certified Public Accountant in the State of Ohio. She is a member of the Ohio Society of Certified Public Accountants and the Central Ohio Association of Financial Professionals.

Scott Kiesewetter serves as Senior Vice President, Generation Operations. Mr. Kiesewetter was named senior vice president of generation operations in 2014 and oversees all functions of the Power Generation Group, including all generation resources. He has worked for AMP since 1992 in various

positions both at headquarters and generation facilities. His experience with the organization includes engineering and supervisory positions at Gorsuch Station and at headquarters overseeing transmission/distribution design, distributed generation, operations engineering/accounting, new plant engineering and project development. For more than 20 years he has served in several roles within the organization, gaining experience across-the-board from generation to the Energy Control Center. Since 2005, he has served primarily in the area of project development. His efforts have included work on the Prairie State Energy Campus, the American Municipal Power Generating Station and construction completion and start-up of the AMP Fremont Energy Center. Prior to AMP, Kiesewetter held various positions with the Philadelphia Electric Company both in its corporate offices and at the Peach Bottom Atomic Power Station. He holds a B.S. in electrical engineering from The Ohio State University with a concentration in power engineering.

Branndon Kelley serves as Chief Information Officer. Mr. Kelley has been with AMP since 2009 and has more than 14 years of experience in IT operations, infrastructure, application development, project management, executive leadership, strategy and business development. Mr. Kelley has led a complete IT transformation at AMP and was recently named Intelligent Utility's CIO of the Year. He oversees all information technology, information security and supervisory control and data acquisition functions, projects and people. He is responsible for setting, facilitating and leading technology strategy and tactical execution. He was the 2012 chair for TechTomorrow and the 2013 chair for the APPA IT Committee. Mr. Kelley has a B.S. in Computer Information Systems from DeVry University and a MBA in Finance and General Management from the Keller School of Management.

Chris Easton serves as Chief Risk Officer. Mr. Easton joined AMP in 2014, bringing 30 years of experience with municipal electric system management. He spent his career with the City of Wadsworth, retiring as director of public service in 2014, and also served 10 years as the Wadsworth representative on the AMP Board of Trustees. He holds a B.S. in geography from Ohio University and a MPA from the University of Akron.

Senior Staff

Pete Crusse serves as Vice President, Hydroelectric Construction. Mr. Crusse joined AMP in 2011. Bringing with him more than 32 years of experience in the construction industry, he is responsible for the construction of the Combined Hydroelectric Project and the Project. During his time with Smoot Construction, he worked on many diverse and complex projects, including the 32-story Vern Riffe Center in downtown Columbus, renovation of the Ohio Statehouse and many other high-profile projects. He was promoted to his current position at AMP in 2012 and holds a B.S. in industrial technology from the University of Wisconsin-Stout.

Phil Meier serves as Vice President, Hydroelectric Development and Operations. Mr. Meier came to AMP in 1989, and worked as a power coordinator and planning engineer. He was project manager for the OMEGA JV5 Belleville hydroelectric project from 1993 to 1999, director of information systems, and CIO from 2001 to 2006. He was promoted to assistant vice president for hydroelectric development in 2006, and then named vice president of hydro development and operations in 2013. He holds a B.S. in electronics engineering technology from the DeVry Institute.

Lisa McAlister serves as Deputy General Counsel, FERC/RTO Affairs. Ms. McAlister joined AMP in 2012. She was previously Of Counsel at Bricker & Eckler LLP, and represented the Ohio Manufacturers' Association and the OMA Energy Group. Prior to that, she was a senior attorney and partner elect at McNees Wallace & Nurick LLC, representing industrial customers on energy issues. She holds a B.A. from Elon University and a J.D. from The Ohio State University.

Rachel Gerrick serves as Deputy General Counsel. Ms. Gerrick joined AMP in 2012. Prior to coming to AMP, she served as associate assistant attorney general at the Ohio Attorney General's Office in the Business Counsel Section. Before that, she was an associate in the Columbus office of Squire, Sanders & Dempsey LLP and in the Chicago office of Winston & Strawn LLP. She holds a B.A. in economics and history from Emory University and a J.D. from the University of Virginia School of Law.

Succession Planning

AMP is committed to succession planning at every level of the organization. AMP staff and its Board of Trustees have developed a strategic approach for succession planning to ensure the organization is well-positioned for the future. On April 13, 2016, AMP announced that Ms. Steckman, who previously served as AMP's Vice President of Accounting and Chief Accounting Officer, would succeed Robert Trippe as Chief Financial Officer effective July 1, 2016. In early 2016, AMP announced that Mr. Bentine will be retiring from full-time work effective January 2017. On April 13, 2016, AMP also announced that Ms. Gerrick and Ms. McAlister, who joined the legal department in 2012 as part of the Board-approved succession planning for Mr. Bentine, will become co-general counsel effective upon Mr. Bentine's retirement. Both Mr. Trippe and Mr. Bentine will continue in a consultancy capacity after retirement. In addition, in early 2016, the organization announced that Ms. Sullivan and Ms. Thompson had been named executive vice presidents.

LIQUIDITY

AMP is party to a Credit Agreement dated as of January 10, 2012, as amended (the "*Line of Credit*"), with a syndicate of commercial banks led by J.P. Morgan Chase Bank, National Association, with a total available line of \$750 million, which total availability, subject to certain conditions, may be increased to \$1 billion. The current expiration date of the Line of Credit is January 10, 2020. AMP may, subject to certain limitations, borrow directly on the Line of Credit or request the issuance of letters of credit against the Line of Credit to support its operations, to provide interim financing for its projects and to pay its obligations to TEA and TEA Solutions, including capital contributions. As of June 1, 2016, \$454.7 million had been drawn or reserved on the Line of Credit, approximately \$436.8 million of which is supported by Member commitments, including draws on the Line of Credit used to refund obligations or provide working capital for other AMP projects and secured by the respective trust documents as subordinated obligations. See "*Other Projects – JV 1, 2, 4, 5 and 6; Combustion Turbine Project*", "*AMPGS*", "*Prairie State Energy Campus*", "*Combined Hydroelectric Projects*", "*Greenup Hydroelectric Project*", "*Napoleon Solar Project*" below.

OTHER PROJECTS

Several of the studies of alternative power supply and transmission arrangements AMP has made or commissioned have resulted in cooperative undertakings by AMP and one or more of its Members. Included among these projects are the following:

JVs 1, 2, 4, 5 and 6; Combustion Turbine Project. In 1992, AMP began sponsoring the creation and organization of project specific joint ventures (the "*JVs*") among certain of its Members and other AMP owned or controlled projects for the purpose of acquiring certain electric utility assets. Several, described below, remain active.

- *OMEGA JV1* (21 Members): OMEGA JV1 owns 9 MW of distributive generation, located in Cuyahoga Falls, Ohio (the largest participant), consisting of six 1.5 MW Caterpillar diesel units. This project was installed by AMP and later sold to OMEGA JV1 at AMP's net cost. OMEGA JV1 has no debt.

- *OMEGA JV2* (36 Members): OMEGA JV2 owns 138.65 MW of distributed generation, consisting of two 32 MW gas-fired turbines, one 11 MW gas-fired turbine, one 1.6 MW diesel generator and thirty-four 1.825 MW diesel generators. AMP is responsible for the operation of the JV2 Project. As of June 1, 2016, \$6,428,668 principal amount of JV2 Obligations was outstanding and held on the Line of Credit.
- *OMEGA JV4* (4 Members): OMEGA JV4 owns a 69 kV transmission line located in Williams County, Ohio that electrically connects Members Bryan, Montpelier and Pioneer, providing additional reliability to their Electric Systems and the ability to make power sales to one industrial customer. AMP constructed the initial phase of the line in 1995 and then transferred title to the participants in December 1995 at no markup of its cost. OMEGA JV4 has no debt.
- *OMEGA JV5* (42 Members): In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the “Belleville Project,” a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps dam near Belleville, Ohio, an associated transmission line in Ohio and backup diesel generation owned by OMEGA JV5. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project has been operational since June 1999. The diesel generation units have been in service since 1995. The Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039. As of June 1, 2016, \$31,239,864 of the 2001 Belleville Beneficial Interest Certificates (“2001 BICs”) with a final maturity of 2030 was outstanding. The 2001 BICs are capital appreciation bonds with a final aggregate maturity amount of \$56,125,000. In addition, on February 15, 2014, AMP redeemed \$70,990,000 of the 2004 Belleville Beneficial Interest Certificates with the proceeds of a draw on the Line of Credit, which draw was evidenced by the proceeds of a note (the “JV5 Note”). On January 29, 2016, OMEGA JV5 caused the issuance of \$49,745,000 Belleville Beneficial Interest Refunding Certificates, Series 2016 (the “2016 BICs”) to pay the outstanding balance of the JV5 Note and to pay costs of issuance. The 2016 BICs bear interest at a variable rate, mature on February 1, 2024 and are subject to redemption and mandatory tender at the option of the holder commencing February 15, 2021. As of June 1, 2016, \$47,800,000 aggregate principal amount of the 2016 BICs was outstanding. The 2001 BICs and 2016 BICs are non-recourse to AMP.
- *OMEGA JV6* (10 Members): OMEGA JV6 owns four 1.8 MW wind turbines located in Bowling Green, Ohio. AMP is responsible for the operation of the JV6 Project. All indebtedness associated with OMEGA JV6 was retired in August 2015.
- *Combustion Turbine Project* (33 Members – AMP-owned, not a JV): In August 2003, AMP financed, with a draw on its Line of Credit, the acquisition of three gas turbine installations, located in Bowling Green, Galion and Napoleon, Ohio (each of which is an AMP Member), plus an inventory of spare parts. Each installation consists of two gas-fired turbine generators, one 32 MW and one 16.5 MW, with an aggregate nameplate capacity for all three installations of 145.5 MW. On December 13, 2006, AMP refinanced its obligations on the Line of Credit attributable to the purchase with the issuance of its \$13,120,000 Multi-Mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006 (the “CT Bonds”). On December 1, 2013, the outstanding CT Bonds were redeemed with the proceeds of a draw on the Line of Credit. As of June

1, 2016, \$2,045,874 on the Line of Credit was allocable to the refunding of the CT Bonds.

AMPGS (81 Members): Until November 2009, AMP had been developing a 960 MW twin unit, supercritical boiler, coal-fired, steam and electric generating facility, to be known as the American Municipal Power Generating Station (“*AMPGS*”), in Meigs County, in southeastern Ohio, on the Ohio River. AMP had planned for AMPGS to enter commercial operation in 2014 at a total capital cost of approximately \$3 billion. In the fourth quarter of 2009, however, the estimated capital costs increased by 37% and Bechtel Power Corporation (“*Bechtel*”), the EPC (engineer, procure and construct) contractor, would not guarantee that the costs would not continue to escalate. As a result of the estimated cost increases and prior to the commencement of major construction at the project site, the 81 AMP Members that had subscribed for capacity from AMPGS (“*AMPGS Participants*”) voted to cease development of AMPGS as a coal fired project.

In February 2011, AMP filed a complaint in the United State District Court for the Southern District of Ohio (for purposes of this subheading, the “*Southern District*”) against Bechtel stemming from cancellation of the AMPGS project. In the complaint, AMP alleged breach of contract, gross negligence and breach of fiduciary duty on the part of Bechtel and seeks to recover, among other things, approximately \$100 million of cost that AMP incurred with respect to the AMPGS project prior to its cancellation. Bechtel filed an answer denying any liability and a counterclaim seeking \$383,566 from AMP related to a termination payment that Bechtel alleges it is entitled to as a result of AMP terminating the AMPGS project for convenience. On June 30, 2014, AMP received an adverse decision, denying in part and granting in part Bechtel’s Motion for Summary Judgment. The Board of Trustees and the AMPGS Participants voted to authorize the continuation of legal action related to the cancellation of the AMPGS project. On October 21, 2014, the Southern District issued an Order granting AMP’s request to certify a key issue of state law to the Ohio Supreme Court. On December 24, 2014, the Ohio Supreme Court agreed to hear AMP’s request that the Court determine whether, as a matter of Ohio law, reckless conduct by a breaching party renders a contractual limitation of liability clause unenforceable.

As a result of the Ohio Supreme Court’s ruling, the litigation between AMP and Bechtel was stayed pending the Ohio Supreme Court’s rendering its decision. Oral argument was held on October 27, 2015. On June 16, 2016, the Ohio Supreme Court entered an order declining to answer the certified question. On July 1, 2016, AMP filed a renewed motion with the Southern District seeking to certify an order of the Southern District relating to the same issue of state law previously certified to the Ohio Supreme Court to the United States Court of Appeals for the Sixth Circuit for an interlocutory appeal.

All costs associated with the litigation, as well as Bechtel’s counterclaim, are project costs recoverable from the AMPGS Participants under their power sales agreement with AMP, although the Board of Trustees has determined it appropriate to pay a portion of those costs, to be recovered from the proceeds, if any, of the sale of project assets.

As of June 1, 2016, \$34,785,850 on AMP’s Line of Credit was allocable to the stranded costs recoverable from the AMPGS Participants and \$35,047,336 on AMP’s Line of Credit was allocable to plant held for future use.

Prairie State Energy Campus (68 Members): On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the “*PSEC Ownership Interest*”) in the Prairie State Energy Campus (“*PSEC*”), a two-unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company (“*AMP 368 LLC*”). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in

October 2007. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the “*Initial Prairie State Bonds*”) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. In 2015, AMP issued two series of refunding bonds (the “*Prairie State Refunding Bonds*”) and, together with the Initial Prairie State Bonds, the “*Prairie State Bonds*”) to refund the tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. As of June 1, 2016, AMP had \$1,576,845,000 aggregate principal amount of Prairie State Bonds and approximately \$9.4 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, outstanding under the indenture securing the Prairie State Bonds.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the “*Prairie State Power Sales Contract*”) with 68 Members (the “*Prairie State Participants*”). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

During the shakedown period following commercial operation of the PSEC, there were numerous unscheduled outages and derates for equipment adjustments and breakdowns and other operational issues. While these types of issues are common during the shakedown period for new supercritical coal-fired generation plants, PSEC experienced higher-than-expected downtime as compared with similar plants. In a continuing effort to remediate these problems, PSGC has implemented numerous improved operational procedures, equipment upgrades and repairs in order to increase reliability. Such remedial measures include optimizing the various plant equipment and systems such as fuel delivery, boiler combustion, air quality control system, ash handling and water supply; verifying that equipment installation and initial startup were completed according to specifications; and enhanced and ongoing training of operators and maintenance staff as they learn the operating characteristics of equipment and optimizing procedures for equipment startup, operation shut-down and normal operation. PSGC has also made significant management, structural and personnel changes.

For calendar year 2015, PSEC produced 11,116,104 MWh of electric power, surpassing the 2014 total of 9,640,095 MWh. This increased generation has been driven by increased reliability, and is reflected by an increase in the equivalent availability factor (80.88% in 2015 versus 72.48% in 2014) and net capacity factor (77.71% in 2015 versus 67.16% in 2014). Over the next five years, AMP expects to finance its share of improvements with funds on hand, including remaining proceeds of the Initial Prairie State Bonds, rather than issue additional indebtedness.

On April 13, 2016, Peabody Energy Corporation and certain of its affiliates (“*Peabody*”), which through a wholly-owned subsidiary owns a 5.06% undivided ownership interest in the PSEC, filed voluntary petitions under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Missouri. Peabody secured a debtor-in-possession facility and noted in a press release that it “believes that it has sufficient liquidity to operate its business worldwide post-petition.” On May 19, 2016, Peabody transferred the 5.06% undivided ownership interest in the PSEC to Wabash Valley Power Association, Inc., an Indiana nonprofit corporation, after receipt of various regulatory approvals and the approval of the Bankruptcy Court.

AMP Fremont Energy Center (87 Members): On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation (“*FirstEnergy*”) the Fremont Energy Center (“*AFEC*”), a combined cycle, natural

gas fueled electric generating plant, then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. AFEC has a capacity of 512 MW (unfired)/675 MW (fired) and consists of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser.

AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the “90.69% Interest”) is sold to AMP Members pursuant to a take-or-pay power sales contract with 87 of its Members (the “*AFEC Power Sales Contract*”).

In 2012, to provide permanent financing for the 90.69% Interest, AMP issued, in two series, \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the “*AFEC Bonds*”), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. As of June 1, 2016, \$520,620,000 aggregate principal amount of AFEC Bonds was outstanding.

From January 2012 through December 2015, AFEC produced approximately 11,827,000 MWh of electric power with a capacity factor of approximately 51% and an equivalent availability factor of approximately 85%. AFEC has also maintained an excellent safety record with zero lost time accidents and zero recordable injuries dating back to AMP’s acquisition of AFEC.

Combined Hydroelectric Projects (79 Members). AMP has recently completed or is currently developing three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the “*Combined Hydroelectric Projects*”), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects entails the installation of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. The Combined Hydroelectric Projects, including associated transmission facilities, are being or have been constructed and will be operated by AMP. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for the Combined Hydroelectric Projects, in 2009 and 2010 AMP issued, in seven series, \$2,045,425,000 of its Combined Hydroelectric Projects Revenue Bonds (the “*Combined Hydroelectric Bonds*”), consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of June 1, 2016, \$1,995,529,118 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$126.7 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds

The first unit at Willow Island entered commercial operation in January 2016 and the second and final unit at Willow Island entered commercial operation in February 2016. The first unit at Cannelton entered commercial operation on January 2016, the second unit entered commercial operation in March 2016 and the third and final unit entered commercial operation in June 2016. As of June 15, 2016, AMP anticipates that the Smithland units will enter commercial operation as follows: the first unit in January 2017 and the second and third (and final) units in February 2017.

AMP anticipates that it will issue approximately \$150 million additional Combined Hydroelectric Bonds to finance certain additional capital costs, including interest on such Combined Hydroelectric Bonds during construction, and to repay amounts outstanding under the Line of Credit in the third quarter of 2016.

Greenup Hydroelectric Project (47 Members). As discussed above, Hamilton agreed to buy and AMP agreed to purchase the AMP Interest in the Greenup Hydroelectric Facility within 60 days after the Project was placed in commercial operation. On May 11, 2016, AMP issued \$125,630,000 aggregate principal amount of its 2016 Greenup Bonds and, with a portion of the proceeds thereof, acquired the AMP Interest. The 2016 Greenup Bonds are secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which retained title to a 51.4% ownership interest in the Greenup Hydroelectric Facility) that executed the Meldahl Power Sales Contract.

Napoleon Solar Project (3 Members). AMP owns the Napoleon Solar Project, a 3.54 MW solar installation, located in Napoleon, Ohio. The Napoleon Solar Project entered commercial operation in August 2012. The output of the Napoleon Solar Project is sold pursuant to the terms of a take-or-pay power sales contract with three of AMP's Members. The cost of the Napoleon Solar Project was financed with the proceeds of a draw on the Line of Credit. As of June 1, 2016, \$7,779,618 on AMP's Line of Credit was allocable to the financing or refinancing of costs related to the Napoleon Solar Project.

THE PARTICIPANTS

GENERAL

Each of the Participants is a Member of AMP. The Electric Systems owned by the Participants provide, among other things, electric utility service primarily to retail consumers located in their respective service areas. With the exception of the City of Cleveland, Ohio, each Participant is the only authorized supplier of electricity within its corporate limits. Cleveland is in direct competition with Cleveland Electric & Illuminating ("CEI"), an operating company of First Energy Corporation.

PROJECT SHARES

The 48 Participants, together with their respective Project Shares (in kW), are listed in Appendix A hereto. Hamilton has a Project Share of 51.43%. The Project Shares of the Participants with the next five largest Project Shares aggregate 24.80% of all the Participants' Project Shares. These six Participants, the Cities of Hamilton, Cleveland, Wadsworth and Orrville, Ohio, the City of Danville, Virginia and the City of Paducah, Kentucky (the "Large Participants") with Project Shares aggregating over 75% of all the Project Shares, have been designated by AMP as materially "obligated persons" for purposes of Rule 15c2-12 (as hereinafter defined). Appendix B to this Official Statement contains certain financial and other information about the Large Participants. Under the terms of the Power Sales Contract, AMP may designate other Participants as materially obligated persons. See "CONTINUING DISCLOSURE AGREEMENT."

ENFORCEABILITY OF CONTRACTS AND BANKRUPTCY

The enforceability of the various legal agreements relating to the Project and the Series 2016A Bonds may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the rights of creditors or secured parties generally and by the exercise of judicial discretion in accordance with general principles of equity. The Power Sales Contract and other agreements relating to the Project are executory contracts. If AMP or any of the parties with which AMP has contracted under

such agreements (including the Power Sales Contract) is involved in a bankruptcy proceeding, the relevant agreement could be discharged in return for a claim for damages against the party's estate with uncertain value. In such an event, the Gross Receipts could be materially and adversely affected. Similarly, in the event that AMP is involved in a bankruptcy proceeding, exercise of the remedies afforded to the Trustee under the Indenture may be stayed.

AMP. In the event of a bankruptcy of AMP, a party in interest might take the position that the remittance to the Trustee by AMP of the payments received from the Participants pursuant to the Power Sale Contract constitutes a preference under bankruptcy law if such remittance were deemed to be paid on account of a preexisting debt. If a court were to hold that the remittance of funds constitutes a preference, any such remittance within 90 days of the filing of the bankruptcy petition could be avoidable, and funds could be required to be returned to the bankruptcy estate of AMP. Because the payments by the Participants will be commingled by AMP with other payments by the Participants and its other Members pending the transfer of such payments to the Trustee, the risk that a court would hold that a remittance of those funds by AMP to the Trustee was a preference is increased. If AMP is considered an "insider" with the Participants, any such remittance made within one year of the filing of the bankruptcy petition could be avoidable as well if the court were to hold that such remittance constitutes a preference. In either case, the Trustee would be merely an unsecured creditor of AMP.

Municipal Bankruptcy. Chapter 9 of the Federal Bankruptcy Code (the "*Bankruptcy Code*") contains provisions relating to the adjustment of debts of a state's political subdivisions, public agencies and instrumentalities (each an "eligible entity"), such as the Participants. Pursuant to the Bankruptcy Code, political subdivisions, public agencies and instrumentalities must be specifically authorized under state law to file a petition under Chapter 9. States are free to pass, and amend, legislation granting or denying such entities the authority to file a petition under the Bankruptcy Code. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in a material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

In almost all cases, political subdivisions, public agencies and instrumentalities must have specific statutory authorization under state law to constitute an eligible entity. Moreover, prior to initiating any Chapter 9 proceedings certain otherwise eligible entities must first participate in a state-sponsored rehabilitation process before filing a Chapter 9 petition. See "*Ohio Participants*" and "*Michigan Participants*" herein.

Ohio Participants. The State Auditor is charged with monitoring the fiscal health of Ohio municipal corporations. On the request of a municipal corporation, or upon the occurrence of certain triggering events, such as casual general fund deficits exceeding a certain threshold, the State Auditor may place any municipal corporation in fiscal watch ("*Fiscal Watch*"). If a municipal corporation is placed on Fiscal Watch, the State Auditor will provide various administrative and technical expertise, at the state's expense, in an effort to alleviate the conditions which led to the Fiscal Watch.

Again, on the request of a municipal corporation, or upon the occurrence of certain more onerous triggering events, such as large general fund deficits or a default on debt obligations, the State Auditor may place a municipal corporation in fiscal emergency ("*Fiscal Emergency*"). If a Fiscal Emergency is determined to exist, the municipality is subjected to state oversight through a seven-member Financial Planning and Supervision Commission (the "*Commission*"). The Commission is assisted by certified public accountants designated as the Financial Supervisor to be engaged by the Commission. The Auditor of State may also be required to assist the Commission.

The Commission or, when authorized by the Commission, the Financial Supervisor, among other powers, shall require the municipal corporation to establish monthly levels of expenditures and encumbrances consistent with the financial plan and shall monitor such monthly levels and require justification to substantiate any departure from an approved level. Expenditures may not be made contrary to an approved financial plan. Moreover, the Commission must approve the issuance of additional cashflow or long-term borrowing and may require the use of certain credit enhancements, such as the use of a fiscal agent to handle debt service payments, in connection with the issuance of such indebtedness.

A municipality must develop and submit a detailed financial plan for the approval or rejection of the Commission; develop an effective financial accounting and reporting system; prepare budgets, appropriations and expenditures that are consistent with the purposes of the financial plan; and may only issue debt on a limited basis, the purpose and principal amount of which must be approved by the Commission.

In October 2014, the State Auditor determined that Niles, Ohio, a Participant with a Project Share of 1.41% was in Fiscal Emergency. As of June 1, 2016, Niles remains in Fiscal Emergency. The finding of the State Auditor that led to the determination that such Niles was in Fiscal Emergency did not identify the electric funds as funds running a deficit and, as of June 1, 2016, Niles did not have a deficit in its electric fund. Pursuant to Section 118.02(C) and Section 5705.14(D) of the Ohio Revised Code, electric utility revenues in a municipality's electric fund are not available to be transferred to other funds to remedy deficits therein, absent specific court approval. As of June 1, 2016, Niles is current on all of its obligations payable to AMP.

The Ohio Revised Code permits a political subdivision, such as any of the Ohio Participants, upon approval of the State Tax Commissioner, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision. The taxing authority of such subdivision may, upon like approval of the State Tax Commissioner, refund its outstanding securities, whether matured or unmatured, and exchange bonds for the securities being refunded. In its order approving such refunding, the State Tax Commissioner shall fix the maturities of the bonds to be issued, which shall not exceed thirty years. No taxing subdivision is permitted, in availing itself of the provisions of the Bankruptcy Code, to scale down, cut down or reduce the principal sum of its securities except that interest thereon may be reduced in whole or in part.

Michigan. Local governments in Michigan are prohibited from voluntarily becoming debtors under Chapter 9 of the U.S. Bankruptcy Code without first complying with applicable State law requirements. Pursuant to the Local Financial Stability and Choice Act, Act 436, Public Acts of Michigan, 2012, as amended ("*Act 436*"), the State Treasurer is charged with monitoring the fiscal health of Michigan political subdivisions. Under Act 436, upon the occurrence of one or more financial triggers, the State Treasurer may conduct a preliminary review of a local government. If the State Treasurer conducts a preliminary review upon the occurrence of a triggering event, and makes a finding of probable financial stress, and that finding is confirmed by the local emergency financial assistance loan board, the Governor is required to appoint a review team to undertake a local financial management review. Upon receipt of a report from the review team, the Governor is required to determine whether or not a financial emergency exists in the local government. If the Governor determines that a financial emergency exists, the Governor shall provide the governing body and chief administrative officer of the local government with a written notification of the determination. The chief administrative officer or the governing body of the local government has seven days after the date of the notification to request a hearing conducted by the State Treasurer. Following the hearing, or if no hearing is requested, the Governor shall either confirm or revoke the determination of the existence of a financial emergency. A local government for

which a financial emergency determination has been confirmed to exist may, by resolution adopted by a vote of 2/3 of the members of its governing body elected and serving, appeal this determination within ten business days to the Michigan court of claims.

If the Governor confirms that a financial emergency exists, the governing body of the local government has seven days to select one of the following: (1) a consent agreement with the State to address the financial emergency, (2) the appointment of an emergency manager with broad powers to address the financial emergency and operations of the local government, (3) a neutral mediation process with creditors and other interested parties, or (4) Chapter 9 bankruptcy, with the Governor's approval. If the governing body of the local government does not make a choice within seven days, the local government will be placed in neutral mediation.

In addition to the option available to a Michigan local government upon a finding of a financial emergency to request the Governor's approval for a Chapter 9 bankruptcy filing, a Chapter 9 bankruptcy filing may also be initiated by an emergency manager appointed to a local government upon a determination that no alternative exists to address the financial emergency, or if the neutral mediation process fails to result in an agreement. The Governor's approval is required for a bankruptcy filing in either scenario.

Virginia. The existing law of Virginia does not specifically authorize, as required by the Bankruptcy Code, its municipalities to file for bankruptcy under the Bankruptcy Code. Virginia does not have statutory provisions respecting fiscal emergencies of municipalities or their public utilities similar to those of the provisions of Ohio and Michigan law discussed above.

Kentucky. Section 66.400 of the Kentucky Revised Statutes permits municipalities, for the purpose of enabling such municipality to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, to file a petition stating that the municipality is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such municipality.

Section 96.720 of the Kentucky Revised Statutes controls receivership for boards of municipal electric plants. In the event that a municipal electric board issues bonds and then defaults on the payment of those bonds, the holders of not less than twenty-five percent of the outstanding bonds may petition the court of competent jurisdiction to appoint a receiver to administer the electric plant on behalf of the board. Such a receiver has the power to charge and collect rates sufficient to provide for the payment of any obligations.

CERTAIN FACTORS AFFECTING AMP, THE PARTICIPANTS AND THE ELECTRIC UTILITY INDUSTRY

GENERAL

Various factors will affect the operations of AMP and the electric utility systems operated by the Participants, as well as the sellers and transmitters of electric power. They include, for example: (a) retention of existing retail customers by Participants, (b) local, regional and national economic conditions, (c) the market price of electricity and the market price of alternate forms of energy, (d) the price of commodities and equipment used in electric generating facilities, (e) energy conservation measures, (f) the price of coal and natural gas, (g) the availability of alternate energy sources, (h) climatic conditions, (i) government regulation and deregulation of the energy industries, (j) the price and availability of transmission service, (k) technological advances in fuel economy and energy generation devices, and (l) "self-generation" or "distributed generation" (such as photovoltaic arrays, microturbines and fuel cells) by industrial and commercial customers and others.

AMP is unable to predict the impact of the foregoing factors, and other factors, on the Participants and their electric operations. However, the electricity supply and services to be provided by AMP are intended to maintain and improve the competitive position of the Participants by providing them with services and with competitive prices for all or a portion of their required electricity supply.

The following sections under this caption provide brief discussions of some of the factors that affect the operations of AMP and the electric utility systems operated by the Participants. These discussions do not purport to be comprehensive or definitive, however, and the matters discussed are subject to change subsequent to the date hereof.

FEDERAL ENERGY LEGISLATION

The Energy Policy Act of 1992. The Energy Policy Act of 1992 (“*EPACT 1992*”) made fundamental changes in the federal regulation of the electric utility industry, particularly in the area of transmission access under Sections 211, 212 and 213 of the Federal Power Act. The purpose of these changes, in part, was to bring about increased competition in the electric utility industry. As amended by EPACT 1992, Sections 211, 212 and 213 of the Federal Power Act provide FERC authority, upon application by any electric utility, federal power marketing agency or other person or entity generating electric energy for sale or resale, to require a transmitting utility to provide transmission services (including any enlargement of transmission capacity necessary to provide such services) to the applicant at rates, charges, terms and conditions set by FERC based on standards and provisions in the Federal Power Act. Under EPACT 1992, electric utilities owned by municipalities and other public agencies which own or operate electric power transmission facilities that are used for the sale of electric energy at wholesale are “transmitting utilities” subject to the requirements of Sections 211, 212 and 213.

The Energy Policy Act of 2005. The Energy Policy Act of 2005 (“*EPACT 2005*”) addressed a wide array of energy matters affecting the entire electric utility industry, including AMP and the electric systems of the Participants. It expanded FERC’s jurisdiction to require open access transmission by municipal utilities that sell more than four million megawatt hours of energy annually and to order the payment of refunds under certain circumstances by municipal utilities that sell more than eight million megawatt hours of energy annually. No Participant is able to predict when, if ever, its sales of electricity would reach either four million or eight million megawatt hours, although no Participant now sells more than 1.7 million megawatt hours annually. EPACT 2005 provided for mandatory reliability standards to increase the electric grid’s reliability and minimize blackouts, criminal penalties for manipulative energy trading practices and the repeal of the Public Utility Holding Company Act of 1935, which prohibited certain mergers and consolidations involving electric utilities. EPACT 2005 also authorized FERC to issue a permit authorizing the permit holder to obtain transmission rights of way by eminent domain if FERC determines that a state or locality has unreasonably withheld approval and if the facilities for which the permit is sought will significantly reduce transmission congestion in interstate commerce and protect or benefit consumers;. EPACT 2005 contained provisions designed to increase imports of liquefied natural gas and incentives to support renewable energy technologies. EPACT 2005 also extended for 20 years the Price-Anderson Act, which concerns nuclear power liability protection, and provides incentives for the construction of new nuclear plants.

Energy Independence and Security Act of 2007: The Energy Independence and Security Act of 2007 (“*EISA 2007*”) was designed to boost energy independence and reduce dependence on imported oil. The most prominent features of the legislation were provisions updating the fuel economy standard for automobiles and expanding the renewable fuel standard for ethanol in gasoline. EISA 2007 included several elements impacting the electric utility sector. The legislation updated appliance efficiency standards for a wide array of consumer products. EISA 2007 also set lighting standards, including the discontinuation of incandescent light bulbs. In addition, the legislation began federal involvement in

development of the “smart grid,” including standard-setting on interoperability, establishment of federal research and development efforts, and creation of an advisory task force.

Consolidated Appropriations Act of 2016. In lieu of passing the 12 separate appropriations bills to fund the various functions of the federal government for its 2016 fiscal year, Congress enacted the Consolidated Appropriations Act of 2016 (the “*Consolidated Appropriations Act*”). In addition to setting spending levels for federal agencies, the legislation included a number of extensions of expired or expiring tax provisions, including the Production tax credit for wind projects (the “*Wind PTC*”), which had expired December 31, 2015. The Consolidated Appropriations Act retroactively extended and phased out the Wind PTC. The Wind PTC is now available to projects that commence construction prior to December 31, 2020, with the credit reduced by 20% for projects commencing construction in 2017; 40% for projects commencing construction in 2018; and 60% for projects commencing construction in 2019. In addition, the Consolidated Appropriations Act extended and phased out the investment tax credit for solar projects (the “*Solar ITC*”), which was set to expire the end of 2016. Under the Consolidated Appropriations Act, the Solar ITC is extended for projects commencing construction prior to January 1, 2022 and gradually phases out the tax credit over five years. For eligible projects that commence construction in 2020, the Solar ITC will be reduced from 30% to 26%; the Solar ITC will be 22% for projects commencing construction in 2021 and the Solar ITC will decrease to 10% for projects commencing construction in 2022 and 2023. In addition, the Consolidated Appropriations Act includes the Cybersecurity Information Sharing Act of 2015, which enables information sharing between federal agencies and business and provides liability protection for information disclosure by businesses complying therewith. The legislation also authorizes municipal utilities to shield sensitive data and information from disclosure under public sunshine laws.

2015 Energy Policy Act. On Dec 3, 2015, the House of Representatives approved the North American Energy Security and Infrastructure Act of 2015 (“*NAESIA*”). The House-passed bill includes significant reforms of the regulatory process governing licensing of hydropower projects by FERC. Under the legislation, FERC is named the lead agency for all federal agency regulatory reviews, with the ability to set schedules, coordinate environmental reviews, and take other steps to streamline and reduce the cost of the hydropower licensing process, including the process of amending an existing license. The legislation also directs the various organized wholesale electricity markets (such as PJM) to review and make findings on the adequacy of market structures to promote fuel diversity and investment recovery. This requirement causes concern that mandatory capacity markets will be extended and expanded, raising costs to consumer-owned utilities and potentially their ability to self-supply. NAESIA also includes provisions streamlining permitting for natural gas pipelines. The companion measure to NAESIA in the Senate is entitled the Energy Policy Modernization Act of 2015 (“*EPMA 2015*”). The Senate passed EPMA 2015 on April 20, 2016. The Senate legislation includes similar provisions on hydroelectric licensing reform and natural gas pipeline permitting, but does not include objectionable language on capacity markets. The House has named conferees on EPMA 2015, but the Senate has not. Most observers believe that final action on energy legislation is most likely to occur in September or in the post-election session. Given the similarity of the hydroelectric licensing reform provisions, it is likely that any energy bill sent to the President for signature will address hydropower licensing reform.

OPEN ACCESS TRANSMISSION AND RTOS

In 1996, FERC in Order No. 888 required utilities under its jurisdiction to provide access to their transmission systems for interstate wholesale transactions on terms and at rates comparable to those available to the owning utility for its own use. In 2007, FERC issued another rulemaking order that was meant to fine-tune the Open Access Transmission Tariff setting minimum standards for transmission owners.

In 1999, FERC in Order No. 2000 adopted regulations aimed at promoting the formation of regional transmission organizations (“RTOs”), which would be established as the sole providers of electric transmission services in large regions of the country, each of which would encompass the service territory of several (or more) electric utilities. These RTOs would operate and control, but would not own, the transmission facilities, pursuant to contracts with the transmission owners.

The investor-owned electric utilities whose respective transmission systems serve the vast majority of AMP’s Members are participants in the PJM RTO, which coordinates the movement of wholesale electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. FirstEnergy (Cleveland Electric Illuminating, Toledo Edison, Ohio Edison and American Transmission Systems, Inc.) and Duke Energy-Ohio, Inc. initially participated in Midcontinent Independent System Operator, Inc. (“MISO”) but left that organization and joined PJM in 2011 and 2012 respectively.

Although AMP and the Participants are not for most purposes subject to the jurisdiction of FERC, they have been and will continue to be significantly affected by the establishment of RTOs in Ohio and the region.

RTO-OPERATED MARKETS

In addition to coordinating wholesale transmission operations and services, RTOs operate centralized markets for wholesale electricity products such as capacity, energy and ancillary services. By virtue of having members and generating resources located in MISO and PJM, AMP is subject to the tariff provisions and business practices governing the operation of wholesale electricity markets in each of those RTOs. As a result, AMP’s costs of securing power to meet its Members’ needs are affected by the market and administrative mechanisms approved by FERC for use in setting prices for energy, capacity and ancillary services (as well as transmission service) in MISO and PJM.

The nature and operations of RTOs and RTO markets continue to evolve, and AMP cannot predict whether their existence will meet FERC’s goal of reducing transmission congestion and costs and creating a competitive power market.

CLIMATE CHANGE AND REGULATION OF GREENHOUSE GASES

This section provides a brief summary of certain actions taken or under consideration regarding the regulation and control of greenhouse gases (“GHGs”) that have the potential to impact the Project.

Limitations on emissions of GHGs, including CO₂, create significant exposure for electric fossil-fueled generation facilities. The United States Environmental Protection Agency (“EPA”) has recently issued final rules regulating CO₂ emissions from various classes of electric generating units (“EGUs”). The rules for existing generation, known as the Clean Power Plan (the “CPP”), would not directly regulate GHG emissions by specific EGUs, but instead would impose state-by-state caps on aggregate GHG emissions, allowing respective states to develop their own method to comply with their emissions cap. Despite these regulations facing considerable legal challenges, the current Administration continues to promote limits on GHG emissions as part of its domestic agenda, as well as through continuing international treaty discussions. The limitations outlined in the Clean Power Plan, or alternative GHG regulations, should provide opportunities for hydropower assets. However, until final federal and/or state plans implementing these regulations are in place, the extent and implications of these opportunities cannot be quantified.

EPA issued its final rules for the CPP on October 23, 2015. These rules are aimed at reducing CO₂ emissions from existing power plants under the Clean Air Act (“CAA”) Section 111(d). The CPP would reduce emissions by 32 percent from 2005 levels by 2030. Under the rule, states are required to design and implement compliance plans that could include increases in efficiency and clean energy. In addition to recognizing hydropower as a renewable, the final rule allows for new hydropower projects and incremental updates to existing facilities to be eligible to create Emission Rate Credits under rate-based compliance scenarios.

Consistent with other types of renewable energy, new hydropower generating capacity installed after 2012 is eligible to states to help meet their goal. For a handful of states, EPA adjusted the Best System of Emission Reduction Calculation for their 2012 baseline carbon emissions level to better reflect the amount of emissions in an average hydropower year (from 1990-2012), recognizing that increased hydropower generation in 2012 allowed several states to utilize less fossil generation.

The final rule requires states to submit compliance plans by June 30, 2016, similar to traditional state implementation plans (“SIP”) which demonstrate how they will achieve state-specific emission rate targets during the compliance period of 2022 through 2030. The final rule also provides states with an option to request a two-year extension if multi-state SIPs are under consideration. The February 9, 2016 stay of the final rule, as discussed later, has suspended all submittal deadlines and compliance dates until legal clarity is restored and a new timeline is established.

The statutory interpretation and other legal grounds on which EPA has relied in proposing GHG limitations affecting existing, reconstructed and new power plants is controversial, and legal challenges and legislative proposals to EPA’s final GHG rules already have been initiated. EPA’s rules limiting GHG emissions are expected to have very significant implications for the electric utility industry and for electricity consumers, in terms of both direct and indirect cost impacts and on the reliability of electricity supplies, while providing increased opportunities for renewable energy. AMP is unable to predict the outcome of the final rule until states have submitted their SIPs and they have been approved by EPA. Motivated in part by a belief that the Clean Air Act is an ill-suited framework for controlling GHG emissions, there have been Congressional efforts to stop the CPP. For example, in December 2015, the House passed two joint resolutions to halt the implementation of the CPP, which passed 242-180 and 235-188.

In terms of legal challenges, 29 states, along with coal companies and coal-dependent utilities, have sued to block the CPP, arguing that it exceeds EPA’s authority under the CAA. But 18 other states, plus seven municipalities, more than a dozen environmental organizations, and an assortment of utilities and industry groups, have intervened to support EPA. In late January, the U.S. Court of Appeals for the D.C. Circuit (the “*D.C. Circuit*”) denied motions to stay the CPP. However, on February 9, 2016 the Supreme Court of the United States voted 5-4 to intervene and overrule the D.C. Circuit to place a stay on the final Agency action not only for the period of consideration of the rule at the D.C. Circuit level but also through the final judgement by the Supreme Court. Oral arguments originally scheduled for a traditional three judge panel on June 2, 2016, have been rescheduled for September 27, 2016, before the U.S. Court of Appeals for the District of Columbia Circuit *en banc*.

On February 13, 2016, Supreme Court Justice Scalia passed away. Justice Scalia had voted for the stay and was expected to rule in favor of the petitioners; that USEPA had exceeded their authority when developing the Clean Power Plan. Most states continue to interact with stakeholders and fellow states, however broad planning efforts have largely been put on hold pending the current legal challenges. A few states have expressed a commitment to developing an implementation plan, some of which are already in a multi-state carbon trading program.

AMP is unable to predict at this time whether mandatory GHG emissions limitations will be imposed, the impact on, or opportunities presented by the Project or, more broadly, the impacts of any such limitations on the costs and reliability of wholesale electricity supplies. Impacts specific to the Project would be determined by the specific state plans adopted by Ohio and the Participants' other states, either on their own or in conjunction with other states in the region, to implement any mandated limitations and trading platforms. Although AMP is unable to predict the outcome of these matters, the potential impacts of mandatory GHG emissions limitations on the Project, AMP and/or the Participants could be material.

IMPACTS OF OTHER ENVIRONMENTAL REGULATIONS

Cross-State Air Pollution Rule ("CSAPR") EPA finalized its CSAPR rule (formerly known as the Clean Air Transport Rule) on July 7, 2011. CSAPR was intended to replace the 2008 Clean Air Interstate Rule ("CAIR") to control cross-state transport of primarily SO₂ and NO_x emissions from coal-fired power plants and other industrial sources. Under CSAPR, areas that have historically been subject to nonattainment restrictions would have been most likely to see those continue, but these areas were also expected to expand. Implementation of the rule was stayed in December 2011, and on August 21, 2012, a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit vacated CSAPR, returning the rule to EPA to be rewritten. The court found that EPA exceeded its authority under the CAA in both its determination of upwind states' reduction obligations and its premature imposition of federal implementation plans ("FIPs"); the court directed EPA to continue administering the previously vacated CAIR rule until a new rule could be issued. The court's decision called into question the agency's redesignation of certain areas from nonattainment to attainment, based on use of CSAPR's emission-trading program, as well as ongoing agency efforts to tighten the fine PM and ozone National Ambient Air Quality Standards ("NAAQS").

On April 29, 2014, the Supreme Court reversed the appeals court decision that overturned CSAPR. While upholding EPA's methodology for allocating emissions among contributing "upwind" states in certain respects, the Supreme Court also remanded the CSAPR rule back to the appeals court "for further proceedings consistent with this opinion," including whether the specific application of CSAPR in certain states would violate the Clean Air Act. On October 23, 2014, the U.S. Court of Appeals for the D.C. Circuit lifted the stay on CSAPR, but the timing on implementation remains in question, pending additional clarification from the court and EPA. In requesting the lifting of the stay, EPA noted that CSAPR phase I implementation should start at the beginning of 2015.

On December 3, 2015, EPA proposed updates to the CSAPR rule to address the impact of emissions on the ability of downwind states to attain NAAQS. The rule is proposing to update the CSAPR NO_x ozone-season budgets for 23 states that affect downwind states' ability to comply with the 2008 ozone standard. Implementation would start with the 2017 ozone season. As it relates to PSGC, technical errors and deficiencies in the models used for the development of this proposed rule were outlined in comments to EPA and explained in subsequent meetings. As an example, EPA overestimated the number of coal plant retirements in the state of Illinois resulting in substantially different modeling and subsequent proposed allocations. If EPA does not make appropriate and equitable adjustments to the proposed rule, PSGC would need to purchase allowances from the market.

Ozone NAAQS. In 2011, the current Administration in September 2011 withdrew its previously proposed rule to tighten the current (from 2008) 0.075 ppm ozone NAAQS. In withdrawing the rule, the President announced that the ozone standard would be reconsidered in 2013 (which was later revised to 2015). Opposed to the Administration's delay, in May 2013, several "downwind" states (Connecticut, Delaware, and Maryland) sued EPA over its approval of state implementation plans for Kentucky and Tennessee to implement the 2008 8-hour ozone standard, which remains in place until a new standard is issued. The U.S. Court of Appeals for the D.C. Circuit upheld the 2008 primary standard on July 23, 2013, while remanding the secondary standard to EPA for more work.

The American Lung Association filed suit on January 21, 2014 in the U.S. District Court for the District of Columbia asking the court to direct the EPA to complete a review of the ozone NAAQS as required by the CAA. EPA announced in February 2014 that it planned to propose a new ozone standard by January 15, 2015, with a final rule by November 15, 2015. On April 29, 2014, a federal district judge announced that these dates would be moved up – with a proposed rule due by December 1, 2014, and a final rule by October 1, 2015. EPA staff and the Clean Air Scientific Advisory Committee recommended a 0.060 – 0.070 ppm ozone standard. Impacts from a lowering of the ozone NAAQS were predicted to impact development in areas newly designated as nonattainment for ozone.

On October 1, 2015 the EPA revised the NAAQS for ground level ozone from 0.075 ppm to 70 ppm. This final revised level was within the range that the Clean Air Scientific Advisory Committee had recommended to EPA. As a result of mild summers in 2013-2015, the projected non-attainment areas for the new 0.070 ppm standard will likely be less severe than initial projections.

ELECTRIC SYSTEM RELIABILITY

In response to the August 14, 2003 blackout that affected much of northeastern United States, Congress enacted a new Section 215 of the Federal Power Act as part of the EPACT 2005. Section 215 provides for mandatory compliance by electric utilities with reliability standards promulgated by an “electric reliability organization” (currently, the North American Electricity Reliability Corporation (“NERC”). Pursuant to FERC authorization, NERC delegates authority for enforcing the mandatory reliability standards to eight regional entities. One of these regional entities, ReliabilityFirst Corporation (“RFC”), is charged with enforcing the mandatory reliability standards in much of the Midwest, including Ohio. NERC has the authority to impose (subject to FERC review) substantial financial penalties on entities that fail to comply with applicable reliability standards.

AMP and some of its Members are subject to NERC registration requirements and compliance obligations with respect to specific reliability standards. AMP is registered with NERC as, and is responsible for compliance with reliability standards applicable to, a Generation Owner, Generation Operator, and Resource Planner. Entities registered with NERC are subject to periodic audit for their compliance with applicable reliability standards. AMP is audited for compliance on a six-year cycle with the most recent audited performed by RFC in 2010 for the period of June 18, 2007 to October 1, 2010. The audit evaluated AMP for compliance with fifty (50) requirements. Ten (10) requirements were determined to be inapplicable; AMP was found to be compliant with thirty-seven (37) applicable requirements; and three (3) Possible Violation(s) were identified. The Possible Violations were resolved through the payment of \$25,000 by AMP and the agreement to implement certain remedial measures. AMP is scheduled to be audited by RFC in the second half of 2016.

DEREGULATION LEGISLATION

Because of the number and diversity of prior and possible future proposed bills on this issue, AMP is not able to predict the final forms and possible effects of all such legislation which ultimately may be introduced in the current or future sessions of Congress or state legislatures. AMP is also not able to predict whether any such legislation, after introduction, will be enacted into law, with or without amendment. Further, AMP is unable to predict the extent to which any such electric utility restructuring legislation may have a material, adverse effect on the financial operations of the Participants.

KENTUCKY LEGISLATION

General. Kentucky has a historical patchwork of statutory schemes that generally permit municipalities to furnish utility services. Today, in most cases, those statutory schemes are historical relics and have been superseded by Sections 96.550 to 96.900 of the Kentucky Revised Statutes (the “TVA Act”). Enacted in 1942, the TVA Act is intended to be the “complete law” of Kentucky with respect to municipalities acquiring electric plants after June 1, 1942, and with respect to the operation of electric plants acquired by any municipality after June 1, 1942. All laws that conflict with the TVA Act have been expressly repealed.

The TVA Act vests all Kentucky municipalities, regardless of class, with the power and authority to establish, acquire, own and operate “electric plants.” The TVA Act broadly defines “electric plant” as “any plant, works, systems, facilities, and properties (including poles, wires, stations, transformers, and any and all equipment and machinery), together with all parts thereof and appurtenances thereto, used or useful in the generation, production, transmission, or distribution of energy.”

Kentucky municipalities that operate an electric plant under the TVA Act are managed by a board consisting of four (4) residents of the municipality appointed by the mayor or chief executive. The board has the power and capacity to perform any act not repugnant to law and has the express power and capacity to do any act or thing necessary or convenient for carrying out its statutory purpose.

A municipality providing electric service is generally (with limited exceptions) not subject to direct competition and has the right to determine how electricity will be sold within its borders. A municipality operating an electric plant under the TVA Act is forbidden from entering into competition with rural electric cooperative corporations or electric plants operated by another municipality, but may enter into cooperative agreements and/or seek franchises to provide electric service in other municipalities under certain circumstances.

The Kentucky Public Service Commission (the “*Kentucky Commission*”) regulates the intrastate rates and services of investor-owned electric utilities and customer-owned electric cooperatives. The Kentucky Commission has regulatory responsibility for rate increases or reductions, expansion or reduction of utility service boundaries, construction and operation of utility facilities and compliance with service and safety regulations, amongst other things. Generally, retail electric suppliers have the exclusive right to furnish retail electric service to all electric-consuming facilities located within its certified territory and are forbidden from furnishing its retail electric service to a consumer located within the certified territory of another retail electric supplier. Municipally owned or operated electric utilities are generally not subject to the authority or regulation of the Kentucky Commission except in limited circumstances.

Recent Legislation.

Renewable Portfolio Standards (“RPS”) RPS regulations require or incentivize renewable energy products in order to increase a state’s overall share of energy created by renewable sources. In 2009, Kentucky legislators introduced a bill, HB 3, which would have enacted RPS, but it did not become law. Since 2009, the Kentucky legislature has held informational hearings on RPS in 2012, 2013, 2014, and 2015.

In February 2016, HB 339 was introduced. HB 339 would require retail electric suppliers to use increasing amounts of renewable energy as well as other energy-efficiency measures and programs. HB 339 was never given a hearing by a committee during the last legislative session, which adjourned April

15, 2016, and did not become law. If and when Kentucky enacts energy legislation in the future, the particular effect on electric utilities, including municipally owned electric utilities, is not clear.

Joint Action Agency. In 2016, legislation was introduced to, among other things, create a new process for the creation of a joint action agency. This legislation was pursued by the City of Owensboro and the Kentucky Municipal Utilities Association. The bill did not have any legislative hearings or activity, and did not become law prior to the end of the regular session of the legislature.

The Kentucky General Assembly adjourned for the year in March following their regular session schedule. Any legislation introduced but not enacted will need to be reintroduced in 2017 for further consideration.

MICHIGAN LEGISLATION

General. In 2000, the Michigan legislature enacted a package of bills intended to provide the framework for re-structuring and partially de-regulating a portion of the electricity market in Michigan. This legislation introduced customer choice programs and froze rates for investor owned utilities for a period of time. Except as described below, however, this legislation did not directly impact municipal-owned utilities.

Under Michigan law, Michigan municipalities are authorized to establish electric systems to provide service within the boundaries of the municipality and in a limited amount of territory outside those boundaries. Michigan municipal utility electric rates are not subject to approval by the Michigan Public Service Commission or any other entity, except for the governing bodies of the utility and the municipality.

With respect to service within the borders of a municipality providing electric service, the municipality is generally (with limited exceptions) not subject to direct competition, since under the Michigan constitution, utilities may not operate within any city, village or township without the consent of and receiving a franchise from, that municipality.

Utilities may compete with a municipality for new (not presently being served) customers located outside of the borders of a municipality if the utility has or can acquire a necessary franchise and any required certificate of convenience and necessity from the Michigan Public Service Commission. With respect to services provided by alternative electric suppliers, no person shall provide delivery service or customer account service to a customer of a municipal electric utility without the written consent of the municipal utility, so long as the municipal utility allows all customers living outside its boundaries the option of choosing an alternative electric supplier.

Other Legislation. In March 2008, Michigan enacted into law amendments to the act under which joint power agencies in Michigan are organized. These amendments provided for, among other things, the power of municipalities which are members of a joint agency, and the joint agencies themselves, to enter into power acquisition contracts with “take or pay” and “step up” provisions, as are provided in the Power Sales Contracts.

Effective October 6, 2008, Michigan enacted Renewable Energy Portfolio Standards and Energy Optimization requirements, which apply to, among other entities, municipally-owned utilities. Pursuant to the statute and Michigan Public Service Commission orders, municipally-owned utilities file Energy Optimization plans and Renewable Energy Plans every two years. Regarding Renewable Energy Portfolio requirements, the 2008 legislation requires, subject to certain conditions, limitations and rate caps, municipally-owned electric utilities to serve by 2015 10% of their energy requirements with

qualified renewable energy resources. Regarding Energy Optimization, the new statute requires utilities to either: (a) file and implement a plan which produces incremental energy savings each year up to a maximum requirement of 1% of retail sales in a prior year; or alternatively (b) pay up to 2.0% of revenues for the 2 years preceding to an independent energy optimization program administrator selected by the Michigan Public Service Commission.

In 2016, the Michigan Legislature continued its reviews of the customer choice program and the renewable portfolio standards. Two bills (SB 437, SB 438) that passed out of Senate committee in May 2016 would, among other things, replace the renewable portfolio standards with a goal (35% by 2025), maintain the 10% choice cap but require alternative providers to prove their ability to serve customers and eliminate the energy efficiency requirement by 2021. The House is also considering legislation to make changes to the customer choice program and renewable portfolio standards. Two bills (HB 4297, HB 4298) that passed out of House committee in November 2015 would, among other things, replace the renewable portfolio standards with a goal (30% by 2025), maintain the 10% choice cap and provide incentives for energy efficiency.

In 2009, Michigan enacted legislation which applied certain limitations on shut-off remedies to municipally owned utilities, with civil penalties for failure to comply. These limitations are similar to those imposed on investor owned utilities.

In 2013, Michigan created a new low-income energy assistance fund. The Michigan Public Service Commission has jurisdiction to annually approve a low-income energy assistance funding factor, and funds collected from customers are remitted to the state treasurer. A municipally owned electric utility may elect, but is not required, to collect a low-income energy assistance funding factor. A municipally owned electric utility that opts out is prohibited from shutting off service to any residential customer from November 1 to April 15 for nonpayment of a delinquent account. A municipally owned electric utility that does not opt out must annually provide to the Michigan Public Service Commission by July 1 the number of retail billing meters it serves that are subject to the funding factor.

Pursuant to Act 408, Public Acts of Michigan, 2014, a city, village, or township, all or some of whose residents are served by a municipal electric utility, may adopt a residential clean energy program to promote the use of renewable energy systems and energy efficiency improvements by owners of certain real property in certain districts. The legislation provides for the financing of those programs through commercial lending, loans by a nonprofit corporation, utility bill charges, and other means, and it authorizes municipalities to issue bonds, notes, and other evidences of indebtedness and to pay the cost of renewable energy systems and energy efficiency improvements.

Effective October 1, 2015, Michigan increased the annual air quality fees imposed on municipal electric generating facilities and delayed the sunset of these fees until October 1, 2019 (Act 60, Public Acts of Michigan, 2015).

OHIO LEGISLATION

General. Article XVIII, Section 4, of the Ohio Constitution provides in part that “any municipality may acquire, construct, own, lease and operate within or without its corporate limits any public utility the product or service of which is or is to be supplied to the municipality or its inhabitants, and may contract with others for any such product or service”.

Ohio’s current energy policy is based largely on several landmark restructuring bills signed into law in recent years. In these cases, the bills primarily impact the state’s for-profit, investor-owned electric utilities (IOUs), which serve approximately 88% of customers and are subject to oversight from the

Public Utilities Commission of Ohio. Non-profit municipal electric and rural cooperative electric utilities, which serve the remaining approximately 12% of customers in the state, are governed and regulated at the local level, were not directly impacted by the changes in the Ohio Revised Code, and maintain local decision making authority.

Senate Bill 3, enacted in 1999, opened Ohio's retail electric utility industry to competition, allowing customers of the state's IOUs to shop for competitive electric supply. This "customer choice" was effective in January 2001. However, customer choice for municipal electric systems is not mandated under the bill. Unless federal regulations are adopted requiring municipalities to implement customer choice, the decision of whether an Ohio municipality remains the only authorized supplier of electricity within its corporate limits remains a decision of the local legislature.

In 2008, the Governor signed into law Senate Bill 221, comprehensive legislation to update the laws governing the electric industry and implement an alternative energy portfolio standard and energy efficiency standard. The major provisions of the legislation apply directly to the state's four IOUs. Ohio's municipal electric systems and rural electric cooperatives maintain local decision-making authority. Staff and counsel to the OMEA (legislative liaison to 80 Ohio municipal electric systems and to AMP) were successful in including favorable language regarding customer switches and treatment of hydroelectric facilities in the legislation.

In 2014, lawmakers adopted Senate Bill 310, legislation to modify the alternative energy portfolio standard. Among other things, the legislation imposes a two-year freeze (at 2014 levels) on annual renewable and energy efficiency increases applicable to Ohio's investor-owned utilities, creates the Energy Mandates Study Committee to review possible future changes to the law, and eliminates the in-state requirement that half of renewables need to come from resources located in Ohio. Staff and counsel to the OMEA were successful in securing favorable language for the Greenup hydroelectric generating facility – it was included by definition as a renewable energy resource and is now eligible to generate Renewable Energy Certificates. The legislation otherwise had no direct impact on Ohio municipal electric systems. Ohio municipal electric systems and rural electric cooperatives maintain local decision making authority.

In 2015, the Energy Mandates Study Committee issued their final report. The report makes several recommendations, none of which have a direct impact on AMP or municipal electric members.

In 2016, three separate bills were introduced to eliminate the renewable portfolio standard (SB 325), continue the freeze for three more years (SB 320) and continue the freeze until 2027 then eliminate the renewable portfolio standard (HB 554). None of the three bills have a direct impact on AMP or municipal electric members.

On June 28, 2016, HB 390 was signed into law. The legislation, among other things, repeals the authority of counties to levy a utility services tax. The tax, first enacted in 1967 but never adopted by any county, had permitted counties to levy a tax up to 2% on utility services, including utility service provided by a municipality.

VIRGINIA LEGISLATION

General. Virginia municipal corporations are authorized by statute, and in some instances by charter, to acquire, establish, and operate public utilities for the generation and distribution of electricity. The operation of such public utilities by cities and towns (with a minor exception relating to service areas) and the rates charged to customers are not generally regulated by Virginia's State Corporation Commission ("SCC").

In 1999, the Virginia General Assembly adopted the Virginia Electric Utility Restructuring Act (the “*Restructuring Act*”), which was comprehensive legislation that provided for the deregulation of the generation component of electric service while retaining transmission and distribution as regulated services. *The Restructuring Act specifically exempted municipal power systems from retail competition and other Restructuring Act provisions unless a municipality (a) elected to become subject to such provisions or (b) competed for certain electric customers outside the geographic area served by its system as of 1999, subject to certain exceptions (Va. Code §56-580 F).*

In 2007 and 2008, the Virginia General Assembly adopted legislation that amended the Restructuring Act and renamed it the Virginia Electric Utility Regulation Act (the “*Re-Regulation Act*”). To a large degree, the Re-Regulation Act ended Virginia's experiment with deregulation. It restored full cost-of-service regulation by the SCC and provided incentives for utilities to build new generation to meet growing demand and to add environmental equipment at their power stations. It also provided incentives for utilities to invest in renewable forms of energy and demand-side management and conservation programs. *The Re-Regulation Act maintained the Restructuring Act's exemption for municipal power systems.*

Customer Choice. Retail choice of generation providers generally was eliminated under the Re-Regulation Act for all retail customers except those with an individual demand of more than 5 megawatts and non-residential customers who obtain SCC approval to aggregate their load to reach the 5 megawatt threshold, subject to a cap of 1% of the peak load of the customers' electric utility (Va. Code §§ 56-577A3 and 56-577A4). In addition, individual retail customers are permitted to purchase renewable energy from competitive suppliers if the incumbent electric utility does not offer a tariff approved by the SCC for the sale of electric energy provided entirely from renewable energy (Va. Code § 56-577A5). *These provisions have no direct impact on Virginia municipal power systems.*

Renewable Energy. The Re-Regulation Act in Virginia also established a voluntary RPS program with the goal of meeting 12% of base year electric energy sales from renewable sources by 2022 and 15% from renewable sources by 2025. “Renewable energy” generally means energy derived from sunlight, wind, falling water, biomass, waste, landfill gas, municipal solid waste, wave motion, tides, and geothermal power, and does not include energy derived from coal, oil, natural gas, or nuclear power. The Re-Regulation Act provided for an enhanced rate of return for utility investments in certain generating facilities using renewable energy (Va. Code §§ 56-585.1 and 56-585.2). *These provisions have no direct impact on Virginia municipal power systems.*

Energy Conservation. The Re-Regulation Act provided that Virginia shall have a stated goal of reducing the consumption of electric energy by retail customers through the implementation of demand side management, conservation, energy efficiency, and load management programs, including consumer education, by the year 2022, by an amount equal to ten percent of the amount of electric energy consumed by retail customers in 2006. *These provisions have no direct impact on Virginia municipal power systems.*

Authority for Purchase of Electric Power. In 2007, the Virginia General Assembly also adopted a bill that expanded the authority for municipalities to enter into long-term contracts for the purchase of electric power. Specifically, the legislation authorized cities and towns to enter into power purchase contracts with any other entity, including among others any investor-owned utility or not-for-profit corporation organized under the laws of Virginia or another state. The contract could include a “take-or-pay” requirement by which the municipality is obligated to make payments whether or not a project is completed, operable, or operating, and by which such payments shall not be subject to reduction or conditioned upon the performance or nonperformance by any party (Va. Code § 15.2-1133). A

municipality is also required to set rates and charges sufficient to provide revenues adequate to meet its obligations under any such contract.

2016 Legislation. The following are summaries of certain energy-related bills that were adopted at the 2016 session of the Virginia General Assembly and signed by the Governor. *These proposals will have no direct impact on Virginia municipal power systems.*

House Bill 283/Senate Bill 136. These bills require the SCC to hold at least one hearing in the area that would be affected by construction of an electrical transmission line of 138 kV or more, upon the request of the governing body of any county or municipality through which the line is proposed to be built. The governing body may also request such a hearing in the event the SCC determines that consideration of a significantly different route is desirable.

House Bill 444/ Senate Bill 745. These bills require the SCC to post information on its website regarding suppliers offering to sell electric power to retail customers that is supplied from renewable energy if the suppliers request that they be identified on the SCC's website as making such offers.

House Bill 1053/Senate Bill 395. These bills direct the SCC to evaluate the establishment of uniform protocols for measuring, verifying, validating, and reporting the impacts of energy efficiency measures implemented by investor-owned electric utilities and the establishment of a methodology for estimating annual kilowatt savings and a formula to calculate the levelized cost of saved energy for such energy efficiency measures. The SCC shall submit a report of its findings and recommendations to the Governor and the General Assembly by December 1, 2016.

House Bill 1220. This bill amends a 2015 provision authorizing an investor-owned electric utility to recover the costs of purchasing certain solar generation facilities through a rate adjustment clause. It clarifies that such provision did not alter existing authority for such a utility to recover the costs of constructing certain other types of generation facilities.

House Bill 1305. This bill provides a sales and use tax exemption through June 30, 2027 for machinery, tools, and equipment of a public service corporation used to generate energy derived from sunlight or wind. The bill also alters the types of solar photovoltaic systems that qualify for local real and personal property tax exemptions.

Senate Bill 743. This bill makes the Virginia Department of Mines, Minerals and Energy the certifying authority for solar energy projects.

Senate Bill 748. This bill authorizes an electric public utility to establish a program to acquire rights-of-way for the extension of its facilities to a qualified economic development site. If such an economic development program is approved by the SCC, the utility may acquire rights-of-way for that purpose and may recover its transmission-related costs through a rate adjustment clause in accordance with existing law governing electric utility ratemaking and cost recovery. This bill shall not become effective unless it is reenacted at the 2017 Session of the General Assembly.

TAX LEGISLATION

Bills have been and in the future may be introduced that could impact the issuance of tax-exempt bonds for transmission and generation facilities. AMP is unable to predict whether any of these bills or any similar federal bills proposed in the future will become law or, if they become law, what their final form or effect would be. Such effect, however, could be material to the Participants.

FEDERAL SUBSIDIES

Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, certain federal expenditures are subject to automatic reductions, including the interest subsidies payable on bonds issued as “Build America Bonds” or “New Clean Renewable Energy Bonds” under the Recovery Act. The exact amount of such reduction is determined on or about the beginning the federal government’s fiscal year, or October 1, and is subject to adjustment thereafter.

It is impossible to predict the precise amount of the reduction in any given year, but if the automatic reductions become substantially larger than the current 6.8%, the effect could be material to the Participants. AMP has issued three series of Outstanding Bonds as Build America Bonds or New Clean Renewable Energy Bonds and, for the bond year (commencing February 16, 2015 through February 15, 2016), the total financial impact of the automatic reductions was equal to \$1,032,667. To date, AMP has timely paid debt service on all of its bonds issued as Build America Bonds and New Clean Renewable Energy Bonds, notwithstanding the automatic reductions of the federal subsidies.

LITIGATION

GENERAL

AMP reports that there is no litigation pending or, to the knowledge of AMP, threatened against or affecting AMP, in any way questioning or in any manner affecting the validity or enforceability of the Series 2016A Bonds, the Power Sales Contract or the Indenture.

AMP is a party from time to time to litigation typical for electric utilities of its size and type. In the opinion of AMP’s General Counsel, no such litigation is pending or, to his knowledge threatened, against AMP is material to the Project. Further, General Counsel is of the opinion that, except as described in this Official Statement, no such litigation is pending or, to its knowledge threatened, that would be material to the financial condition of AMP taken as a whole.

RELATING TO PSEC

In January 2013, the staff of the Division of Enforcement of the Securities and Exchange Commission (“SEC”) issued a subpoena to AMP seeking information and documents relating to the PSEC. AMP is fully cooperating with the SEC’s investigation which is non-public in nature.

CONTINUING DISCLOSURE UNDERTAKING

Pursuant to a Continuing Disclosure Agreement to be entered into by AMP simultaneously with the delivery of the Series 2016A Bonds (the “*Continuing Disclosure Agreement*”), AMP will covenant for the benefit of the Bondowners and the “Beneficial Owners” (as defined in the Continuing Disclosure Agreement) of the Series 2016A Bonds to provide, on an annual basis, by November 30 of each year, commencing with the report for AMP fiscal year ending December 31, 2016, certain financial information and operating data relating to the Large Participants (the “*Annual Disclosure Report*”), and to provide notices of the occurrence of certain enumerated events with respect to the Series 2016A Bonds. Pursuant to Securities and Exchange Commission Rule 15c2-12 (as the same may be amended from time to time, “*Rule 15c2-12*”), the Annual Disclosure Report will be filed by or on behalf of AMP with the Municipal Securities Rulemaking Board (“MSRB”), through its Electronic Municipal Market Access (“EMMA”) system, in the electronic format prescribed by the MSRB. The notices of such material events will be filed by or on behalf of AMP with the MSRB. The specific nature of the information to be contained in the Annual Disclosure Report or the notices of material events is set forth in the form of the Continuing

Disclosure Agreement attached hereto as APPENDIX H. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). In connection with two redemptions undertaken in 2014, AMP delivered a timely notice of redemption to the related trustee but failed to file a copy of such notice on EMMA on a timely basis. Other than as set forth in the immediately preceding sentence, in the five years preceding the date of this Official Statement, AMP has materially complied with its other continuing disclosure undertakings under Rule 15c2-12.

As will be provided in the Continuing Disclosure Agreement, if AMP fails to comply with any provision of the Continuing Disclosure Agreement, any Bondowner or “Beneficial Owner” of the Series 2016A Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause AMP to comply with its obligations under the Continuing Disclosure Agreement. “Beneficial Owner” will be defined in the Continuing Disclosure Agreement to mean any person holding a beneficial ownership interest in Series 2016A Bonds through nominees or depositories (including any person holding such interest through the book-entry only system of DTC). IF ANY PERSON SEEKS TO CAUSE AMP TO COMPLY WITH ITS OBLIGATIONS UNDER THE CONTINUING DISCLOSURE AGREEMENT, IT IS THE RESPONSIBILITY OF SUCH PERSON TO DEMONSTRATE THAT IT IS A “BENEFICIAL OWNER” WITHIN THE MEANING OF THE CONTINUING DISCLOSURE AGREEMENT.

UNDERWRITING

The Series 2016A Bonds are being purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated, KeyBanc Capital Markets Inc., The Huntington Investment Company, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, U.S. Bancorp Investments, Inc. and Wells Fargo Bank, National Association (the “*Underwriters*”) pursuant to a Purchase Contract (the “*Purchase Contract*”) between AMP and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the Underwriters. The Purchase Contract sets forth the Underwriters’ obligation to purchase the Series 2016A Bonds at a purchase price reflecting an aggregate underwriters’ discount of \$440,181.60 from the initial public offering prices derived from the yields on the inside cover of this Official Statement, subject to certain terms and conditions, including the approval of certain matters by counsel. The Purchase Contract provides that the Underwriters will purchase all of the Series 2016A Bonds if any are purchased.

US Bancorp is the marketing name of U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc., which is one of the Underwriters of the Series 2016A Bonds.

J.P. Morgan Securities LLC (“*JPMS*”), one of the Underwriters of the Series 2016A Bonds, has entered into negotiated dealer agreements (each, a “*Dealer Agreement*”) with each of Charles Schwab & Co., Inc. (“*CS&Co.*”) and LPL Financial LLC (“*LPL*”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2016A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2016A Bonds that such firm sells.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an Underwriter of the Series 2016A Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2016A Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, acting through its Municipal Products Group. Wells Fargo Bank, National Association, acting through its Municipal Products Group (“*WFBNA MPG*”), one of the Underwriters of the Series 2016A Bonds, has entered into an agreement (the “*Distribution Agreement*”) with its affiliate, Wells Fargo Advisors, LLC (“*WFA*”), for the distribution of certain municipal securities offerings, including the Series 2016A Bonds. Pursuant to the Distribution Agreement, WFBNA MPG will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2016A Bonds with WFA. WFBNA MPG also utilizes the distribution capabilities of its affiliate Wells Fargo Securities, LLC (“*WFSLLC*”), for the distribution of municipal securities offerings, including the Series 2016A Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA MPG pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA MPG, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services.

JPMorgan Chase Bank, N.A., Bank of America, N.A., Wells Fargo Bank, National Association, KeyBank National Association, U.S. Bank National Association, Royal Bank of Canada and The Huntington National Bank are each members of the syndicate of commercial banks that are parties to the Line of Credit. A portion of the proceeds of the Series 2016A Bonds will be used to pay a portion of the obligations outstanding under the Line of Credit. As a result, certain of the Underwriters or their affiliates will receive a portion of the proceeds of the Series 2016A Bonds. See “PLAN OF FINANCE – Estimated Sources and Uses of Proceeds of the Series 2016A Bonds” herein.

Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against AMP in connection with such activities.

In the course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of AMP (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with AMP.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

RATINGS

The Series 2016A Bonds have been rated “A” by Fitch Inc., “A3” by Moody’s Investors Service, Inc. and “A” by Standard & Poor’s Global Ratings.

Certain information and materials not included in this Official Statement were furnished to the rating agencies. A securities rating is not a recommendation to buy, sell or hold securities. There is no assurance that a rating, once obtained, will continue for any given period of time or that it will not be

revised downward or withdrawn entirely if, in the opinion of the rating agency, circumstances so warrant. Any such downward revision or withdrawal could have an adverse effect on the marketability or market price of the Series 2016A Bonds. AMP has not undertaken any responsibility after issuance of the Series 2016A Bonds to assure the maintenance of the ratings applicable thereto or to oppose any revision or withdrawal of such ratings.

TAX MATTERS

GENERAL

The Code includes requirements regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, which must continue to be satisfied by AMP and the Participants after the issuance of the Series 2016A Bonds in order that interest on the Series 2016A Bonds not be included in gross income for federal income tax purposes. The failure to meet these requirements by AMP or the Participants may cause interest on the Series 2016A Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. AMP has covenanted to comply, and each Participant has covenanted to comply, with the requirements of the Code in order to maintain the exclusion from gross income of interest on the Series 2016A Bonds for federal income tax purposes.

In the opinion of Norton Rose Fulbright US LLP, Federal Tax Counsel (“*Federal Tax Counsel*”), subject to continuing compliance by AMP and the Participants with the tax covenants referred to above, based on existing law, interest on the Series 2016A Bonds will not be includable in gross income for federal income tax purposes. Interest on the Series 2016A Bonds will not be an item of tax preference for purposes of the federal individual or corporate alternative minimum tax. Interest on the Series 2016A Bonds owned by a corporation will be included in the computation of the alternative minimum tax on corporations imposed by the Code. The Code contains other provisions that could result in tax consequences, upon which Federal Tax Counsel renders no opinion, as a result of ownership of such Series 2016A Bonds or the inclusion in certain computations (including, without limitation, those related to the corporate alternative minimum tax) of interest that is excluded from gross income. No opinion is expressed as to the effect of any change to any document pertaining to the Series 2016A Bonds or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Federal Tax Counsel or in reliance upon the advice of counsel other than Federal Tax Counsel with respect to the exclusion from gross income of the interest on the Series 2016A Bonds for federal income tax purposes.

DISCOUNT BONDS

The excess, if any, of the amount payable at maturity of any maturity of the Series 2016A Bonds over the issue price thereof constitutes original issue discount. The amount of original issue discount that has accrued and is properly allocable to an owner of any maturity of the Series 2016A Bonds with original issue discount (a “*Discount Bond*”) will be excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2016A Bonds. In general, the issue price of a maturity of the Series 2016A Bonds is the first price at which a substantial amount of Series 2016A Bonds of that maturity was sold (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers) and the amount of original issue discount accrues in accordance with a constant yield method based on the compounding of interest. A purchaser’s adjusted basis in a Discount Bond will be increased by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale, redemption or other disposition of such Discount Bond for federal income tax purposes.

Original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed herein. Consequently, an owner of a Discount Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

The accrual of original issue discount and its effect on the redemption, sale or other disposition of any maturity of a Discount Bond that is not purchased in the initial offering at the first price at which a substantial amount of Discount Bond of that maturity is sold to the public may be determined according to rules that differ from those described above. An owner of a Discount Bond should consult his tax advisor with respect to the determination for federal income tax purposes of the amount of original issue discount with respect to such Discount Bond and with respect to state and local tax consequences of owning and disposing of such Discount Bond.

PREMIUM BONDS

The excess of the tax basis of a Series 2016A Bond to a purchaser (other than a purchaser who holds such Bond as inventory, stock in trade, or for sale to customers in the ordinary course of business) who purchases such Bond as part of the initial offering and at the initial offering price as set forth on the inside cover page hereof over the amount payable at maturity of such Bond is "Bond Premium." Bond Premium is amortized over the term of such Bond for federal income tax purposes (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond). No deduction is allowed for such amortization of Bond Premium; however, United States Treasury regulations provide that Bond Premium is treated as an offset to qualified stated interest received on the Bond. An owner of such Bond is required to decrease his adjusted basis in such Bond by the amount of amortizable Bond Premium attributable to each taxable year such Bond is held. An owner of such Bond should consult his tax advisor with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon sale, redemption or other disposition of such Bond.

OTHER

Ownership of tax-exempt obligations such as the Series 2016A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations, certain S Corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit.

Prospective purchasers of the Series 2016A Bonds should consult their tax advisors as to the applicability and impact of any collateral consequences.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. While this reporting requirement does not, by itself, affect the excludability of interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Series 2016A Bonds to be subject to backup withholding if such interest is paid to beneficial owners that (a) are not "exempt recipients," and (b) either fail to provide

certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner's federal income tax liability so long as the required information is furnished to the IRS.

FUTURE DEVELOPMENTS

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the Series 2016A Bonds to be subject, directly or indirectly, to federal income taxation or to State of Ohio or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and future or pending proposals may also affect the economic value of the federal or State of Ohio tax exemption or the market value of the Series 2016A Bonds. Prospective purchasers of the Series 2016A Bonds should consult their tax advisors regarding any future, pending or proposed federal or State of Ohio tax legislation, regulations, rulings or litigation as to which Federal Tax Counsel and Bond Counsel express no opinion.

For example, various proposals have been made in Congress and by the President that would subject interest on bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the Series 2016A Bonds, to federal income tax payable by certain bondholders with adjusted gross income in excess of specified thresholds. Prospective purchasers should consult their tax advisors as to the effect of such proposals on their individual situations.

OHIO TAX CONSIDERATIONS

In the opinion of Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP, Bond Counsel, interest on all the Series 2016A Bonds will be exempt from taxes levied by the State of Ohio and its subdivisions, including the Ohio personal income tax, and will also be excludable from the net income base used in calculating the Ohio corporate franchise tax.

ADVISORS

AMP has retained Ramirez & Co., Inc. as financial advisor (the "*Financial Advisor*") and Kensington Capital Advisors, LLC as Financial Products Advisor (the "*Financial Products Advisor*") in connection with the issuance of the Series 2016A Bonds. Neither the Financial Advisor nor the Financial Products Advisor is obligated to undertake, and neither has undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

APPROVAL OF LEGAL MATTERS

GENERAL

Certain legal matters incident to the authorization, issuance and delivery of the Series 2016A Bonds by AMP are subject to the approving opinion of Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP, Bond Counsel. The approving opinion of Bond Counsel, in substantially the form set forth as APPENDIX F-1 to this Official Statement, will be delivered with the Series 2016A Bonds.

Certain federal tax matters regarding the Series 2016A Bonds will be passed upon for AMP by Norton Rose Fulbright US LLP, Federal Tax Counsel. The form of its opinion regarding the Series 2016A Bonds is set forth as APPENDIX F-2 to this Official Statement.

Certain legal matters will be passed upon for AMP by its General Counsel and its counsel, Taft Stettinius & Hollister LLP. Certain legal matters will be passed upon for the Underwriters by Nixon Peabody LLP.

POWER SALES CONTRACT

In connection with the initial issuance of Bonds under the Master Trust Indenture in 2010, counsel for each of the Participants (“*Local Counsel*”) delivered to AMP their opinions to the effect that such Participant duly authorized and executed the Power Sales Contract. In reliance on the opinions of Local Counsel for the Participants located in their states, Kentucky, Michigan, Ohio, Virginia and counsel for AMP (“*State Counsel*”) delivered in connection with the initial issuance of Bonds in 2010 their opinions as to the validity and enforceability of the Power Sales Contract as to the Participants located therein.

In 2007, the legislature of Virginia enacted a statute expressly authorizing municipalities therein to enter into long-term take-or-pay contracts, including step up provisions, with out-of-state corporations, including non-profit corporations. In early March 2008, the legislature of Michigan enacted amendments to existing statutes expressly authorizing municipalities therein to enter into long-term take-or-pay contracts, including step-up provisions, with out-of-state persons.

As noted earlier, the Franklin County, Ohio, Court of Common Pleas, issued an order validating the master trust indenture and the power sales contract relating to the Combined Hydroelectric Projects. In particular, the order specifically found that the take-or-pay and step-up provisions of such power sales contract, which are in all material respects identical to the related provisions in the Power Sales Contract related to the Project, are valid and binding obligations of the Ohio localities executing the contract. Based in part on the findings made in such order, as well as the broad home rule powers of Ohio localities sourced in the Ohio Constitution, Ohio State Counsel delivered its opinion as to the validity and enforceability of the Power Sales Contract as to the Ohio Participants on the date of issuance of the initial Bonds issued under the Master Trust Indenture.

Kentucky State Counsel advises that although there is no Kentucky statute that specifically authorizes cities such as Paducah and Princeton or their electric plant boards to enter into long-term take-or-pay contracts with private, out-of-state corporations or with step up provisions with out-of-state municipalities, such counsel is of the opinion that Kentucky statutes generally and, in particular the provisions of Chapter 96 of the Kentucky Revised Statutes grant electric plant boards such as the City of Paducah Electric Plant Board and the City of Princeton Electric Light Board sufficient power and authority to enter into and comply with the material provisions of the Power Sales Contract.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, estimates or forecasts, whether or not expressly so stated, are intended as such and not as representations of fact. The Appendices attached hereto are an integral part of this Official Statement and must be read in conjunction with the foregoing material. This Official Statement is not to be construed as a contract or agreement between AMP and the purchasers or owners of the Series 2016A Bonds.

The delivery of this Official Statement has been duly authorized by the Board of Trustees of AMP.

AMERICAN MUNICIPAL POWER, INC.

By /s/ Marc S. Gerken, P.E.
President and Chief Executive Officer

By /s/ Marcy Steckman
Senior Vice President of Finance and
Chief Financial Officer

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APPENDIX A

THE PARTICIPANTS⁽¹⁾

<u>Participant</u>	<u>Allocation</u>	<u>Allocation</u>	<u>Participant</u>	<u>Allocation</u>	<u>Allocation</u>
	<u>(kW)</u>	<u>(%)</u>		<u>(kW)</u>	<u>(%)</u>
Hamilton	54,000	51.43%	Hudson	504	0.48%
Cleveland	9,000	8.57	Seville	486	0.46
Danville, Virginia	5,039	4.80	Carey	411	0.39
Paducah, Kentucky	4,530	4.31	Versailles	383	0.36
Wadsworth	3,953	3.76	Hubbard	353	0.34
Orrville	3,526	3.36	Newton Falls	232	0.22
Bowling Green	3,043	2.90	Greenwich	206	0.20
Coldwater, Michigan	1,794	1.71	Arcanum	136	0.13
Wyandotte, Michigan	1,763	1.68	Clinton, Michigan	111	0.11
Yellow Springs	1,642	1.56	Plymouth	80	0.08
Wapakoneta	1,618	1.54	Columbiana	76	0.07
Front Royal, Virginia	1,573	1.50	Haskins	71	0.07
Dover	1,401	1.33	New Knoxville	60	0.06
Bryan	1,386	1.32	Waynesfield	60	0.06
Piqua	1,199	1.14	Wellington	60	0.06
Princeton, Kentucky	870	0.83	Niles	50	0.05
Jackson	826	0.79	Prospect	45	0.04
Amherst	756	0.72	Mendon	30	0.03
Hillsdale, Michigan	731	0.70	Sycamore	30	0.03
Tipp City	715	0.68	New Bremen	25	0.02
Marshall, Michigan	594	0.57	Eldorado	25	0.02
Shelby	559	0.53	Jackson Center	20	0.02
Napoleon	504	0.48	Lucas	15	0.01
Oberlin	504	0.48	Lakeview	5	0.00
			<u>Total⁽²⁾</u>	<u>105,000</u>	<u>100.00%</u>

⁽¹⁾ Located in Ohio unless otherwise noted.

⁽²⁾ Percentages may not add to totals due to rounding.

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MELDAHL HYDROELECTRIC PROJECT REVENUE BONDS
INFORMATION ON THE LARGE PARTICIPANTS

Presented in Appendix B is selected financial information concerning the six largest Participants (the “*Large Participants*”) in terms of their Project Shares.

Each of the Ohio Large Participants – Hamilton, Cleveland, Wadsworth, and Orrville – are required by law to file their annual audited financial statements with the Ohio Auditor of State and reference is made to their annual audits on line at www.auditor.state.oh.us. Furthermore, Hamilton and Cleveland have had a separate annual audit prepared of the results of the operations of its Electric System, and such audit is also available on line with the Ohio Auditor of State (www.ohioauditor.gov). Danville, Virginia has posted its recent annual audits online at www.danville-va.gov. None of the Large Participants is contractually obligated to AMP to continue to make available audits of its Electric System on its website or otherwise. The information contained on such websites, and on other websites in this Appendix B, is not incorporated into, and is not part of, this Official Statement.

The fiscal years of Virginia local governments as well as Paducah, Kentucky Electric Plant Board end on June 30, and Danville and Paducah Electric Plant Board’s data are for the most part presented as of such date June 30, 2015.

A difference in the presentation of assessed valuation for the Large Participants should be noted. Pursuant to Virginia law, the assessed valuation information for Danville is based on 100 percent of appraised value of real property. For the Ohio Large Participants, the assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. Tangible personal property taxes on (i) manufacturing equipment, (ii) furniture and fixtures and (iii) inventory was phased-out over a four-year period, ending in 2009. In Kentucky, all property not exempted from taxation must be assessed at its “fair cash value,” being the price it would bring at a fair voluntary sale, as determined by a property valuation administrator elected in each county.

The Large Participants are participants in several other AMP-sponsored projects for which selected data and related information are presented in the body of this Official Statement.

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SECTION I

LARGE PARTICIPANTS' PEAK DEMAND AND PROJECT SHARES

PARTICIPANT	2015 PEAK DEMAND (<u>Kilowatts</u>)	MELDAHL PROJECT SHARES		CUMULATIVE OWNERSHIP (<u>Percent</u>)
		(<u>Kilowatts</u>)	(<u>Percent</u>)	
1. Hamilton, Ohio	142,600	54,000	51.43%	51.43%
2. Cleveland, Ohio	297,550	9,000	8.57	60.00
3. Danville, Virginia	230,297	5,039	4.80	64.80
4. Paducah, Kentucky	139,509	4,530	4.31	69.11
5. Wadsworth, Ohio	61,557	3,953	3.76	72.87
6. Orrville, Ohio	<u>58,295</u>	<u>3,526</u>	<u>3.36</u>	76.23*
TOTAL	<u>920,474</u>	<u>80,048</u>	<u>76.23*</u>	

*Percentages may not add to totals due to rounding.

HAMILTON, OHIO

Project Rank	1
Project Share	51.43%
Municipality Established	1791
Electric System Established	1893
County	Butler
Basis of Accounting	Accrual
2015 Peak Demand (kW)	142,600

Location, Population and Government: The City of Hamilton is a charter city located in Butler County, approximately 25 miles northwest of Cincinnati, in the southwest quadrant of the state, with a City Manager form of government. A Mayor, who is elected to a 4-year term, and a city council of six members, which includes a Vice-Mayor, govern the City of Hamilton. The six council members are elected at-large for four-year terms. The table below sets forth historical population figures for Hamilton since 1990.

<u>YEAR</u>	<u>POPULATION</u>
1990	61,368
2000	60,690
2010	62,477

Source: U.S. Bureau of Census

Economic Base: Hamilton’s economy is based on a mix of industrial, commercial and service sector development. The manufacturing sector includes automotive part manufacturing, aerospace part manufacturing and injection molding research and development. The service sector includes a diversified mix of both private and public sector enterprises. Hamilton’s privately owned service sector enterprises include two large customer support centers, two hospitals, and various health care, financial and legal institutions. Hamilton’s publicly owned sector service sector enterprises include Butler County, the City of Hamilton, and Miami University’s Hamilton Branch. The following table provides a summary of certain economic indicators for the City of Hamilton.

BUILDING PERMITS

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$25,797,892	\$15,536,585	\$23,700,000	\$25,472,000

Source: City of Hamilton

ASSESSED VALUATION

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$828,698,560	\$810,566,220	\$758,138,028	\$752,415,568

Source: 2012-2015 City of Hamilton, per OMAC, www.ohiomac.com

UNEMPLOYMENT

<u>2012</u> 8.1%	<u>2013</u> 7.9%	<u>2014</u> 6.0%	<u>2015</u> 5.1%
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Source: Ohio Labor Market Information, <http://lmi.state.oh.us/> for 2012 through 2015

MEDIAN FAMILY INCOME

<u>1990</u> \$28,117	<u>2000</u> \$41,936	<u>2010</u> \$48,072
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Source: U.S. Bureau of Census

Electric System: The Electric System is headed by a Director who reports directly to the Director of Public Utilities/General Manager. The Electric System has approximately 103 budgeted full time employees. Certain administrative functions such as finance, legal and billing are shared by the Electric System and other departments. The Electric System operates thermal, hydroelectric, and combustion turbine generation facilities and supplemental resources. Operation of the Electric System’s transmission and distribution facilities and the generation facilities is under the direction of the Director of Electric.

The Electric System has a diverse power supply portfolio with a mix of coal, natural gas, diesel and hydroelectric generation and is capable of providing for all of its capacity and energy needs. The thermal and natural gas generating facilities located at the Hamilton Power Plant have an aggregate summer capability of approximately 115 MW. Hamilton also operates the Hamilton Hydro Plant, also a run-of-the-river hydroelectric facility, with a capacity rating of 1.94 MW. The license granted by the FERC for operating the Hamilton Hydro Plant expires in 2031. Hamilton has a share of Niagara hydroelectric power as provided in allocation of headwater benefits of 4 MW. As set forth below, the City also participates in other generation projects owned by AMP or by municipal joint ventures and operated by AMP.

As discussed in detail in the body of this Official Statement, on May 11, 2016, pursuant to the AMP-Hamilton Agreements Hamilton sold AMP a 48.6% undivided ownership interest in the Greenup Hydroelectric Facility. After the sale, Hamilton retained a 51.4% undivided ownership interest in the Greenup Hydroelectric Facility. See “AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS – *Greenup Hydroelectric Project*.” Hamilton applied a substantial portion of the proceeds received from the sale of AMP Interest in the Greenup Hydroelectric Facility to the retirement of the City’s debt incurred for Greenup Hydroelectric Facility.

In 2015, the Hamilton Electric System served 28,844 residential, commercial and industrial customers. The following table lists the City’s five largest customers by energy purchased in 2015 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (2015)	% of Total System Revenues
1. CyrusOne	Data Center	21,385,000	3.56%
2. Hamilton Board of Education	Education	14,696,000	2.91
3. Butler County Facilities	County Government	16,818,000	2.67
4. Fort Hamilton Hospital	Health Care	13,160,000	1.67
5. Interstate Warehousing	Warehouse	11,686,000	1.42

In 2015, the City waste water reclamation facility purchased 5,480,000 kWh representing 0.86% of the total system revenues.

Participation in Other Projects. Hamilton is the largest Participant in the Project, obligated under the Power Sales Contract to purchase from AMP a 51.43% Project Share (approximately 54.0 MW). In addition to the Project, Hamilton is a participant in the following other projects described in the body of the Official Statement under the heading “AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS” (see the descriptions thereof for detail relating to such projects, including the indebtedness and the obligations of the participants under the related power sales contract):

<u>Project</u>	<u>Hamilton Share⁽¹⁾</u>
Prairie State Energy Campus ⁽¹⁾	9.51% (approximately 35.00 MW)
OMEGA JV2 ⁽²⁾	23.87% (approximately 32.00 MW)
AMP Fremont Energy Center Project ⁽¹⁾	5.69% (approximately 26.42 MW)

⁽¹⁾ Share relates to the AMP’s entitlement to project output.

⁽²⁾ Share reflects Hamilton’s undivided ownership interest.

The following table presents certain financial data respecting Hamilton's Electric System for the calendar years shown, on an accrual basis.

Hamilton			
(\$000)			
	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Revenue</u>			
Power Sales	\$61,482	\$59,889	\$59,889
Other Income	691	457	235
Total Revenue	62,173	60,346	61,578
<u>Operating Expense</u> *			
Power Costs	21,837	23,857	29,921
O&M Expense	19,632	18,425	18,699
Total Operating Expense	41,469	42,283	48,620
Net Revenue Available for Debt Service	20,704	18,063	12,957
General Obligation Debt Service	-	-	-
Revenue Debt Service	14,541 ⁽¹⁾	14,564 ⁽¹⁾	15,104 ⁽¹⁾
Depreciation	11,253	8,118	8,485
Net Non-Operating Revenue (Excl. Interest Exp.)	83	(6)	481
Net Transfers and Special Items	200	-	-
Net Assets 1/1	10,785	12,904	15,505
Net Assets 12/31	12,904	15,505	13,449
<u>Year End Balance</u>			
General Obligation Bonds and Notes	-	-	-
Revenue Bonds	157,774 ⁽¹⁾	150,129 ⁽¹⁾	141,642 ⁽¹⁾

* Excluding depreciation.

⁽¹⁾ In 2015, Hamilton retired \$4 million of Electric System General Obligation Bond Anticipation Notes. Such notes were originally issued in 2012 and were renewed 2013 and 2014.

CLEVELAND, OHIO

Project Share Rank	2
Project Share Percentage	8.57%
Municipality Established	1796
Electric System Established	1906
County	Cuyahoga
Basis of Accounting	Accrual
2015 Peak Demand (kW)	297,550

Location, Population and Government: The City of Cleveland, Ohio (“*Cleveland*”) is located in the northeast quadrant of Ohio on Lake Erie. Cleveland operates under and is governed by the Charter, which was first adopted by the voters in 1913 and has been and may be further amended by the voters from time to time. Cleveland is also subject to certain general State laws that are applicable to all cities in the State. In addition, under Article XVIII, Section 3, of the Ohio Constitution, Cleveland may exercise all powers of local self-government and may exercise police powers to the extent not in conflict with applicable general State laws. The Charter provides for a mayor-council form of government.

Legislative authority is vested in a 17-member Council. The terms of Council members and the Mayor are four years. All Council members are elected from wards. The present terms of the Mayor and Council members expire in January 2018. The table below set forth historical population figures for Cleveland since 1990.

<u>YEAR</u>	<u>POPULATION</u>
1990	505,616
2000	478,403
2010	396,815

Source: U.S. Bureau of Census 1990-2010

Economic Base: Cleveland’s economy is based on a mix of industrial and commercial development. Cleveland’s major industries include health care, retail sales, hospitality, dairy products and light industrials. The following table provides a summary of certain economic indicators for Cleveland.

<u>BUILDING PERMITS</u>			
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$75,265,865	\$181,110,000	\$166,310,000	\$99,592,000

Source: Cuyahoga County Budget Commission

ASSESSED VALUATION (\$000)

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$4,868,774	\$4,899,952	\$4,913,145	\$4,589,532

Source: Ohio Municipal Advisory Council website

UNEMPLOYMENT

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
9.5%	9.8%	6.4%	6.3%

Source: Ohio Labor Market Information, <http://lmi.state.oh.us/>

MEDIAN FAMILY INCOME

<u>1990</u>	<u>2000</u>	<u>2010</u>
\$22,448	\$30,286	\$34,495

Source: U.S. Bureau of Census

Electric System. Cleveland’s Department of Public Utilities operates the Division of Cleveland Public Power (“*Cleveland Public Power*”) for the purpose of supplying electric energy to customers located primarily in Cleveland. Under the Constitution of the State and the Charter of Cleveland, Cleveland has authority to own, operate and regulate Cleveland Public Power, and in connection therewith, to acquire property, construct facilities, provide electric energy throughout the service area and perform other necessary functions to operate and maintain Cleveland Public Power. Cleveland Public Power’s electric rates are fixed by the Board of Control subject to the approval of City Council. The Board of Control consists of the Mayor and 12 directors of Cleveland’s departments.

The Cleveland Public Power system is located within the service area of the Cleveland Electric Illuminating Company (“*CEI*”), an operating company of First Energy Corp. In 2015, Cleveland Public Power purchased approximately 95% of its power from AMP based on kWh. Cleveland utility owns and maintains 50 miles of transmission and 900 miles of distribution lines and has 33 distribution substations. Cleveland owns three 16.2 MW combustion turbine units and leases six 1.825 MW diesel generators, all of which are used for peak load and emergency purposes. City of Cleveland municipal customers accounted for 18.2% of Cleveland Public Power’s revenue in 2015.

In the early 1990s, Cleveland Public Power initiated a system expansion program that included the construction of over 30 miles of 138-kV transmission lines, six new distribution substations, and a new 138-kV interconnection with CEI. This program increased Cleveland Public Power’s geographical coverage of Cleveland from about 35% to approximately 60% and added over 26,000 new customers.

In addition to the power it purchased from AMP in 2015, Cleveland Public Power obtained its remaining power and energy requirements (approximately 5%) through short- and long-term agreements with various regional utilities and other power suppliers for power delivered through CEI interconnections, from Cleveland Public Power’s three combustion turbine generating units and various arrangements for the exchange of short-term power and energy.

Unlike other Participants, Cleveland Public Power competes head-to-head for customers with CEI. Because of the overlapping service areas of Cleveland Public Power and CEI, Cleveland Public Power's potential customers are either new customers for electric service or existing customers of CEI. Accordingly, Cleveland Public Power's ability to attract new customers is heavily dependent on its ability to compete directly with CEI based on rates, system reliability, power restoration times, and customer service. Head-to-head competition with CEI for existing large commercial and industrial customers services by CEI or Cleveland Public Power generally occurs at the time those customers' contractual arrangements expire.

Recent additions to Cleveland Public Power's large commercial and industrial customer base include the East Bank of the Flats Development, Haus Malts LLC and, most recently, Drury Cleveland LLC and Landmark Aviation. Cleveland Public Power believes that it has been successful in competing head-to-head with CEI for large commercial and industrial customer accounts within Cleveland Public Power's service area because of better customer service and increased reliability of its service.

Cleveland Public Power's rates have historically been lower than CEI's rates. Cleveland Public Power places great emphasis on reliability and customer service. In terms of service restoration after storms, Cleveland Public Power's customer service program and response time to customer inquiries are superior to those of CEI. Based on comparative information developed by Cleveland Public Power, Cleveland Public Power's average time to reconnect customers following power outages is substantially below that of CEI.

In 2015, Cleveland electric system served 72,259 residential, commercial and industrial customers. In addition to Cleveland municipal customers accounting for 18.2% of Cleveland Public Power's revenue, the following table lists Cleveland's five largest customers by energy purchased in 2015 and as a percentage of total system revenues during that year.

<u>Customer</u>	<u>Type of Business</u>	<u>kWh Purchased (2015)</u>	<u>% of Total System Revenues</u>
1. The Medical Center Co.	Consortium of Various Facilities	236,545,000	8.36%
2. Cargill, Inc	Salt Mining	34,556,000	2.07
3. NEORSD – Easterly	Sewage Facility	25,988,000	1.40
4. Cleveland Browns Stadium	Professional Football	19,396,000	1.27
5. NEORSD - Westerly	Sewage Facility	15,682,000	0.87

Participation in Other Projects. Cleveland Public Power is the second largest Participant in the Project, obligated under the Power Sales Contract to purchase from AMP a 8.57% Project Share (approximately 9.00 MW). In addition to the Project, Cleveland Public Power is a participant in the following other projects described in the body of the Official Statement under the heading “AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS” (see the descriptions thereof for detail relating to such projects, including the indebtedness and the obligations of the participants under the related power sales contract):

<u>Project</u>	<u>Cleveland Public Power Share⁽¹⁾</u>
Prairie State Energy Campus	6.76% (approximately 24.88 MW)
Combined Hydroelectric Projects	16.83% (approximately 35.00 MW)
AMP Fremont Energy Center Project	12.92% (approximately 60.00 MW)
Greenup Hydroelectric Project	17.60% (approximately 6.00 MW)

⁽¹⁾ In each case, the share relates to the AMP’s entitlement to project output.

The following table presents certain financial data respecting Cleveland's Electric System for the calendar years shown, on an accrual basis.

Cleveland			
(\$000)			
	Restated		
	<u>2012*</u>	<u>2013</u>	<u>2014</u>
<u>Revenue</u>			
Power Sales	\$165,227	\$170,342	\$181,843
Other Income	-	-	-
Total Revenue	165,227	170,342	181,843
<u>Operating Expense**</u>			
Power Costs	95,788	100,929	115,923
O&M Expense	41,199	40,187	38,192
Total Operating Expense	136,987	141,116	154,115
Net Revenue Available for Debt Service	28,240	29,226	27,728
Revenue Debt Service	19,796	22,477	18,844
Depreciation	16,971	18,171	18,354
Net Non-Operating Revenue (Excl. Interest Exp.)	322	(1,561)	3,899
Net Transfers	-	-	-
Net Assets 1/1	205,650	208,545	208,402
Net Assets 12/31	208,545	208,402	212,390
<u>Year End Balance</u>			
Revenue Bonds	247,101	234,322	231,072

* The Governmental Accounting Standards Board (GASB) issued Statement No. 65 effective for periods beginning after December 15, 2012. The Statement changed the treatment of bond issuance costs. Previously, the costs were recorded as assets and amortized over the life of the related debt issue. The GASB evaluated these costs and concluded that with the exception of prepaid insurance, the costs relate to services provided in the current period and thus they should be expensed in the current period.

** Excluding depreciation.

On February 24, 2012, Cleveland issued \$15,325,000 Public Power System Revenue Refunding Bonds, Series 2012, to refund all of the outstanding \$15,980,000 Public Power System Refunding Revenue Bonds, Series 2001. On October 30, 2014, Cleveland issued \$76,885,000 Public Power System Taxable Revenue Refunding Bonds, Series 2014, to refund \$68,745,000 of outstanding Public Power System Bonds.

DANVILLE, VIRGINIA

Project Share Rank	3
Project Share Percentage	4.80%
Municipality Established	1793
Electric System Established	1886
County	N/A
Basis of Accounting	Accrual
2015 Peak Demand (kW)	230,297

Location, Population and Government: The City of Danville, Virginia (“*Danville*”) is located in the south central region of Virginia near the North Carolina state line, surrounded by Pittsylvania County (Virginia cities and counties are mutually exclusive and do not overlap). Danville has a Council-Manager form of government. The Council is comprised of nine persons, elected at-large for four-year staggered terms. The City Council elects a Mayor and a Vice-Mayor from its membership and these officials serve two year terms. The table below sets forth historical population figures for Danville since 1990.

<u>YEAR</u>	<u>POPULATION</u>
1990	53,056
2000	48,411
2010	43,055

Source: U.S. Bureau of Census 1990-2010

Economic Base: Danville's economy is based on a mix of industrial and commercial development. Danville's major industries include retail sales, auto aftermarket supply, wood products and by-products and light industrials.

The following table provides a summary of certain economic indicators for Danville:

BUILDING PERMITS

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$31,258,380	\$45,793,991	\$36,033,950	\$49,652,233

Source: City of Danville

ASSESSED VALUATION (\$000)

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$2,702,338	\$2,675,917	\$2,689,712	\$2,692,401

Source: City of Danville

UNEMPLOYMENT

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
10.6%	9.5%	8.7%	7.3%

Source: Virginia Workforce Connection;
<https://www.vawc.virginia.gov/>

MEDIAN FAMILY INCOME

<u>1990</u>	<u>2000</u>	<u>2010</u>
\$27,752	\$36,024	\$39,198

Source: U.S. Bureau of Census

Electric System: Authority over the Danville Electric System is vested in Danville. The Power & Light Director, who reports to the Utilities Director, manages the Electric System. The Electric System serves a community covering approximately 500 square miles, which includes Danville, and portions of Pittsylvania County, Henry County, and Halifax County. Danville exercises its right to serve exclusively within its service territory. There are a few commercial and industrial customers within the service territory that are served by American Electric Power (“AEP”). AEP has served these customers since 1970.

Since 2007, Danville has purchased the majority of its power from AMP. Danville utility owns and maintains 118 miles of transmission and distribution lines and has 17 substations. Danville owns and operates a three-unit hydroelectric generating plant with a maximum capacity of 10.5 MW and a 750 kW unit at the Talbott Dam site. Danville utility also has two generators, a 200 kW back-up diesel generator at its water treatment plant and a 150 kW mobile generator for the pump stations. In fiscal year 2014, the Danville Electric System employed 99 people.

In 2015, the Danville Electric System served 42,129 residential, commercial and industrial customers. The following table lists Danville’s five largest customers by energy purchased in 2015 and as a percentage of total system revenues during that year.

<u>Customer</u>	<u>Type of Business</u>	kWh Purchased (2015)	% of Total System Revenues
1. Intertape	Tape Manufacturing	52,415,800	2.84%
2. Nestle	Food Manufacturing	26,485,520	1.48
3. Swedwood	Furniture Manufacturing	24,935,232	1.36
4. Danville Regional	Health Care	22,953,242	1.30
5. Columbia Flooring	Floor Manufacturing	17,737,098	1.0

Participation in Other Projects. Danville is the third largest Participant in the Project, obligated under the Power Sales Contract to purchase from AMP a 4.80% Project Share (approximately 5.04 MW). In addition to the Meldahl Project, Danville is a participant in the following other projects described in the body of the Official Statement under the heading “AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS” (see the descriptions thereof for detail relating to such projects, including the indebtedness and the obligations of the participants under the related power sales contract):

<u>Project</u>	<u>Danville Share</u> ⁽¹⁾
Prairie State Energy Campus	13.52% (approximately 49.76 MW)
Combined Hydroelectric Projects	10.62% (approximately 22.08 MW)
AMP Fremont Energy Center Project	8.03% (approximately 37.30 MW)
Greenup Hydroelectric Project	9.67% (approximately 3.30 MW)

⁽¹⁾ In each case, the share relates to the AMP’s entitlement to project output.

The following table presents certain financial data respecting Danville's Electric System for the fiscal years shown on an accrual basis. The presentation is generally consistent with the flow of revenues of the Electric System.

	Danville		
	(\$000)		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Revenue</u>			
Power Sales	\$100,176	\$125,670	\$116,039
Other Income	-	-	-
Total Revenue	100,176	125,670	116,039
<u>Operating Expense*</u>			
Purchased Power Costs	70,416	92,407	84,079
O&M Expense	11,256	12,920	11,891
Total Operating Expense	81,672	105,327	95,970
Net Revenue Available for Debt Service	18,504	20,343	20,070
General Obligation Debt Service	3,508	3,554	2,981
Depreciation	6,400	7,354	7,867
Net Non-Operating Revenue (Excl. Interest Exp.)	1,562	2,592	485
Net Transfers	(12,520)	(9,897)	(9,897)
Net Assets 7/1	168,486	168,171	185,030 ⁽³⁾
Net Assets 6/30	168,171	180,052	188,483
<u>Year End Balance</u>			
General Obligation Bonds	38,361 ⁽¹⁾	38,608 ⁽²⁾	42,385 ⁽⁴⁾

* Excluding Depreciation.

(1) Danville issued \$5.52 million of GO Bonds to fund capital improvements to its Electric System in fiscal year 2012-2013.

(2) Danville issued \$2.275 million in GO Bonds to fund capital expenditures to its Electric System in fiscal year 2013-2014.

(3) In fiscal year 2015, Danville adopted GASB 68 which resulted in a restatement of the prior year's ending balance.

(4) Danville issued \$5.679 million in GO Bonds on September 11, 2014 to advance refund the 2005 GO Bonds.

ELECTRIC PLANT BOARD OF THE CITY OF PADUCAH, KENTUCKY

Project Share Rank	4
Project Share Percentage	4.31%
Municipality Established	1798
Electric System Established	1945
County	McCracken
Basis of Accounting	Accrual
2015 Peak Demand (kW)	139,509

Location, Population and Government: The City of Paducah, Kentucky (“*Paducah*”) is situated in the western portion of Kentucky some 225 miles southwest of Louisville. Paducah, which covers an area of seven square miles, is the seat of the McCracken County government. Paducah is governed by a five-member City Commission consisting of the Mayor and four other Commissioners. The City Manager, who is responsible for the administration and supervision of all City of Paducah services and facilities, is appointed by the City Commission.

The table below sets forth historical population figures for Paducah since 1990.

<u>YEAR</u>	<u>POPULATION</u>
1990	27,256
2000	26,307
2010	25,024

Source: U.S. Bureau of Census

Economic Base: Paducah’s economy is based on a mix of industrial and commercial development. Paducah’s major industries include river transportation, two regional hospitals and regional retail sales center.

The following table provides a summary of certain economic indicators for Paducah.

BUILDING PERMITS

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$59,229,074	\$54,237,757	\$46,713,430	\$74,664,952

Source: Paducah Electric Plant Board

ASSESSED VALUATION

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$1,519,604,966	\$1,570,054,226	\$1,603,493,457	\$1,686,573,752

Source: McCracken County Property Valuation Administrator for 2010-2014.

UNEMPLOYMENT

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
7.8%	8.0%	7.1%	5.9%

Source: www.workforcekentucky.ky.gov

MEDIAN FAMILY INCOME

<u>1990</u>	<u>2000</u>	<u>2010</u>
\$23,665	\$34,092	\$41,019

Source: U.S. Bureau of Census

Electric System: The Paducah Electric Plant Board (the “*Board*”) was created by an ordinance enacted on January 30, 1945 by the governing body of Paducah, which ordinance was amended on March 7, 1959. The Board functions on behalf of Paducah and has duties, powers and authority as specifically defined by Kentucky statutes. The Board is a separate political subdivision of the Commonwealth of Kentucky.

An ordinance was adopted by the City Commission on August 23, 1960, declaring that it was desirable to purchase and operate a municipal electric system, subject to approval of the voters. Said election was held on November 8, 1960 and the purchase and operation of a municipal utility was approved by over 76% of voters.

In July 1961, the Board issued bonds for the purpose of purchasing from Kentucky Utilities Company, that segment of the system which was inside Paducah limits.

The Board’s service area now includes most of the area within Paducah limits and a portion of surrounding McCracken County.

The total power requirements for the system were previously purchased from the Tennessee Valley Authority (“*TVA*”) pursuant to a contract between the Board and TVA. This contract was terminated as of December 21, 2009. The Board then began purchasing through multiple counterparty arrangements, with power scheduled through Fellon-McCord. Power is received at two delivery points at 161,000 volts. One delivery point is located near the northwestern boundary of the system. The second delivery point is located near the southern boundary.

A 69,000 volt transmission system connects the system’s nine distribution substations to the delivery points. The 69 KV system is “looped” from distribution substation to substation to provide flexibility in switching and increase reliability.

The distribution substations reduce the voltage from 69,000 volts to 12,470 volts, which is the System’s nominal distribution voltage. Distribution transformers, both pole-mounted and pad-mounted, reduce the voltage to the utilization level required by the system’s customers.

The total transformer nameplate capacity of the distribution substations is 356,000 kilo-volt amps. The nameplate capacity of the delivery point transformers (total system capacity) is 316,000 kilo-volt amperes. An all-time maximum system peak for the system is 161,724 kilowatts. This peak was set in 2011.

The Board participates in the Prairie State Energy Campus as a member of the Kentucky Municipal Power Agency (“*KMPA*”). As of March 31, 2016, KMPA had outstanding \$481.8 million in revenue bonds, secured by a take-or-pay power sales agreement between KMPA, the Board and the Electric Plant Board of Princeton, Kentucky, to finance KMPA’s 7.82% undivided ownership interest in the PSEC. Pursuant to such power sales agreement, the Board is entitled to purchase 83.9% of KMPA’s share of the PSEC (approximately 104 MW) and is responsible for a commensurate amount of KMPA’s expenses relating to the PSEC.

On January 29, 2009 the Board issued \$161,730,000 of tax-exempt special revenue bonds and \$8,525,000 of taxable special revenue bonds to finance construction of a 120 MW (summer) natural gas peaking plant to provide electric service to the customers of the Board during times of peak energy consumption. The construction of these peaking units was completed in May 2010. As of February 15, 2016, approximately \$152.635 million of the bonds issued to finance the peaking plant are outstanding.

As of January 1, 2015, the Board and KMPA terminated agreements with Fellon-McCord and retained AMP to provide portfolio management services for the Board and KMPA. Under the agreement, AMP and The Energy Authority provide optimization of KMPA's capacity and energy resources, including the KMPA share of Prairie State and the Board natural gas peaking plant. These services include daily forecasting, power scheduling, energy and congestion hedging strategies, sale of excess energy and capacity, transmission arrangements and fuel management. To date, AMP's services have resulted in the following revenues for the Board KMPA:

- Sale of Excess Prairie State Capacity
 - 2015/2016 Sold in MISO Auction - \$4.8 million
 - 2017/2018 Sold Bilaterally - \$2.8 million
 - 2018/2019 Sold Bilaterally – 3.2 million
- Auction Revenue Rights
 - 2015/2016 Auction - \$2.3 million
- Dispatching Paducah Peaking Plant
 - 2015 - \$65,000 net revenue

In fiscal year 2015, the Board served 22,351 residential, commercial and industrial customers. The following table lists the Board's five largest customers by energy purchased in 2015 and as a percentage of total system revenues during the year.

<u>Customer</u>	<u>Type of Business</u>	<u>kWh Purchased (2015)</u>	<u>% of Total System Revenues</u>
1. Western Baptist Hospital	Health Care	30,842,767	4.68%
2. Lourdes Hospital	Health Care	21,535,501	3.21
3. H.B. Fuller	Manufacturing	11,179,800	1.53
4. City of Paducah	Government	6,660,086	1.41
5. West Kentucky Community & Technical College	Education	7,793,140	1.37

Participation in Other Projects. The Board is the fourth largest Participant in the Project, obligated under the Power Sales Contract to purchase from AMP a 4.31% Project Share (approximately 4.53 MW). In addition to the Project, the Board is a participant in the following other projects described in the body of the Official Statement under the heading “AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS” (see the descriptions thereof for detail relating the indebtedness relating to such projects and the obligations of the participants under the related power sales contract):

<u>Project</u>	<u>Board Share</u> ⁽¹⁾
Greenup Hydroelectric Project	8.86% (approximately 3.02 MW)
Combined Hydroelectric Projects	3.63% (approximately 7.55 MW)

⁽¹⁾ In each case, the share relates to the AMP’s entitlement to project output.

The following table presents certain financial data respecting the Board's Electric System for the calendar years shown, on an accrual basis.

Electric Plant Board of the City of Paducah, Kentucky
(\$000)

	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Revenue</u>			
Power Sales	\$65,404	\$78,127	\$80,108
Other Income	2,225	6,551	(17)
Total Revenue	67,629	84,678	80,091
<u>Operating Expense</u>⁽¹⁾			
Power Costs	41,247	56,630	50,457
O&M Expense	11,758	11,722	11,922
Total Operating Expense	53,005	68,352	62,379
Net Revenue Available for Debt Service	14,624	16,326	17,712
Revenue Debt Service	12,249	13,098	12,284
Depreciation	8,713	9,023	9,102
Net Non-Operating Revenue (Excl. Interest Exp.)	41	129	(60)
Net Transfers	-	-	-
Net Assets 7/1	32,814	31,107	24,355 ⁽²⁾
Net Assets 6/30	31,107	31,077	25,557
<u>Year End Balance</u>			
Revenue Bonds	161,445	155,945	151,133
Line of Credit	-	3,000	-
Total Debt	161,445	158,945	151,133

⁽¹⁾ Excluding depreciation.

⁽²⁾ Beginning July 1, 2014, Paducah Power System adopted GASB 68. Net position at July 1, 2014 has been adjusted to account for the change in accounting principle.

WADSWORTH, OHIO

Project Share Rank	5
Project Share Percentage	3.76%
Municipality Established	1814
Electric System Established	1916
County	Medina
Basis of Accounting	Accrual
2015 Peak Demand (kW)	61,557

Location, Population and Government: The City of Wadsworth, Ohio (“*Wadsworth*”) is a statutory city located in Medina County, in northeastern Ohio, approximately 30 miles south of Cleveland and 15 miles west of Akron. The Mayor is elected to a four-year term with duties that include appointing the Director of Public Service, The Director of Human Resources and the Director of Public Safety in order to effectively administer services for the citizens of Wadsworth. In addition, the governing body of Wadsworth is the City Council which consists of eight Council members, including the Council President. City Council members are elected to their positions as part-time public servants. Each serves for two years, with the current terms beginning January 1, 2014 and continuing through December 31, 2015. The table below sets forth historical population figures for Wadsworth since 1990.

<u>YEAR</u>	<u>POPULATION</u>
1990	15,718
2000	18,437
2010	21,567

Source: U.S. Bureau of Census

Economic Base: Wadsworth's economy is based largely on small manufacturing. The Wadsworth area's major industries include the manufacturing of plastic products, building products and foundry works.

The following table provides a summary of certain economic indicators for Wadsworth.

BUILDING PERMITS

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$19,871,902	\$19,233,420	\$20,675,040	\$43,574,974

Source: City of Wadsworth

ASSESSED VALUATION

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$470,878,455	\$442,011,205	\$450,001,045	\$455,657,415

Source: Ohio Municipal Advisory Council website

UNEMPLOYMENT

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2014</u>
6.0%	6.5%	5.2%	4.0%

Source: Ohio Labor Market Information, <http://lmi.state.oh.us/>

MEDIAN FAMILY INCOME

<u>1990</u>	<u>2000</u>	<u>2010</u>
\$38,067	\$58,850	\$75,053

Source: U.S. Bureau of Census

Electric System: Authority over the Wadsworth Electric System is vested in the City Council. A Director of Public Service, who is appointed by the Mayor, manages the Electric System. The Electric System serves a community covering 32 square miles. Included within Wadsworth's retail service area and served by the electric system are Wadsworth, parts of Wadsworth Township, Guilford Township, Sharon Township, and part of Norton. Wadsworth does not exercise its right to serve exclusively within the city limits.

Wadsworth is in the First Energy Transmission Service Area. In 2015, Wadsworth purchased 100% of its power from AMP or through the AMP sponsored OMEGA JV5 (the Belleville project) and OMEGA JV2 (the distributed generation project). Wadsworth is one of the 21 municipalities that formed OMEGA JV1 in October 1992, for the purposes of jointly owning and operating 9 megawatts of generation, known as Engle Units, which are sited in Cuyahoga Falls, Ohio. Wadsworth has an 11.23% ownership in the Engle Units. Wadsworth is also a participant in OMEGA JV6 and AMP's Combustion

Turbine Project. Wadsworth utility owns and maintains 318 miles of transmission and distribution lines and has six substations. Wadsworth does not directly own any generating facilities. In 2015, the Wadsworth electric utility employed 40 FTE.

In 2015, the Wadsworth electric system served 13,876 residential, commercial and industrial customers. The following table lists Wadsworth’s five largest customers by energy purchased in 2015 and as a percentage of total system revenues during that year.

<u>Customer</u>	<u>Type of Business</u>	<u>kWh Purchased (2015)</u>	<u>% of Total System Revenues</u>
1. Flambeau	Plastic Manufacturing	10,794,000	2.13%
2. Radici Plastics	Plastic Manufacturing	10,934,400	2.10 %
3. Graftech	Cellular Manufacturing	9,720,000	1.97 %
4. Soprema	Plastics	5,071,680	1.18 %
5. Goldsmith & Eggleton	Plastics/Rubber	5,661,000	1.17 %

In 2015 the electric system also provided Wadsworth with 7,301,105 kWh for general municipal purposes.

Participation in Other Projects. Wadsworth is the fifth largest Participant in the Project, obligated under the Power Sales Contract to purchase from AMP a 3.76% Project Share (approximately 3.95 MW). In addition to the Project, Wadsworth is a participant in the following other projects described in the body of the Official Statement under the heading “AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS” (see the descriptions thereof for detail relating to such projects, including the indebtedness and the obligations of the participants under the related power sales contract):

<u>Project</u>	<u>Wadsworth Share⁽¹⁾</u>
Belleville Hydroelectric Project (OMEGA JV5)	5.62% (approximately 2.36 MW)
OMEGA JV2	5.81% ⁽²⁾ (approximately 7.78 MW)
OMEGA JV6	3.52% (approximately 0.25 MW)
Combustion Turbine Project	1.81% (approximately 17.9 MW)
Combined Hydroelectric Projects	0.87% (approximately 1.8 MW)
Greenup Hydroelectric Project	7.69% (approximately 2.62 MW)
AMP Fremont Energy Center Project	2.75% (approximately 12.77 MW)

⁽¹⁾ In each case, the share relates to the AMP’s entitlement to project output, except in the case of the OMEGA joint ventures, in which case the share reflects Wadsworth’s undivided ownership interest.

⁽²⁾ As a financing participant, Wadsworth is responsible for 7.41% of debt service.

In 2009, Wadsworth formally adopted by ordinance a cash reserve policy which incorporates guidelines detailing minimum cash reserve balances to be maintained by the Electric System. The following table presents certain financial data respecting Wadsworth's Electric System for the calendar years shown, on an accrual basis. The presentation is generally consistent with the flow of revenues of the Electric System.

Wadsworth			
(\$000)			
	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Revenue</u>			
Power Sales	\$28,735	\$30,665	\$31,213
Other Income	117	45	176
Total Revenue	28,853	30,709	31,389
<u>Operating Expense</u> *			
Power Costs	19,761	18,871	21,470
O&M Expense	4,666	7,045	5,968
Total Operating Expense	24,428	25,916	27,438
Net Revenue Available for Debt Service	4,425	4,794	3,951
OMEGA JV5 Debt Service ⁽¹⁾	592	591	592
OMEGA JV2 Debt Service ⁽¹⁾	296	296	296
OMEGA JV6 Debt Service ⁽¹⁾	35	35	35
Revenue Debt Service	1,887	1,347	865
Depreciation	1,731	1,815	2,061
Net Non-Operating Revenue (Excl. Interest Exp.)	28	(321)	(797)
Net Transfers	-	40	42
Net Assets 1/1⁽³⁾	27,405	26,392 ⁽³⁾	31,477
Net Assets 12/31	26,514	31,477	32,613
<u>Year End Balance</u>			
General Obligation Bonds	254	218	183
Revenue Bonds-AMP Bonds	5,586 ⁽²⁾	4,962	4,343

* Excluding depreciation.

(1) OMEGA JV debt service is included in Power Costs, recovered through Wadsworth's PCA

(2) To take advantage of lower interest rates, the City of Wadsworth Series 2002 Bonds were redeemed in 2012 with the proceeds of a draw on AMP's Line of Credit. Wadsworth paid down principal from the associated debt service reserve of approximately \$927,000 as well as an additional principal payment of \$185,000.

(3) Wadsworth adopted GASB accounting standard 65, which required an adjustment to the beginning balance for 2013 in order to comply with this accounting standard

ORRVILLE, OHIO

Project Share Rank	6
Project Share Percentage	3.36%
Municipality Established	1864
Electric System Established	1917
County	Wayne
Basis of Accounting	Accrual
2015 Peak Demand (kW)	58,295

Location, Population and Government: The City of Orrville, Ohio (“*Orrville*”) is a charter city located in Wayne County. Orrville is located approximately 11 miles northeast of Wooster, Ohio. City Council conducts the legislative or law-making business of Orrville. The City Council consists of a President of Council and seven members, each elected for staggered four-year terms. One member is selected in each of the four wards and three are elected at large. Orrville has a mayoral form of government, with the Mayor elected by a city wide election for a four-year term. Mayoral duties are to exercise supervision and control of all departments and divisions of Orrville and to see that all laws, ordinances and resolutions are faithfully obeyed and enforced. The Mayor is the recognized official and ceremonial head of city government. The Mayor is required to attend Council meetings, but has no vote. The Mayor does, however, have veto power over every ordinance and resolution passed by the City Council. The President of Council is designated by Charter to be acting mayor during such a period when the Mayor is absent from Orrville or otherwise not accessible or temporarily unable to perform the duties.

The Public Utilities Board consists of five (5) members who are appointed by the Mayor with the approval of Council. The term of office for members of the Public Utilities Board is five (5) years and no member shall serve for more than three (3) successive terms. The Public Utilities Board president presides over the meetings which are held twice monthly. The Public Utilities Board is responsible for the operation and maintenance of, and any improvements or expansions to, the electric, water and sanitary sewer utilities of Orrville and may adopt such rules and regulations that are not inconsistent with Orrville’s Charter. The Public Utilities Board recommends rates to be charged for the use and consumption of the products and services of the Utilities and for payment of debt service charges on notes or bonds of Orrville issued for the improvement or expansion of any such Utilities. Recommended rate adjustments are referred to City Council for its review and approval or disapproval at a regular meeting, which shall be by administrative action taken not sooner than at the next regular meeting, and upon approval, such adjustment in rates shall become effective immediately. If the Council fails to approve or disapprove such recommended rates not later than the fifth regular meeting of the Council following the receipt of such recommendation from the Public Utilities Board, such recommended rates shall become effective immediately following such fifth meeting. The Public Utilities Board appoints a Director of Utilities, who is the managing head of the Department of Public Utilities, and is responsible to the Public Utilities Board for the proper operation and maintenance of the utilities which are under the control of the Public Utilities Board, and, with the approval of the Public Utilities Board, for the selection, promotion, demotion, discipline and removal of the other officers and employees of the Department of Public Utilities.

The table below sets forth historical population figures for Orrville since 1990.

<u>YEAR</u>	<u>POPULATION</u>
1990	7,712
2000	8,551
2010	8,380

Source: U.S. Bureau of Census 1990-2010

Economic Base: Orrville's economy is based on a mix of industrial, commercial and residential development. Orrville's major industries include various manufacturing facilities including jam and jelly processing, dairy products, pipe organ, and production of grey iron and ductile iron castings.

The following table provides a summary of certain economic indicators for Orrville.

BUILDING PERMITS

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$11,460,110	\$13,280,308	\$46,838,201	\$7,178,303

Source: City of Orrville

ASSESSED VALUATION

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2014</u>
\$172,574,577	\$176,987,327	\$179,137,967	\$177,479,207

Source: Ohio Municipal Advisory Council website

UNEMPLOYMENT

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
6.1%	6.3%	4.6%	3.9%

Source: Ohio Labor Market Information, <http://lmi.state.oh.us/>

MEDIAN FAMILY INCOME

<u>1990</u>	<u>2000</u>	<u>2010</u>
\$32,472	\$46,728	\$55,284

Source: U.S. Bureau of Census

Electric System: The Public Utilities Board appoints a Director of Utilities, who is the managing head of the Department of Public Utilities, and is responsible to the Public Utilities Board for the proper operation and maintenance of the utilities which are under the control of the Public Utilities Board, and, with the approval of the Public Utilities Board, for the selection, promotion, demotion, discipline and removal of the other officers and employees of the Department of Public Utilities.

In 2015, Orrville’s electric system served approximately 7,310 residential, commercial and industrial customers. The following table lists Orrville’s five largest customers by energy purchased in 2015 and as a percentage of total system revenues during that year.

<u>Customer</u>	<u>Type of Business</u>	<u>kWh Purchased (2015)</u>	<u>% of Total System Revenues</u>
1. Quality Castings	Casting Manufacturing	59,442,100	13.16%
2. JM Smucker	Food Processing	39,036,013	8.54
3. Smith Dairy	Food Processing	18,701,620	4.24
4. Bekaert	Shape Wire Production	15,707,515	3.48
5. JLG	Lift Form Production	7,687,170	1.72

Participation in Other Projects. Orrville is the sixth largest Participant in the Project, obligated under the Power Sales Contract to purchase from AMP a 3.36% Project Share (approximately 3.53 MW). In addition to the Project, Orrville is a participant in the following other projects described in the body of the Official Statement under the heading “AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS” (see the descriptions thereof for detail relating to such projects, including the indebtedness and the obligations of the participants under the related power sales contract):

<u>Project</u>	<u>Orrville Share⁽¹⁾</u>
Prairie State Energy Campus	1.35% (approximately 4.98 MW)
Combined Hydroelectric Projects	2.83% (approximately 5.90 MW)
Greenup Hydroelectric Project	6.77% (approximately 2.31 MW)
AMP Fremont Energy Center Project	3.79% (approximately 17.62 MW)

⁽¹⁾ In each case, the share relates to the AMP’s entitlement to project output.

The following table presents certain financial data respecting Orrville's Electric System for the calendar years shown, on an accrual basis.

	Orrville (\$000)		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Revenue</u>			
Power Sales	\$32,257	\$32,232	\$35,802
Other Income	825	566	613
Total Revenue	33,082	32,798	36,415
<u>Operating Expense</u> *			
Power Costs	12,436	12,286	10,415
O&M Expense	18,331 ⁽¹⁾	17,700	19,314
Total Operating Expense	30,767	29,986	29,729
Net Revenue Available for Debt Service	2,315	2,812	6,686
Depreciation	1,994	2,047	2,013
Net Non-Operating Revenue (Excl. Interest Exp.)	45	241	97
Net Transfers	916	915	917
Net Assets 1/1	43,184	44,466	46,388
Net Assets 12/31	44,466	46,388	52,075
<u>Year End Balance</u>			
Electric Improvement Note	-	-	-

* Excluding depreciation

⁽¹⁾ Restated per Orrville

SECTION III

SUMMARY OF LARGE PARTICIPANTS' AREA, POPULATION, ASSESSED VALUATION AND UNEMPLOYMENT RATES

Participant	County	Area (Sq. Miles) ⁽¹⁾	Population ⁽²⁾			Property Tax Base Assessed Valuation (\$000) ⁽³⁾			Unemployment Averages (%) ⁽⁴⁾			
			1990	2000	2010	2013	2014	2015	2012	2013	2014	2015
Hamilton, Ohio	Butler	22.1	61,368	60,690	62,477	810,566	758,138	752,416	8.1	7.9	6.0	5.1
Cleveland, Ohio	Cuyahoga	82.4	505,616	478,403	396,815	4,899,952	4,913,145	4,589,532	9.5	9.8	6.4	6.3
Danville, Virginia	N/A	44	53,056	48,411	43,055	2,675,917	2,689,712	2,692,401	10.6	9.5	8.7	7.3
Paducah, Kentucky	McCracken	20	27,256	26,307	25,024	1,570,054	1,603,493	1,686,574	7.8	8.0	7.1	5.9
Wadsworth, Ohio	Medina	10.6	15,718	18,437	21,567	442,011	450,001	455,657	6.0	6.5	5.2	4.0
Orrville, Ohio	Wayne	5.8	7,712	8,551	8,380	176,987	179,138	177,479	6.1	6.3	4.6	3.9

⁽¹⁾ Source: Wikipedia website for Participant.

⁽²⁾ Source: U.S. Census Bureau

⁽³⁾ Source: Ohio Municipal Advisory Council; Danville, Virginia - City audits; Paducah, Kentucky –McCracken County Property Valuation Administrator.

⁽⁴⁾ Source: Participant for Ohio Participants – Ohio Labor Market website; Danville, Virginia – Virginia Workforce Connection website; Paducah, Kentucky – Workforce Kentucky website. For Orrville, Wadsworth and Paducah, Kentucky, unemployment averages reflect those for the county.

SECTION IV
LARGE PARTICIPANTS' RESIDENTIAL, INDUSTRIAL AND COMMERCIAL INFORMATION

Large Participants' Information
Residential, Industrial, and Commercial ⁽¹⁾

	2013			2014			2015		
	Customers	kWh Sales (x 1,000)	Revenue (x \$1,000)	Customers	kWh Sales (x 1,000)	Revenue (x \$1,000)	Customers	kWh Sales (x 1,000)	Revenue (x \$1,000)
<u>Hamilton</u>									
Residential	26,100	253,230	26,823	25,897	257,180	27,304	26,345	249,774	28,995
Commercial	2,873	183,572	20,397	2,896	145,836	20,895	2,860	188,102	20,527
Industrial	49	129,624	10,962	51	133,319	14,652	50	101,509	11,068
Total:	29,022	566,426	58,182	28,844	536,335	62,851	29,255	539,385	60,591
<u>Cleveland</u>									
Residential	64,922	407,585	48,653	64,336	399,023	50,557	64,046	388,539	51,427
Commercial	6,909	526,858	59,576	6,962	535,883	65,196	7,028	549,682	69,610
Industrial	23	607,926	45,655	24	604,415	49,937	23	599,711	54,097
Other	1,179	78,627	14,476	1,170	78,760	15,353	1,162	78,566	15,877
Total:	73,033	1,620,996	168,360	72,492	1,618,081	181,043	72,259	1,616,498	191,011
<u>Danville, Virginia</u>									
Residential	37,130	469,905	51,504	37,636	482,533	55,638	37,117	469,298	59,289
Commercial	11,192	313,896	33,049	11,179	185,620	34,504	4,974	178,470	38,419
Industrial	42	185,443	16,021	40	315,705	16,657	38	318,142	17,419
Total:	48,364	969,244	100,574	48,855	983,858	106,799	42,129	965,911	115,127
<u>Wadsworth</u>									
Residential	11,178	101,370	11,802	11,122	102,171	12,302	12,405	105,219	12,445
Commercial	1,301	91,805	8,219	1,566	90,030	8,739	1,334	92,819	8,102
Industrial	136	82,713	7,979	138	93,376	8,148	137	91,218	8,636
Total:	12,615	275,888	28,000	12,826	285,577	29,189	13,876	289,256	29,183
<u>Paducah, Kentucky</u>									
Residential	18,612	235,600	25,942	18,603	229,171	31,612	18,675	213,160	31,647
Commercial	3,213	69,094	8,614	3,222	70,032	10,437	3,191	68,575	10,884
Industrial	549	290,878	30,848	526	281,032	36,078	531	274,449	37,576
Total:	22,374	595,572	65,404	22,351	580,995	78,127	22,397	556,184	80,108
<u>Orrville</u>									
Residential	6,351	75,402	7,606	6,379	77,530	7,802	6,410	77,517	7,308
Commercial	862	81,117	11,378	879	83,012	8,396	885	72,385	7,005
Industrial	13	137,209	11,702	13	138,149	11,766	15	142,389	11,378
Total:	7,226	293,728	30,686	7,271	298,691	27,964	7,310	292,291	25,691

⁽¹⁾ Source: Participants

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**SUMMARY OF CERTAIN PROVISIONS
OF THE POWER SALES CONTRACT**

The following is a summary of certain provisions of the Power Sales Contract. The following summary is not to be considered a full statement of the terms of the Power Sales Contract and, accordingly, is qualified by reference thereto and is subject to the full text thereof. Summaries of certain provisions of the Power Sales Contract also appear in the body of the Official Statement. Capitalized terms not otherwise previously defined in this Official Statement or defined below have the meaning set forth in the Power Sales Contract. Copies of the Power Sales Contract are available from AMP and the Trustee.

Definitions and Explanations of Terms.

AMP/Hamilton Agreements shall mean the Related Agreements between Hamilton, Meldahl, LLC and AMP relating to the Meldahl Project.

Bonds shall mean revenue bonds, notes, bank loans, commercial paper or any other evidences of indebtedness, without regard to the term thereof, whether or not any issue thereof shall be subordinated as to payment to any other issue thereof, from time to time issued by AMP to finance or refinance any cost, expense or liability paid or incurred or to be paid or incurred by AMP in connection with the planning, investigating, engineering, permitting, licensing, financing, acquiring and construction of any and all real or personal property, facilities, rights, licenses, permits that constitute the Meldahl Project, and the refurbishing, operating, maintaining, improving, repairing, replacing, retiring, decommissioning or disposing of the Meldahl Project or otherwise paid or incurred or to be paid or incurred by AMP in connection with the performance of its obligations under the Power Sales Contract or any Related Agreement, and shall include revenue bonds, notes, bank loans, commercial paper, or any other evidences of indebtedness issued by AMP to refund any outstanding revenue bonds, notes, bank loans, commercial paper, or any other evidences of indebtedness issued by AMP for any of the foregoing purposes, as well as the repayment of interim financing for all Developmental Costs advanced by AMP or Hamilton. Bonds shall also include any interest rate hedge, swap instrument and the effect thereof, where the context is appropriate.

Capacity shall mean the Energy per unit of time which an electric generator or system can potentially produce or carry under specified conditions, generally expressed in kW or MW.

Capacity Charge shall mean the rate or charge to the Participants principally designed to recover fixed costs of the Project including those items that comprise Revenue Requirements as set forth in the Power Sales Contract and the Rate Schedule not otherwise recovered.

Commercial Operation Date shall mean the earliest date, confirmed by a certificate by an independent engineer, selected by AMP, that a generating unit of the Meldahl Project is determined to be in service after physical completion, completion of all specified testing and release by such unit's equipment suppliers and contractors for all commercial operating purposes without material restrictions.

Contract or Power Sales Contract shall mean the Power Sales Contract dated as of March 1, 2009, between AMP and the 48 Participants.

Developmental Costs shall mean all development costs incurred by AMP or Hamilton in furtherance of the planning, siting, engineering, permitting, land acquisition and related activities in connection with the Meldahl Project, which were reimbursed to AMP from the proceeds of its first issuance of Bonds, which included the \$4,680,000 Meldahl Participation Payment, and a portion of which was remitted by AMP to Hamilton in accordance with the AMP/Hamilton Agreements.

Energy shall mean the net energy generated over a specified period of time by the Meldahl Project in kWh or MWh.

Energy Charge shall mean the rate or charge to the Participants, principally designed to recover variable costs of the output of the Meldahl Project.

Environmental Attributes shall mean any and all fuel, emissions, air quality or other environmental characteristics, green tags, renewable Energy or like credits, benefits, reductions, offsets and allowances commencing on the Commercial Operation Date and continuing for the term of the Power Sales Contract, including without limitation any of the same arising out of legislation or regulation concerned with oxides of nitrogen, sulfur or carbon, with particulate matter, soot or mercury, or implementing the United Nations Framework Convention on Climate Change (UNFCCC) or the Kyoto Protocol to the UNFCCC or crediting "early action" emissions reduction, or laws or regulations involving or administered by the Clean Air Markets Division of the Environmental Protection Agency, or any successor agency that is given jurisdiction over a program involving transferability of Environmental Attributes, or any state or federal entity given jurisdiction over a program involving transferability of Environmental Attributes, and any green tag reporting rights to such Environmental Attributes. One unit of Environmental Attributes (a) arises from the generation of one kWh of renewable Energy, one kW of Capacity, the purchase or use of one kWh of net Energy or one kW of Capacity, or the avoidance of the emission of any gas, chemical or other substance into the air, soil or water attributable to such generation, purchase or use, or (b) arising out of any law, rule or regulation.

Environmental Fund shall mean the subfund of the Reserve and Contingency Subfund that may be used from time to time to mitigate Meldahl Project environmental impacts or to moderate volatility in the costs of environmental compliance, including, but not limited to, the funding of reserves for, or the purchase of, allowances or offsets from Participants, AMP or others.

Force Majeure shall mean any cause beyond the control of AMP or a Participant, including, but not limited to, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, pestilence, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court or public authority, which by due diligence and foresight AMP or such Participant, as the case may be, could not reasonably have been expected to avoid.

Hamilton shall mean the City of Hamilton, Ohio.

Load Factor shall mean the Participant's Energy scheduled from the Meldahl Project over a time period in MWh, divided by Participant's Project Share in MW multiplied by the hours in the same time period.

Meldahl, LLC shall mean a Delaware not-for-profit limited liability company the single member of which is AMP, and its successors formed by AMP for, among other things, the purpose of owning the Meldahl Project.

Meldahl – Greenup Participation Agreement shall mean the AMP/Hamilton Agreement of that name.

Meldahl Operating and Maintenance Expenses shall mean that portion of Revenue Requirements not paid by the proceeds of Bonds.

Meldahl Project or Project shall mean the acquisition, construction, equipping, testing and placing into service the Meldahl Hydroelectric Project (FERC Project 12667) and all facilities and related equipment used in the production and transformation of electric Power and Energy and related interconnection and transmission facilities as authorized by the Project License as such License may from time to time be amended, having a licensed net electric generating Capacity of approximately one-hundred five megawatts (105 MW), including the sites and all related permits, licenses, easements and other real and personal property rights and interests, together with all additions, improvements, renewals and replacements to said electric generating facilities necessary to keep said facilities in good operating condition or to prevent a loss of revenues therefrom or as required by the Project License, the FERC, or any other governmental agency having jurisdiction.

MISO RTO shall mean the Midwest Independent System Operator RTO or its successor organization.

O&M Expenses of a Participant shall mean (i) the ordinary and usual operating expenses, of its Electric System including purchased power expense and all amounts payable by the Participant to or for the account of AMP under the Power Sales Contract, including its obligations for Step Up Power; and (ii) to the extent not included in (i), all other items included in operating expenses under generally accepted accounting principles as adopted by the Governmental Accounting Standards Board or other applicable authority; provided, however, that if any amount payable by the Participant under the Power Sales Contract is prohibited by applicable law or by an existing contract from being paid as an O&M Expense of the Participant's Electric System, such amount shall be payable from any available funds of the Participant's Electric System and shall constitute an O&M Expense of the Participant's Electric System at such time as such law or contract shall permit or terminate.

Participants Committee shall mean a committee of AMP's Board of Trustees consisting of Participants, the members of which, in the aggregate, have not less than a Super Majority of the Project Shares, organized and operating in accordance with the terms of the Power Sales Contract.

PJM RTO shall mean the PJM RTO or its successor organization.

Point of Delivery shall mean the interconnection point between the Project's facilities and the transmission grid at which AMP shall be required to deliver or make available Capacity and Energy to or for the benefit of each of the respective Participants from the Meldahl Project pursuant to the Power Sales Contract at the PSR.

Postage Stamp Rates or PSR means the total delivered cost to Participants for Capacity Charges, Energy Charges and any Power cost adjustments at the Points of Delivery, as specified in the Rate Schedule.

Project Costs shall mean all costs incurred in connection with the planning, investigating, licensing, siting, permitting, engineering, financing, equipping, construction and acquisition of the Project

including, without limitation, and the costs of any necessary transmission facilities or upgrades required to interconnect any of the generation facilities of the Meldahl Project to the transmission grid at the interconnection point authorized by the Project License, any other Developmental Costs, all FERC license costs and payments to prior or current licenses associated with securing the rights to any FERC licenses or rights to output associated with the same, any payments in lieu of taxes and interest during construction of the Project, initial inventories, including the purchase of any inventories of emission allowances or other environmental rights, working capital, spares and other start up related costs, related environmental compliance costs, legal, engineering, accounting, advisory and other financing costs relating thereto and the refurbishing, improving, repairing, replacement, retiring, decommissioning or disposing of the Project, or otherwise paid or incurred or to be paid or incurred by or on behalf of the Participants or AMP in connection with its performance of its obligations under the Power Sales Contract, any Trust Indenture or any Related Agreement.

Project License shall mean the Meldahl Project license, FERC Project No. 12667, issued by the FERC and any modifications or amendments thereto.

Project Operator shall mean Hamilton under the Meldahl Operating Agreement.

Project Share for any Participant expressed in kilowatts (kW) shall mean such Participant's nominal entitlement to Capacity and associated Energy from the Meldahl Project, including any test Energy produced prior to Commercial Operation, such that the sum of all Project Shares (in kW) equals the expected nominal Capacity (in kW) of the Meldahl Project; subject to adjustment as set forth in the Power Sales Contract. Project Share for any Participant expressed as a percentage (%), rounded to the nearest one-hundredth of one percent, shall mean the result derived by dividing such Participant's Project Share in kW, by the total of all of the Participants' Project Shares (including such Participant's Project Share) in kW, such that the sum of all such Project Shares (in %) is one hundred percent (100%). For avoidance of doubt, the Project Share of a Participant, expressed as a percentage (%), rounded to the nearest one-hundredth of one percent, shall control as to what Project Share of Capacity and Energy a Participant is entitled in the event of any conflict between the Project Share expressed in kW and the Project Share expressed in percentage.

Prudent Utility Practice shall mean any of the practices, methods and acts which, in the exercise of reasonable judgment, in the light of the facts, including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the United States electrical utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. It includes a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition.

Rate Schedule shall mean the schedule of rates and charges attached to the Power Sales Contract, as the same may be revised from time to time in accordance with the provisions of said Contract.

Rate Stabilization Fund shall mean the subfund of the Reserve and Contingency Fund that may be used from time to time to moderate volatility of the PSR.

Regulations shall mean the bylaws for Participants and Participants Committee meetings and actions, as the same may be amended from time to time.

Related Agreements shall mean the AMP/Hamilton Agreements, any agreements for interconnection of the facilities comprising the Meldahl Project to the transmission grid, including any agreements for Supplemental Transmission Service and the interconnection agreement for the interconnection of the facilities comprising the Meldahl Project to the PJM RTO or MISO RTO transmission systems, any agreements with the U.S. Army Corps of Engineers relating to the Meldahl Project, other agreements for Transmission Service to enable AMP to meet its obligations to deliver electric Capacity and Energy for the Participants at their respective Secondary Points of Delivery pursuant to the Power Sales Contract, and any agreements for coordination of operations with other hydroelectric projects, all as the same may be amended from time to time.

Reserve and Contingency Fund shall have the meaning set forth in a Trust Indenture and refers to a special fund, including subfunds, established by AMP to accumulate funds sufficient to provide an immediately available source of funds for the extraordinary maintenance, repair, overhaul and replacement of the Project facilities and equipment, to mitigate environmental impacts, achieve environmental compliance or purchase allowances (Environmental Fund) to stabilize or mitigate rate increases to the Participants (Rate Stabilization Fund), to pay amounts equal to the deductibles on insurance policies held for the benefit of the Project, to provide assurance to surety providers (Self-Insurance Fund) and to meet other requirements of a Trust Indenture for which other funds are not, by the terms of a Trust Indenture, immediately available.

RTO shall mean any one of the regional transmission organizations approved by the Federal Energy Regulatory Commission or its successors or assigns, the territory of which includes the transmission systems to which a Point of Delivery is connected.

Secondary Points of Delivery shall mean the receipt point for each Participant which is either (i) a metered point of interconnection with the transmission or distribution system of the Participant or (ii) any other metered point of interconnection designated by a Participant for ultimate delivery of Capacity and Energy from the Points of Delivery to such Secondary Delivery Point under the Power Sales Contract; provided; however, that the Secondary Point of Delivery with respect to any Participant may, with AMP's written approval (which approval shall not be unreasonably withheld), be changed by such Participant.

Self Insurance Fund shall mean the subfund of the Reserve and Contingency Fund that may be used to pay amounts equal to deductible and insurance policies held for the benefit of the Project or provide assurance to surety providers.

Service Fee shall mean AMP's Service Fee B charge of up to one mill (\$0.001) per kWh measured by that amount of all energy delivered pursuant to the Power Sales Contract to the respective Participants at their respective Points of Delivery under the Power Sales Contract. Said charge may be prospectively increased or decreased at the sole option of AMP's Board of Trustees at any time provided, however, that except as provided below, such fee shall not exceed one mill (\$0.001) per kWh. Service Fee B may be increased above \$0.001 per kWh with the approval of both the AMP Board of Trustees and the Participants Committee.

Step Up Power Costs shall mean that portion of Revenue Requirements that is allocable to a defaulting Participant's payment obligations under the Power Sales Contract.

Super Majority shall mean not less than a seventy-five percent (75%) majority of the weighted vote, based upon Project Shares, of all the Participants.

Supplemental Transmission Service shall mean the power delivery service under any agreements, tariffs and rate schedules necessary or convenient to transmit or make available Capacity and Energy made available to or for the benefit of any Participant for delivery from the Point of Delivery to a Secondary Point of Delivery.

Transmission Service shall mean all transmission arrangements, together with all related or ancillary services rights and facilities, to the extent the same are necessary or prudent to provide for delivery of Capacity and Energy to the Points of Delivery.

Trust Indenture shall mean any one or more trust indentures, trust agreements, loan agreements, resolutions or other similar instruments providing for the issuance and securing of Bonds.

Sale and Purchase. (A) AMP agrees to sell to each Participant, and each Participant agrees to buy from AMP, such Participant's Project Share (in %) of the Project as set forth in the Power Sales Contract, subject to increase in an event of default of a Participant.

(B) Subject to the absolute payment obligations of the Participants, AMP (i) shall borrow, and capitalize from the proceeds of such borrowing, all or a portion of the amounts otherwise payable by the Participants in respect of AMP's Revenue Requirements prior to the Commercial Operation Date of the Meldahl Project and (ii) may borrow, and capitalize from the proceeds of such borrowing, all or a portion of the amounts otherwise payable by the Participants in respect of AMP's Revenue Requirements prior to the Commercial Operation Date of the Meldahl Project and for a reasonable time thereafter, or (iii) to the extent that AMP, upon the request and subject to the approval of the Participants Committee, does not borrow and capitalize from the proceeds of such borrowing all of AMP's Revenue Requirements prior to the Commercial Operation Date of the Meldahl Project and for a reasonable period thereafter, AMP shall, to such extent and only upon not less than one hundred twenty (120) days prior written notice, bill the Participants for their Project Shares of up to twenty-five percent (25%) of AMP's Revenue Requirements for such period or, with the approval of a Super Majority of the Participants, up to one hundred percent (100%) of AMP's Revenue Requirements for such period.

(C) If at any time any Participant has Capacity and Energy in excess of its needs, it may request that AMP sell and deliver any or all of said Participant's Project Share of Capacity and Energy available under the Power Sales Contract, and AMP shall use commercially reasonable efforts in consultation with such Participant to attempt to sell such surplus for such Participant at not less than a minimum price approved by the Participant.

AMP Undertakings. (A) AMP, in good faith and in accordance with the provisions of the Power Sales Contract, the AMP/Hamilton Agreements and Prudent Utility Practice:

(i) shall undertake, or cause to be undertaken, the planning, developing, engineering, acquisition, construction and equipping of the Project; the financing of costs of the same (including financing costs, legal, engineering, accounting and financial advisory fees and expenses and Developmental Costs) and the operating, maintaining, refurbishing, replacing, retiring, decommissioning and disposing of the Project; and to obtain, or cause to be obtained, all Federal,

state and local permits, licenses and other rights and regulatory approvals necessary or convenient to accomplish the same;

(ii) shall utilize the Project to fulfill its obligations to deliver or make available Capacity and Energy to the Participants at the Point of Delivery and respective Secondary Points of Delivery such obligation shall be subject to the Project's availability; and

(iii) shall serve as Meldahl, LLC's agent for all purposes including the purchase, construction, and operation of the Project, subject to, *inter alia*, the provisions of the Meldahl Project Development and Agency Agreement and the Meldahl Project Operating Agreement regarding, *inter alia*, retention of Hamilton for certain services related thereto;

(iv) shall inform the Participants Committee on a regular basis, not less often than in conjunction with the regular meetings of the AMP Board of Trustees, of its actions, plans and efforts undertaken in furtherance of the provisions of the Power Sales Contract including review of the Project's proposed annual operating and capital budgets prior to their adoption and to receive and give due consideration to any recommendations of the Participants Committee regarding the same; and

(v) shall submit to the Participants Committee for approval, the general plan of financing for the Project along with any proposed material changes to such general plan as the same may be proposed from time to time.

(B) In the event that, notwithstanding its efforts undertaken in accordance with the Power Sales Contract, AMP is unable to supply all of the Capacity and Energy contracted for by the Participants, it shall allocate the Capacity and Energy available from the Project among the Participants *pro rata*, on the basis of their respective Project Share percentages.

(C) In the event that at any time the Project produces or is capable of producing surplus Capacity, surplus Energy, surplus Transmission Service or Supplemental Transmission Service Capacity, or other surplus rights, products or services that AMP believes may be salable to another entity in light of prevailing market conditions and the characteristics of any such surplus, or which due to prevailing market conditions make it desirable and in the best interests of AMP, the holders of the Bonds or the Participants to sell all or any portion of the Capacity and Energy associated with the Project, AMP shall use commercially reasonable efforts to attempt to sell such surplus Capacity, surplus Energy, surplus transmission Capacity, or other surplus product or service or such Capacity and Energy for such Participant at not less than a minimum price approved by the Participant, on such terms and for such period as AMP deems appropriate and as AMP deems not adverse to the tax or regulatory status or other interests of AMP, the Participants or any Bonds. All net revenues received by AMP from such surplus sales shall be utilized by AMP to reduce the Revenue Requirements that otherwise must be paid by the Participants and thereby offset rates and charges to the Participants under the Power Sales Contract. Any such sales for periods of one year or greater shall be subject to approval by the Participants Committee.

(D) In addition to such sales of Capacity and Energy to any entity permitted by the Power Sales Contract, AMP may (i) sell, on a temporary or permanent basis, or otherwise dispose of Environmental Attributes or other inventory or spare parts for or byproducts from the Meldahl Project or sell, lease or rent any excess land or land rights, including mineral or other subsurface rights and facilities

associated with any by-product not required for operation of the Meldahl Project or any other Power Sales Contract Resource or (ii) sell, lease or otherwise dispose of on a temporary or permanent basis any other rights or interests associated with the Project; provided, however, that prior to entering into any such agreement on a permanent basis, or for any term of five (5) years or longer, AMP shall have determined that such disposition will not adversely affect the tax or regulatory status of AMP or any Bonds and, for such sales if the rights or interests are valued in excess of \$500,000 in 2009 dollars, shall have obtained the approval of the Participants Committee and a report or certificate of an independent engineer or engineering firm or corporation having a national reputation for experience in such work to the effect that such permanent sale, lease or other disposition should not, in the ordinary course of operation of the Project, materially adversely affect the operation of the Project or AMP's ability to perform its obligations under the Power Sales Contract.

(E) All Capacity sold or made available under the Power Sales Contract shall include the Capacity, in kW, and AMP, upon written request of a Participant, shall provide such Participant with any appropriate certifications reasonably necessary for the Participant to confirm its rights to such Capacity for any purpose, including any requirements of the MISO RTO or the PJM RTO.

(F) AMP covenants that it shall, prior to entering into any such agreements and in consultation with the Participants Committee, adopt, maintain and revise from time to time a written policy respecting any variable rate indebtedness and hedge or swap agreements entered into under the Power Sales Contract, including the circumstances and terms under which any such agreements may be terminated.

(G) Other than for sales of two (2) months or less, AMP shall be obligated to provide the Participants a right of first refusal with respect to the Project, it is understood by the Participants that it may be in the best interests of the Participants for AMP to resell such Project Capacity or Energy immediately and that it may be impracticable for AMP to effectively communicate a *bona fide* offer to all the Participants of such Project Capacity or Energy under the circumstances.

(H) AMP and the Participants recognize that there may be certain Environmental Attributes associated with the Meldahl Project. Each Participant shall be entitled to a share of the benefits associated with all such environmental attributes in proportion to its Project Share, AMP shall adopt, from time to time, with the approval of the Participants Committee, protocols for utilizing or distributing such Environmental Attributes to, or for the benefit of, the Participants; provided, however, that each Participant may retain its right to its Project Share of Environmental Attributes to utilize, manage, sell or transfer such rights independently.

(I) AMP and Hamilton's rights and obligations under the Power Sales Contract are, to the extent applicable, dependent upon, and must be construed to reflect, the rights and obligations of both AMP and Hamilton under the AMP/Hamilton Agreements and as co-licensees under the Project License.

Rates and Charges; Method of Payment. (A) After consultation with the Participants Committee, the Board of Trustees of AMP shall establish, maintain and adjust rates or charges, or any combination thereof, as set forth in the Rate Schedule, for the capability and output of the Project sold to the Participants under the Power Sales Contract that result in Postage Stamp Rates and other rates and charges, adjusted as set forth in the Power Sales Contract, at levels that will provide revenues to or for the account of AMP sufficient, but only sufficient, to meet the Revenue Requirements of AMP, which Revenue Requirements shall consist of the sum of the following without duplication:

- (i) all costs incurred by AMP under the AMP/Hamilton Agreements;
- (ii) all costs incurred by AMP under other Related Agreements, including, without limitation, all costs to AMP of Transmission Service to make available or for delivery of electric Capacity and Energy under the Power Sales Contract to the Point of Delivery as well as any costs incurred in the event AMP defaults on its obligations and a third party is brought in to perform whatever duties or obligations are not being performed by AMP;
- (iii) all costs incurred by AMP for the operation and maintenance of the Project, including but not limited to, the costs of equipment and other leases, an appropriate allocation of AMP's energy control center, metering and other common costs of AMP reasonably allocable to the Project and not otherwise recovered by the Service Fee or other fees or charges, such as AMP's Energy Control Center charges, that AMP charges the Participants pursuant to other agreements, the cost to AMP of taxes, payments in lieu of taxes, all permits, licenses and related fees, related to the Project, the cost of insurance and damage claims to the extent associated with the Project, any fuel and fuel related costs, pollution control or emissions costs, fees and allowances, cost of any refunds to any Participant pursuant to the provisions of the Power Sales Contract and (to the extent not paid out of the proceeds of Bonds or related investment income) legal, engineering, accounting and financial advisory fees and expenses;
- (iv) costs of decommissioning and disposal of the Project, including reserves therefor;
- (v) the cost to establish and maintain, or to obtain the agreement of third parties to provide to the extent not included in Project Costs, an allowance for working capital, inventories and spares, including reasonable reserves for repairs, refurbishments, renewals, replacements and other contingencies deemed necessary by the Board of Trustees of AMP in order to carry out its obligations under the Power Sales Contract;
- (vi) the cost of power supply engineering, planning and forecasting incurred by AMP in connection with the performance of its obligations under the Power Sales Contract or in attempting to comply with laws or regulations requiring the same to the extent such laws or regulations are applicable to the Project;
- (vii) the Service Fees not otherwise charged by AMP pursuant to other agreements;
- (viii) the costs of Supplemental Transmission Services furnished or procured and paid by AMP for the respective Participants as set forth in the Rate Schedule, such costs to be reimbursed to AMP by the respective Participants receiving such services and not through the PSR;
- (ix) payments of principal of and premium, if any, and interest on all Bonds, payments which AMP is required to make into any fund or account during any period to be set aside for the payment of such principal, premium or interest when due from time to time under the terms of any Trust Indenture (whether, in the case of principal of any Bond, upon the stated maturity or upon prior redemption, including any mandatory sinking fund redemption, under such Trust Indenture), and payments which AMP is required to make into any fund or account to establish or maintain a reserve for the payment of such principal, premium or interest under the terms of any Trust Indenture, provided, however, that the amounts required to be included in Revenue Requirements pursuant to this clause (viii) shall not include payments in respect of the principal of any Bonds

payable solely as a result of acceleration of maturity of such Bonds and not otherwise scheduled to mature or to be redeemed by application of mandatory sinking fund payments; provided further, however, that the amounts required to be included in Revenue Requirements pursuant to this clause (ix) may include payments in respect of a termination of a hedge or swap agreement;

(x) amounts required under any Trust Indenture to be paid or deposited into any fund or account established by such Trust Indenture, including any amounts required to be paid or deposited by reason of the transfer of moneys from such funds or accounts to the funds or accounts referred to in clause (ix) above;

(xi) the cost to establish and maintain additional reserves, or to obtain the agreement of third parties to provide, for contingencies including (a) a Self-Insurance Subfund containing reserves against deductibles, to provide assurance to surety providers, losses or otherwise established in connection with any program of self-insurance, (b) the making up of any deficiencies in any funds or accounts as may be required by the terms of any Trust Indenture, (c) contributions to any Rate Stabilization Fund or Environmental Fund, subject, to the extent not otherwise required to be paid as a part of Revenue Requirements or required by any Trust Indenture, to approval by the Participants Committee;

(xii) amounts required to be paid by AMP to procure, or to perform its obligations under, any liquidity or credit support obligation, interest rate swap or hedging instrument (including, in each case, any amounts due in connection with the termination thereof) associated with any Bonds or amounts payable with respect thereto;

(xiii) additional amounts, if any, which must be realized by AMP in order to meet the requirements of any rate covenant with respect to coverage of debt service on Bonds under the terms of any Trust Indenture, and such additional amounts as may be deemed by AMP desirable to facilitate marketing Bonds on favorable terms; and

(xiv) the repayment to AMP of the \$4.86 million Participation Payment made by AMP to Hamilton with respect to the rights to the Meldahl Project; provided, however, that the Revenue Requirements associated with such repayment shall be allocated among the Participants, other than Hamilton, in accordance with their relative Project Shares; and

(xv) and any cost or expenditure associated with the Meldahl Project's compliance with any applicable reliability standards or other standards or requirements of the Project License or otherwise approved or required by the FERC, the U.S. Army Corps of Engineers or other governmental entity having jurisdiction.

less amounts available as a result of any appropriate refunds, rebates, miscellaneous revenues or other distributions relating to the Meldahl Project and any sales of surplus power or any Environmental Attributes, inventory, spare parts, excess land or land rights or any other rights or interest associated with the Project (after payment of all associated costs and expenses incurred by AMP in connection therewith) and less any Bond proceeds or related investment income applied by AMP in the exercise of its discretion to pay any costs referred to in clauses (i) through (xiv) above, provided, however that in the event that any Trust Indenture requires another application of such funds or AMP determines that any of such amounts of proceeds or income

must be applied in accordance with the provisions of clause (i) of (J) below, then and to such extent such other application shall be required, such funds shall be so applied.

(B) The Revenue Requirements of AMP in respect of any month shall be computed as provided above and shall be paid by the respective Participants through rates and charges as set forth in the Rate Schedule. In determining the rates and charges under the Power Sales Contract, estimated amounts may be utilized until actual data becomes available, at which time any necessary adjustments necessary to true-up the estimates to actual shall be made.

(C) The rates and charges to each of the Participants under the Power Sales Contract, as set forth on the Rate Schedule, shall be a uniform PSR to the primary Points of Delivery, *provided* that (i) each Participant which receives or has made available to it Capacity and Energy at a Secondary Point of Delivery shall be responsible for the cost of Supplemental Transmission Service or other services related to such delivery and, if not paid to a third party transmission entity by the Participant, shall be charged an additional amount equal to the additional cost to AMP, if any, of delivery to such Secondary Point of Delivery, including any state and local taxes incurred as a result of such delivery or sale, as set forth on the Rate Schedule and (ii) amounts, if any, respecting reactive power requirements or power factor standards as set forth in the Power Sales Contract shall be charged an additional amount equal to such cost; and (iii) *provided further* that the Revenue Requirements related to the repayment to AMP of the \$4.86 million Participation Payment made by AMP to Hamilton with respect to the rights to the Meldahl Project shall be allocated among the Participants, other than Hamilton, in accordance with their relative Project Shares.

(D) After consultation with the Participants Committee, the Board of Trustees of AMP will determine and establish the initial Rate Schedule to be effective on or about the Commercial Operation Date of the Meldahl Project, to meet AMP's Revenue Requirements. At such intervals as the Board of Trustees of AMP shall determine appropriate, but in any event not less frequently than at the end of each quarter during each Contract Year, the Participants Committee and the Board of Trustees of AMP shall review and, if necessary, the Board of Trustees shall revise prospectively the Rate Schedule to ensure that the rates and charges under the Power Sales Contract continue to cover AMP's estimate of all of the Revenue Requirements and to recognize, to the extent not inconsistent with the Power Sales Contract, other factors and changes in service conditions as it determines appropriate. AMP shall transmit to each Participant a copy of each revised Rate Schedule, setting forth the effective date thereof, for delivery not less than thirty (30) days prior to such effective date. Each Participant agrees that the revised Rate Schedule, as determined from time to time by the Board of Trustees of AMP, shall be deemed to be substituted for the Rate Schedule previously in effect and agrees to pay for electric Capacity and Energy and related Transmission Service made available by AMP to it under the Power Sales Contract after the effective date of any revision of the Rate Schedule in accordance with such revised Rate Schedule. Unless otherwise determined by the AMP Board of Trustees, the Rate Schedule shall be structured so as to consist of: (i) a Capacity Charge, principally designed to recover fixed costs, including the fixed costs of Transmission Service; (ii) an Energy Charge, principally designed to recover the variable costs of providing the output of the Project and the variable costs of Transmission Service; (iii) a Power Cost Adjustment Factor designed to adjust either or both the Capacity Charge or Energy Charge upward or downward to reflect monthly changes in variable costs, any electric sales to third parties and any changes in the cost of Transmission Service; (iv) the Service Fee; and (v) a Participant specific rate for Supplemental Transmission Service for each Secondary Delivery Point to the extent AMP incurs costs related thereto. The determination of the Power Cost Adjustment Factor each month shall be made by

appropriate officials designated by the Board of Trustees of AMP according to methodology determined by the Participants Committee and approved by the Board of Trustees, no specific action by the Participants Committee or Board of Trustees to approve the Power Cost Adjustment Factor so determined each month shall be required.

(E) Unless some other time period is otherwise approved by the AMP Board of Trustees and the Participants Committee, in each month after the establishment of the initial Rate Schedule, AMP shall render to each Participant a monthly invoice showing the amount payable by such Participant under the Power Sales Contract with respect to Capacity and Energy, Transmission Service, including any Supplemental Transmission Service or other charges, credits, adjustments or true-ups, applicable to such Participant with respect to the immediately preceding month. Prior to the Commercial Operation of the Meldahl Project, such invoice may include payments with respect to any Bonds issued. Such Participant shall pay such amounts to AMP, at such time and in such manner as shall provide to AMP (or such other person so designated by AMP) funds available for use by AMP (or its designee, including a trustee under any Trust Indenture) on the first banking day not more than the fifteenth (15th) day after the date of the issuance of the monthly invoice.

(F) If any Participant does not make a required payment in full in funds available for use by AMP (or its designee) on or before the close of business on the due date thereof, a delayed-payment charge on the unpaid amount due for each day over-due will be imposed at a rate per annum equal to the lesser of (i) the maximum rate permitted by law, and (ii) two percent (2%) per annum above the rate available to AMP through its short-term credit facilities as the same may be adjusted from time to time, together with any damages or losses incurred by AMP, or through AMP, or any other Participant, as a result of such failure to make timely payment which is not compensated by such delayed-payment charge.

(G) In the event of any dispute by any Participant as to any portion of any invoice, such Participant shall nevertheless pay the full amount of the disputed charges when due and shall give written notice of the dispute to AMP not later than one hundred eighty (180) days from the date such payment is due; provided, however, that AMP shall not be required to refund any disputed amounts relating to third-party charges if such notice, although timely, does not afford AMP a reasonable opportunity to pursue a claim against such third-party due to the requirements of a Related Agreement, Supplemental Transmission Agreement, RTO or other Transmission Service provider dispute resolution procedures. Such notice shall identify the disputed invoice, state the amount in dispute and set forth a full statement of the grounds on which such dispute is based. Billing disputes and any subsequent adjustments shall be limited to the two (2) year period prior to the date timely notice was given; provided, however, that to the extent AMP may reasonably pursue a third-party on account of such dispute for a period longer than such two (2) year period, AMP shall do so and adjustments may, to such extent, relate to such longer period.

(H) In the event that at any time AMP shall determine that it has rendered an invoice containing a billing error, AMP shall furnish promptly to each Participant whose invoice was in error a revised invoice, clearly marked as such, with the error corrected. If the revised invoice indicates that the Participant has been undercharged, the difference between the amount paid by the Participant and the correct amount, together with interest (from the date of payment by the Participant of the incorrect amount to the due date of the invoice next submitted to the Participant after AMP has furnished the revised invoice) at the rate which would apply under the Power Sales Contract to overdue payments by such Participant, less two percent (2%), shall be paid by the Participant to AMP (or such other person designated by AMP) at such time and in such manner as shall provide to AMP (or such other person so

designated) funds available for use by AMP (or its designee) on the due date of such next invoice. If the revised invoice indicates that the Participant has been overcharged, the difference between the correct amount and the amount paid by the Participant, together with interest (from the date of payment by the Participant of the incorrect amount to the due date of the invoice next submitted to the Participant after AMP has furnished the revised invoice) at the rate which would apply under the Power Sales Contract to overdue payments by such Participant, less two percent (2%), shall be subtracted by AMP from the invoice next submitted to such Participant (and paid by AMP to the Participant in funds available for use by the Participant on the due date of such next invoice if, but only to the extent by which, the amount so due to the Participant exceeds the amount of the next invoice). The date of payment by the Participant shall mean the date on which funds in the amount so paid first become available for use by AMP (or its designee).

(I) The obligations of each Participant to make its payments shall constitute obligations of such Participant payable as an O&M Expense of its Electric System. No Participant shall be required to make payments under the Power Sales Contract except from the revenues of its Electric System and from other funds of such system legally available therefor. In no event shall any Participant be required to make payments under the Power Sales Contract from tax revenues, or any other source of funds other than its Electric System's funds, but it may elect, in its sole discretion, to do so. The obligations of each Participant to make payments described under this heading in respect of any month or other billing period shall be on a "take-or-pay" basis and, therefore, shall not be subject to any reduction, whether by offset, counterclaim, or otherwise, such payment obligations of such Participant shall not be conditioned upon the performance by AMP or any other Participant of its obligations under the Power Sales Contract, or any other agreement, and such payments shall be made whether or not any generating unit of the Meldahl Project, any other component of the Project is completed, operable, operating and, as long as Bonds remain outstanding, notwithstanding the suspension, interruption, interference, reduction or curtailment, in whole or in part, for any reason whatsoever, of the Project's generating capability or the Participant's Project Share, including Step Up Power, if any; provided, however, that nothing contained in the Power Sales Contract shall be construed to prevent or restrict such Participant from asserting any rights which it may have against AMP under the Power Sales Contract or in any provision of law, including institution of legal proceedings.

For purposes of paragraph (I) above, it should be noted that the Cities of Coldwater, Marshall and Wyandotte, Michigan (the "Michigan Participants") have bond issues outstanding that limit the payments under the Power Sales Contract from being considered an O&M Expense of their respective Electric System. Therefore, as long as the Michigan Participants' current bond issues remain outstanding, the Michigan Participants' obligations to make payments under the Power Sales Contract (i) shall constitute obligations of such Michigan Participant payable as an O&M Expense of its Electric System so long as such obligations are "take and pay" obligations and (ii) shall constitute obligations payable from any revenues or other moneys of each Michigan Participant's Electric System legally available for the purpose if and to the extent such obligations are payable on a "take-or-pay" basis. However, once the currently outstanding bonds of the Michigan Participants are no longer outstanding under the terms of their applicable ordinance, all of the Michigan Participants' obligations to make payments under the Power Sales Contract shall constitute obligations of such Michigan Participant payable as an O&M Expense of its Electric System on a "take-or-pay" basis.

(J) Proceeds from the sale of Bonds in excess of the amount required for the purposes for which such Bonds were issued and investment income earned on any investments held under the Trust

Indenture shall be applied, subject to the provisions of any Trust Indenture, by AMP, as approved by the Participants Committee (i)(a) to pay principal or interest on the Bonds, (b) to the purchase or redemption of Bonds prior to their stated maturity, (c) to the payment of costs of renewals and replacements of any property constituting a part of the Project, or as a reserve therefor and (ii) as a credit against the Revenue Requirements. Insurance proceeds, condemnation awards and damages received by AMP in connection with the Project and not required to be applied to the restoration, renewal or replacement of facilities, and proceeds from the sale or disposition of surplus property constituting a part of the Project, shall be applied by AMP, subject to approval by the Participants Committee, (a) to the purchase or redemption of Bonds prior to their stated maturity, (b) to the payment of costs of renewals and replacements of any property constituting a part of the Project, or as a reserve therefor by deposit to the Reserve and Contingency Fund, or (c) as a credit against Revenue Requirements. If any Trust Indenture, any instrument of a similar nature relating to borrowings by AMP to finance the Project or any Related Agreement shall require the application of any amount referred to in the foregoing provisions to any specific purpose, AMP shall apply such amount to such purpose as so required.

Force Majeure. Neither AMP nor any Participant shall be considered to be in default in respect to any obligation under the Power Sales Contract (other than the obligation of each Participant to make payments) if prevented from fulfilling such obligation by reason of *Force Majeure*. A party rendered unable to fulfill any such obligation by reason of *Force Majeure* shall exercise due diligence to remove such inability with all reasonable dispatch and such party shall promptly communicate with the other regarding such *Force Majeure*, its expected length and the actions being taken to remove the same.

Insurance. AMP shall maintain, or cause to be maintained, in force, and is authorized to procure insurance with responsible insurers with policies payable to the parties as their interests shall appear, against risk of direct physical loss, damage or destruction, at least to the extent that similar insurance is mandated by law or usually carried by utilities constructing and operating facilities of the nature of the facilities of the Project, including liability insurance, workers' compensation and employers' liability, all to the extent available at reasonable cost and subject to reasonable deductible provisions, but in no case less than will satisfy all applicable regulatory requirements, including FERC license requirements and requirements of the U.S. Army Corps of Engineers and conform to Prudent Utility Practice. AMP may procure additional insurance subject to the approval of the Participants Committee. Notwithstanding the foregoing, AMP may, to the extent permitted by the Related Agreements, the Trust Indentures and the similar instruments relating to borrowings by AMP to finance the Project and, subject to the approval of the Participants Committee, self-insure or participate in a program of self-insurance or group insurance to the extent it receives a written opinion of a qualified insurance consultant that such self-insurance, after consideration of any existing or required reserve deposits, is reasonable in light of existing programs of comparable utilities constructing and operating facilities of the nature of the facilities of the Project.

Bonds; Trust Indenture; Power Sales Contract. (A) AMP shall issue Bonds for the purpose of paying Project Costs as well as all or any part of the costs of planning, engineering, siting, permitting, acquiring, constructing, improving, repairing, restoring, renewing or refurbishing the Project, including, without limitation, reimbursement of all Developmental Costs or to refund any outstanding Bonds, all upon such terms and pursuant to one or more Trust Indentures having such terms as AMP, in its sole discretion and exclusive judgment, deems necessary or desirable to enable AMP to fulfill satisfactorily its obligations under the Power Sales Contract; provided, however, that AMP shall not issue Bonds having a final maturity date extending beyond the later of 2057 or the initial estimated useful life of the Project, as estimated, in a report or certificate of an independent engineer or engineering firm or corporation having a

national reputation for experience in electric utility matters. All Bonds, any Trust Indenture, and all revenues and other funds of AMP allocable to the Participants and to the Power Sales Contract, other than the Service Fee, shall be separate and apart from all other borrowings, indentures, revenues, and funds of AMP. AMP shall not pledge or assign any of its right, title or interest in, to or under any of the foregoing, the Power Sales Contract or the Project, or otherwise make available any thereof, to secure or pay any indebtedness or obligation of AMP or as otherwise expressly permitted by the Power Sales Contract.

(B) (i) Each Participant acknowledges that it is the intention of AMP and the Participants to (a) utilize, to the maximum extent possible, the proceeds of Bonds the interest on which is excluded from gross income for Federal income tax purposes ("Tax-exempt Obligations") under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), to finance the costs of the Project and related costs and (b) enable AMP to issue Bonds that are Tax-exempt Obligations. Each Participant acknowledges that at any time that AMP issues Tax-exempt Obligations, each Participant must expect to own and not expect to sell or otherwise dispose of or change the use of its rights to output of the Project prior to the final maturity date of the respective Tax-exempt Obligations;

(ii) Each Participant acknowledges that output contracts with nongovernmental persons for the purchase of electricity produced by a generating facility financed with Tax-exempt Obligations may result in private business use of such generating facilities, that contracts with nongovernmental persons for transmission and distribution services financed with Tax-exempt Obligations may result in private business use of such transmission and distribution facilities and that only a limited amount of private business use is permitted under the Federal income tax laws addressing Tax-exempt Obligations;

(iii) Each Participant represents, warrants and covenants that, notwithstanding any other provisions of the Power Sales Contract, it will take all actions necessary to enable AMP to issue Bonds as Tax-exempt Obligations to finance the Project and related costs and facilities;

(iv) Each Participant represents, warrants and covenants that it will not take any action (including but not limited to entering into output contracts), or fail to take any action, that would adversely affect the exclusion from gross income for Federal income tax purposes of interest on any Tax-exempt Obligations. Each Participant represents, warrants and covenants that its interest in the Project will be used for the governmental purpose of such Participant while such Participant owns rights to output of the Project. In addition, each Participant represents, warrants and covenants that it will take no action (including but not limited to entering into output contracts) or fail to take any action which action or failure would cause the Tax-exempt Obligations issued by AMP to become private activity bonds, including qualified 501(c)(3) Bonds, and will not dispose of or change the use of its Electric System unless an opinion of nationally recognized bond counsel acceptable to AMP is received stating that such action will not have an adverse effect on the exclusion from gross income for Federal income tax purposes of interest on the Bonds issued as Tax-exempt Obligations;

(v) Each Participant represents, warrants and covenants that it will establish reasonable procedures to ensure that no action is taken by it that would cause any Bonds issued as Tax-exempt Obligations to meet the private business use test or the private loan test of Section 141 of the Code and to ensure continued qualification of the Bonds issued as Tax-exempt Obligations; and

(vi) Each Participant acknowledges that AMP annually files Form 990 with the Internal Revenue Service and that information required to complete such form includes the percentage of tax-

exempt financed property used in a private business use. Each Participant covenants that, if requested, it will provide AMP a report or data by March 31, of each year setting forth such information as is required for AMP to complete IRS Form 990.

(C) Each Participant with a Project Share in excess of 5% will be deemed by AMP to be an "obligated person" within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, and agrees to furnish to AMP annually, no later than October 1 of each year and to the extent required for AMP to comply with its undertakings made pursuant to such Rule, (i) information updating the financial and operating data respecting the Participant and its Electric System, which data was presented or included by specific reference in an official statement or other comparable document of AMP prepared in connection with the offering of its Bonds, and (ii) the Participant's financial statements relating to its Electric System, when they become publicly available, and prepared in accordance with generally accepted governmental accounting standards or otherwise as required by law.

Disposition or Termination of the Meldahl Project.

Unless otherwise required by the AMP/Hamilton Agreements, for so long as any Bonds are outstanding, except as otherwise permitted in the Power Sales Contract, Meldahl, LLC shall not sell or otherwise dispose of, in whole or in part, its ownership interest in the Meldahl Project without the consent of a Super Majority of the Participants. The Power Sales Contract does not prohibit (i) a merger or consolidation or sale of all or substantially all of the property of AMP, (ii) any sale, lease or other disposition or arrangements permitted by the Power Sales Contract or (iii) the mortgaging, pledging or encumbering of all or any portion of AMP's ownership interest in the Meldahl Project pursuant to any Trust Indenture to secure any Bonds. Subject to the provisions of the AMP/Hamilton Agreements or other Related Agreements, any facilities of the Meldahl Project shall be terminated and Meldahl, LLC (or AMP as agent thereof) shall cause such facilities to be salvaged, discontinued, decommissioned, and disposed of or sold in whole or in part on such terms as both the AMP Board of Trustees, Hamilton as co-licensee and the Participants Committee determine to be reasonable and appropriate when:

- (a) so required pursuant to any Related Agreement; or
- (b) Meldahl, LLC, the AMP Board of Trustees, Hamilton as co-licensee and the Participants Committee determine that AMP is unable to operate such facilities due to licensing or operating conditions or other similar causes; or
- (c) Meldahl, LLC, the AMP Board of Trustees, Hamilton as co-licensee and the Participants Committee determine that such facilities are not capable of producing or delivering energy consistent with Prudent Utility Practice; or
- (d) Should any party disagree with a decision to cause any Project facilities to be salvaged, discontinued, decommissioned and disposed of, or sold, such party shall have a right of first refusal, under such reasonable terms and conditions as approved by Meldahl, LLC, AMP, Hamilton as co-licensee and the Participants Committee, such approval not to be unreasonably withheld, to purchase any such facilities at their then fair market value or such lesser value as may be approved by a Super Majority of the Participants. In such case the parties shall cooperate to close such transaction in a commercially reasonable time and to make such filings, including amendment of the Project License as required to consummate such transaction.

Additional Covenants of the Participants. (A) Each Participant covenants and agrees to establish and maintain rates for electric power and energy to its consumers which shall provide to such Participant revenues at least sufficient, together with other available funds, to meet its obligations to AMP under the Power Sales Contract; to pay all other O&M Expenses; to pay all obligations, whether now outstanding or incurred in the future, payable from, or constituting a charge or lien on, the revenues of its Electric System; and to make any other payments required by law.

(B) Each Participant covenants and agrees that, unless the Power Sales Contract has been assigned, it shall not sell, lease or otherwise dispose of all or substantially all of its Electric System except on 180 days' prior written notice to AMP and, in any event, shall not so sell, lease or otherwise dispose of the same unless AMP shall reasonably determine that all of the following conditions are met: (i) such Participant shall assign the Power Sales Contract and its rights thereunder (except as otherwise provided in the last sentence of this paragraph) in writing to the purchaser or lessee of the Electric System and such purchaser or lessee, as assignee of rights and obligations of such Participant under the Power Sales Contract, shall assume in writing all obligations (except to the extent theretofore accrued) of such Participant under the Power Sales Contract or such Participant shall post a bond or other security, in either case reasonably acceptable to AMP, to assure its obligations under the Power Sales Contract are fulfilled and clauses (iv) (a), (b) and (c) below are satisfied; (ii) if and to the extent necessary to reflect such assignment and assumption, AMP and such assignee shall enter into an agreement supplemental to the Power Sales Contract to clarify the terms on which Capacity and Energy are to be sold by AMP to such assignee; (iii) the senior debt of such assignee shall be rated in one of the four highest whole rating categories, without regard to sub-categories represented by + or – or similar designations, by at least one nationally recognized bond rating agency or if such entity is not rated, AMP and any trustee under any Trust Indenture shall receive an opinion from a nationally recognized financial expert that the assignment does not materially adversely affect the security for any Bonds; and (iv) AMP shall have received an opinion or opinions of counsel of recognized standing selected by AMP stating that such assignment (a) will not adversely affect any pledge and assignment by AMP of the Power Sales Contract or the revenues derived by AMP thereunder (other than the Service Fee) as security for the payment of Bonds and the interest thereon, (b) is lawfully permitted under applicable law, and (c) will not affect the regulatory or tax status of AMP or any Bonds. Notwithstanding the foregoing, if AMP reasonably determines that the assignment of the Power Sales Contract, pursuant to the immediately preceding sentence in connection with the sale, lease or other disposition of a Participant's Electric System, could reasonably be expected to result in any increase in the rates and charges to any of the remaining Participants for Capacity and Energy and associated Transmission Service made available under the Power Sales Contract, AMP may, by delivery of written notice thereof sent no later than 120 days following receipt by AMP of notice sent pursuant to the immediately preceding sentence, refuse to approve such sale, lease or other disposition and, should the Participant nonetheless and in contravention of the provisions of the Power Sales Contract proceed with such sale, lease or other disposition, terminate, effective upon such sale, lease or other disposition, all of such Participant's rights under the Power Sales Contract (except to the extent of any rights theretofore accrued); provided, however, that prior to the effective date of any such termination AMP shall have arranged for the assignment by such Participant of its rights (except as otherwise in the last sentence of this paragraph) and obligations (except to the extent theretofore accrued) under the Power Sales Contract to another entity which assumes in writing all obligations of such Participant (except to the extent theretofore accrued) and which satisfies each of the conditions set forth in clauses (ii) through (iv) of the immediately preceding sentence; provided, further, that nothing contained in this paragraph shall be construed to prevent or restrict any Participant from issuing mortgage revenue bonds (subject to the provisions of (E) below of this heading) secured by a mortgage of the property and revenues of such

Participant's Electric System, including a franchise. Each Participant agrees to cooperate in effecting any assignment pursuant to the immediately preceding sentence.

(C) Each Participant covenants and agrees that it shall take no action the effect of which would be to prevent, hinder or delay AMP from the timely fulfillment of its obligations under the Power Sales Contract, any Related Agreement, any then outstanding Bonds or any Trust Indenture; provided, however, that nothing contained in the Power Sales Contract shall be construed to prevent or restrict such Participant from asserting any rights which it may have against AMP or under any provision of law, including institution of legal proceedings for specific performance or recovery of damages.

(D) Each Participant covenants and agrees that it shall, in accordance with Prudent Utility Practice, (i) operate the properties of its Electric System and the business in connection therewith in an efficient manner, (ii) maintain its Electric System in good repair, working order and condition, and (iii) make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to its Electric System; provided, however, that this covenant shall not be construed as requiring such Participant to expend any funds which are derived from sources other than the operation of its Electric System, although nothing herein shall be construed as preventing such Participant from doing so.

(E) Each Participant covenants and agrees that it shall not issue bonds, notes or other evidences of indebtedness or incur lease or contractual obligations which are payable from the revenues derived from its Electric System superior to the payment of the O&M Expenses of its Electric System; provided, however, that nothing shall limit such Participant's present or future rights (i) to incur lease or contractual obligations that, under generally accepted accounting principles, are operating expenses of its Electric System and that are payable on a parity with O&M Expenses or (ii) to issue bonds, notes or other evidences of indebtedness payable from revenues of its Electric System subject to the prior payment or provision for the payment of the O&M Expenses, including amounts payable under the Power Sales Contract, of its Electric System.

(F) Each Participant covenants and agrees that not later than the date on which it issues bonds, notes or other evidences of indebtedness or incurs capital lease or take-or-pay contractual obligations which are payable from the revenues of its Electric System on a parity with O&M Expenses it will provide to AMP, with a copy to the Participants Committee, of an independent engineer's estimation that such issuance or incurrence will not result in total O&M Expenses and debt service in excess of the revenues of the Participant's Electric System adjusted for any rate increases enacted by the governing body of the Participant prior to such issuance or incurrence in the fiscal year immediately preceding the issuance of such obligations.

(G) Each Participant agrees to use all commercially reasonable efforts to take all actions necessary or convenient to fulfill all of its obligations under the Power Sales Contract.

(H) Each Participant agrees that, prior to any assignment of its rights under the Power Sales Contract it shall grant to AMP, for the benefit of the remaining Participants, a right of first refusal for a period of not less than one hundred twenty (120) days to match any *bona fide* offer for such assignment.

(I) Each Participant that has some contractual or other legal impediment to its payment obligations to AMP under the Power Sales Contract being classified under applicable law or any trust

indenture securing bonds payable from the revenues of its Electric System as O&M Expenses, covenants and agrees that it will in good faith endeavor to remove any such contractual or other legal impediments at the earliest possible time.

Default. (A) In the event any payment due from any Participant under the Power Sales Contract remains unpaid subsequent to the due date thereof, such event shall constitute a default under the Power Sales Contract and AMP may, upon fifteen (15) days prior written notice to and at the cost and expense of such defaulting Participant (i) withhold any payments otherwise due such Participant and suspend deliveries or availability of such defaulting Participant's Project Share to or on behalf of the defaulting Participant, (ii) bring any suit, action or proceeding at law or in equity as may be necessary or appropriate to enforce any covenant, agreement or obligation against the defaulting Participant, and (iii) take any other action permitted by law to enforce the Power Sales Contract. Upon suspension of the rights of the defaulting Participant as provided in the immediately preceding sentence, AMP shall be entitled to and may, sell or make available, from time to time, to any other person or persons any Capacity or Energy associated with the defaulting Participant's Project Share, and any such sale may be on such terms and for such periods deemed necessary or convenient in AMP's judgment, which shall not be exercised unreasonably, to make such sale under then existing market conditions; provided, however, that no such sale shall be made for a period exceeding two (2) months. Any such sale of such Project Share contracted for by AMP shall not relieve the defaulting Participant from any liability under the Power Sales Contract, except that the net proceeds of such sale shall be applied in reduction of the liability (but not below zero) of such defaulting Participant. When any default giving rise to the suspension of the rights, including the delivery of Capacity and Energy of the defaulting Participant, has been cured in less than sixty (60) days subsequent to such default and payment has been made by the defaulting Participant to AMP of all costs and expenses incurred as a result of such default, the Participant which had been in default shall be entitled to the restoration of its rights, including a resumption of delivery of its Project Share or other service, subject to any sale to others of its Project Share made by AMP. AMP shall promptly notify all Participants in writing of any default by any other Participant, which remains uncured for thirty (30) days or more.

(B) (i) If any Participant shall fail to pay any amounts due under the Power Sales Contract, or to perform any other obligation thereunder, which failure constitutes a default under the Power Sales Contract and such default continues for sixty (60) days or more, AMP may, in addition to any other remedy available at law or equity, terminate the provisions of the Power Sales Contract insofar as the same entitle the Participant to a Project Share and during such default, the defaulting Participant shall not be entitled to any vote on the Participants Committee or any matter which requires a vote of the Participants; but, the obligations of the Participant under the Power Sales Contract shall continue in full force and effect. AMP shall forthwith notify such Participant of such termination.

(ii) Upon the termination of entitlement to a Project Share as provided in the preceding paragraph, AMP shall attempt to sell the defaulting Participant's Project Share, first to other Participants, then to Members who are not Participants and then to other persons, and, to the extent such defaulting Participant's obligations are not thereby fulfilled, each non-defaulting Participant shall purchase, for so long as such default remains uncured, a *pro rata* share of the defaulting Participant's entitlement to its Project Share which, together with the shares of the other non-defaulting Participants, is equal to the defaulting Participant's Project Share in kilowatts ("Step Up Power"); provided; however, that no such termination shall reduce the defaulting Participant's obligations under the succeeding paragraph; and, provided further, however, that the sum of all such increases for each non-defaulting Participant pursuant

to this paragraph shall not exceed, without consent of the non-defaulting Participant, an accumulated maximum kilowatts equal to one hundred six percent (106%), or such lesser percentage as set forth in any Trust Indenture, of such non-defaulting Participant's initial Project Share in kilowatts prior to any such increases. AMP shall mail written notice and may, at its option, also transmit the same by electronic means, to each non-defaulting Participant of the amount of any Step Up Power as soon as practicable. All Step Up Power Costs shall be determined consistent with and be treated as a part of Revenue Requirements and shall be paid by the non-defaulting Participant in accordance with the Power Sales Contract. Within twenty (20) days after the notice of default by any other Participant, a Participant may notify AMP in writing of its election to purchase voluntarily Step Up Power under the terms and conditions described under this heading in any amount more than that which would otherwise be its *pro rata* share and up to the amount of the defaulting Participant's Project Share. Such purchase shall continue for so long as the default is not cured. To the extent the sum of such voluntary elections is greater than the amount of Step Up Power to be distributed, the same shall be distributed among the Participants so electing in proportion to the amounts requested. To the extent the sum of such voluntary elections is less than the defaulting Participant's Project Share, the remainder shall be distributed *pro rata* among the remaining Participants as Step Up Power. Non-defaulting Participants assuming Step-Up Power shall be entitled to exercise all voting rights associated with all amounts of Step Up Power taken or assigned.

(iii) The fact that other Participants have assumed their obligations for Step Up Power Costs shall not relieve the defaulting Participant of its liability for such payments and all Participants assuming such obligation (voluntarily or otherwise), either individually or as a member of a group, shall have a right of recovery from the defaulting Participant of all damages occasioned thereby. AMP in consultation with the Participants Committee may commence such suits, actions or proceedings, at law or in equity, including suits for specific performance, as may be necessary or appropriate to enforce the obligations of the Power Sales Contract against the defaulting Participant.

(C) In the event of default by a Participant in the payment of any of the sum or sums now or hereafter secured, or in the performance of any of the covenants and conditions of the Power Sales Contract; or in the event Participant shall for any reason be rendered incapable of fulfilling its obligations thereunder; or final judgment for payment of money shall be rendered against Participant which adversely affects its ability to fulfill its obligations, and any such judgment shall not be discharged within 60 days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which, or pursuant to which, such judgment shall have been granted, or entered, in such manner as to stay the execution of, or levy under, such judgment, order, decree, or process or the enforcement thereof, or any proceeding shall be instituted with the consent or acquiescence of Participant for the purpose of effecting a compromise between Participant and its creditors, or for the purpose of adjusting the claims of such creditors pursuant to any Federal or State statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Participant's Electric System revenue or its rights under the Power Sales Contract; or if (a) Participant is adjudged insolvent by a court of competent jurisdiction which assumes jurisdiction of Participant's Electric System, or (b) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of Participant, a receiver or trustee of Participant or of the whole or any part of Participant's Electric System and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof; or if Participant shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, which would place jurisdiction of

Participant's Electric System in other than Participant; then, in addition to all other remedies, including the remedy of specific performance, AMP shall have the right and power to, and may, at its sole option, by notice in writing to the Participant, apply for the appointment of a receiver of rents, income and profits of the Participant's Electric System received or receivable by Participant as a matter of right and as security for the amounts due AMP without consideration of the value of Participant's Electric System, or the solvency of any person or persons liable for the payment of such amounts, the rents, income and profits of the Participant's Electric System received or receivable by Participant being hereby assigned by Participant to AMP as security for payment of the sum or sums now or hereafter secured by the Power Sales Contract.

(D) If any Participant has defaulted and all or any portion of such Participant's Project Share has become Step Up Power, such Participant may cure such default and restore its rights under the Power Sales Contract by paying all arrearages and all liabilities otherwise owing due to such default, net of the proceeds of any sales pursuant to the Power Sales Contract and of the recovery of Step Up Power Costs. Such defaulting Participant shall also pay, as liquidated damages and not as a penalty in recognition of the difficulty in precisely measuring damages to the non-defaulting Participants caused by reason of such written notice of the defaulting Participant, an amount equal to the product of one hundred twenty-five percent (125%) of the defaulting Participant's Project Share of the Capacity Charges paid by the non-defaulting Participants as Step Up Power Costs, multiplied by the "Prime Rate" as published in "Money Rates" in the *Wall Street Journal*, or, if in determination of AMP, the Prime Rate is no longer publicly available, then the prime rate values published in the Federal Reserve Bulletin plus, in any case, two percent (2%), and such amount shall be paid to the non-defaulting Participants in proportion to their respective payments of Step Up Power Costs. If at any time before the entry of final judgment or decree in any suit, action or proceeding instituted by AMP on account of default, or before the completion of the enforcement of any other remedy under the Power Sales Contract or law, a defaulting Participant shall pay all sums then payable by their stated terms, and all arrears of interest, if any, upon said sums then outstanding and the charges, compensation, expenses, disbursements, advances and liabilities of AMP, and all other amounts then payable by Participant under the Power Sales Contract, and every other default of which AMP has notice shall have been remedied to the satisfaction of AMP, then and in every such case AMP shall, and if such default continued for a period greater than one (1) year, AMP may, with the approval of its Board of Trustees and the Participants Committee, and to the extent another Participant has voluntarily "stepped up" for all or a portion of such defaulting Participant's entitlement to its Project Share, with the approval of such other Participant, rescind and annul the declaration of default and its consequences, provided, however, that no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(E) AMP shall provide timely reports to the Participants Committee of any Participant defaults and actions taken by AMP.

(F) Should AMP default on any of its obligations under the Power Sales Contract and such default continues for a period of thirty (30) days, any Participant or the Participants Committee may give AMP written notice of such default. Subject to the provisions of any Trust Indenture, should AMP not cure such default, or provide the Participants Committee with a satisfactory plan to cure such default within sixty (60) days of such written notice, then by the affirmative vote of a Super Majority of the Participants, AMP may be directed to contract with a third party to perform whatever duties or obligations which are in default. The costs of such contract shall be included in Revenue Requirements.

Modification or Amendment. The Power Sales Contract shall not be amended, modified or otherwise changed except by written instrument executed and delivered by AMP and each of the Participants; provided, however that the Power Sales Contract shall not in any event be amended, modified or otherwise changed in any manner that will materially adversely affect the security afforded by the provisions of the Power Sales Contract for the payment of the principal, interest, and premium, if any, on the Bonds, except as, and to the extent, permitted by any Trust Indenture.

Dispute Resolution. The Parties agree to negotiate in good faith to settle any and all disputes arising under the Power Sales Contract. Representatives of the Participants Committee and AMP Board of Trustees shall participate in any such negotiations. Good faith mediation shall be a condition precedent to the filing of any litigation in law or equity by any party against any other party, except injunctive litigation necessary to solely restrain or cure an imminent threat to the public or employee safety.

The parties may mutually agree to waive mediation or subsequent to mediation waive their right to litigate in court and, in either case, submit any dispute to binding arbitration, if permitted by law, before one or more arbitrators pursuant to the Commercial Arbitration Rules of the American Arbitration Association or such other arbitration procedures to which they may agree. Such agreement shall be in writing and may otherwise modify the procedures set forth in this section for resolving any particular dispute.

Term of Contract. The Power Sales Contract shall remain in effect until the expiration of the Project License, estimated, as of March 1, 2009, to be no earlier than May 31, 2058, and thereafter, unless otherwise required by law, until (i) the date the principal of, premium, if any, and interest on all Bonds have been paid or deemed paid in accordance with any applicable Trust Indenture; and (ii) a Super Majority of the Participants recommends the Power Sales Contract be terminated; provided, however, that each Participant shall remain obligated to pay to AMP its respective share of the costs of terminating, discontinuing, disposing of, and decommissioning the Project unless AMP, in its sole discretion, elects not to terminate, discontinue, dispose of or decommission in connection with or prior to the termination of the Power Sales Contract. In the event that a Super Majority of the Participants does not elect to terminate the Power Sales Contract, each Participant that so elects may continue to receive its Project Share of the Capacity and Energy available to AMP from the Project at rates which reflect the absence of payments with respect to Bonds and any Participant that does not so elect may discontinue taking any power and energy under the Power Sales Contract and shall have no other liability except as otherwise specified in the Power Sales Contract. Neither termination, cessation of taking Capacity and Energy under the Power Sales Contract, nor expiration of the Power Sales Contract shall affect any accrued right, liability or obligation thereunder.

Meldahl, LLC/AMP. Notwithstanding any other provision of the Power Sales Contract, as the owner of the Meldahl Project, Meldahl, LLC retains the ultimate rights (i) to the output of the Meldahl Project and, (ii) to sell the output to the Participants to receive all payments respecting Revenue Requirements; and retains the obligations respecting ownership and operation of the Project under the Power Sales Contract and under the Meldahl, LLC/AMP Purchase, Construction and Ownership Agreement. AMP's rights and obligations under the Power Sales Contract, except for AMP's right to receive Service Fees, shall be solely as agent for Meldahl, LLC and include the rights to receive and assign those portions of the Revenue Requirements intended to provide for the payment and security of Bonds as provided in a Trust Indenture.

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**SUMMARY OF CERTAIN PROVISIONS
OF THE MASTER TRUST INDENTURE**

The following is a summary of certain provisions of the Master Trust Indenture (the “Master Indenture”), as the same may be amended and supplemented by Supplemental Indentures from time to time (as so amended and supplemented, the “Indenture”). The following summary is not to be considered a full statement of the terms of the Master Indenture and, accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not otherwise previously defined in this Official Statement or defined below have the meaning set forth in the Master Indenture. Copies of the Master Indenture may be obtained from AMP or the Trustee.

Definitions

“AMP Operating Expenses” means for any period AMP’s Service Fee (as defined in the Power Sales Contract) and AMP’s reasonable and necessary current expenses for the operation, repair and maintenance of the Project, as determined in accordance with generally accepted accounting principles except as modified by this definition, and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance, repair and operation, which may include expenses not annually recurring, administrative expenses, any reasonable payments to pension or retirement funds properly chargeable to the Meldahl Project Fund, payments due and owing Hamilton under the terms of the Meldahl Operating Agreement, amounts owing to FERC under the Project License, insurance premiums, engineering expenses relating to maintenance, repair and operation, fees and expenses of the Trustee, Depositories, Paying Agents and the Bond Registrar, legal expenses, fees of consultants, any taxes which may be lawfully imposed on or are fairly allocable to AMP with respect to the Project, or payments in lieu of such taxes, or the income therefrom, operating lease payments, the Operating Component of the Cost of Contracted Services, and all other payments, not chargeable to the capital account of the Project, to be made by AMP under the Power Sales Contract and any other expenses required or permitted to be paid by AMP under the provisions of the Master Indenture including, but not limited to, subject to the terms of any related agreement or Supplemental Indenture, costs, fees and expenses (but not early termination obligations) associated with the investment of the proceeds of Parity Obligations or with Derivative Agreements (excluding Derivative Agreements related to Subordinate Obligations), but shall not include any reserves or expenses for extraordinary maintenance or repair or any allowance for depreciation, but AMP Operating Expenses shall not include (i) depreciation or amortization, (ii) any deposit to any fund, subfund, account and subaccount established under The Master Indenture or any Supplemental Indenture or any payment of principal, redemption premium, if any, and interest on any Bonds from any such fund, subfund, account and subaccount, (iii) any debt service payment in respect of Parity Debt or Subordinate Obligations, or (iv) early termination obligations associated with the investment of the proceeds of Indebtedness, Gross Receipts or Net Receipts or other moneys held under the Indenture or with Derivative Agreements.

“Annual Budget” means the budget, adopted by the Board of AMP, of Gross Receipts and AMP Operating Expenses including, as separate line items, extraordinary expenses for repairs, renewals, rehabilitation and improvement of the Project and capital expenditures for the Project for a Fiscal Year, as the same may be amended from time to time, all in accordance with the provisions of the Master Indenture.

“Bond” or “Bonds” means the bonds or notes issued under the provisions of the Master Indenture and secured on parity with each other and any Parity Debt by the Master Indenture.

“Commercial Operation Date” means the earliest date, determined in a certificate by an independent engineer selected by AMP, that all of the generating units of the Project are determined to be in service, after completion of all testing and release by the units’ equipment suppliers and contractors, for all commercial operating purposes without material restrictions.

“Completion Date” means with reference to each Project the Commercial Operation Date of last of the units included in such Project to be placed in service.

“Credit Facility” means a line of credit, letter of credit, standby bond purchase agreement, bond insurance policy or similar liquidity or credit facility established or obtained in connection with the issuance of any Bonds, incurrence of any other Parity Debt or incurrence of any Subordinate Obligations.

“Credit Provider” means the Person providing a Credit Facility, as designated in the Supplemental Indenture authorizing the issuance of a Series of Bonds or in the Parity Debt Indenture authorizing the incurrence of Parity Debt or in the Subordinate Obligations Indenture authorizing the incurrence of Subordinate Obligations.

“Debt Service Coverage Ratio” means, for any period of time, the ratio determined by dividing the Net Revenues by the Maximum Annual Debt Service Requirement for such period.

“Debt Service Requirement” means, for any period for which such determination is made, the sum, on an accrual basis, of the Principal Requirement and the Interest Requirement for such period (whether or not separately stated) on Outstanding Indebtedness during such period, taking into account:

(i) with respect to Balloon Indebtedness, the amount of principal which would be payable in such period if such principal were amortized from the date of incurrence thereof over a period of thirty (30) years on a level debt service basis, at an interest rate equal to the current market rate for a fixed rate, 30-year obligation, set forth in an opinion, delivered to the Trustee, of a banking institution or an investment banking institution, selected by AMP and knowledgeable in municipal finance, as the interest rate at which the Person that incurred such Indebtedness could reasonably expect to borrow the same by incurring Indebtedness with the same term as assumed above; provided, however, that if the date of calculation is within twelve (12) calendar months of the actual final maturity of such Indebtedness, the full amount of principal payable at maturity shall be included in such calculation;

(ii) with respect to Indebtedness which is Variable Rate Indebtedness, the interest on such Indebtedness shall be calculated at the rate which is equal to the average of the actual interest rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect) for the most recent twelve-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve-month period), except that with respect to new Variable Rate Indebtedness, the interest rate on such Indebtedness on the date of its incurrence shall be calculated at the lesser of (a) the initial rate at which such Indebtedness is incurred and (b) the rate certified by a banking institution or an investment banking institution, selected by AMP and knowledgeable in municipal finance, as being the average rate such Indebtedness would have borne for the most recent twelve-month period immediately preceding the date of calculation if such Indebtedness had been outstanding for such period, and thereafter shall be calculated as set forth above; provided, however, that if AMP enters into a Derivative Agreement with respect to such Indebtedness, the interest on such Indebtedness shall be calculated as set forth in clause (iv) below;

(iii) with respect to any Credit Facility, (a) to the extent that such Credit Facility has not been used or drawn upon, the principal and interest relating to the reimbursement obligation for such Credit

Facility shall not be included in the Debt Service Requirement and (b) to the extent that such Credit Facility shall have been drawn upon, the payment provisions of such Credit Facility with respect to repayment of principal and interest thereon shall be included in the Debt Service Requirement;

(iv) with respect to Derivative Obligations, the interest on such Indebtedness during any Derivative Period thereunder shall be calculated by adding (a) the amount of interest payable by AMP pursuant to its terms and (b) the amount payable by AMP under the Derivative Agreement and subtracting (c) the amount payable by the Derivative Agreement Counterparty at the rate specified in the Derivative Agreement, except that to the extent that the Derivative Agreement Counterparty has defaulted on its payment obligations under the Derivative Agreement, the amount of interest payable by AMP from the date of default shall be the interest calculated as if such Derivative Agreement had not been executed;

(v) subject to the provisions of clause (iv) above, to the extent that any Indebtedness incurred pursuant to the Master Indenture requires that AMP pay the principal of or interest on such Indebtedness in any currency or currencies other than United States dollars, in calculating the amount of the Debt Service Requirement, the currency or currencies in which AMP is required to pay shall be converted to United States dollars using a conversion rate equal to the applicable conversion rate in effect on a date that is not more than thirty (30) days prior to the date on which such Indebtedness is incurred;

(vi) in the case of Optional Tender Indebtedness, the options of such Owners or Holders shall be ignored, provided that such Optional Tender Indebtedness shall have the benefit of a Credit Facility and the Credit Provider or a guarantor of its obligations shall have ratings from at least two of the Rating Agencies in not less than one of the two highest short-term rating categories (without gradations such as plus or minus); and

(vii) in the case of Indebtedness, having the benefit of a Credit Facility that provides for a term loan facility that requires the payment of the Principal of such Indebtedness in one (1) year or more, such Indebtedness shall be considered Balloon Indebtedness and shall be assumed to have the maturity schedule provided clause (i) of this definition;

provided, however, that (A) interest shall be excluded from the determination of Debt Service Requirement to the extent that provision for payment of the same is made from the proceeds of the Indebtedness or otherwise provided so as to be available for deposit into the Capitalized Interest Account or similar account not later than the date of delivery of and payment for such Indebtedness, (B) all or a portion of interest in respect of one or more Series of Tax-Advantaged Bonds shall be excluded from the determination of Debt Service Requirement if, and to the extent, that Bonds, or the interest thereon, of such Series is payable from Federal Subsidies or credits, and (C) notwithstanding the foregoing, the aggregate of the payments to be made with respect to principal of and interest on Outstanding Indebtedness shall not include principal and/or interest payable from Qualified Escrow Funds.

“Defeasance Obligations” means, unless modified by the terms of a Supplemental Indenture or a Parity Debt Indenture, (i) noncallable, nonprepayable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable, nonprepayable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state or territory thereof in the capacity of custodian, (iii) Defeased Municipal Obligations and (iv) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state or territory thereof in the capacity of custodian.

“Federal Subsidy” means a payment made by the Secretary of the Department of Treasury to or for the account of AMP pursuant to the Code in connection with the issuance of a Series of Tax-Advantaged Bonds. Any Federal Subsidy to be received by AMP in connection with the issuance of a Series of Tax-Advantaged Bonds shall be identified as such in the Supplemental Indenture authorizing the issuance of such Series.

“FERC” means the Federal Energy Regulatory Commission and any successor to the functions of FERC created by law.

“Gross Receipts” means all revenues, income, receipts and money (other than proceeds of borrowing) received in any period by or on behalf of AMP for the use of and for the output, services and facilities furnished by or from the Project, including, without limitation, (a) payments made by the Participants to or for the account of AMP pursuant to the Power Sales Contract, (b) proceeds derived from contract rights and other rights and assets now or hereafter owned, held or possessed by AMP and (c) interest or investment income on all investments excluding investments of proceeds of Indebtedness (unless credited and transferred to the Revenue Subfund) incurred by AMP and on deposits to Qualified Escrow Funds.

“Gross Revenues” revenues, as determined in accordance with generally accepted accounting principles, from (i)(a) all payments, proceeds, rates, fees, charges, rents all other income derived by or for AMP for the use of and for the output, services and facilities furnished by or from the Power Sales Contract Resources, and all rights to receive the same, whether in the form of accounts receivable, contract rights, credits or other rights, and the proceeds of such rights whether now owned or held or hereafter coming into existence, including payments received pursuant to the Power Sales Contract and for capacity, energy and other products of the AMP’s Entitlement and any portion thereof, (b) any proceeds of use and occupancy or business interruption insurance, and (c) the income from the investment under the provisions of the Master Indenture of the moneys held for the credit of the various funds, subfunds, accounts and subaccounts created under the Master Indenture excluding (i) investments of proceeds of Indebtedness (unless credited and transferred to the Revenue Subfund) incurred by AMP and on deposits to Qualified Escrow Funds, (ii) the proceeds of any insurance, other than as mentioned above, (iii) any gifts, grants, donations or contributions or borrowed funds and (iv) Federal Subsidies (to the extent not credited against the Debt Service Requirement).

“Hamilton” means the City of Hamilton, Ohio. References to Hamilton in the Master Indenture are to Hamilton in its capacity as a party to the Meldahl Agreements, not in its capacity as a Participant.

“Incurrence Test” means the test for the incurrence for Parity Obligations established by the Master Trust Indenture and described herein.

“Indebtedness” means (a) Parity Obligations, (b) Subordinate Obligations, (c) the Debt Service Components of the Cost of Contracted Services, (d) all other indebtedness of AMP relating to the Project and payable from Gross Revenues and (e) all installment sales and capital lease obligations relating to the Project, payable from Gross Revenues and incurred or assumed by AMP. Obligations to reimburse Credit Providers for amounts drawn under Credit Facilities to pay the Purchase Price of Optional Tender Indebtedness shall not constitute Indebtedness, except to the extent such obligations exceed the Debt Service Requirements on Bonds or Parity Debt held by or pledged to or for the account of a Credit Provider that shall have paid the Purchase Price of Optional Tender Indebtedness.

“Interest Requirement” for any Fiscal Year or any Interest Period, as the context may require, as applied to Bonds of any Series then Outstanding, means the total of the sums that would be deemed to accrue on such Bonds during such Fiscal Year or Interest Period if the interest on the Current Interest

Bonds of such Series were deemed to accrue daily in equal amounts during such Year or Interest Period, employing the applicable methods of calculation set forth in the definition of Debt Service Requirement; provided, however, that interest expense shall be excluded from the determination of Interest Requirement to the extent that any interest is to be paid from the proceeds of Bonds or other available moneys or from investment (but not reinvestment) earnings thereon if such proceeds or other moneys shall have been invested in Defeasance Obligations and to the extent such earnings may be determined precisely. Interest expense on Credit Facilities drawn upon to purchase but not to retire Bonds, to the extent such interest exceeds the interest otherwise payable on such Bonds (herein called “excess interest”), shall not be included in the determination of Interest Requirement. AMP may in a Supplemental Indenture provide that such excess interest be included in the calculation of Interest Requirement for all provisions of the Master Indenture except those relating to the Rate Covenant.

“Investment Obligations” means Government Obligations and, to the extent from time to time permitted by the laws of the State of Ohio,

(A) the obligations of (i) Export Import Bank, (ii) Government National Mortgage Association, (iii) Federal Housing Administration, (iv) U. S. Department of Agriculture – Rural Development, (v) United States Postal Service and (vi) any other agency or instrumentality of the United States of America now or hereafter created, which obligations are backed by the full faith and credit of the United States of America,

(B) the obligations of (i) Federal National Mortgage Association, (ii) Federal Intermediate Credit Banks, (iii) Federal Banks for Cooperatives, (iv) Federal Home Loan Mortgage Corporation; (v) Federal Land Banks, and (vi) Federal Home Loan Banks,

(C) Defeased Municipal Obligations,

(D) negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of least A-1 by S&P and P-1 by Moody’s for maturities of one year or less, and a rating of at least AA by S&P and Aa by Moody’s for maturities over one year and not exceeding five years,

(E) any overnight, term or open repurchase agreement for Government Obligations or obligations described in clauses (A) and (B) above that is with (i) a bank or trust company (including the Trustee, any Depository and their affiliates) that has a combined capital, surplus and undivided profits not less than \$100,000,000, or (ii) a subsidiary trust company whose combined capital, surplus and undivided profits, together with that of its parent state bank or bank, holding company, as the case may be, is not less than \$100,000,000, or (iii) a financial institution (including, but not limited to, banks, insurance companies, investment banks, broker dealers, bank holding companies, insurance holding companies, affiliates of any of the foregoing, and other similar entities) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York and a member of the Security Investors Protection Corporation (“SIPC”) or with a dealer or parent holding company that is rated in one of the three highest rating categories by Moody’s and S&P (without regard to gradations such as “plus” or “minus”) and as to which the fair market value of such agreements, together with the fair market value of the repurchase agreement securities, exclusive of accrued interest, shall be valued daily and maintained at an amount at least equal to the amount invested in the repurchase agreements, provided, however, that (1) such obligations purchased must be transferred to the Trustee or Depository (who shall not be the provider of the collateral) or a third party agent by physical delivery or by an entry made on the records of the issuer of such obligations, (2) as to which failure to maintain the requisite collateral levels will require the Trustee or Depository, as the case may be, or its agent to liquidate the securities immediately, (3) as to which the Trustee or Depository, as the case may be, has a perfected, first priority security interest in the

securities, and (4) as to which the securities are free and clear of third-party liens, and in the case of an SIPC broker, were not acquired pursuant to a repurchase or reverse repurchase agreement,

(F) any investment agreement that is with or is unconditionally guaranteed as to payment by (i) a bank or trust company (including the Trustee, any Depository and their affiliates) that has a combined capital, surplus and undivided profits not less than \$100,000,000, or (ii) a subsidiary trust company whose combined capital, surplus and undivided profits, together with that of its parent state bank or bank, holding company, as the case may be, is not less than \$100,000,000, or (iii) a financial institution (including, but not limited to, banks, insurance companies, investment banks, broker dealers, bank holding companies, insurance holding companies, affiliates of any of the foregoing, and other similar entities) that, in the case of (i), (ii) or (iii), is rated in one of the two highest rating categories by Moody's and S&P (without regard to gradations such as "plus" or "minus"),

(G) commercial paper rated at the time of acquisition by the Trustee or a Depository in the highest rating category by Moody's and S&P (without regard to any gradations or refinements such as "plus" or "minus"),

(H) obligations of state or local government municipal bond issuers, the principal of and interest on which, when due and payable, have been insured to their maturities by an insurer the bonds insured by which are rated at the time of acquisition by the Trustee or a Depository by Moody's and S&P in one of the two highest rating categories (without regard to any numerical or other gradations or refinements such as "plus" or "minus"),

(I) obligations of state or local government municipal bond issuers that are rated by Moody's and S&P in one of the two highest rating categories (without regard to any numerical or other gradations or refinements such as "plus" or "minus"),

(J) open-end investment funds registered under the Investment Companies Act of 1940, as amended, the authorized investments by which are permitted by the terms of the Master Indenture. Any investment in a repurchase agreement shall be considered to mature on the date the party providing the repurchase agreement is obligated to repurchase the Investment Obligations. Any investment in obligations described above may be made in the form of an entry made on the records of the issuer of or the securities depository with respect to the particular obligation, and

(K) bankers' acceptances drawn on and accepted by commercial banks (which may include the Trustee, any Co-Trustee, any Depository, any Bond Registrar and their affiliates).

"Maximum Annual Debt Service Requirement" means at the date of calculation the greatest Debt Service Requirement for the current or any succeeding Fiscal Year.

"Meldahl Agreements" means (i) the Meldahl – Greenup Participation Agreement, dated as of March 1, 2009, between Hamilton, Meldahl, LLC and AMP, (ii) the Meldahl Project Development and Agency Agreement, dated March 1, 2009, between Hamilton, Meldahl, LLC and AMP, (iii) the Meldahl Project Operating Agreement, dated as of March 1, 2009, between Hamilton and AMP and (iv) the Meldahl, LLC Operating Agreement, dated as of March 1, 2009, between Hamilton, AMP and Meldahl, LLC, and (v) the Meldahl Purchase, Construction and Ownership Agreement, dated as of March 1, 2009, between AMP and Meldahl, LLC, all as the same may be amended from time to time, and (vi) the Asset Conveyance Agreement, dated as of September 2010, between Hamilton and AMP individually and as agent of Meldahl, LLC.

“Meldahl Operating Agreement” means the Meldahl Project Operating Agreement, dated as of March 1, 2009, between Hamilton and AMP, as the same may be amended from time to time.

“Optional Tender Indebtedness” means any portion of Indebtedness incurred under the Master Indenture a feature of which is an option on the part of the holders of such Indebtedness to tender to AMP or the Trustee or a Depository, Paying Agent or other fiduciary for such holders, or an agent of any of the foregoing, all or a portion of such Indebtedness for payment or purchase.

“Parity Common Reserve Account Requirement” means, with respect to all Parity Obligations secured by the Parity Common Reserve Account, the amount provided in a Supplemental Indenture. The Parity Common Reserve Account Requirement may be satisfied with cash, Investment Obligations or Reserve Alternative Instruments, or any combination of the foregoing, as AMP may determine from time to time.

“Parity Debt” means all Parity Obligations incurred or assumed by AMP, including Parity Debt Service Components, and not evidenced by Bonds which (a) are designated as Parity Debt in the documents pursuant to which it was incurred, (b) are incurred in compliance with the provisions of the Master Indenture or are a reimbursement obligation for a Credit Facility supporting Parity Obligations incurred in compliance with the provisions of the Master Indenture, and (c) may be accelerated only in compliance with the procedures set forth in the Master Indenture.

“Parity Obligations” means Bonds and Parity Debt.

“Principal Requirement” for any Fiscal Year or any other period, as the context may require, as applied to Bonds of any Series then Outstanding, means the total of the sums that would be deemed to accrue on such Bonds during such Fiscal Year or other period if the principal of the Current Interest Bonds of such Series were deemed to accrue daily in equal amounts during such Year or period, employing the applicable methods of calculation set forth in the definition of Debt Service Requirement; provided, however, that principal shall be excluded from the determination of Principal Requirement to the extent that any principal is to be paid from the proceeds of Bonds or other available moneys or from investment (but not reinvestment) earnings thereon if such proceeds or other moneys shall have been invested in Defeasance Obligations and to the extent such earnings may be determined precisely.

“Related Agreement” means any agreements for interconnection of any of the facilities comprising the Project to the transmission grid, including any agreements for transmission service, including supplemental transmission service, and the interconnection agreement for the interconnection of any of the facilities comprising the Project to the PJM RTO or MISO RTO transmission systems, any agreements with the U.S. Army Corps of Engineers relating to the Project, other agreements for transmission service to enable AMP to meet its obligations to deliver or make available electric capacity and energy for the Participants pursuant to the Power Sales Contract, any agreement entered into pursuant to Section 35 of the Power Sales Contract and any agreements for coordination of operations with other hydroelectric projects all as the same may be amended from time to time.

“Reserve Alternative Instrument” means an irrevocable insurance policy or surety bond or an irrevocable letter of credit, guaranty or other facility deposited in the Parity Common Reserve Account or a Special Reserve Account in lieu of or in partial substitution for the deposit of cash and Investment Obligations in satisfaction of the Parity Common Reserve Account Requirement or a Special Reserve Account Requirement.

“Revenue Available For Debt Service” means the pro forma amount, indicated in an Officer’s Certificate delivered to the Trustee, that is certified by such Officer to be a good faith estimate of the

excess, of the Gross Revenues in any 12 consecutive months of the last 18 calendar months preceding the date of such Certificate over the AMP Operating Expenses for the same 12 months, taking into consideration and adjusted for any rate increases adopted by the Board of AMP that will take effect subsequent to the applicable 12-month period and in the current or following Fiscal Year, as shall be set forth in such Officer's Certificate.

"Short-Term Indebtedness" means all Indebtedness incurred for borrowed money, other than the current portion of Indebtedness and other than Short-Term Indebtedness excluded from this definition as provided in the definition of Indebtedness, for any of the following:

- (i) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one year or less;
- (ii) leases which are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and
- (iii) installment sale or conditional sale contracts having an original term of one year or less.

"Special Reserve Account" means a special debt service reserve account created by a Supplemental Indenture or a Parity Debt Indenture as a debt service reserve account only for the particular Parity Obligations authorized by such Supplemental Indenture or Parity Debt Indenture.

"Special Reserve Account Requirement" means the amount to be deposited or maintained in a Special Reserve Account pursuant to a Supplemental Indenture or a Parity Debt Indenture creating such Special Reserve Account. The Special Reserve Account Requirement may be satisfied with cash, Investment Obligations, a Reserve Alternative Instrument or any combination of the foregoing, as **AMP** may determine from time to time.

"Subordinate Obligations" means Indebtedness and other payment obligations the terms of which shall provide that they shall be subordinate and junior in right of payment, or provision for payment, to the prior payment in full of Parity Obligations to the extent and in the manner set forth in the Master Indenture.

"Subordinate Obligations Indenture" means the resolution and any other documents, instruments or agreements adopted or executed by AMP providing for the incurrence of Subordinate Obligations. If the Subordinate Obligations shall have the benefit of a Credit Facility, the reimbursement obligation for such Credit Facility shall provide for repayments on a subordinated basis (as compared to Parity Obligations) and the term Subordinate Obligations Indenture shall include any reimbursement agreement or similar repayment agreement executed and delivered by AMP in connection with the provision of such Credit Facility for such Subordinate Obligations.

"Tax-Advantaged Bonds" means all Bonds so identified in the Supplemental Indenture authorizing the issuance of such Bonds.

"Tax-Advantaged Parity Debt" means all Parity Debt so identified in the Parity Debt Indenture authorizing the incurrence of such Parity Debt.

"Tax-Advantaged Parity Obligations" means collectively all Tax-Advantaged Bonds and all Tax-Advantaged Parity Debt.

“Variable Rate Indebtedness” means any portion of Indebtedness the interest rate on which is not established at the time of incurrence at a fixed or constant rate until maturity.

Construction Subfund

Any money received by AMP from any source for the Cost of the Project shall be deposited in the Construction Subfund, a special subfund of the Meldahl Project Fund. Moneys in the Construction Subfund shall be held by a Depository or Depositories in trust and applied to the payment of the Cost of the Project or to the retirement of Bonds issued under the provisions of the Master Indenture or Parity Debt. Pending such application, such moneys shall be subject to a lien in charge of the Holders.

The Depository or Depositories may only disburse moneys from the Construction Subfund upon the receipt of a requisition signed by an AMP Representative, stating to whom the payment is to be made, the general purpose for which the obligation was incurred and that each charge is a proper charge against the Cost of the Project and, if the payment is not made to someone other than AMP, the obligation has not been the basis for a prior requisition.

Upon the completion of the Project, AMP shall deliver to the Depository or Depositories a certificate of an AMP Representative, approved by the Board of AMP by appropriate resolution, setting forth (A) setting forth the Commercial Operation Date, or if the Construction Subfund is no longer required stating that such balance is no longer required and the reason therefor in reasonable detail and (B) stating that requisitions have been made for the payment of all obligations which are payable from the Construction Subfund or such account or subaccount, to the appropriate Depository together with an Opinion of Counsel to the effect that there are no mechanics’, workmen’s, repairmen’s, architects’, engineers’, surveyors’, carriers’, laborers’, contractors’ or materialmen’s liens on any property constituting a part of the Project on file in any public office where the same should be filed in order to be perfected liens against the Project or any part thereof and that the time within which such liens can be filed has expired.. As soon as practicable after such certification is delivered by AMP to the Depository or Depositories, the balance of the Construction Subfund not reserved by AMP to payment of any remaining Cost of the Project, shall be transferred, as directed by AMP, (i) to the Renewal and Replacement Account of the Reserve and Contingency Subfund, or (ii) to the Bond Subfund for the payment, purchase or redemption of Bonds in accordance with the provisions of the Master Indenture. If the balance in such Subfund, account or subaccount is proceeds of Tax-Advantaged Bonds, or investment income allocable thereto, such direction of AMP shall be accompanied by an Opinion of Counsel nationally recognized as expert in tax matters relating to obligations of states and their political subdivisions to the effect that such proposed application of such balance will not adversely affect the exclusion from gross income for federal income tax purposes of interest or receipt of the Federal Subsidy, as applicable, on any or all of the outstanding Tax-Advantaged Bonds.

Establishment of Meldahl Project Fund and Other Subfunds; Application of Gross Receipts and Net Revenues

Creation of Meldahl Project Fund, Subfunds and Accounts. AMP shall create on its books a special fund to be known as the “American Municipal Power, Inc. Meldahl Project Campus Fund” (the “Meldahl Project Fund”). In addition to the Construction Subfund, the following subfunds and accounts are established in the Meldahl Project Fund:

(i) with a Depository, the Costs of Issuance Subfund, in which there shall be established for each Series of Bonds a special account identified by such Series; and

(ii) with a Depository, the Revenue Subfund, in which there are established four special accounts to be known as the Operating Account, the Working Capital Account, the Derivative Receipts Account and the General Account; and

(iii) with the Trustee, the Bond Subfund, in which there are established seven or more special accounts to be known as the Capitalized Interest Account, the Interest Account, the Derivatives Payments Account, the Principal Account, the Sinking Account, the Redemption Account, the Parity Common Reserve Account and any Special Reserve Accounts identified by Series or otherwise; and

(iv) with a Depository, the Subordinate Obligations Subfund, in which AMP may create one or more accounts by one or more Subordinate Obligations Indentures; and

(v) with a Depository, a Reserve and Contingency Subfund, in which there are hereby established six special accounts to be known as the Renewal and Replacement Account, the Overhaul Account, the Capital Improvement Account, the Rate Stabilization Account, the Environmental Improvement Account and the Self-Insurance Account; and

(vi) with a Depository, a General Subfund.

Money in the Bond Subfund and all of the accounts and subaccounts therein established shall be held in trust and applied as provided in the Master Indenture. Pending such application, such money shall be subject to a pledge, charge and lien in favor of the Owners of the respective Series of Bonds issued and Outstanding under the Master Indenture.

Each Supplemental Indenture providing for the issuance of a Series of Tax-Advantaged Bonds the issuance of which will entitle AMP to receive a Federal Subsidy shall identify the Federal Subsidy and may provide that such Series of Tax-Advantaged Bonds shall be additionally secured by the Federal Subsidy identified therein.

Application of Moneys Received

Except as provided in a Parity Debt Indenture, all Gross Receipts received by AMP or the Trustee for the account of AMP shall be deposited in the Revenue Subfund. Proceeds of any Derivative Agreement shall be deposited to the credit of the Derivative Receipts Account in the Revenue Subfund.

Not less than monthly, on or before the last Business Day of each month and on such other Deposit Day as may be required for all Bonds Outstanding, the Depository of the Revenue Subfund shall withdraw from the Revenue Subfund any legally available moneys then held to the credit of such Subfund and set aside or transfer any moneys so withdrawn to the Trustee or a Depository or otherwise dispose of such moneys for the following purposes in the following order in amounts sufficient in the aggregate to satisfy the following requirements, subject to credits as provided in the Master Indenture:

(i) transfer to the Depository for the Operating Account an amount that together with funds then held to the credit of such account will make the total amount then to the credit of such subaccount equal to the sum of the AMP Operating Expenses budgeted for such month in the Annual Budget;

(ii) transfer to the Depository for the Working Capital Account an amount that together with funds then held to the credit of such account will make the total amount then to the credit of such account equal to ten percent (10%) the amount of the AMP Operating Expenses provided for the current Fiscal Year in the Annual Budget;

(iii) pay to the Trustee for deposit into the Bond Subfund, the sum of

(1) to the credit of the Interest Account, after first taking into account any accrued interest deposited from the proceeds of any Bonds and the advice of AMP contained in an Officer's Certificate respecting any transfers from the Capitalized Interest Account and, subject to the requirements of the Master Indenture, from the Construction Subfund by deducting the sum of such amounts from the amount of interest otherwise payable, as is required to make the amount to the credit of the Interest Account equal to so much of the Interest Requirement that shall have accrued during the then current Interest Period between the first Deposit Day in such Period and such Deposit Day; provided, however, that except as specified above, the amount so deposited on account of the then current Interest Requirement on each Deposit Day after the delivery of the Bonds of any Series under the provisions of the Master Indenture up to and including the Deposit Day immediately preceding the first Interest Payment Date thereafter of the Bonds of such Series shall be that amount which when multiplied by the number of such deposits will be equal to the amount of such current Interest Requirement respecting such Bonds during such first Interest Period; and provided, further, that in making such deposits, the Trustee shall take into account any excess moneys to the credit of the Parity Common Reserve Account and any Special Reserve Account that are to be transferred to the Interest Account or any subaccount thereof prior to any Interest Payment Date, should moneys held therein exceed the Parity Common Reserve Account Requirement and/or Special Reserve Account Requirement, as applicable,

(2) to the credit of the Derivatives Payments Account, the amount, if any, of any Derivative Obligations due under the terms of a Derivative Agreement to be paid to a Derivative Agreement Counterparty, on a parity with interest on Bonds, prior to the next Deposit Day,

(3) to credit of the Principal Account, beginning on the Deposit Day specified in the applicable Supplemental Indenture that is prior to the first month in which any Serial Bond matures, such amount as is required to make the amount to the credit of the Principal Account equal to so much of the Principal Requirement that shall have accrued during the then current period between the date specified in the Supplemental Indenture or the prior Principal Payment Date and such Deposit Day or the next Principal Payment Date if it shall occur before the next scheduled Deposit Day,

(4) to credit of the Sinking Fund Account, beginning on the Deposit Day specified in the applicable Supplemental Indenture that is prior to the first month in which any Term Bond matures, such amount as is required to make the amount to the credit of the Sinking Fund Account equal to so much of the Sinking Fund Requirement that shall have accrued during the then current period between the date specified in the Supplemental Indenture or the prior Principal Payment Date and such Deposit Day or the next mandatory Sinking Fund redemption date if it shall occur before the next scheduled Deposit Day, and

(5) at such time or times as provided in a Supplemental Indenture or a Parity Debt Indenture, (I) to the credit of the Parity Common Reserve Account, if the amount in the Parity Common Reserve Account is less than the Parity Common Reserve Account Requirement, the amounts required by the Master Indenture to make up such deficiency in the Parity Common Reserve Account plus any other amounts required to reinstate fully any Reserve Alternative Instrument then held to the credit of the Parity Common Reserve Account and (II) to the credit of any Special Reserve Account, if the amount in any Special Reserve Account is less than the applicable Special Reserve Account Requirement, and deposit, or deliver to the appropriate Depository for deposit, the amounts required by any Supplemental Indenture or Parity Debt Indenture to make up any deficiency in any Special Reserve Account, provided that if there shall

not be sufficient Net Receipts to satisfy all such deposits, such deposits shall be made among the Parity Common Reserve Account and each Special Reserve Account ratably according to the amounts so required to be deposited.

(iv) set aside with a Depository for deposit into the Subordinate Obligations Subfund, an amount which together with funds then held to the credit of the Subordinate Obligations Subfund will make the total amount then to the credit of the Subordinate Obligations Subfund equal to the entire aggregate amount of Subordinate Obligations; and

(v) pay to a Depository for deposit into the various accounts in the Reserve and Contingency Subfund, the amounts, if any, provided in the Annual Budget.

The balance, if any, remaining after making the transfers provided in clauses (i), (ii), (iii), (iv) and (v) above, shall be credited to the General Account in the Revenue Subfund.

If any Series of Bonds is secured by a Credit Facility, the Trustee shall establish a separate subaccount within the Interest Account, the Principal Account and the Sinking Fund Account corresponding to the source of moneys for each deposit made into either of such accounts so that the Trustee may at all times ascertain the source and date of deposit of the funds in each such account or subaccount.

If a Series of Tax-Advantaged Bonds, or the interest thereon, is payable from or secured by a Federal Subsidy, the Trustee shall, as directed by AMP Representative, credit such Federal Subsidy to the subaccount, established for such Series of Bonds, within the Interest or Principal Account as so directed.

Use of Money Held in Certain Accounts in the Revenue Subfund

Operating Account. AMP may withdraw to the credit of the Operating Account, in the event funds to the credit thereof are insufficient, first from the Working Capital Account and then from the Rate Stabilization Account to pay AMP Operating Expenses as the same come due and payable.

Working Capital Account. Amounts on deposit in the Working Capital Account shall be available to pay AMP Operating Expenses. To the extent moneys held in the Bond Subfund or Subordinate Obligations Subfund and the General Account and the Reserve and Contingency Subfund are insufficient to make required interest and principal payments, moneys in the Working Capital Account shall be used prior to any withdrawal from the Parity Common Reserve Account or Special Account Reserve, if any, to satisfy any deficiency.

General Account. Moneys credited to the General Account may be used by AMP for any lawful purpose related to the Project, including the transfer to any Subfund. To the extent moneys held in the Bond Subfund or Subordinate Obligations Subfund are insufficient to make required interest and principal payments, moneys in the General Account shall be used prior to any withdrawal from the Reserve and Contingency Subfund, Working Capital Account, Parity Common Reserve Account or any Special Reserve Account, to satisfy any deficiency.

Deposit and Application of Money in the Parity Common Reserve Account and Any Special Reserve Account; Replenishment of Deficiencies

(a) If a Supplemental Indenture or a Parity Debt Indenture provides that the Parity Obligations issued or incurred thereunder are to be additionally secured by the Parity Common Reserve Account, AMP shall deposit, from the proceeds of such Parity Obligations or from any other available sources,

concurrently with the delivery of and payment for such Parity Obligations, to the Parity Common Reserve Account such amount as is required to make the balance to the credit of such Account equal to the Parity Common Reserve Account Requirement. If a Supplemental Indenture or a Parity Debt Indenture provides that the Parity Obligations issued thereunder are to be secured by a Special Reserve Account, AMP shall fund, from the proceeds of such Parity Obligations or from any other available sources, at the time or times and in the manner specified in the applicable Supplemental Indenture or Parity Debt Indenture, such Special Reserve Account in an amount equal to the Special Reserve Account Requirement for such Parity Obligations.

(b) Unless the applicable Supplemental Indenture or a Parity Debt Indenture shall otherwise provide or modify the following, AMP may deposit with the Trustee a Reserve Alternative Instrument in satisfaction of all or any portion of the Parity Common Reserve Account Requirement or may substitute a Reserve Alternative Instrument for all or any portion of the cash or another Reserve Alternative Instrument credited to the Parity Common Reserve Account, provided that the following minimum provisions have been fulfilled:

(i) The Reserve Alternative Instrument shall be payable (upon the giving of notice as required thereunder) to remedy any deficiency in the appropriate subaccounts in the Interest Account, the Principal Account and the Sinking Account, or in an account for the payment of interest, or in an account or accounts for the payment of principal, in order to provide for the timely payment of the principal (whether at maturity or pursuant to a Sinking Fund Requirement or an amortization requirement therefor) of and interest on the Parity Obligations secured thereby.

(ii) The provider of a Reserve Alternative Instrument shall be (A) an insurance company or other financial institution that has been assigned, for obligations insured by the provider of the Reserve Alternative Instrument, a rating by at least two Rating Agencies in one of the two highest rating categories (without regard to gradations by numerical modifier or otherwise) or (B) a commercial bank, insurance company or other financial institution the obligations payable or guaranteed by which have been assigned a rating by at least two Rating Agencies in one of the two highest rating categories (without regard to gradations by numerical modifier or otherwise). Unless otherwise provided in a Supplemental Indenture, the subsequent withdrawal or reduction in the rating of such provider of a Reserve Alternative Instrument or its guarantor subsequent to the deposit or substitution for cash of a Reserve Alternative Instrument shall not ipso facto disqualify such Reserve Alternative Instrument as a qualifying Reserve Alternative Instrument.

(iii) If the Reserve Alternative Instrument is an unconditional irrevocable letter of credit issued to the Trustee, the letter of credit shall be payable in one or more draws upon presentation by the beneficiary of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Parity Obligations having the benefit of the Parity Common Reserve Account. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify AMP and the Trustee, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date. The Trustee is directed to draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Parity Common Reserve Account is fully funded to the Parity Common Reserve Account Requirement.

(iv) The Trustee shall ascertain the necessity for a claim or draw upon the Reserve Alternative Instrument and shall provide notice to the issuer of the Reserve Alternative

Instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the Reserve Alternative Instrument) prior to each Interest Payment Date.

(v) Except as otherwise provided in a Supplemental Indenture or Parity Debt Indenture, cash on deposit in the Parity Common Reserve Account shall be used (or Investment Obligations purchased with such cash shall be liquidated and the proceeds applied as required) *pro rata* with any drawing on any Reserve Alternative Instrument. If and to the extent that more than one Reserve Alternative Instrument is deposited in the Parity Common Reserve Account, drawings thereunder and repayments of costs associated therewith shall be made on a *pro rata* basis, calculated by reference to the maximum amounts available thereunder and the total amount then required to be to the credit of the Parity Common Reserve Account.

(c) The Trustee shall use amounts in the Parity Common Reserve Account to make transfers, or use moneys provided under a Reserve Alternative Instrument to make deposits, in the following order, in respect of all Parity Obligations additionally secured by the Parity Common Reserve Account, to the appropriate subaccounts in the Interest Account, the Principal Account and the Sinking Account to remedy any deficiency therein as of any Interest Payment Date, principal payment date or sinking fund payment date (or any earlier date as set forth in a Parity Debt Indenture), or to pay the interest on or the principal of or amortization requirements in respect of any Parity Debt when due, whenever and to the extent the money on deposit for such purposes is insufficient.

(d) The Trustee shall use amounts in any Special Reserve Account held by it to make transfers, or use moneys provided under a Reserve Alternative Instrument to make deposits, in the following order, in respect of the particular Parity Obligations secured by such Special Reserve Account, to the appropriate subaccounts in the Interest Account, the Principal Account and the Sinking Account to remedy any deficiency therein as of any Interest Payment Date, principal payment date or sinking fund payment date (or any earlier date as set forth in a Supplemental Indenture or a Parity Debt Indenture) or to pay the interest on or the principal of or amortization requirement in respect thereof on Parity Debt when due, whenever and to the extent the money on deposit for such purposes is insufficient.

(e) Any deficiency in the Parity Common Reserve Account resulting from the withdrawal of moneys therein shall be made up by depositing to the credit of such Account the amount of such deficiency within one year following the date on which such withdrawal is made. Any deficiency in the Parity Common Reserve Account resulting from a draw on a Reserve Alternative Instrument shall be made up as provided in such Reserve Alternative Instrument or documentation relating thereto, but any such deficiency must be made up by not later than the final date when such deficiency would have been required to be made up if there had been a withdrawal of moneys from the Parity Common Reserve Account rather than a draw on a Reserve Alternative Instrument. Deficiencies, whether resulting from withdrawals or draws, may be satisfied through the deposit of additional cash, the delivery of an additional Reserve Alternative Instrument or an increase in the amount available to be drawn under a Reserve Alternative Instrument. Unless otherwise provided in a Supplemental Trust Indenture or a Parity Debt Indenture, cash or Investment Obligations on deposit to the credit of the Parity Common Reserve Account shall be used *pro rata* with draws on any Reserve Alternative Instrument to satisfy deficiencies, as provided above.

(f) Unless a Reserve Alternative Instrument shall be in effect, if on any date of valuation, the amount on deposit in the Parity Common Reserve Account is less than ninety percent (90%) of the Parity Common Reserve Account Requirement, AMP shall deposit into the Parity Common Reserve Account within one year following such date the amount required as of such date to cause the amount then on deposit in the Parity Common Reserve Account to be equal to the Parity Common Reserve Account

Requirement. Any such deficiency may be satisfied through the deposit of additional cash, the delivery of an additional Reserve Alternative Instrument or an increase in the amount available to be drawn under a Reserve Alternative Instrument.

(g) Any deficiency in a Special Reserve Account resulting from the withdrawal of moneys therein or a draw on a Reserve Alternative Instrument or resulting from a valuation of the Investment Obligations therein shall be made up as provided in the Supplemental Indenture or the Parity Debt Indenture establishing such Special Reserve Account. The Supplemental Indenture or Parity Debt Indenture providing for the deposit of or the substitution in lieu of cash of a Reserve Alternative Instrument may provide that AMP may be required to post collateral or deposit cash or obtain a substitute Reserve Alternative Instrument in the event that the provider of the Reserve Alternative Instrument is downgraded or its rating is withdrawn or suspended with the result that the Reserve Alternative Instrument no longer meets all of the rating criteria set forth in (b)(ii) above.

(h) If at any time, the amount of moneys held for the credit of the Parity Common Reserve Account or any Special Reserve Account shall exceed the amount then required to be on deposit to the credit of such Account, the excess may be withdrawn and transferred as directed by AMP in accordance with any Supplemental Indenture and any Parity Debt Indenture.

Application of Money in the Redemption Account. Subject to the terms and priorities established in the Master Indenture, the Trustee shall apply money in the Redemption Account to the purchase or redemption of Bonds.

Application of Moneys in the Reserve and Contingency Subfund. Moneys held in the various Accounts of the Reserve and Contingency Subfund may be disbursed by AMP as follows: (a) money held in the Overhaul Account may be used to pay the costs of unusual or extraordinary (as determined by AMP) repairs or maintenance, not occurring annually; (b) money held in the Renewal and Replacement Account may be used to pay the costs of renewals, replacements and repairs to the Project resulting from any emergency, engineering and architectural fees and premiums on insurance carried under the terms of the Master Indenture; (c) money in the Capital Improvement Account may be used for paying the costs of fixtures, machinery, equipment, furniture, real property and additions to, or improvements, extensions or enlargements of, the Project; (d) money held in the Rate Stabilization Account may be, at AMP's direction, transferred to any other account or subfund, including the payment of interest, principal or redemption of Indebtedness; (e) money held in the Environmental Improvements Account may be used for the mitigation of environmental impacts of the Project, including, but not limited to, any mitigation actions required as a condition of the licenses issued by FERC to operate the Project; and (f) moneys held in the Self-Insurance Account may be used to pay for losses, liabilities or other purposes for which insurance proceeds, net of the applicable deductible, have been received or for losses, liabilities including reimbursement obligations or other purposes for which AMP was self-insured or uninsured or obligated for reimbursement on letters of credit or performance or surety bonds or the like.

Depositories and Investment of Funds

Security for Deposits. All money received by AMP pursuant to the provisions of the Master Indenture shall be deposited with the Trustee or one or more Depositories and, in the case of deposits with the Trustee, be trust funds under the Master Indenture, and shall not be subject to the lien of any creditor of AMP.

All money deposited with and held by the Trustee or any Depository in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured, for the benefit of AMP and the Owners, either (a) by lodging with a bank or trust company

chosen by the Trustee or Depository or, if then permitted by law, by setting aside under control of the trust department of the bank or trust company holding such deposit, as collateral security, Government Obligations or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States or applicable state law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the furnishing of security as provided in clause (a) above is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Trustee or any Depository to give security for the deposit of any money with it for the payment of the principal of or the redemption premium, if any, or the interest on any Parity Obligations or Subordinate Obligations, or for the Trustee or any Depository to give security for any money that shall be represented by Investment Obligations purchased under the provisions of the Master Indenture as an investment of such money.

Investment of Money. Money held for the credit of all funds, accounts and subaccounts established under the Master Indenture and held by the Trustee shall, in accordance with the written directions of AMP, be continuously invested and reinvested by the Trustee or the Depositories, whichever is applicable, in Investment Obligations to the extent practicable.

No Investment Obligations pertaining to any Series of Bonds in any fund, account or subaccount held by the Trustee or any Depository shall mature on a date beyond the latest maturity date of the Bonds of such Series Outstanding at the time such Investment Obligations are deposited.

AMP shall either enter into agreements with the Trustee or any Depository for the investment of any money required or permitted to be invested under the Master Indenture or give the Trustee or any Depository written directions respecting the investment of such money, subject, however, to the provisions of the Master Indenture, and the Trustee or such Depository shall then invest such money in accordance with such agreements or directions.

Except as provided in the Master Indenture with respect to the Parity Common Reserve Account, Investment Obligations shall mature or be redeemable at the option of the holder thereof not later than the respective dates when the money held for the credit of such funds, accounts and subaccounts will be required for the purposes intended.

Investment Obligations in the Parity Common Reserve Account shall mature or be redeemable at the option of the Trustee not later than the final maturity date of the Parity Obligations to which such Parity Common Reserve Account is pledged.

Money held for the credit of all funds, accounts and subaccounts established under the Master Indenture and held by the Trustee shall, in accordance with the written directions of AMP, be continuously invested and reinvested by the Trustee or the Depositories, whichever is applicable, in Investment Obligations to the extent practicable. Except as provided in the Master Indenture with respect to the disposition of investment income, the particular investments to be made and other related matters in respect of investments shall, as to each Series of Bonds, be provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Valuation. For the purpose of determining the amount on deposit in any fund, account or subaccount established under the Master Indenture, Investment Obligations in which money in such fund, account or subaccount is invested shall, so long as no Event of Default shall have occurred and continue, be valued at Amortized Cost. During the pendency of any Event of Default, Investment Obligations in

which money in such fund, account or subaccount is invested shall be valued at the lower of Amortized Cost or market.

All Investment Obligations in all of the subfunds, accounts and subaccounts established under the Master Indenture shall be valued as of the Business Day immediately preceding each Principal Payment Date and, at the written request of an AMP Representative, each or any Interest Payment Date.

Certain Covenants of AMP

Covenants to Construct and Maintain the Project. AMP will cause the Project to be constructed substantially as contemplated by the Master Indenture, the Power Sales Contract, the Meldahl Agreements, the Project License and, except in limited circumstances and only upon the receipt of a report of the Consulting Engineer that ceasing construction would not adversely affect the holders, to proceed with due diligence to complete the Project AMP will In addition, AMP covenants to operate and maintain the Project in an efficient and economical manner and in accordance with all applicable laws, regulations or orders of any governmental body with jurisdiction over the Project.

Insurance. Consistent with and subject to the terms of the Meldahl Agreements, AMP covenants that it maintain, or cause to be maintained, a practical insurance program, with reasonable terms, conditions, provisions and costs, which AMP determines (i) will afford adequate protection against loss caused by damage to or destruction of the Project or any part thereof and (ii) will include reasonable liability insurance on all of the Project for bodily injury and property damage resulting from the construction or operation of the Project.

AMP further covenants that, immediately after any substantial damage to or destruction of the Project or any part thereof, it will cause plans and specifications for repairing, replacing or reconstructing the damaged or destroyed property (either in accordance with the original or a different design) and an estimate of the cost thereof to be prepared and that the proceeds of all insurance received in the circumstances described in the in this sentence shall be paid to a Depository and made available for, and shall to the extent necessary be applied to, the repair, replacement or reconstruction of the damaged or destroyed property, and such disbursements by the Depository for such purposes shall be made in accordance with the provisions of the Master Indenture for payments from the Construction Subfund to the extent that such provisions may be applicable.

Incurrence Tests. Following the date that is two years after the Commercial Operation Date, additional Parity Obligations may be issued or incurred only in compliance with the Incurrence Tests set forth in (a) and (b), subject to the issuance of Parity Obligations issued pursuant to (c) below:

(a) AMP may issue or incur Parity Obligations at one time or from time to time in any form or combination of forms permitted by the Master Indenture for the purpose of providing funds, with any other available funds, to pay the additional Costs of the Project if, prior to the issuance or incurrence of such Parity Obligations, AMP shall file or cause to be filed with the Trustee an Officer's Certificate (which may rely upon certificates or other documentation delivered by an Independent Consultant) certifying that, for each Fiscal Year thereafter for which sufficient proceeds of the Parity Obligations and other available funds have not been set aside with the Trustee to pay the interest due in such Fiscal Year, in the signer's good faith estimation, (i) the Debt Service Coverage Ratio will be not less than 1.10x Maximum Annual Debt Service Requirement for all of the Parity Obligations, including the proposed additional Parity Obligations, that will be Outstanding immediately following the issuance of such proposed Parity Obligations and (ii) the Debt Service Coverage Ratio is not less than 1.00x of the Maximum Annual Debt Service Requirement for all of the Indebtedness, including the proposed

additional Parity Obligations, that will be Outstanding immediately following the issuance of such proposed Parity Obligations.

(b) AMP may incur Parity Obligations for the purpose of refunding or reissuing any Outstanding Indebtedness if, prior to the incurrence of such Parity Obligations, either (i) the Trustee receives from AMP an Officer's Certificate (which may rely upon certificates or other documentation delivered by an Independent Consultant) stating that, taking into account the Parity Obligations proposed to be incurred, the Parity Obligations to remain Outstanding after the refunding and the refunding of the Outstanding Indebtedness proposed to be refunded, the Maximum Debt Service Requirement will not be increased by more than five percent (5%), or (ii) AMP files or causes to be filed with the Trustee an Officer's Certificate (which may rely upon certificates or other documentation delivered by an Independent Consultant) certifying that, in the signer's good faith estimation, the Debt Service Coverage Ratio for each Fiscal Year thereafter for which sufficient proceeds of the Parity Obligations and other available funds have not been set aside with the Trustee to pay the interest due in such Fiscal Year, taking into account the Parity Obligations proposed to be incurred, the refunding of the Outstanding Indebtedness proposed to be refunded and the Parity Obligations to remain Outstanding after the refunding, will be not less than 1.10x, and (iii) the Trustee receives a report by an Independent Consultant verifying the computations supporting the determination in (i) or (ii) above.

(c) In the event of damage or destruction to the Project that materially adversely affects its generating capability and for which insurance proceeds are inadequate to pay the cost of repairs or for which AMP does not expect to receive adequate insurance proceeds in a timely manner to expedite the necessary repairs or reconstruction, AMP may issue or incur Parity Obligations for the sole purpose of paying the cost of repairs required for AMP to return such Project to Commercial Operation ("Emergency Bonds"); provided that the issuance of any such Emergency Bonds shall be contingent on the receipt by the Trustee of a favorable report of the Consulting Engineer to the effect that the net proceeds of the Emergency Bonds then to be issued and any other available funds of AMP paid into the Construction Subfund for the purpose shall be sufficient for AMP to pay the balance of the cost, as estimated by the Consulting Engineer, of the repairs required for AMP to return such Project to Commercial Operation.

(c) For purposes of demonstrating compliance with the Incurrence Tests set forth in paragraphs (a) or (b), AMP may (but is not required to) elect in the applicable Supplemental Indenture to treat all Parity Obligations authorized in a Credit Facility (including, for example and without limitation, a line of credit or a liquidity facility supporting a commercial paper program), but not immediately issued or incurred under such Credit Facility, as subject to such Incurrence Tests as of a single date, notwithstanding that none, or less than all, of the authorized principal amount of such Parity Obligations shall have been issued or incurred as of such date.

(d) Short-Term Indebtedness may be incurred under the Master Indenture as a Parity Obligation only in compliance with the Incurrence Tests. In addition, AMP may incur Short-Term Indebtedness as Subordinate Obligations under the Master Indenture.

(e) Notwithstanding the foregoing provisions, nothing contained in the Master Indenture shall preclude AMP from incurring any obligation under a Credit Facility.

(f) Notwithstanding the foregoing provisions, nothing contained in the Master Indenture shall preclude AMP from entering into a Derivative Agreement either in connection with Indebtedness or otherwise.

Rate Covenant. AMP covenants that it will at all times fix, charge and collect reasonable rates and charges for the use of, and for the services and facilities furnished by, the Project and that from time

to time, and as often as it shall appear necessary, it will adjust such rates and charges so that the Net Revenues will be sufficient to provide an amount in each Fiscal Year at least equal to greater of (A) one hundred ten per centum (110%) of the Debt Service Requirements for such Fiscal Year on account of all the Bonds and Parity Debt then outstanding and (B) one hundred per centum (100%) of the sum of the Debt Service Requirements for such Fiscal Year on account of all Bonds and Parity Debt then outstanding and the amount required to make all other deposits required by the Master Indenture and to pay all other obligations of AMP related to the Project, including Subordinate Obligations, as the same become due.

AMP further covenants that if the moneys available for the payment of the sum of the amounts set forth in the preceding paragraph shall not equal or exceed the amount required above for any Fiscal Year, it will revise the rates and charges for the services and facilities furnished by the Project and, if necessary, it will revise its plan of operation in relation to the collection of bills for such services and facilities, so that such deficiency will be made up before the end of the Fiscal Year following that Fiscal Year in which such deficiency occurred. Should any deficiency not be made up in such following Fiscal Year, the requirement therefor shall be cumulative and AMP shall continue to revise such rates until such deficiency shall have been completely made up.

Power Sales Contract; Project Agreements. AMP covenants and agrees that it will not suffer, permit or take any action or do anything or fail to take any action or fail to do anything which may result in the termination of the Power Sales Contract so long as any Parity Obligations are outstanding; that it will fulfill its obligations and will require the Participants to perform punctually their duties and obligations under the Power Sales Contract and will otherwise administer the Power Sales Contract in accordance with its terms to assure the timely payment of all amounts payable by the Participants thereunder, all in accordance with the terms of the Power Sales Contract; that it will not execute or agree to any change, amendment or modification of or supplement to the Power Sales Contract except by supplemental contract, as the case may be, duly executed by the applicable Participants and AMP, and upon the further terms and conditions set forth the Master Indenture; and that, except as provided the Master Indenture, it will not agree to any abatement, reduction, abrogation, waiver, diminution or other modification in any manner or to any extent whatsoever of the obligation of any Participant under the Power Sales Contract to meet its obligations as provided in such Contract.

So long as any Parity Obligations are outstanding, AMP shall (i) perform, or cause to be performed, all of its obligations under the Meldahl Agreements and any Related Agreement and take such actions and proceedings from time to time as shall be necessary to protect and safeguard the security for the payment of the Bonds afforded by the provisions of such Project Agreements and (ii) not voluntarily consent to or permit any rescission or consent to any amendment to or otherwise take any action under or in connection with any Project Agreement which will limit or reduce the obligation of the other parties thereto to make payments provided therein or which will have a material adverse effect on the security for the payment of Parity Obligations.

Covenant Against Sale or Encumbrances; Exceptions. AMP covenants that, except as provided below, it will not sell, exchange or otherwise dispose of or encumber the Project or any part thereof.

AMP may from time to time sell, exchange or otherwise dispose of any equipment, motor vehicles, machinery, fixtures, apparatus, tools, instruments or other movable property if it determines that such articles are no longer needed or are no longer useful in connection with the Project, and the proceeds thereof shall be applied to the replacement of the properties so sold, exchanged or disposed of or shall be transferred first to the Parity Common Reserve Account and any Special Reserve Account pro rata to the extent of any deficiency therein, then to the Reserve and Contingency Subfund to the extent of any deficiency therein, and then to the Acquisition and Construction Subfund or to the Redemption Account

in the Bond Subfund for the purchase or redemption of Parity Obligations in accordance with the provisions of the Master Indenture, all as directed in an Officer's Certificate.

Subject to the provisions of the Project Agreements, AMP may from time to time sell, exchange or otherwise dispose of (but not lease or contract for the use thereof except where AMP remains fully obligated under the Master Indenture and, if the rent in question exceeds 5% of the Gross Revenues of AMP for the preceding Fiscal Year, AMP shall expressly determine that such lease, contract or agreement will not materially impair the ability of AMP to meet the Rate Covenant) any other property of the Project if it determines by Board resolution:

1. that such property is no longer needed or is no longer useful in connection with the Project, or

2. that the sale, exchange or other disposition thereof would not materially adversely affect the operating efficiency of the Project,

and the proceeds, if any, thereof shall be transferred first to the Parity Common Reserve Account or any Special Reserve Account to the extent of any deficiency therein, then to the Reserve and Contingency Subfund to the extent of any deficiency therein, and then to the Acquisition and Construction Subfund or the Redemption Account in the Bond Subfund for the purchase or redemption of Bonds in accordance with the provisions of the Master Indenture, all as directed in an Officer's Certificate.

Annual Budget. Subject to the provision of the required information from the other parties to the Project Agreements, AMP covenants that, on or before the 45th day preceding the first day of each Fiscal Year, it will prepare with respect to the Project a preliminary budget of Gross Revenues and AMP Operating Expenses and a preliminary budget of capital expenditures for the ensuing Fiscal Year.

AMP further covenants that on or before the last day in such Fiscal Year it will finally adopt the budget of Gross Revenues and Operating Expenses and the budget of capital expenditures for the ensuing Fiscal Year (which budgets together with any amendments thereof or supplements thereto as hereinafter permitted being herein sometimes collectively called the "Annual Budget").

If for any reason AMP shall not have adopted the Annual Budget before the first day of any Fiscal Year, the preliminary budget for such Fiscal Year or, if there is none, the budget for the preceding Fiscal Year, shall, until the adoption of the Annual Budget, be deemed to be in force and shall be treated as the Annual Budget.

Defaults and Remedies

Events of Default. Under the Master Indenture, the following events constitute an Event of Default: (a) failure to make any payment of the principal of and the redemption premium, if any, on any of the Bonds or any Parity Debt when and as the same shall be due and payable, either at maturity or by redemption or otherwise; (b) failure to make any payment of the interest on any of the Bonds or any Parity Debt when and as the same shall be due and payable; (c) an event of default shall have occurred under any Supplemental Indenture or the Trustee shall have received written notice from any Holder of an event of default under any Parity Debt Indenture; (d) AMP's failure to duly perform, observe or comply with any covenant or agreement on its part under the Master Indenture for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to AMP by the Trustee; provided, however, that if such failure be such that it cannot be corrected within thirty (30) days after the receipt of such notice, it shall not constitute an Event of Default if corrective action is instituted within such 30-day period and diligently pursued until the Event of Default

is corrected; (e) AMP fails to make any required payment with respect to any Subordinate Obligations or other indebtedness (other than any Bond, Parity Debt or Subordinate Obligations), whether such indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or an event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any indebtedness, whether such indebtedness now exists or shall hereafter be created, shall occur, which event of default shall not have been waived by the holder of such mortgage, indenture or instrument or a trustee acting on its behalf, and as a result of such failure to pay or other event of default such indebtedness shall have been accelerated and such acceleration, in the opinion of the Trustee, does or could materially adversely affect the Owners of Bonds and the Holders of Parity Debt; or (f) certain events relating to bankruptcy, insolvency, reorganization or other related proceedings.

Upon the occurrence of an Event of Default, the Trustee shall give prompt written notice to AMP specifying the nature of the Event of Default. AMP shall give the Trustee notice of all events of which it is aware that either constitute Events of Default under the Master Indenture or, upon notice by AMP or the Trustee or the passage of time, would constitute Events of Default.

Acceleration. Upon the occurrence of, and continuance for a period of not less than 90 days, the Events of Default detailed in (a) and (b) above, the Trustee may, and upon the written request of the Owners or Holders of not less than a majority in aggregate principal amount of Parity Obligations then outstanding shall, by notice to AMP, declare the principal of all Parity Obligations then Outstanding immediately due and payable. If, however, at any time after the principal of the Parity Obligations shall have been accelerated and before the entry of final judgment or decree in any suit instituted on account of such default, money sufficient to pay the principal of all matured Parity Obligations and all arrears of interest, if any, upon all Parity Obligations then Outstanding (including any sinking fund requirement, but excluding the principal on any Parity Obligation not due and payable in accordance with its terms) shall have been deposited with the Trustee and all other defaults known to the Trustee in the observance of the covenants contained in the Bonds, any Parity Debt, the Master Indenture or any Parity Debt Indenture shall have been remedied to the satisfaction of the Trustee, the Trustee shall rescind and annul such declaration.

Remedies. Upon the happening and continuance of any Event of Default, then and in every case the Trustee may, and upon the written request of the Owners or Holders of not less than a majority in aggregate principal amount of Parity Obligations then outstanding shall, proceed to enforce its rights and the rights of the Owners and Holders of the Parity Obligations then Outstanding under applicable laws and under the Master Indenture by such suits or other actions, in equity or at law.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Owners or Holders of not less than a majority of the aggregate principal amount of the Parity Obligations then Outstanding, shall, subject to appropriate indemnification, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Master Indenture by any acts which may be unlawful or in violation of the Master Indenture, or (ii) to preserve or protect the interests of the Owners and Holders, provided that such request and the action to be taken by the Trustee are not in conflict with any applicable law or the provisions of the Master Indenture and, in the sole judgment of the Trustee, are not unduly prejudicial to the interest of the Owners and Holders not making such request..

Control of Proceedings. Anything in the Master Indenture to the contrary notwithstanding, the Owners or Holders of a majority in aggregate principal amount of Parity Obligations at any time Outstanding shall have the right, subject to the provisions of the Master Indenture relating to indemnification of the Trustee, by an instrument or concurrent instruments in writing executed and

delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Master Indenture, provided that such direction shall be in accordance with law and the provisions of the Master Indenture, and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of any Owners or Holders not joining in such direction, and provided further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability, and provided further that nothing shall impair the right of the Trustee in its discretion to take any other action under the Master Indenture which it may deem proper and which is not inconsistent with such direction by the Owners or Holders.

Restriction on Individual Action. Except in respect of an Owner's or Holder's right to enforce payment of a Parity Obligation, no Owner or Holder shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or Parity Debt or for the execution of any trust under the Master Indenture or for any other remedy under the Master Indenture unless such Owner or Holder previously shall (a) has given to the Trustee written notice of the Event of Default on account of which suit, action or proceeding is to be instituted, (b) has requested the Trustee to take action after the right to exercise such powers or right of action, as the case may be, shall have accrued, (c) has afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Master Indenture or to institute such action, suit or proceedings in its or their name, and (d) has offered to the Trustee reasonable security and satisfactory indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

Supplements and Amendments

Supplemental Indentures Without Consent. AMP and the Trustee may execute and deliver Supplemental Indentures without the consent of or notice to any of the Owners or Holders to: (a) cure any ambiguity or formal defect or omission in the Master Indenture, or any conflict between the provisions of the Master Indenture and of the Power Sales Contract or of any Parity Debt Indenture delivered to the Trustee at the same time as AMP delivers the Master Indenture, to correct or supplement any provision the Master Indenture that may be inconsistent with any other provision therein, to make any other provisions with respect to matters or questions arising under the Master Indenture, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the Master Indenture; (b) grant or confer upon the Trustee, for the benefit of the Owners or Holders, any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners, the Holders or the Trustee, (c) add to the provisions of the Master Indenture other conditions, limitations and restrictions thereafter to be observed; (d) add to the covenants and agreements of AMP in the Master Indenture other covenants and agreements thereafter to be observed by AMP or to surrender any right or power in the Master Indenture reserved to or conferred upon AMP, (e) obtain a Credit Facility, Reserve Alternative Instrument, a Derivative Agreement, or other credit enhancement; provided, however, that no Rating Agency shall reduce or withdraw its rating on any of the Parity Obligations then Outstanding as a consequence of any such provision of such Supplemental Indenture, (f) enable AMP to comply with its obligations, covenants and agreements made in the Master Indenture or in any Parity Debt Indenture for the purpose of maintaining the tax status of interest or ability of AMP to receive a Federal Subsidy on any Tax-Advantaged Parity Obligations, provided that such change shall not materially adversely affect the security for any Parity Obligations, (g) to extent that such action is inconsistent with the provisions of the Master Indenture or any Supplemental Indenture, to enable AMP to perform any and all acts required by the order of FERC, or its successor, affecting the Project, or (h) make any other change that, in the opinion of the Trustee, which may, but is not required to, rely upon one or more of affirmation of ratings by the Rating Agencies, certificates of Independent Consultants and

Opinions of Counsel for such purpose, shall not materially adversely affect the security for the Parity Obligations.

Supplemental Indentures With Consent. The Owners and Holders of not less than a majority in aggregate principal amount of the Parity Obligations then Outstanding shall have the right, from time to time, anything contained in the Master Indenture to the contrary notwithstanding, to consent to and approve the execution and delivery of such Supplemental Indentures as are deemed necessary or desirable by AMP for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Master Indenture or in any Supplemental Indenture; provided, however, that nothing contained in the Master Indenture shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond or Parity Debt without the consent of the Owner of such Bond or the Holder of such Parity Debt, (b) a reduction in the principal amount of any Bond or Parity Debt or the redemption premium or the rate of interest thereon without the consent of the Owner of such Bond or the Holder of such Parity Debt, (c) the creation of a security interest in or a pledge of Net Receipts other than the security interest and pledge created by the Master Indenture without the consent of the Owners of all Bonds Outstanding and the Holders of all Parity Debt Outstanding, (d) a preference or priority of any Bond or Parity Debt over any other Bond or Parity Debt without the consent of the Owners of all Bonds Outstanding and the Holders of all Parity Debt Outstanding or (e) a reduction in the aggregate principal amount of the Parity Obligations required for consent to such Supplemental Indenture without the consent of the Owners of all Bonds Outstanding and the Holders of all Parity Debt Outstanding.

Supplemental Power Sales Contract Without Consent. AMP and the Participants may, from time to time and at any time, consent to such contracts, supplemental or amendatory to the Power Sales Contract as shall not be inconsistent with the terms and provisions of the Master Indenture,

1. to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in the Power Sales Contract or in any supplemental or amendatory contract, or
2. to grant to AMP for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or AMP, or
3. to make any other change in, or waive any provision of, the Power Sales Contract, provided only that the ability of AMP to comply with the provisions of the Rate Covenant shall not thereby be materially impaired.

Supplemental Power Sales Contract with Consent. Except for as provided above, AMP shall not agree to any supplemental or amendatory contract respecting the Power Sales Contract, unless notice of the proposed execution of such supplemental or amendatory contract shall have been given and the Owners and Holders of not less than a majority in aggregate principal amount of the Bonds and Parity Debt then outstanding shall have consented to and approved the execution thereof, such consent to be obtained in the same manner as Supplemental Indentures requiring the consent of Owners or Holders.

Defeasance. The lien of the Master Trust Indenture shall be released when:

- (a) the Bonds and any Parity Debt shall have become due and payable in accordance with their terms or otherwise as provided in the Master Indenture, and the whole amount of the principal and the interest and premium, if any, so due and payable upon all Parity Obligations shall be paid, or
- (b) if the Bonds and any Parity Debt shall not have become due and payable in accordance with their terms, the Trustee or the Bond Registrar shall hold sufficient money or Defeasance Obligations,

or a combination of money and Defeasance Obligations, the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of and the interest and redemption premium, if any, on all Parity Obligations then Outstanding to the maturity date or dates of such Parity Obligations or to the date or dates specified for the redemption thereof, as verified by a nationally recognized Independent Consultant, and, if Bonds or any Parity Debt are to be called for redemption, irrevocable instructions to call the Bonds or Parity Debt for redemption shall have been given by AMP to the Trustee, and

(c) sufficient funds shall also have been provided or provision made for paying all other obligations payable under the Master Indenture by AMP.

PROJECTED PROJECT OPERATING RESULTS

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Pamala Sullivan
Executive Vice President
American Municipal Power, Inc.
1111 Schrock Road
Columbus, Ohio 43229

Subject: **Meldahl Hydroelectric Project – Projected Operating Results**

Dear Pam:

The purpose of this letter report is to convey projected operating results for American Municipal Power, Inc.'s ("AMP") Meldahl Hydroelectric Project (the "Project"), which has been under development by AMP since the fall of 2009. AMP has previously issued six series of bonds ("Prior Bonds"), pursuant to and secured by a Master Trust Indenture, dated as of October 1, 2010 (as supplemented and amended from time to time, the "Indenture"), to finance the capital costs of the Project, including interest during construction.

Additional costs have been incurred primarily due to construction delays and the associated interest during construction. AMP has funded these additional Project costs with draws on a Credit Agreement dated as of January 10, 2012, as amended (the "Line of Credit"). The Project is now in Commercial Operation, and AMP is issuing, under the Indenture, its Meldahl Hydroelectric Project Revenue Bonds, Series 2016A (Green Bonds) (the "Series 2016A Bonds" and, together with the Prior Bonds, the "Bonds") to repay a portion of such draws on the Line of Credit.

The projected operating results provided herein describe the expected performance of the Project, projected operating costs, debt service on Prior Bonds, expected debt service on the Series 2016A Bonds, and resulting Project Rates necessary for the recovery of total Project costs.

Project Description

The Project is a run-of-river hydroelectric generating plant located on the Ohio River at the Captain Meldahl Locks and Dam, 36 miles upstream of Cincinnati, Ohio. The plant consists of three (3) bulb-type hydroelectric turbines. The Project's FERC-licensed generating capacity is 105 MW, and AMP estimates the Project will produce approximately 555,562 MWh (net) annually. The third and final Meldahl generating unit entered commercial operation on or about April 12, 2016.

Estimated Financing Requirements

The estimated sources and uses of Series 2016A Bond proceeds have been provided by Bank of America Merrill Lynch ("BAML") and are shown in Table 1 below. The Series 2016A Bonds are expected to

generate gross proceeds of approximately \$93.3 million and will mature on February 15 in the years 2018 through 2046, inclusive. In addition, the cities of Orrville, Hamilton, Jackson Center, Hubbard and Shelby have made pre-payments to AMP totaling approximately \$4.3 million which will be contributed as a supplement to Series 2016A Bond proceeds and be repaid to such cities in the form of a monthly bill credit.

The sizing of the Series 2016A Bonds includes an incremental deposit of approximately \$2.5 million to the Parity Common Reserve Account established under the Indenture.

The following table outlines the estimated Sources and Uses of Funds.

Table 1
Estimated Sources and Uses of Funds
(Dollars in Thousands)¹

Sources:	
Bond Proceeds	
Par Amount	\$80,050
Net Premium	13,248
	\$93,298
Uses:	
Project Fund Deposits:	
Constr. Deposit/Line of Credit Repayment	\$89,530
Other Fund Deposits:	
Parity Common Reserve Account	2,523
Delivery Date Expenses:	
Cost of Issuance	804
Underwriter's Discount	440
	\$1,244
	\$93,298

¹ Values may not add due to rounding.

Projected Operating Results

Leidos has prepared projected operating results for the Project over the period 2016-2046 (“Study Period”) based on assumptions and data sources detailed herein. The projections include net power costs that will be the primary basis for charges to the Participants under the Power Sales Contract.

Significant components of the projected operating results for the Project include revenues—from Project Participants, the PJM capacity market, and RECs, and expenses—from operating costs, net debt service, and deposits to certain working capital and reserve and contingency funds established under

the Indenture (“Other Trust Accounts”). A summary of Base Case projected operating results is shown in Table 2 below for selected years.

Table 2 provides projections of revenues of the Project, including revenues derived from the sale of energy by AMP to the Participants under the Power Sales Contract, capacity market revenues, REC revenues, and other revenues. Under the Indenture, AMP is obligated to set rates sufficient to provide an amount in each Fiscal Year at least equal to the greater of (a) 110% of debt service requirements on Bonds and Parity Debt then outstanding and (b) 100% of the sum of the debt service requirements on account of all Bonds and Parity Debt then outstanding and the amount required to make all other deposits required by the Indenture and to pay all other obligations of AMP related to the Project, including any Subordinate Obligations, as the same become due. Table 2 also provides Base Case projections of operating expenses based on AMP’s 2016 approved budget, escalated at an assumed annual general inflation rate after 2020, debt service on Prior Bonds and estimates of the debt service on the Series 2016A Bonds provided by BAML.

Table 2 further shows the average project costs, including the overall cost of power to the Participants under the Power Sales Contract, both gross and net of estimated capacity market and REC revenues. The average Gross Participant Energy Cost is calculated including expected capacity market and REC revenues, and the average Net Participant Energy Cost, without such expected capacity market and REC revenues, in each case divided by the Net Generation.

As a result of the increased operating costs over previous projections, the Net Participant Energy Costs are projected to increase over the Study Period. However, when compared to previous projections, the Net Participant Energy Costs are still lower than anticipated at the time Prior Bonds were issued.

Annex 1 provides projections for all years from 2016 through 2046.

Table 2
Projected Operating Results – Base Case

<u>Year Ending December 31,</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2020</u>	<u>2025</u>	<u>2030</u>	<u>2040</u>
PERFORMANCE							
Net Capacity (MW) (1)	105	105	105	105	105	105	105
Net Generation (MWh) (2)	284,100	555,562	555,562	555,562	555,562	555,562	555,562
Capacity Factor (%)	61.8%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%
Participant Energy Sales (MWh)	284,100	555,562	555,562	555,562	555,562	555,562	555,562
COMMODITY PRICES							
General Inflation (%) (3)	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capacity Price (\$/kW-yr)	\$46.57	42.65	51.16	40.75	56.14	57.49	58.60
REC Price (\$/MWh)	\$2.00	2.00	2.00	2.00	2.10	2.15	2.19
OPERATING REVENUES (\$000)							
Participant Revenue (4)	\$28,223	45,509	43,643	44,894	44,250	46,877	50,363
Capacity Revenue (5)	\$2,445	4,478	5,372	4,279	5,895	6,036	6,153
REC Revenue (6)	\$568	1,111	1,111	1,111	1,165	1,192	1,214
Other Revenue (7)	\$0	2,358	3,931	3,936	3,938	4,042	4,061
Total Operating Revenues	\$31,236	53,456	54,057	54,220	55,248	58,148	61,791
OPERATING EXPENSES (\$000) (8)							
Meldahl Overhead Adder (9)	\$284	568	581	608	682	764	959
Labor & Overhead (10)	\$1,438	2,654	2,734	2,900	3,249	3,641	4,570
Scheduled Maintenance	\$448	628	1,031	884	990	1,109	1,392
Other Plant Costs	\$331	681	690	709	795	891	1,118
Taxes (Including PILOT) (11)	\$1,232	2,474	2,486	2,509	2,811	3,149	3,954
Insurance	\$205	431	453	499	560	627	787
Fees & Licenses	\$552	1,104	1,104	1,105	1,238	1,387	1,741
Other Expenses (12)	\$688	1,437	1,473	1,483	1,662	1,862	2,337
Total Operating Expenses	\$5,177	9,979	10,552	10,698	11,986	13,430	16,859
NET OPERATING REVENUES (\$000)	\$26,059	43,478	43,505	43,522	43,261	44,718	44,933
CREDITS FOR PARTICIPANT CONTRIBUTIONS (13)	\$117	234	234	234	234	234	234
ANNUAL NET DEBT SERVICE (\$000) (14)	\$23,584	39,313	39,337	39,353	39,116	40,441	40,636
ANNUAL NET DEBT SERVICE COVERAGE (15)	1.10	1.10	1.10	1.10	1.10	1.10	1.10
DEPOSITS TO OTHER TRUST ACCOUNTS (\$000) (16)	\$2,358	3,931	3,934	3,935	3,912	4,044	4,064
PARITY COMMON RESERVE ACCOUNT (\$000) (17)							
B-O-Y Fund Balance	\$48,148	48,148	48,148	48,148	48,148	48,148	48,148
Payments into Parity Common Reserve Account	\$0	0	0	0	0	0	0
SPECIAL RESERVE ACCOUNT (\$000) (18)							
Payments into Special Reserve Account	\$0	0	0	0	0	0	0
AVERAGE PROJECT COSTS							
Gross Participant Energy Cost (\$/MWh) (19)	\$109.95	91.98	90.23	90.51	92.36	97.39	103.91
Net Participant Energy Cost (\$/MWh) (20)	\$99.34	81.91	78.56	80.81	79.65	84.38	90.65

Footnotes:

- [1] Project net capacity.
- [2] Net generation from AMP's 2016 Operating Budget, adjusted for 2016 to an online date of July 1.
- [3] General inflation rate assumed to equal 2.3% per year.
- [4] Revenue from sales of energy from the Project to the Participants under the Power Sales Contract required to cover all Project cost, including all operating costs, debt service, and deposits to the Other Trust Accounts, less capacity market revenues, REC revenues, and other revenues.
- [5] Capacity market revenue based on anticipated capacity market revenues from completed auctions and projections by Leidos for the PJM Market.
- [6] REC revenues are based on \$2.00/MWh through the last budget year (2020) and Leidos projections thereafter.
- [7] Other revenue equal to available funds, if any, in Other Trust Accounts in the prior year.

- [8] Operations and maintenance expenses reflect budgeted values from AMP through 2020, escalated thereafter at the general inflation rate.
- [9] Payments to Hamilton to reimburse Hamilton for non-electric department direct and indirect personnel, overhead, and other expenses associated with Hamilton's operation and management of the Project.
- [10] AMP labor and overhead includes support costs associated with AMP corporate labor. This includes allocated costs for finance, billing, accounting, generation, marketing, safety, communications, member services and AMP executive management.
- [11] Estimated amount for real estate, personal property and utility taxes including estimated payments in lieu of taxes (PILOT).
- [12] Other expenses include dispatch services, legislative activities, general and 111 (d) allocations, IT expenses, legal and banking fees. Dispatch services are charged at an allocated percentage of total Energy Control Center (ECC) costs. The percentage allocation is approved annually by the AMP Board and is based on capacity dispatched by the ECC. IT Expenses are charged to recover direct and allocated costs of AMP IT department operational and capital expenses. Expenses include direct costs such as telephone, internet, computer equipment, software license fees, and consulting services.
- [13] Participants Hamilton, Hubbard, Jackson Center, Orrville, and Shelby elected to pay an amount equal to 25% of the debt service on the Prior Bonds allocable to their respective Project Shares during the seven month period commencing June 2015 and ending on December 2015. Such Participants will receive credits against amounts otherwise due and payable under the Power Sales Contract.
- [14] Estimated debt service on Bonds, net of anticipated federal subsidies and reserve fund earnings.
- [15] Equal to the net revenues available for debt service divided by the annual net debt service.
- [16] Deposit to Other Trust Accounts equal to 10% of annual net debt service.
- [17] Parity Common Reserve Account balance includes an incremental deposit from the proceeds of the Series 2016A Bonds. Parity Common Reserve Account Requirement has been set to Maximum Annual Debt Service on the Bonds, net of expected federal subsidies on Bonds issued as Build America Bonds or New Clean Renewable Energy Bonds. Such information has been provided by BAML.
- [18] In each case, equal to six months of scheduled federal subsidies on related Bonds.
- [19] Equal to the sum of Participant revenue, capacity market revenue, and REC revenue, divided by Participant Energy Sales.
- [20] Equal to Participant revenue divided by Participant energy sales. The project rate that Participants will pay for Project power in 2016 is anticipated to be \$78.81/MWh, based upon average net project costs over the period 2016-2020 presented in AMP's approved 2016 budget. AMP is currently contemplating the implementation of a rate levelization strategy to levelize variations in Project rates.

The major components of average annual costs are shown below in Figure 1. Net debt service less capacity market, REC, and other revenues represents approximately 70 percent of the total costs over the Study Period. Operations and maintenance expenses represent approximately 30 percent of the total costs.

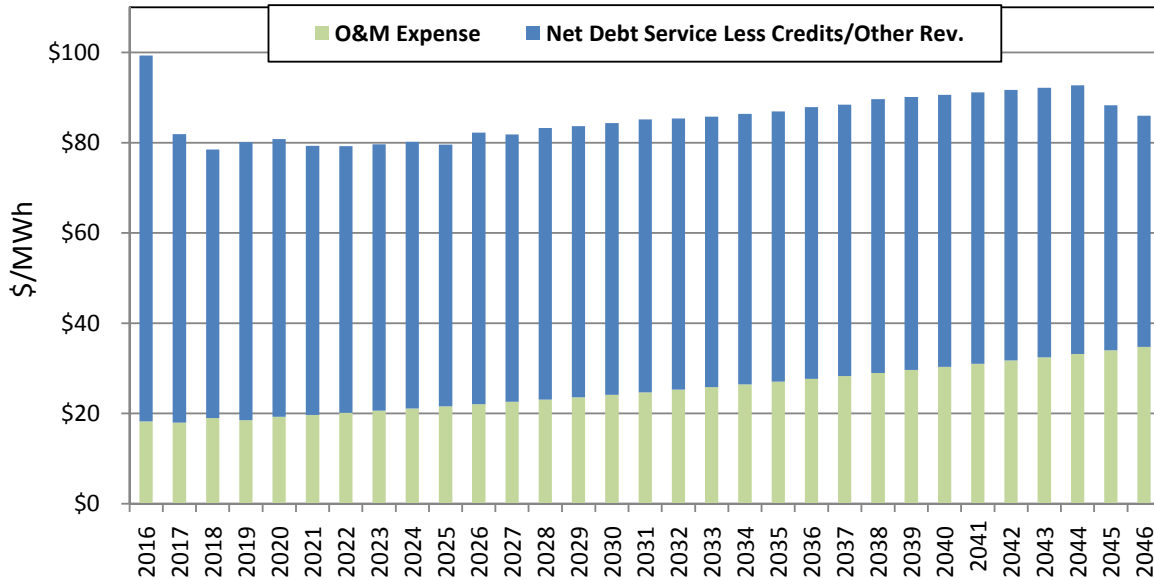


Figure 1 – Projected Annual Power Costs by Category (\$/MWh)

Based on historical U.S. data for hydroelectric generating units, the useful life of such units often exceeds 50 years, assuming industry standard maintenance and equipment replacement practices. Feasibility studies underpinning the issuance of the Prior Bonds communicate a Project useful life estimate of 50 years for civil works and 30 plus years for electro-mechanical equipment, which would be extended through maintenance and equipment replacement. Given these useful life estimates, AMP expects the Project will operate many years beyond the final maturity of the Bonds and, assuming no additional debt issuance for capital improvements or replacements, the projected Project cost would be based on the operations and maintenance expenses.

Sensitivity Cases

Due to uncertainties inherent in relying on assumptions and projections, it should be anticipated that certain circumstances and events may differ from those assumed and described herein and that such circumstances may affect the projected operating results. In order to test the impact of certain circumstances on these projected operating results, sensitivity analysis on the level of production and the revenue from RECs have been developed as shown below:

Projected operating results contained herein also include three (3) sensitivities—low hydroelectric production, high hydroelectric production, and no REC revenues, as described below.

- **Sensitivity A: Low Production**

In Sensitivity A, the Project is assumed to produce 10% less energy annually than the Base Case. In such case, the Net Participant Energy Cost in 2017 would be \$9.21/MWh, or 11.2% higher

than in the Base Case. By 2046, the Net Participant Energy Cost would be \$9.58/MWh, or 11.1% higher than in the Base Case.

- **Sensitivity B: High Production**

In Sensitivity B, the Project is assumed to produce 10% more energy annually than the Base Case. In such case, the Net Participant Energy Cost in 2017 would be \$7.54/MWh, or 9.2% lower than the Base Case. By 2046, the Net Participant Energy Cost would be \$7.84/MWh, or 9.1% lower than the Base Case.

- **Sensitivity C: No REC Revenues**

Sensitivity C reflects that no revenues will be available to the Project from RECs. In such case, the Net Participant Energy Cost in 2017 would be \$2.00/MWh or 2.4% higher than the Base Case. By 2046, the Net Participant Energy Cost would be \$2.16/MWh or 2.5% higher than the Base Case.

Comparison to Market

Figure 1 below depicts a comparison of the estimated average Net Participant Energy Cost under the Base Case to the projected average revenues AMP would receive if it sold the energy output from the Project into the PJM Market. PJMAEPD Market Prices are based on the July 2015 AMP Market Report prepared for AMP by Leidos.

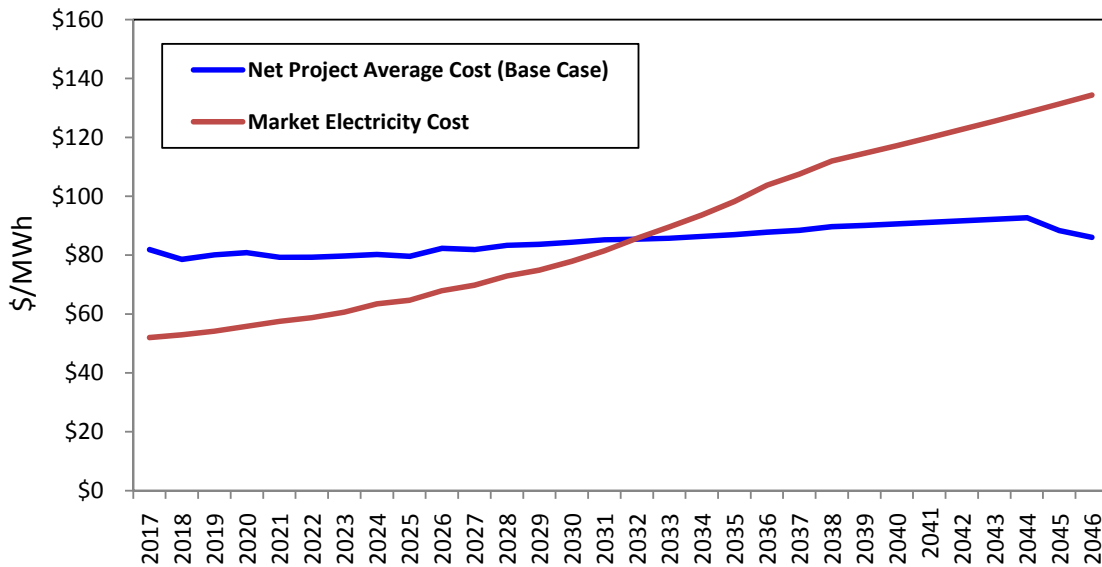


Figure 2 – Market Comparison

These average power prices depicted above are based on projections of hourly energy prices over the period of January 2017 through December 2038, escalated at the general inflation rate thereafter, and a simulation of the dispatch of the Project into the PJM Market. The projected PJMAEPD Market Prices

were based on, among other projections, the estimated costs of existing and future generating resources, projected economic retirements and additions of generating resources, costs of fuel, and variable operating costs. The major assumptions related to the PJMAEPD Market Price projections are set forth in the July 2015 AMP Market Report.

As shown in the figure above, in the Base Case, the projected Net Participant Energy Costs of the Project are estimated to be 40-60% higher than the projected PJMAEPD Market Prices during 2017-2020, but Market Prices are projected to be above Net Participant Energy Costs by 2032 and remain higher by 10-40% through the balance of the Study Period.

Assumptions

In order to prepare these projected operating results, Leidos has relied upon estimates provided by AMP, BAML, and Ramirez & Co., Inc., Leidos' Market projections and other assumptions that have been jointly determined between AMP and Leidos. The primary assumptions and data sources are the following:

1. Estimates of net generation from the Project were provided by AMP based upon its 2016 approved budget. Sensitivity Case values reflect production levels which are 10% higher or lower than the Base Case.
2. When applicable, Leidos has assumed a general escalation rate of 2.3% per year based upon the March 2016 Blue Chip Economic Consensus report, which provides the average of estimates regarding future economic variables taken from a survey of prominent business economists.
3. The Meldahl Overhead Adder, which reimburses Hamilton for non-electric department direct and indirect personnel, overhead, and other expenses associated with Hamilton's operation and management of the Project, is set to \$1/MWh in 2016 and escalated at the general rate thereafter, as specified in the Meldahl-Greenup Participation Agreement.
4. Project operation and maintenance costs over 2016-2020 are based on the 2016 approved operating budget for the Project as provided by AMP. However, in consultation with AMP, AMP overhead was reduced from 150% of AMP labor costs to 100% of such costs beginning 2017. Operating expenses beyond 2020 are assumed to increase at the general escalation rate, as discussed in (2) above.
5. In the determination of capacity market revenues, Leidos has relied on information provided by AMP regarding capacity auction results from PJM over 2016-2020, as well as longer term Market projections developed for AMP by Leidos and contained in the July 2015 AMP Market Report.
6. Leidos has assumed that the delivery point for Project capacity and energy is the generator busbar. As a result, no transmission costs are anticipated to be incurred by AMP at the Project level. All transmission costs are considered Participant costs.

July 2016

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7. Renewable Energy Credit (REC) revenues have been assumed consistent with other recent studies performed by Leidos for AMP. REC revenues are based on REC rates of \$2.00/MWh through 2020, consistent with AMP's approved 2016 Budget, and Leidos projections thereafter.
8. Debt service on Prior Bonds and projected debt service on the Series 2016A Bonds have been provided by BAML. The projections herein assume that the Line of Credit will be used to fund a portion of the August 2016 interest payment on Prior Bonds.
9. Parity Common Reserve Account earnings are based on information provided by Ramirez & Co., Inc. Parity Common Reserve Account earnings reflect actual investment rates on securities credited thereto until the maturity of such securities. After maturity of such investments, amounts credited to the Parity Common Reserve Account are assumed to earn 1.50% per annum. The incremental deposit to the Parity Common Reserve Account to be made from proceeds of the Series 2016A Bonds is also assumed to earn 1.50% per annum. Earnings from Special Reserve Accounts securing Prior Bonds issued as Build America Bonds and New Clean Renewable Energy Bonds were provided by Ramirez & Co., Inc. All reserve fund earnings are assumed to offset Project debt service.

Sincerely,

Leidos Engineering, LLC

Exhibit 1
AMP Meldahl Project
Projected Operating Results

Base Case

Year Ending December 31,	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
PERFORMANCE											
Net Capacity (MW) (1)	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0
Net Generation (MWh) (2)	284,100	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562
Capacity Factor (%)	61.8%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%
Participant Energy Sales (MWh)	284,100	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562
COMMODITY PRICES											
General Inflation (%) (3)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capacity Price (\$/kW-yr)	\$46.57	42.65	51.16	40.28	40.75	50.46	53.25	53.79	53.54	56.14	56.80
REC Price (\$/MWh)	\$2.00	2.00	2.00	2.00	2.00	2.05	2.06	2.07	2.08	2.10	2.11
OPERATING REVENUES (\$000)											
Participant Revenue (4)	\$28,223	45,509	43,643	44,526	44,894	44,077	44,039	44,260	44,554	44,250	45,715
Capacity Revenue (5)	\$2,445	4,478	5,372	4,229	4,279	5,298	5,592	5,648	5,621	5,895	5,964
REC Revenue (6)	\$568	1,111	1,111	1,111	1,111	1,137	1,144	1,151	1,158	1,165	1,171
Other Revenue (7)	\$0	2,358	3,931	3,934	3,936	3,935	3,934	3,934	3,937	3,938	3,912
Total Operating Revenues	\$31,236	53,456	54,057	53,800	54,220	54,447	54,709	54,993	55,270	55,248	56,761
OPERATING EXPENSES (\$000) (8)											
Meldahl Overhead Adder (9)	\$284	568	581	595	608	622	637	651	666	682	697
Labor & Overhead (10)	\$1,438	2,654	2,734	2,816	2,900	2,967	3,035	3,105	3,176	3,249	3,324
Scheduled Maintenance	\$448	628	1,031	612	884	904	925	946	968	990	1,013
Other Plant Costs	\$331	681	690	700	709	726	742	760	777	795	813
Taxes (Including PILOT) (11)	\$1,232	2,474	2,486	2,497	2,509	2,567	2,626	2,686	2,748	2,811	2,876
Insurance	\$205	431	453	476	499	511	523	535	547	560	572
Fees & Licenses	\$552	1,104	1,104	1,105	1,105	1,130	1,156	1,183	1,210	1,238	1,266
Other Expenses (12)	\$688	1,437	1,473	1,469	1,483	1,517	1,552	1,588	1,624	1,662	1,700
Total Operating Expenses	\$5,177	9,979	10,552	10,269	10,698	10,944	11,196	11,454	11,717	11,986	12,262
NET OPERATING REVENUES (\$000)	\$26,059	43,478	43,505	43,531	43,522	43,503	43,513	43,540	43,553	43,261	44,499
CREDITS FOR PARTICIPANT CONTRIBUTIONS (13)	\$117	234	234	234	234	234	234	234	234	234	234
ANNUAL NET DEBT SERVICE (\$000) (14)											
Annual Debt Service - New Bonds	\$1,961	4,161	4,178	4,204	4,537	5,646	5,592	4,975	4,933	5,799	4,707
Annual Debt Service - Existing Debt	\$21,622	35,152	35,159	35,157	34,816	33,690	33,753	34,394	34,448	33,317	35,534
ANNUAL NET DEBT SERVICE (\$000)	\$23,584	39,313	39,337	39,361	39,353	39,336	39,345	39,369	39,381	39,116	40,241
ANNUAL NET DEBT SERVICE COVERAGE (15)											
	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
DEPOSITS TO OTHER TRUST ACCOUNTS (\$000) (16)											
	\$2,358	3,931	3,934	3,936	3,935	3,934	3,934	3,937	3,938	3,912	4,024
PARITY COMMON RESERVE ACCOUNT (\$000) (17)											
B-O-Y Fund Balance	\$48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148
Payments into Parity Common Reserve Account	\$0	0	0	0	0	0	0	0	0	0	0
SPECIAL RESERVE ACCOUNT (\$000) (18)											
Payments into Special Reserve Account	\$0	0	0	0	0	0	0	0	0	0	0
AVERAGE PROJECT COSTS											
Gross Participant Energy Cost (\$/MWh) (19)	\$109.95	91.98	90.23	89.76	90.51	90.92	91.39	91.90	92.40	92.36	95.13
Net Participant Energy Cost (\$/MWh) (20)	\$99.34	81.91	78.56	80.15	80.81	79.34	79.27	79.67	80.20	79.65	82.29

Exhibit 1
AMP Meldahl Project
Projected Operating Results

Base Case

<u>Year Ending December 31,</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>
PERFORMANCE											
Net Capacity (MW) (1)	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0
Net Generation (MWh) (2)	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562
Capacity Factor (%)	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%
Participant Energy Sales (MWh)	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562
COMMODITY PRICES											
General Inflation (%) (3)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capacity Price (\$/kW-yr)	\$57.34	57.60	57.98	57.49	56.24	58.16	59.37	59.27	59.60	58.44	59.02
REC Price (\$/MWh)	\$2.12	2.13	2.14	2.15	2.15	2.16	2.17	2.17	\$2.18	2.18	2.18
OPERATING REVENUES (\$000)											
Participant Revenue (4)	\$45,480	46,288	46,508	46,877	47,328	47,458	47,654	48,008	48,310	48,824	49,133
Capacity Revenue (5)	\$6,021	6,048	6,087	6,036	5,905	6,107	6,234	6,223	6,258	6,136	6,197
REC Revenue (6)	\$1,177	1,182	1,188	1,192	1,197	1,201	1,204	1,207	1,210	1,212	1,213
Other Revenue (7)	\$4,024	3,993	4,041	4,042	4,044	4,046	4,048	4,048	4,050	4,050	4,054
Total Operating Revenues	\$56,703	57,512	57,823	58,148	58,474	58,811	59,140	59,487	59,828	60,222	60,597
OPERATING EXPENSES (\$000) (8)											
Meldahl Overhead Adder (9)	\$713	730	747	764	781	799	818	837	856	875	896
Labor & Overhead (10)	\$3,401	3,479	3,559	3,641	3,724	3,810	3,898	3,987	4,079	4,173	4,269
Scheduled Maintenance	\$1,036	1,060	1,084	1,109	1,135	1,161	1,188	1,215	1,243	1,271	1,301
Other Plant Costs	\$832	851	871	891	911	932	953	975	998	1,021	1,044
Taxes (Including PILOT) (11)	\$2,942	3,009	3,079	3,149	3,222	3,296	3,372	3,449	3,529	3,610	3,693
Insurance	\$586	599	613	627	641	656	671	687	702	719	735
Fees & Licenses	\$1,296	1,325	1,356	1,387	1,419	1,452	1,485	1,519	1,554	1,590	1,626
Other Expenses (12)	\$1,739	1,779	1,820	1,862	1,905	1,949	1,993	2,039	2,086	2,134	2,183
Total Operating Expenses	\$12,544	12,833	13,128	13,430	13,739	14,055	14,378	14,709	15,047	15,393	15,747
NET OPERATING REVENUES (\$000)	\$44,158	44,680	44,695	44,718	44,736	44,756	44,762	44,778	44,781	44,829	44,850
CREDITS FOR PARTICIPANT CONTRIBUTIONS (13)	\$234	234	234	234	234	234	234	234	234	234	234
ANNUAL NET DEBT SERVICE (\$000) (14)											
Annual Debt Service - New Bonds	\$4,143	5,812	5,742	5,668	5,585	5,508	5,407	4,947	5,315	5,238	5,125
Annual Debt Service - Existing Debt	\$35,788	34,593	34,678	34,773	34,871	34,967	35,073	35,548	35,183	35,303	35,436
ANNUAL NET DEBT SERVICE (\$000)	\$39,932	40,405	40,420	40,441	40,456	40,475	40,481	40,495	40,497	40,541	40,561
ANNUAL NET DEBT SERVICE COVERAGE (15)	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
DEPOSITS TO OTHER TRUST ACCOUNTS (\$000) (16)	\$3,993	4,041	4,042	4,044	4,046	4,048	4,048	4,050	4,050	4,054	4,056
PARITY COMMON RESERVE ACCOUNT (\$000) (17)											
B-O-Y Fund Balance	\$48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148
Payments into Parity Common Reserve Account	\$0	0	0	0	0	0	0	0	0	0	0
SPECIAL RESERVE ACCOUNT (\$000) (18)	\$8,124	8,124	7,690	7,690	7,690	7,690	7,690	7,690	7,690	7,690	7,690
Payments into Special Reserve Account	\$0	(435)	0	0	0	0	0	0	0	0	0
AVERAGE PROJECT COSTS											
Gross Participant Energy Cost (\$/MWh) (19)	\$94.82	96.33	96.81	97.39	97.97	98.58	99.17	99.79	\$100.40	101.11	101.78
Net Participant Energy Cost (\$/MWh) (20)	\$81.86	83.32	83.71	84.38	85.19	85.42	85.78	86.41	86.96	87.88	88.44

Exhibit 1
AMP Meldahl Project
Projected Operating Results

Base Case

<u>Year Ending December 31,</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>	<u>2045</u>	<u>2046</u>
PERFORMANCE									
Net Capacity (MW) (1)	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0
Net Generation (MWh) (2)	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562
Capacity Factor (%)	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%
Participant Energy Sales (MWh)	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562
COMMODITY PRICES									
General Inflation (%) (3)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capacity Price (\$/kW-yr)	\$56.00	57.29	58.60	59.95	61.33	62.74	64.18	65.66	67.17
REC Price (\$/MWh)	2.19	2.19	2.19	2.18	2.18	2.18	2.17	2.16	2.16
OPERATING REVENUES (\$000)									
Participant Revenue (4)	\$49,836	50,096	50,363	50,659	50,944	51,236	51,536	49,071	47,796
Capacity Revenue (5)	\$5,880	6,015	6,153	6,295	6,440	6,588	6,739	6,894	7,053
REC Revenue (6)	\$1,214	1,215	1,214	1,213	1,212	1,209	1,206	1,202	1,198
Other Revenue (7)	\$4,056	4,058	4,061	4,064	4,068	4,072	4,075	4,078	3,829
Total Operating Revenues	\$60,986	61,385	61,791	62,231	62,664	63,105	63,557	61,246	59,876
OPERATING EXPENSES (\$000) (8)									
Meldahl Overhead Adder (9)	\$916	937	959	981	1,003	1,027	1,050	1,074	1,099
Labor & Overhead (10)	\$4,367	4,468	4,570	4,675	4,783	4,893	5,006	5,121	5,238
Scheduled Maintenance	\$1,331	1,361	1,392	1,425	1,457	1,491	1,525	1,560	1,596
Other Plant Costs	\$1,068	1,093	1,118	1,144	1,170	1,197	1,224	1,253	1,281
Taxes (Including PILOT) (11)	\$3,778	3,865	3,954	4,045	4,138	4,233	4,330	4,430	4,532
Insurance	\$752	769	787	805	824	843	862	882	902
Fees & Licenses	\$1,664	1,702	1,741	1,781	1,822	1,864	1,907	1,951	1,996
Other Expenses (12)	\$2,233	2,285	2,337	2,391	2,446	2,502	2,560	2,619	2,679
Total Operating Expenses	\$16,109	16,480	16,859	17,247	17,643	18,049	18,464	18,889	19,323
NET OPERATING REVENUES (\$000)	\$44,877	44,905	44,933	44,984	45,021	45,056	45,093	42,357	40,552
CREDITS FOR PARTICIPANT CONTRIBUTIONS (13)	\$234	234	234	234	234	234	234	234	0
ANNUAL NET DEBT SERVICE (\$000) (14)									
Annual Debt Service - New Bonds	\$5,016	4,905	4,788	4,679	4,557	4,421	4,282	1,618	0
Annual Debt Service - Existing Debt	\$35,569	35,706	35,848	36,003	36,159	36,327	36,499	36,676	36,866
ANNUAL NET DEBT SERVICE (\$000)	\$40,585	40,610	40,636	40,683	40,716	40,748	40,781	38,294	36,866
ANNUAL NET DEBT SERVICE COVERAGE (15)	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
DEPOSITS TO OTHER TRUST ACCOUNTS (\$000) (16)	\$4,058	4,061	4,064	4,068	4,072	4,075	4,078	3,829	3,687
PARITY COMMON RESERVE ACCOUNT (\$000) (17)									
B-O-Y Fund Balance	\$48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148
Payments into Parity Common Reserve Account	\$0	0	0	0	0	0	0	0	(4,202)
SPECIAL RESERVE ACCOUNT (\$000) (18)	\$7,690	7,690	\$7,690	7,690	7,690	7,690	7,690	7,690	7,690
Payments into Special Reserve Account	\$0	0	\$0	0	0	0	0	0	0
AVERAGE PROJECT COSTS									
Gross Participant Energy Cost (\$/MWh) (19)	\$102.47	103.19	103.91	104.70	105.47	106.26	107.07	102.90	100.88
Net Participant Energy Cost (\$/MWh) (20)	\$89.70	90.17	90.65	91.19	91.70	92.22	92.76	88.33	86.03

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Exhibit 2
AMP Meldahl Project
Projected Operating Results

Low Production Case

Year Ending December 31,	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
PERFORMANCE											
Net Capacity (MW) (1)	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0
Net Generation (MWh) (2)	255,690	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006
Capacity Factor (%)	55.6%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%
Participant Energy Sales (MWh)	255,690	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006
COMMODITY PRICES											
General Inflation (%) (3)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capacity Price (\$/kW-yr)	\$46.57	42.65	51.16	40.28	40.75	50.46	53.25	53.79	53.54	56.14	56.80
REC Price (\$/MWh)	\$2.00	2.00	2.00	2.00	2.00	2.05	2.06	2.07	2.08	2.10	2.11
OPERATING REVENUES (\$000)											
Participant Revenue (4)	\$28,251	45,563	43,696	44,577	44,944	44,128	44,090	44,310	44,603	44,298	45,762
Capacity Revenue (5)	\$2,445	4,478	5,372	4,229	4,279	5,298	5,592	5,648	5,621	5,895	5,964
REC Revenue (6)	\$511	1,000	1,000	1,000	1,000	1,023	1,030	1,036	1,042	1,048	1,054
Other Revenue (7)	\$0	2,358	3,931	3,934	3,936	3,935	3,934	3,934	3,937	3,938	3,912
Total Operating Revenues	\$31,208	53,399	53,999	53,740	54,159	54,385	54,645	54,928	55,203	55,179	56,691
OPERATING EXPENSES (\$000) (8)											
Meldahl Overhead Adder (9)	\$256	512	523	535	548	560	573	586	600	614	628
Labor & Overhead (10)	\$1,438	2,654	2,734	2,816	2,900	2,967	3,035	3,105	3,176	3,249	3,324
Scheduled Maintenance	\$448	628	1,031	612	884	904	925	946	968	990	1,013
Other Plant Costs	\$331	681	690	700	709	726	742	760	777	795	813
Taxes (Including PILOT) (11)	\$1,232	2,474	2,486	2,497	2,509	2,567	2,626	2,686	2,748	2,811	2,876
Insurance	\$205	431	453	476	499	511	523	535	547	560	572
Fees & Licenses	\$552	1,104	1,104	1,105	1,105	1,130	1,156	1,183	1,210	1,238	1,266
Other Expenses (12)	\$688	1,437	1,473	1,469	1,483	1,517	1,552	1,588	1,624	1,662	1,700
Total Operating Expenses	\$5,149	9,922	10,494	10,209	10,637	10,882	11,132	11,388	11,650	11,918	12,192
NET OPERATING REVENUES (\$000)	\$26,059	43,478	43,505	43,531	43,522	43,503	43,513	43,540	43,553	43,261	44,499
CREDITS FOR PARTICIPANT CONTRIBUTIONS (13)	\$117	234	234	234	234	234	234	234	234	234	234
ANNUAL NET DEBT SERVICE (\$000) (14)											
Annual Debt Service - New Bonds	\$1,961	4,161	4,178	4,204	4,537	5,646	5,592	4,975	4,933	5,799	4,707
Annual Debt Service - Existing Debt	\$21,622	35,152	35,159	35,157	34,816	33,690	33,753	34,394	34,448	33,317	35,534
ANNUAL NET DEBT SERVICE (\$000)	\$23,584	39,313	39,337	39,361	39,353	39,336	39,345	39,369	39,381	39,116	40,241
ANNUAL NET DEBT SERVICE COVERAGE (15)	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
DEPOSITS TO OTHER TRUST ACCOUNTS (\$000) (16)	\$2,358	3,931	3,934	3,936	3,935	3,934	3,934	3,937	3,938	3,912	4,024
PARITY COMMON RESERVE ACCOUNT (\$000) (17)											
B-O-Y Fund Balance	\$48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148
Payments into Parity Common Reserve Account	\$0	0	0	0	0	0	0	0	0	0	0
SPECIAL RESERVE ACCOUNT (\$000) (18)	\$8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124
Payments into Special Reserve Account	\$0	0	0	0	0	0	0	0	0	0	0
AVERAGE PROJECT COSTS											
Gross Participant Energy Cost (\$/MWh) (19)	\$122.05	102.08	100.13	99.61	100.45	100.90	101.42	101.99	102.53	102.48	105.56
Net Participant Energy Cost (\$/MWh) (20)	\$110.49	91.13	87.39	89.15	89.89	88.26	88.18	88.62	89.20	88.59	91.52

Exhibit 2
AMP Meldahl Project
Projected Operating Results

Low Production Case

<u>Year Ending December 31,</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>
PERFORMANCE											
Net Capacity (MW) (1)	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0
Net Generation (MWh) (2)	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006
Capacity Factor (%)	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%
Participant Energy Sales (MWh)	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006
COMMODITY PRICES											
General Inflation (%) (3)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capacity Price (\$/kW-yr)	\$57.34	57.60	57.98	57.49	56.24	58.16	59.37	59.27	59.60	58.44	59.02
REC Price (\$/MWh)	\$2.12	2.13	2.14	2.15	2.15	2.16	2.17	2.17	\$2.18	2.18	2.18
OPERATING REVENUES (\$000)											
Participant Revenue (4)	\$45,527	46,334	46,552	46,920	47,370	47,498	47,693	48,045	48,346	48,858	49,165
Capacity Revenue (5)	\$6,021	6,048	6,087	6,036	5,905	6,107	6,234	6,223	6,258	6,136	6,197
REC Revenue (6)	\$1,059	1,064	1,069	1,073	1,077	1,081	1,084	1,087	1,089	1,091	1,092
Other Revenue (7)	\$4,024	3,993	4,041	4,042	4,044	4,046	4,048	4,048	4,050	4,050	4,054
Total Operating Revenues	\$56,631	57,439	57,749	58,072	58,396	58,731	59,058	59,403	59,742	60,134	60,508
OPERATING EXPENSES (\$000) (8)											
Meldahl Overhead Adder (9)	\$642	657	672	687	703	719	736	753	770	788	806
Labor & Overhead (10)	\$3,401	3,479	3,559	3,641	3,724	3,810	3,898	3,987	4,079	4,173	4,269
Scheduled Maintenance	\$1,036	1,060	1,084	1,109	1,135	1,161	1,188	1,215	1,243	1,271	1,301
Other Plant Costs	\$832	851	871	891	911	932	953	975	998	1,021	1,044
Taxes (Including PILOT) (11)	\$2,942	3,009	3,079	3,149	3,222	3,296	3,372	3,449	3,529	3,610	3,693
Insurance	\$586	599	613	627	641	656	671	687	702	719	735
Fees & Licenses	\$1,296	1,325	1,356	1,387	1,419	1,452	1,485	1,519	1,554	1,590	1,626
Other Expenses (12)	\$1,739	1,779	1,820	1,862	1,905	1,949	1,993	2,039	2,086	2,134	2,183
Total Operating Expenses	\$12,473	12,760	13,053	13,353	13,661	13,975	14,296	14,625	14,961	15,305	15,657
NET OPERATING REVENUES (\$000)	\$44,158	44,680	44,695	44,718	44,736	44,756	44,762	44,778	44,781	44,829	44,850
CREDITS FOR PARTICIPANT CONTRIBUTIONS (13)	\$234	234	234	234	234	234	234	234	234	234	234
ANNUAL NET DEBT SERVICE (\$000) (14)											
Annual Debt Service - New Bonds	\$4,143	5,812	5,742	5,668	5,585	5,508	5,407	4,947	5,315	5,238	5,125
Annual Debt Service - Existing Debt	\$35,788	34,593	34,678	34,773	34,871	34,967	35,073	35,548	35,183	35,303	35,436
ANNUAL NET DEBT SERVICE (\$000)	\$39,932	40,405	40,420	40,441	40,456	40,475	40,481	40,495	40,497	40,541	40,561
ANNUAL NET DEBT SERVICE COVERAGE (15)	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
DEPOSITS TO OTHER TRUST ACCOUNTS (\$000) (16)	\$3,993	4,041	4,042	4,044	4,046	4,048	4,048	4,050	4,050	4,054	4,056
PARITY COMMON RESERVE ACCOUNT (\$000) (17)											
B-O-Y Fund Balance	\$48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148
Payments into Parity Common Reserve Account	\$0	0	0	0	0	0	0	0	0	0	0
SPECIAL RESERVE ACCOUNT (\$000) (18)	\$8,124	8,124	7,690	7,690	7,690	7,690	7,690	7,690	7,690	7,690	7,690
Payments into Special Reserve Account	\$0	(435)	0	0	0	0	0	0	0	0	0
AVERAGE PROJECT COSTS											
Gross Participant Energy Cost (\$/MWh) (19)	\$105.21	106.89	107.41	108.06	108.70	109.37	110.02	110.71	\$111.38	112.17	112.91
Net Participant Energy Cost (\$/MWh) (20)	\$91.05	92.67	93.10	93.84	94.74	95.00	95.38	96.09	96.69	97.71	98.33

Exhibit 2
AMP Meldahl Project
Projected Operating Results
Low Production Case

<u>Year Ending December 31,</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>	<u>2045</u>	<u>2046</u>
PERFORMANCE									
Net Capacity (MW) (1)	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0
Net Generation (MWh) (2)	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006
Capacity Factor (%)	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%
Participant Energy Sales (MWh)	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006	500,006
COMMODITY PRICES									
General Inflation (%) (3)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capacity Price (\$/kW-yr)	\$56.00	57.29	58.60	59.95	61.33	62.74	64.18	65.66	67.17
REC Price (\$/MWh)	2.19	2.19	2.19	2.18	2.18	2.18	2.17	2.16	2.16
OPERATING REVENUES (\$000)									
Participant Revenue (4)	\$49,865	50,124	50,388	50,682	50,965	51,255	51,552	49,084	47,806
Capacity Revenue (5)	\$5,880	6,015	6,153	6,295	6,440	6,588	6,739	6,894	7,053
REC Revenue (6)	\$1,093	1,093	1,093	1,092	1,091	1,088	1,086	1,082	1,078
Other Revenue (7)	\$4,056	4,058	4,061	4,064	4,068	4,072	4,075	4,078	3,829
Total Operating Revenues	\$60,894	61,291	61,696	62,133	62,564	63,002	63,452	61,138	59,766
OPERATING EXPENSES (\$000) (8)									
Meldahl Overhead Adder (9)	\$825	844	863	883	903	924	945	967	989
Labor & Overhead (10)	\$4,367	4,468	4,570	4,675	4,783	4,893	5,006	5,121	5,238
Scheduled Maintenance	\$1,331	1,361	1,392	1,425	1,457	1,491	1,525	1,560	1,596
Other Plant Costs	\$1,068	1,093	1,118	1,144	1,170	1,197	1,224	1,253	1,281
Taxes (Including PILOT) (11)	\$3,778	3,865	3,954	4,045	4,138	4,233	4,330	4,430	4,532
Insurance	\$752	769	787	805	824	843	862	882	902
Fees & Licenses	\$1,664	1,702	1,741	1,781	1,822	1,864	1,907	1,951	1,996
Other Expenses (12)	\$2,233	2,285	2,337	2,391	2,446	2,502	2,560	2,619	2,679
Total Operating Expenses	\$16,018	16,386	16,763	17,148	17,543	17,946	18,359	18,781	19,213
NET OPERATING REVENUES (\$000)	\$44,877	44,905	44,933	44,984	45,021	45,056	45,093	42,357	40,552
CREDITS FOR PARTICIPANT CONTRIBUTIONS (13)	\$234	234	234	234	234	234	234	234	0
ANNUAL NET DEBT SERVICE (\$000) (14)									
Annual Debt Service - New Bonds	\$5,016	4,905	4,788	4,679	4,557	4,421	4,282	1,618	0
Annual Debt Service - Existing Debt	\$35,569	35,706	35,848	36,003	36,159	36,327	36,499	36,676	36,866
ANNUAL NET DEBT SERVICE (\$000)	\$40,585	40,610	40,636	40,683	40,716	40,748	40,781	38,294	36,866
ANNUAL NET DEBT SERVICE COVERAGE (15)	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
DEPOSITS TO OTHER TRUST ACCOUNTS (\$000) (16)	\$4,058	4,061	4,064	4,068	4,072	4,075	4,078	3,829	3,687
PARITY COMMON RESERVE ACCOUNT (\$000) (17)									
B-O-Y Fund Balance	\$48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148
Payments into Parity Common Reserve Account	\$0	0	0	0	0	0	0	0	(4,202)
SPECIAL RESERVE ACCOUNT (\$000) (18)	\$7,690	7,690	\$7,690	7,690	7,690	7,690	7,690	7,690	7,690
Payments into Special Reserve Account	\$0	0	\$0	0	0	0	0	0	0
AVERAGE PROJECT COSTS									
Gross Participant Energy Cost (\$/MWh) (19)	\$113.68	114.46	115.27	116.14	116.99	117.86	118.75	114.12	111.87
Net Participant Energy Cost (\$/MWh) (20)	\$99.73	100.25	100.78	101.36	101.93	102.51	103.10	98.17	95.61

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Exhibit 3
AMP Meldahl Project
Projected Operating Results
High Production Case

Year Ending December 31,	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
PERFORMANCE											
Net Capacity (MW) (1)	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0
Net Generation (MWh) (2)	312,510	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118
Capacity Factor (%)	68.0%	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%
Participant Energy Sales (MWh)	312,510	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118
COMMODITY PRICES											
General Inflation (%) (3)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capacity Price (\$/kW-yr)	\$46.57	42.65	51.16	40.28	40.75	50.46	53.25	53.79	53.54	56.14	56.80
REC Price (\$/MWh)	\$2.00	2.00	2.00	2.00	2.00	2.05	2.06	2.07	2.08	2.10	2.11
OPERATING REVENUES (\$000)											
Participant Revenue (4)	\$28,195	45,455	43,590	44,474	44,844	44,026	43,989	44,210	44,505	44,201	45,667
Capacity Revenue (5)	\$2,445	4,478	5,372	4,229	4,279	5,298	5,592	5,648	5,621	5,895	5,964
REC Revenue (6)	\$625	1,222	1,222	1,222	1,222	1,250	1,258	1,266	1,274	1,281	1,288
Other Revenue (7)	\$0	2,358	3,931	3,934	3,936	3,935	3,934	3,934	3,937	3,938	3,912
Total Operating Revenues	\$31,264	53,513	54,115	53,859	54,281	54,510	54,772	55,058	55,337	55,316	56,831
OPERATING EXPENSES (\$000) (8)											
Meldahl Overhead Adder (9)	\$313	625	640	654	669	685	700	717	733	750	767
Labor & Overhead (10)	\$1,438	2,654	2,734	2,816	2,900	2,967	3,035	3,105	3,176	3,249	3,324
Scheduled Maintenance	\$448	628	1,031	612	884	904	925	946	968	990	1,013
Other Plant Costs	\$331	681	690	700	709	726	742	760	777	795	813
Taxes (Including PILOT) (11)	\$1,232	2,474	2,486	2,497	2,509	2,567	2,626	2,686	2,748	2,811	2,876
Insurance	\$205	431	453	476	499	511	523	535	547	560	572
Fees & Licenses	\$552	1,104	1,104	1,105	1,105	1,130	1,156	1,183	1,210	1,238	1,266
Other Expenses (12)	\$688	1,437	1,473	1,469	1,483	1,517	1,552	1,588	1,624	1,662	1,700
Total Operating Expenses	\$5,206	10,035	10,611	10,328	10,759	11,007	11,260	11,519	11,784	12,055	12,332
NET OPERATING REVENUES (\$000)	\$26,059	43,478	43,505	43,531	43,522	43,503	43,513	43,540	43,553	43,261	44,499
CREDITS FOR PARTICIPANT CONTRIBUTIONS (13)	\$117	234	234	234	234	234	234	234	234	234	234
ANNUAL NET DEBT SERVICE (\$000) (14)											
Annual Debt Service - New Bonds	\$1,961	4,161	4,178	4,204	4,537	5,646	5,592	4,975	4,933	5,799	4,707
Annual Debt Service - Existing Debt	\$21,622	35,152	35,159	35,157	34,816	33,690	33,753	34,394	34,448	33,317	35,534
ANNUAL NET DEBT SERVICE (\$000)	\$23,584	39,313	39,337	39,361	39,353	39,336	39,345	39,369	39,381	39,116	40,241
ANNUAL NET DEBT SERVICE COVERAGE (15)	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
DEPOSITS TO OTHER TRUST ACCOUNTS (\$000) (16)	\$2,358	3,931	3,934	3,936	3,935	3,934	3,934	3,937	3,938	3,912	4,024
PARITY COMMON RESERVE ACCOUNT (\$000) (17)											
B-O-Y Fund Balance	\$48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148
Payments into Parity Common Reserve Account	\$0	0	0	0	0	0	0	0	0	0	0
SPECIAL RESERVE ACCOUNT (\$000) (18)	\$8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124
Payments into Special Reserve Account	\$0	0	0	0	0	0	0	0	0	0	0
AVERAGE PROJECT COSTS											
Gross Participant Energy Cost (\$/MWh) (19)	\$100.04	83.71	82.12	81.69	82.38	82.76	83.19	83.66	84.11	84.07	86.59
Net Participant Energy Cost (\$/MWh) (20)	\$90.22	74.38	71.33	72.77	73.38	72.04	71.98	72.34	72.82	72.33	74.73

Exhibit 3
AMP Meldahl Project
Projected Operating Results
High Production Case

Year Ending December 31,	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>
PERFORMANCE											
Net Capacity (MW) (1)	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0
Net Generation (MWh) (2)	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118
Capacity Factor (%)	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%
Participant Energy Sales (MWh)	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118
COMMODITY PRICES											
General Inflation (%) (3)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capacity Price (\$/kW-yr)	\$57.34	57.60	57.98	57.49	56.24	58.16	59.37	59.27	59.60	58.44	59.02
REC Price (\$/MWh)	\$2.12	2.13	2.14	2.15	2.15	2.16	2.17	2.17	\$2.18	2.18	2.18
OPERATING REVENUES (\$000)											
Participant Revenue (4)	\$45,434	46,243	46,464	46,835	47,287	47,418	47,615	47,971	48,275	48,790	49,101
Capacity Revenue (5)	\$6,021	6,048	6,087	6,036	5,905	6,107	6,234	6,223	6,258	6,136	6,197
REC Revenue (6)	\$1,294	1,301	1,306	1,312	1,316	1,321	1,325	1,328	1,331	1,333	1,335
Other Revenue (7)	\$4,024	3,993	4,041	4,042	4,044	4,046	4,048	4,048	4,050	4,050	4,054
Total Operating Revenues	\$56,774	57,585	57,898	58,225	58,552	58,891	59,222	59,570	59,913	60,309	60,687
OPERATING EXPENSES (\$000) (8)											
Meldahl Overhead Adder (9)	\$785	803	821	840	860	879	900	920	941	963	985
Labor & Overhead (10)	\$3,401	3,479	3,559	3,641	3,724	3,810	3,898	3,987	4,079	4,173	4,269
Scheduled Maintenance	\$1,036	1,060	1,084	1,109	1,135	1,161	1,188	1,215	1,243	1,271	1,301
Other Plant Costs	\$832	851	871	891	911	932	953	975	998	1,021	1,044
Taxes (Including PILOT) (11)	\$2,942	3,009	3,079	3,149	3,222	3,296	3,372	3,449	3,529	3,610	3,693
Insurance	\$586	599	613	627	641	656	671	687	702	719	735
Fees & Licenses	\$1,296	1,325	1,356	1,387	1,419	1,452	1,485	1,519	1,554	1,590	1,626
Other Expenses (12)	\$1,739	1,779	1,820	1,862	1,905	1,949	1,993	2,039	2,086	2,134	2,183
Total Operating Expenses	\$12,616	12,906	13,203	13,506	13,817	14,135	14,460	14,792	15,133	15,481	15,837
NET OPERATING REVENUES (\$000)	\$44,158	44,680	44,695	44,718	44,736	44,756	44,762	44,778	44,781	44,829	44,850
CREDITS FOR PARTICIPANT CONTRIBUTIONS (13)	\$234	234	234	234	234	234	234	234	234	234	234
ANNUAL NET DEBT SERVICE (\$000) (14)											
Annual Debt Service - New Bonds	\$4,143	5,812	5,742	5,668	5,585	5,508	5,407	4,947	5,315	5,238	5,125
Annual Debt Service - Existing Debt	\$35,788	34,593	34,678	34,773	34,871	34,967	35,073	35,548	35,183	35,303	35,436
ANNUAL NET DEBT SERVICE (\$000)	\$39,932	40,405	40,420	40,441	40,456	40,475	40,481	40,495	40,497	40,541	40,561
ANNUAL NET DEBT SERVICE COVERAGE (15)	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
DEPOSITS TO OTHER TRUST ACCOUNTS (\$000) (16)	\$3,993	4,041	4,042	4,044	4,046	4,048	4,048	4,050	4,050	4,054	4,056
PARITY COMMON RESERVE ACCOUNT (\$000) (17)											
B-O-Y Fund Balance	\$48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148
Payments into Parity Common Reserve Account	\$0	0	0	0	0	0	0	0	0	0	0
SPECIAL RESERVE ACCOUNT (\$000) (18)	\$8,124	8,124	7,690	7,690	7,690	7,690	7,690	7,690	7,690	7,690	7,690
Payments into Special Reserve Account	\$0	(435)	0	0	0	0	0	0	0	0	0
AVERAGE PROJECT COSTS											
Gross Participant Energy Cost (\$/MWh) (19)	\$86.32	87.70	88.13	88.66	89.19	89.75	90.28	90.85	\$91.41	92.06	92.67
Net Participant Energy Cost (\$/MWh) (20)	\$74.35	75.67	76.03	76.64	77.38	77.59	77.92	78.50	78.99	79.84	80.35

Exhibit 3
AMP Meldahl Project
Projected Operating Results
High Production Case

<u>Year Ending December 31,</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>	<u>2045</u>	<u>2046</u>
PERFORMANCE									
Net Capacity (MW) (1)	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0
Net Generation (MWh) (2)	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118
Capacity Factor (%)	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%
Participant Energy Sales (MWh)	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118	611,118
COMMODITY PRICES									
General Inflation (%) (3)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capacity Price (\$/kW-yr)	\$56.00	57.29	58.60	59.95	61.33	62.74	64.18	65.66	67.17
REC Price (\$/MWh)	2.19	2.19	2.19	2.18	2.18	2.18	2.17	2.16	2.16
OPERATING REVENUES (\$000)									
Participant Revenue (4)	\$49,806	50,069	50,337	50,636	50,923	51,218	51,521	49,058	47,786
Capacity Revenue (5)	\$5,880	6,015	6,153	6,295	6,440	6,588	6,739	6,894	7,053
REC Revenue (6)	\$1,336	1,336	1,336	1,335	1,333	1,330	1,327	1,323	1,317
Other Revenue (7)	\$4,056	4,058	4,061	4,064	4,068	4,072	4,075	4,078	3,829
Total Operating Revenues	\$61,078	61,478	61,887	62,329	62,764	63,208	63,662	61,353	59,986
OPERATING EXPENSES (\$000) (8)									
Meldahl Overhead Adder (9)	\$1,008	1,031	1,055	1,079	1,104	1,129	1,155	1,182	1,209
Labor & Overhead (10)	\$4,367	4,468	4,570	4,675	4,783	4,893	5,006	5,121	5,238
Scheduled Maintenance	\$1,331	1,361	1,392	1,425	1,457	1,491	1,525	1,560	1,596
Other Plant Costs	\$1,068	1,093	1,118	1,144	1,170	1,197	1,224	1,253	1,281
Taxes (Including PILOT) (11)	\$3,778	3,865	3,954	4,045	4,138	4,233	4,330	4,430	4,532
Insurance	\$752	769	787	805	824	843	862	882	902
Fees & Licenses	\$1,664	1,702	1,741	1,781	1,822	1,864	1,907	1,951	1,996
Other Expenses (12)	\$2,233	2,285	2,337	2,391	2,446	2,502	2,560	2,619	2,679
Total Operating Expenses	\$16,201	16,573	16,955	17,345	17,744	18,152	18,569	18,996	19,433
NET OPERATING REVENUES (\$000)	\$44,877	44,905	44,933	44,984	45,021	45,056	45,093	42,357	40,552
CREDITS FOR PARTICIPANT CONTRIBUTIONS (13)	\$234	234	234	234	234	234	234	234	0
ANNUAL NET DEBT SERVICE (\$000) (14)									
Annual Debt Service - New Bonds	\$5,016	4,905	4,788	4,679	4,557	4,421	4,282	1,618	0
Annual Debt Service - Existing Debt	\$35,569	35,706	35,848	36,003	36,159	36,327	36,499	36,676	36,866
ANNUAL NET DEBT SERVICE (\$000)	\$40,585	40,610	40,636	40,683	40,716	40,748	40,781	38,294	36,866
ANNUAL NET DEBT SERVICE COVERAGE (15)	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
DEPOSITS TO OTHER TRUST ACCOUNTS (\$000) (16)	\$4,058	4,061	4,064	4,068	4,072	4,075	4,078	3,829	3,687
PARITY COMMON RESERVE ACCOUNT (\$000) (17)									
B-O-Y Fund Balance	\$48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148
Payments into Parity Common Reserve Account	\$0	0	0	0	0	0	0	0	(4,202)
SPECIAL RESERVE ACCOUNT (\$000) (18)	\$7,690	7,690	\$7,690	7,690	7,690	7,690	7,690	7,690	7,690
Payments into Special Reserve Account	\$0	0	\$0	0	0	0	0	0	0
AVERAGE PROJECT COSTS									
Gross Participant Energy Cost (\$/MWh) (19)	\$93.31	93.96	94.62	95.34	96.05	96.77	97.50	93.72	91.89
Net Participant Energy Cost (\$/MWh) (20)	\$81.50	81.93	82.37	82.86	83.33	83.81	84.31	80.28	78.19

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Exhibit 4
AMP Meldahl Project
Projected Operating Results

No RECs Case

<u>Year Ending December 31,</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
PERFORMANCE											
Net Capacity (MW) (1)	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0
Net Generation (MWh) (2)	284,100	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562
Capacity Factor (%)	61.8%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%
Participant Energy Sales (MWh)	284,100	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562
COMMODITY PRICES											
General Inflation (%) (3)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capacity Price (\$/kW-yr)	\$46.57	42.65	51.16	40.28	40.75	50.46	53.25	53.79	53.54	56.14	56.80
REC Price (\$/MWh)	\$0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OPERATING REVENUES (\$000)											
Participant Revenue (4)	\$28,791	46,620	44,754	45,637	46,005	45,214	45,183	45,411	45,712	45,414	46,885
Capacity Revenue (5)	\$2,445	4,478	5,372	4,229	4,279	5,298	5,592	5,648	5,621	5,895	5,964
REC Revenue (6)	\$0	0	0	0	0	0	0	0	0	0	0
Other Revenue (7)	\$0	2,358	3,931	3,934	3,936	3,935	3,934	3,934	3,937	3,938	3,912
Total Operating Revenues	\$31,236	53,456	54,057	53,800	54,220	54,447	54,709	54,993	55,270	55,248	56,761
OPERATING EXPENSES (\$000) (8)											
Meldahl Overhead Adder (9)	\$284	568	581	595	608	622	637	651	666	682	697
Labor & Overhead (10)	\$1,438	2,654	2,734	2,816	2,900	2,967	3,035	3,105	3,176	3,249	3,324
Scheduled Maintenance	\$448	628	1,031	612	884	904	925	946	968	990	1,013
Other Plant Costs	\$331	681	690	700	709	726	742	760	777	795	813
Taxes (Including PILOT) (11)	\$1,232	2,474	2,486	2,497	2,509	2,567	2,626	2,686	2,748	2,811	2,876
Insurance	\$205	431	453	476	499	511	523	535	547	560	572
Fees & Licenses	\$552	1,104	1,104	1,105	1,105	1,130	1,156	1,183	1,210	1,238	1,266
Other Expenses (12)	\$688	1,437	1,473	1,469	1,483	1,517	1,552	1,588	1,624	1,662	1,700
Total Operating Expenses	\$5,177	9,979	10,552	10,269	10,698	10,944	11,196	11,454	11,717	11,986	12,262
NET OPERATING REVENUES (\$000)	\$26,059	43,478	43,505	43,531	43,522	43,503	43,513	43,540	43,553	43,261	44,499
CREDITS FOR PARTICIPANT CONTRIBUTIONS (13)	\$117	234	234	234	234	234	234	234	234	234	234
ANNUAL NET DEBT SERVICE (\$000) (14)											
Annual Debt Service - New Bonds	\$1,961	4,161	4,178	4,204	4,537	5,646	5,592	4,975	4,933	5,799	4,707
Annual Debt Service - Existing Debt	\$21,622	35,152	35,159	35,157	34,816	33,690	33,753	34,394	34,448	33,317	35,534
ANNUAL NET DEBT SERVICE (\$000)	\$23,584	39,313	39,337	39,361	39,353	39,336	39,345	39,369	39,381	39,116	40,241
ANNUAL NET DEBT SERVICE COVERAGE (15)	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
DEPOSITS TO OTHER TRUST ACCOUNTS (\$000) (16)	\$2,358	3,931	3,934	3,936	3,935	3,934	3,934	3,937	3,938	3,912	4,024
PARITY COMMON RESERVE ACCOUNT (\$000) (17)											
B-O-Y Fund Balance	\$48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148
Payments into Parity Common Reserve Account	\$0	0	0	0	0	0	0	0	0	0	0
SPECIAL RESERVE ACCOUNT (\$000) (18)	\$8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124
Payments into Special Reserve Account	\$0	0	0	0	0	0	0	0	0	0	0
AVERAGE PROJECT COSTS											
Gross Participant Energy Cost (\$/MWh) (19)	\$109.95	91.98	90.23	89.76	90.51	90.92	91.39	91.90	92.40	92.36	95.13
Net Participant Energy Cost (\$/MWh) (20)	\$101.34	83.91	80.56	82.15	82.81	81.38	81.33	81.74	82.28	81.74	84.39

Exhibit 4
AMP Meldahl Project
Projected Operating Results

No RECs Case

<u>Year Ending December 31,</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>
PERFORMANCE											
Net Capacity (MW) (1)	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0
Net Generation (MWh) (2)	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562
Capacity Factor (%)	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%
Participant Energy Sales (MWh)	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562
COMMODITY PRICES											
General Inflation (%) (3)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capacity Price (\$/kW-yr)	\$57.34	57.60	57.98	57.49	56.24	58.16	59.37	59.27	59.60	58.44	59.02
REC Price (\$/MWh)	\$0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$0.00	0.00	0.00
OPERATING REVENUES (\$000)											
Participant Revenue (4)	\$46,657	47,471	47,695	48,070	48,525	48,659	48,858	49,216	49,520	50,036	50,346
Capacity Revenue (5)	\$6,021	6,048	6,087	6,036	5,905	6,107	6,234	6,223	6,258	6,136	6,197
REC Revenue (6)	\$0	0	0	0	0	0	0	0	0	0	0
Other Revenue (7)	\$4,024	3,993	4,041	4,042	4,044	4,046	4,048	4,048	4,050	4,050	4,054
Total Operating Revenues	\$56,703	57,512	57,823	58,148	58,474	58,811	59,140	59,487	59,828	60,222	60,597
OPERATING EXPENSES (\$000) (8)											
Meldahl Overhead Adder (9)	\$713	730	747	764	781	799	818	837	856	875	896
Labor & Overhead (10)	\$3,401	3,479	3,559	3,641	3,724	3,810	3,898	3,987	4,079	4,173	4,269
Scheduled Maintenance	\$1,036	1,060	1,084	1,109	1,135	1,161	1,188	1,215	1,243	1,271	1,301
Other Plant Costs	\$832	851	871	891	911	932	953	975	998	1,021	1,044
Taxes (Including PILOT) (11)	\$2,942	3,009	3,079	3,149	3,222	3,296	3,372	3,449	3,529	3,610	3,693
Insurance	\$586	599	613	627	641	656	671	687	702	719	735
Fees & Licenses	\$1,296	1,325	1,356	1,387	1,419	1,452	1,485	1,519	1,554	1,590	1,626
Other Expenses (12)	\$1,739	1,779	1,820	1,862	1,905	1,949	1,993	2,039	2,086	2,134	2,183
Total Operating Expenses	\$12,544	12,833	13,128	13,430	13,739	14,055	14,378	14,709	15,047	15,393	15,747
NET OPERATING REVENUES (\$000)	\$44,158	44,680	44,695	44,718	44,736	44,756	44,762	44,778	44,781	44,829	44,850
CREDITS FOR PARTICIPANT CONTRIBUTIONS (13)	\$234	234	234	234	234	234	234	234	234	234	234
ANNUAL NET DEBT SERVICE (\$000) (14)											
Annual Debt Service - New Bonds	\$4,143	5,812	5,742	5,668	5,585	5,508	5,407	4,947	5,315	5,238	5,125
Annual Debt Service - Existing Debt	\$35,788	34,593	34,678	34,773	34,871	34,967	35,073	35,548	35,183	35,303	35,436
ANNUAL NET DEBT SERVICE (\$000)	\$39,932	40,405	40,420	40,441	40,456	40,475	40,481	40,495	40,497	40,541	40,561
ANNUAL NET DEBT SERVICE COVERAGE (15)	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
DEPOSITS TO OTHER TRUST ACCOUNTS (\$000) (16)	\$3,993	4,041	4,042	4,044	4,046	4,048	4,048	4,050	4,050	4,054	4,056
PARITY COMMON RESERVE ACCOUNT (\$000) (17)											
B-O-Y Fund Balance	\$48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148
Payments into Parity Common Reserve Account	\$0	0	0	0	0	0	0	0	0	0	0
SPECIAL RESERVE ACCOUNT (\$000) (18)	\$8,124	8,124	7,690	7,690	7,690	7,690	7,690	7,690	7,690	7,690	7,690
Payments into Special Reserve Account	\$0	(435)	0	0	0	0	0	0	0	0	0
AVERAGE PROJECT COSTS											
Gross Participant Energy Cost (\$/MWh) (19)	\$94.82	96.33	96.81	97.39	97.97	98.58	99.17	99.79	\$100.40	101.11	101.78
Net Participant Energy Cost (\$/MWh) (20)	\$83.98	85.45	85.85	86.52	87.34	87.58	87.94	88.59	89.14	90.06	90.62

Exhibit 4
AMP Meldahl Project
Projected Operating Results

No RECs Case

<u>Year Ending December 31,</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>	<u>2045</u>	<u>2046</u>
PERFORMANCE									
Net Capacity (MW) (1)	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0
Net Generation (MWh) (2)	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562
Capacity Factor (%)	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%
Participant Energy Sales (MWh)	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562	555,562
COMMODITY PRICES									
General Inflation (%) (3)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capacity Price (\$/kW-yr)	\$56.00	57.29	58.60	59.95	61.33	62.74	64.18	65.66	67.17
REC Price (\$/MWh)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OPERATING REVENUES (\$000)									
Participant Revenue (4)	\$51,050	51,311	51,577	51,872	52,156	52,446	52,743	50,273	48,993
Capacity Revenue (5)	\$5,880	6,015	6,153	6,295	6,440	6,588	6,739	6,894	7,053
REC Revenue (6)	\$0	0	0	0	0	0	0	0	0
Other Revenue (7)	\$4,056	4,058	4,061	4,064	4,068	4,072	4,075	4,078	3,829
Total Operating Revenues	\$60,986	61,385	61,791	62,231	62,664	63,105	63,557	61,246	59,876
OPERATING EXPENSES (\$000) (8)									
Meldahl Overhead Adder (9)	\$916	937	959	981	1,003	1,027	1,050	1,074	1,099
Labor & Overhead (10)	\$4,367	4,468	4,570	4,675	4,783	4,893	5,006	5,121	5,238
Scheduled Maintenance	\$1,331	1,361	1,392	1,425	1,457	1,491	1,525	1,560	1,596
Other Plant Costs	\$1,068	1,093	1,118	1,144	1,170	1,197	1,224	1,253	1,281
Taxes (Including PILOT) (11)	\$3,778	3,865	3,954	4,045	4,138	4,233	4,330	4,430	4,532
Insurance	\$752	769	787	805	824	843	862	882	902
Fees & Licenses	\$1,664	1,702	1,741	1,781	1,822	1,864	1,907	1,951	1,996
Other Expenses (12)	\$2,233	2,285	2,337	2,391	2,446	2,502	2,560	2,619	2,679
Total Operating Expenses	\$16,109	16,480	16,859	17,247	17,643	18,049	18,464	18,889	19,323
NET OPERATING REVENUES (\$000)	\$44,877	44,905	44,933	44,984	45,021	45,056	45,093	42,357	40,552
CREDITS FOR PARTICIPANT CONTRIBUTIONS (13)	\$234	234	234	234	234	234	234	234	0
ANNUAL NET DEBT SERVICE (\$000) (14)									
Annual Debt Service - New Bonds	\$5,016	4,905	4,788	4,679	4,557	4,421	4,282	1,618	0
Annual Debt Service - Existing Debt	\$35,569	35,706	35,848	36,003	36,159	36,327	36,499	36,676	36,866
ANNUAL NET DEBT SERVICE (\$000)	\$40,585	40,610	40,636	40,683	40,716	40,748	40,781	38,294	36,866
ANNUAL NET DEBT SERVICE COVERAGE (15)	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
DEPOSITS TO OTHER TRUST ACCOUNTS (\$000) (16)	\$4,058	4,061	4,064	4,068	4,072	4,075	4,078	3,829	3,687
PARITY COMMON RESERVE ACCOUNT (\$000) (17)									
B-O-Y Fund Balance	\$48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148	48,148
Payments into Parity Common Reserve Account	\$0	0	0	0	0	0	0	0	(4,202)
SPECIAL RESERVE ACCOUNT (\$000) (18)	\$7,690	7,690	7,690	7,690	7,690	7,690	7,690	7,690	7,690
Payments into Special Reserve Account	\$0	0	\$0	0	0	0	0	0	0
AVERAGE PROJECT COSTS									
Gross Participant Energy Cost (\$/MWh) (19)	\$102.47	103.19	103.91	104.70	105.47	106.26	107.07	102.90	100.88
Net Participant Energy Cost (\$/MWh) (20)	\$91.89	92.36	92.84	93.37	93.88	94.40	94.94	90.49	88.19

APPENDIX F-1

PROPOSED FORM OF OPINION OF PECK, SHAFFER & WILLIAMS LLP

_____, 2016

American Municipal Power, Inc.
Columbus, Ohio

Ladies and Gentlemen:

We have examined the transcript of proceedings relating to the issuance of \$80,050,000 Meldahl Hydroelectric Project Revenue Bonds, Series 2016A (Green Bonds) (the “Bonds”) issued by American Municipal Power, Inc. (“AMP”) to finance capital expenditures, costs and expenses associated with the hydroelectric facility being constructed on the Captain Anthony Meldahl Locks and Dam on the Ohio River (the “Project”), to repay draws on a line of credit to finance certain expenditures relating to the Project, to fund a deposit to the Parity Common Reserve Account and to pay the costs of issuance of the Bonds. The transcript documents include executed counterparts of: (i) Resolution No. 16-06-3840 adopted by the Board of Trustees of AMP on June 23, 2016 (the “Resolution”); (ii) the Power Sales Contract dated as of March 1, 2009 (the “Power Sales Contract”) between AMP and 48 of its members, located in Ohio, Kentucky, Virginia and Michigan (the “Participants”); (iii) the Master Trust Indenture dated as of October 1, 2010 between AMP and U.S. Bank National Association, as trustee (the “Master Indenture”); (iv) the Eighth Supplemental Indenture, dated as of July 1, 2016 and between AMP and U.S. Bank National Association, as trustee (the “Eighth Supplemental Indenture,” and, together with the Master Indenture, as previously supplemented, the “Indenture”); and (v) other documents executed and delivered in connection with the issuance of the Bonds. We have also examined the Constitution and laws of the State of Ohio and such other documents, certifications and records as we have deemed necessary for purposes of this opinion. We have also examined the form of the Bonds.

Based upon the examinations above referred to, we are of the opinion that, under the law in effect on the date of this opinion:

1. The Bonds have been duly authorized, executed, issued and delivered by AMP and constitute legal, valid and binding special obligations of AMP, enforceable in accordance with their terms. The principal of and interest on the Bonds are payable solely from and secured by: (a) the Gross Receipts, as defined in the Master Indenture, (b) all moneys and investments in certain funds established by the Indenture, and (c) all rights, interests and property pledged and assigned to the Trustee under the Indenture. The Bonds do not constitute a debt, or a pledge of the faith and credit of the Participants or of any political subdivision of the State of Ohio and the registered owners thereof will have no right to have excises or taxes levied by the General Assembly of the State, the Participants or any other political subdivision of the State for the payment of debt service on the Bonds. AMP has no taxing power.

2. The Indenture has been duly authorized executed and delivered by AMP and constitutes a valid and binding obligation of AMP, enforceable in accordance with its terms.

3. Interest on the Bonds is exempt from taxes levied by the State of Ohio and its subdivisions, including the Ohio personal income tax, and also excludible from the net income base used in calculating the Ohio corporate franchise tax. We express no other opinion as to the federal or state tax consequences of purchasing, holding or disposing of the Bonds.

In giving this opinion, we have relied upon covenants and certifications of facts made by officials of AMP and others contained in the transcript which we have not independently verified. We have also relied upon the opinions of the General Counsel to AMP and of Taft Stettinius & Hollister LLP, as counsel to AMP, as to the matters contained therein. It is to be understood that the enforceability of the Bonds, the Indenture and all other documents relating to the issuance of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting creditors' rights, and to the exercise of judicial discretion. Capitalized terms not defined herein have the meanings given them in the Official Statement dated July 13, 2016 relating to the offering of the Bonds.

We bring to your attention the fact that our legal opinions are an expression of professional judgment and are not a guaranty of a result.

We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect our legal opinions expressed herein.

Very truly yours,

APPENDIX F-2

PROPOSED FORM OF OPINION OF NORTON ROSE FULBRIGHT US LLP

July ___, 2016

American Municipal Power, Inc.
Columbus, Ohio

Re: \$80,050,000 American Municipal Power, Inc.
Meldahl Hydroelectric Project Revenue Bonds, Series 2016A (Green Bonds)

We have acted as Federal Tax Counsel in connection with the issuance by American Municipal Power, Inc., an Ohio non-profit corporation (“AMP”), of its bonds described above (the “Bonds”). For purposes of rendering this opinion, we have examined, among other things, certified copies of:

- (i) Resolution No. 16-06-3840, adopted on June 23, 2016, by the Board of Trustees of AMP authorizing the Bonds (the “Authorizing Resolution”);
- (ii) the Power Sales Contract, dated as of March 1, 2009, between AMP and 48 of its members, located in Kentucky, Ohio, Michigan and Virginia (such members, the “Participants,” and such contract, the “Power Sales Contract”);
- (iii) the Master Trust Indenture, dated as of October 1, 2010, between AMP and U.S. Bank National Association, as trustee (the “Master Indenture”);
- (iv) the Eighth Supplemental Indenture to the Master Indenture, dated as of July 1, 2016, between AMP and U.S. Bank National Association, as trustee (the “Supplemental Indenture”);
- (v) the Tax Certificate delivered on the date hereof by AMP (the “Tax Certificate”) in which it has made certain representations and covenants concerning prior, current, and future compliance with the Internal Revenue Code of 1986, as amended (the “Code”); and
- (vi) the opinion of Peck, Shaffer & Williams, a division of Dinsmore and Shohl LLP, Columbus, Ohio, Bond Counsel, dated the date hereof, that the Bonds constitute valid and binding obligations of AMP (the “Peck Shaffer Opinion”).

and such other documents, proceedings and matters relating to the federal tax status of the Bonds as we deemed relevant to this opinion.

We have assumed, without independent verification, (i) the genuineness of certificates, records and other documents submitted to us and the accuracy and completeness of the statements contained therein; (ii) that all documents and certificates submitted to us as originals are accurate and complete; (iii) that all documents and certificates submitted to us as copies are true and correct copies of the originals thereof; and (iv) that all information submitted to us, and all representations and warranties made, in the Tax Certificate and otherwise are accurate and

complete. We have also assumed, without independent investigation, the correctness of the Peck Shaffer Opinion that the Bonds constitute valid and binding obligations of AMP. We have also assumed that each of the Authorizing Resolution, the Power Sales Contract, the Master Indenture and the Supplemental Indenture has been duly authorized, executed and delivered by the parties thereto and is valid and binding in accordance its terms.

On the basis of the foregoing examination, and in reliance thereon, and our consideration of such questions of law as we have deemed relevant in the circumstances, we are of the opinion that, under existing law:

1. Except as provided in the following sentence, interest on the Bonds is not includable in gross income for federal income tax purposes. Interest on the Bonds will be includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds in the event of either a failure by AMP to comply with the applicable requirements of the Code, and the covenants contained in the Tax Certificate regarding the use, expenditure and investment of proceeds of the Bonds and the timely payment of certain investment earnings to the United States, or a failure by the Participants to comply with the applicable requirements of the Code and the covenants contained in the Power Sales Contract, and we express no opinion as to the effect of any change to any document pertaining to the Bonds or of any action taken or not taken where such change is made or action is taken or not taken without our approval or in reliance upon the advice of counsel other than ourselves with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

2. Interest on the Bonds is not an item of tax preference for purposes of the federal individual or corporate alternative minimum tax. Interest on the Bonds will be, however, includable in the computation of the alternative minimum tax on corporations imposed by the Code. The Code contains other provisions that could result in tax consequences, upon which we render no opinion, as a result of ownership of the Bonds or the inclusion in certain computations of interest that is excluded from gross income.

You have received the opinion of Peck, Shaffer & Williams, a division of Dinsmore and Shohl LLP, regarding the State of Ohio tax consequences of ownership of or receipt or accrual of interest on the Bonds, and we express no opinion as to such matters.

Our services did not include financial or other non-legal advice. Further, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated July __, 2016 relating to the offering of the Bonds, or other offering material relating to the Bonds and express no opinion with respect thereto.

July ___, 2016

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We bring to your attention the fact that our legal opinions and conclusions are an expression of professional judgment and are not a guarantee of a result. The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof.

Respectfully submitted,

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BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Series 2016A Bonds. The Series 2016A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2016A Bonds, in the aggregate principal amount of such issues, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17 A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2016A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016A Bonds, except in the event that use of the book-entry system for the Series 2016A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2016A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2016A Bonds may wish to ascertain that the nominee holding the Series 2016A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2016A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2016A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to AMP as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Series 2016A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from AMP or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or AMP, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of AMP or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2016A Bonds at any time by giving reasonable notice to AMP or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

AMP may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this Appendix G concerning DTC and DTC's book-entry system has been obtained from sources that AMP believes to be reliable, but neither AMP nor the Underwriters takes any responsibility for the accuracy thereof.

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered as of July 27, 2016 by American Municipal Power, Inc. (“AMP”) in connection with the issuance of its Meldahl Hydroelectric Project Revenue Bonds, Series 2016A (Green Bonds) (the “Series 2016A Bonds”). The Series 2016A Bonds are being issued pursuant to a Master Trust Indenture, dated as of October 1, 2010 (the “Master Trust Indenture”), as supplemented by the Eighth Supplemental Indenture (the “Eighth Supplemental Indenture”) dated as of July 1, 2016 and between AMP and U.S. Bank National Association, Cincinnati, Ohio, as trustee (the “Trustee”) in each such case in substantially the form thereof heretofore provided to the Participating Underwriters. The Master Trust Indenture, as so supplemented, is herein called the “Indenture”. AMP covenants and agrees as follows:

1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by AMP for the benefit of the holders of the Series 2016A Bonds and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). AMP acknowledges that it is undertaking responsibility for any reports, notices or disclosures that may be required under this Agreement. AMP and its officials and its employees shall have no liability by reason of any act taken or not taken by reason of this Disclosure Agreement except to the extent required for the agreements contained in this Disclosure Agreement to satisfy the requirements of the Rule.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by AMP pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean, for purposes of this Disclosure Agreement, any person who is a beneficial owner of a Series 2016A Bond.

“Dissemination Agent” shall mean AMP, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by AMP and which has filed with AMP a written acceptance of such designation.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosure (<http://emma.msrb.org>) or any other dissemination agent or conduit required, designated or permitted by the SEC.

“Filing Date” shall have the meaning given to such term in Section 3.1 hereof.

“Fiscal Year” shall mean the twelve-month period at the end of which financial position and results of operations are determined. Currently, AMP’s and each MOP’s Fiscal Year begins

January 1 and continues through December 31 of the same calendar year, with the exception of the City of Danville, Virginia and the Electric Plant Board of the City of Paducah, Kentucky whose Fiscal Years begin on July 1 and end June 30 of the following calendar year as specified in Section 4 hereof.

“Listed Events” shall mean, with respect to the Series 2016A Bonds, any of the events listed in subsection (b)(5)(i)(C) of the Rule, which are as follows:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for AMP or an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of AMP or an obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of AMP;

- (13) The consummation of a merger, consolidation, or acquisition involving AMP or an obligated person or the sale of all or substantially all of the assets of AMP or an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

“MOP” shall mean an “obligated person” within the meaning of the Rule. Each of the cities of Hamilton, Ohio; Cleveland, Ohio; Danville, Virginia; Electric Plant Board of the City of Paducah, Kentucky; Wadsworth, Ohio; and Orrville, Ohio, is deemed a MOP.

“MSRB” means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Official Statement” shall mean the official statement dated July 13, 2016 relating to the Series 2016A Bonds.

“Participating Underwriter” shall mean each original Underwriter of the Series 2016A Bonds required to comply with the Rule in connection with the offering of such Series 2016A Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

3. Provision of Annual Reports.

3.1 AMP shall, or shall cause the Dissemination Agent to, provide to the MSRB via EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Such Annual Report shall be filed on a date (the “Filing Date”) that is not later than November 30 of the succeeding Fiscal Year commencing with the report for the fiscal year ending December 31, 2016. Not later than ten (10) days prior to the Filing Date, AMP shall provide the Annual Report to the Dissemination Agent (if applicable). In such case, the Annual Report must be submitted in electronic format and accompanying information as prescribed by the MSRB and (i) may be submitted as a single document or as separate documents comprising a package, (ii) may include by specific reference other information as provided in Section 4 of this Disclosure Agreement, and (iii) shall include such financial statements as may be required by the Rule.

3.2 The annual financial statements of the MOPs shall be prepared on the basis of generally accepted accounting principles or such other manner of presentation as may be required by law, will be copies of the audited annual financial statements and will be filed with

the MSRB when they become publicly available. Such annual financial statements may be filed separately from the Annual Report.

3.3 If AMP or the Dissemination Agent (if applicable) fails to provide an Annual Report to the MSRB by the date required in subsection (a) hereto, AMP or the Dissemination Agent, if applicable, shall send a notice to the MSRB in substantially the form attached hereto as Exhibit B.

4. **Content of Annual Reports.** Except as otherwise agreed, any Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, (i) an updated table presenting the Participants and their allocation in the Project expressed in kilowatts and percentages as shown on page A-1 of the Official Statement, and (ii) with respect to the MOPs, annual statistical and financial information, including operating data as described in Exhibit A attached hereto. For purposes of the Annual Report, it is recognized that the fiscal years for the City of Danville, Virginia and the Electric Plant Board of the City of Paducah, Kentucky begin on July 1 and end June 30 of the following calendar year and, as such, annual statistical and financial information for such City or Board will be as of the end of its fiscal year.

Any or all of such information may be included by specific reference from other documents, including offering memoranda of securities issues with respect to which AMP or a MOP is an “obligated person” (within the meaning of the Rule), which have been filed with the MSRB via EMMA or the Securities and Exchange Commission. If the document included by specific reference is a final official statement, it must be available from the MSRB via EMMA. AMP shall clearly identify each such other document so included by specific reference.

5. **Reporting of Listed Events.** AMP will provide notice of any of the Listed Events to the MSRB via EMMA in a timely manner not in excess of ten business days after the occurrence of the event. Whenever AMP obtains knowledge of the occurrence of a Listed Event that requires AMP to determine if such event would constitute material information, whether because of a notice from the Trustee or otherwise, AMP shall as soon as possible determine if such event would be material under applicable federal securities laws.

6. **Termination of Reporting Obligation.** AMP’s obligations under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of all the Series 2016A Bonds.

7. **Dissemination Agent.** **AMERICAN MUNICIPAL POWER, INC. SHALL BE THE DISSEMINATION AGENT. AMP MAY, FROM TIME TO TIME, APPOINT OR ENGAGE ANOTHER DISSEMINATION AGENT TO ASSIST IT IN CARRYING OUT ITS OBLIGATIONS UNDER THIS DISCLOSURE AGREEMENT AND MAY DISCHARGE ANY SUCH AGENT, WITH OR WITHOUT APPOINTING A SUCCESSOR DISSEMINATION AGENT.**

8. **Amendment.** **NOTWITHSTANDING ANY OTHER PROVISION OF THIS DISCLOSURE AGREEMENT, AMP MAY AMEND THIS DISCLOSURE AGREEMENT, IF SUCH AMENDMENT IS SUPPORTED BY AN OPINION OF INDEPENDENT COUNSEL WITH EXPERTISE IN FEDERAL SECURITIES LAWS TO**

THE EFFECT THAT SUCH AMENDMENT IS NOT INCONSISTENT WITH OR IS REQUIRED BY THE RULE.

9. **Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent AMP from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If AMP chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, AMP shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

10. **Default.** Any Beneficial Owner may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause AMP to file its Annual Report or to give notice of a Listed Event. The Beneficial Owners of not less than a majority in aggregate principal amount of Series 2016A Bonds outstanding may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of AMP hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Indenture or the Series 2016A Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of AMP to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

It shall be a condition precedent to the right, power and standing of any person to bring an action to compel performance under this Disclosure Agreement that, such person, not less than 30 days prior to commencement of such action, shall have actually delivered to AMP notice of such person's intent to commence such action and the nature of the non-performance complained of, together with reasonable proof that such person is a person otherwise having such right, power and standing, and AMP shall not have cured the non-performance complained of.

Neither the commencement nor the successful completion of an action to compel performance under this Disclosure Agreement shall entitle any person to any other relief other than an order or injunction compelling performance.

11. **Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Participating Underwriter and Beneficial Owners from time to time of the Series 2016A Bonds, and shall create no rights in any other person or entity.

AMERICAN MUNICIPAL POWER, INC.

By: _____
Senior Vice President of Finance and
Chief Financial Officer

EXHIBIT A

PARTICIPANT INFORMATION

- (a) Updates for the previous calendar or fiscal year, as applicable, of the statistical and financial data presented in Appendix B to the Official Statement.
- (b) The audited financial statements for the electric system or, if separate financial statements are not prepared and audited for the electric system, then the audited general purpose financial statements of the MOP. The basis of presentation of such financial statements shall be generally accepted accounting principles or such other manner of presentation as may be required by law.

EXHIBIT B

NOTICE OF FAILURE TO FILE ANNUAL REPORT

RE: American Municipal Power, Inc. Meldahl Hydroelectric Project Revenue Bonds, Series 2016A (Green Bonds) (the “Series 2016A Bonds”).

CUSIP NO. 02765UKS2 – LN2

Dated: July 24, 2016

NOTICE IS HEREBY GIVEN that American Municipal Power, Inc. (“AMP”) has not provided an Annual Report as required by Section 3 of the Continuing Disclosure Agreement, which was entered into in connection with the above-named Series 2016A Bonds issued pursuant to that certain Master Trust Indenture, dated as of October 1, 2010, as supplemented by the Eighth Supplemental Indenture, dated as of July 1, 2016, each between AMP and U.S. Bank National Association, Cincinnati, Ohio, as trustee. AMP anticipates that the Annual Report will be filed by _____.

Dated: _____

AMERICAN MUNICIPAL POWER, INC.

By: _____
Senior Vice President of Finance and
Chief Financial Officer

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