New Issue–Book Entry Only

In the opinion of Sidley Austin LLP, Federal Tax Counsel, assuming compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, interest on the Series 2015 Bonds will not be includable in gross income of the owners thereof for federal income tax purposes. Interest on the Series 2015 Bonds will not be treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations and the interest thereon will not 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 2015 Bonds will be exempt from certain Ohio taxes. See "TAX MATTERS."

AMERICAN MUNICIPAL POWER, INC.
PRAIRIE STATE ENERGY CAMPUS PROJECT REVENUE BONDS

$507,875,000 REFUNDING SERIES 2015A
$135,350,000 REFUNDING SERIES 2015B
consisting of
$71,980,000 Subseries 2015B-1
$63,370,000 Subseries 2015B-2

Dated: Date of Issuance **Due: as shown on the inside cover page**

The Prairie State Energy Campus Project Revenue Bonds, Refunding Series 2015A (the "Series 2015A Bonds") and the Refunding Series 2015B (the "Series 2015B Bonds" and, together with the Series 2015A Bonds, the "Series 2015 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 2015 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 2015 Bonds will be made to beneficial owners by DTC through its participants. See APPENDIX F hereto. The Series 2015 Bonds will bear interest at the rates, and mature on the dates, as described on the inside cover hereof. Interest on the Series 2015 Bonds will accrue from their Issuance Date and will be paid each February 15 and August 15, commencing on August 15, 2015 as more fully described herein.

The Series 2015B Bonds will initially bear interest at the Initial Term Rates (the "Initial Term Rates") subject to mandatory tender for purchase on any date on or after their respective First Call Dates, including the applicable Mandatory Tender Date, (each as described herein). As set forth herein, while the Series 2015B Bonds bear interest at the Initial Term Rates, AMP is not obligated to pay the purchase price of any Series 2015B Bonds tendered for purchase by the holders thereof. **The purchase price of the Series 2015B Bonds tendered for purchase will be payable solely from amounts available from the proceeds of the remarketing thereof, as described herein. If AMP does not purchase Series 2015B Bonds on a purchase date, including the Mandatory Tender Date, such non-purchase shall not constitute an event of default.** The method of determining the interest rate on the Series 2015B Bonds may be converted from time to time in accordance with the provisions of the Indenture (as hereinafter defined) to a Daily Rate, a Commercial Paper Rate, a Weekly Rate or a Term Rate.

The Series 2015 Bonds are subject to redemption prior to maturity as described herein.

The Series 2015 Bonds are being issued and will be secured under the Master Trust Indenture, dated as of November 1, 2007 (the "Master Trust Indenture"), as supplemented by the two supplemental indentures, each dated as of January 1, 2015 and between AMP and U.S. Bank National Association, Cincinnati, Ohio, as trustee (U.S. Bank National Association acting in such capacity, the "Trustee"). The Master Trust Indenture, as so supplemented and as heretofore and further supplemented and amended from time to time, is herein called the "Indenture."

The Series 2015 Bonds are being issued to (i) refund a portion of the Outstanding Bonds (as defined herein) issued under the Master Trust Indenture and (ii) pay the costs of issuance of the Series 2015 Bonds.

AMP has entered into a Power Sales Contract dated as of November 1, 2007 (the "Power Sales Contract") with various municipalities in the States of Michigan, Ohio, Virginia and West 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 for its respective share of Power Sales Contract Resources (each a "PSCR Share"), including its share of electric power and energy from AMP's Ownership Interest in the PSEC, from the revenues of its Electric System.

The Series 2015 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 payment of the Series 2015 Bonds is not guaranteed by AMP, the Members of AMP or the Participants. Purchases of the Series 2015 Bonds involve certain investment risks as described herein.

The Series 2015 Bonds are not obligations of the State of Michigan, Ohio, Virginia or West 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 Michigan, Ohio, Virginia or West Virginia, or any political subdivision, including the Members of AMP and the Participants, is pledged for the payment of the Series 2015 Bonds. AMP has no taxing power.

The Series 2015 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, Sidley Austin LLP, and for the Underwriters by Nixon Peabody LLP. It is expected that delivery of the Series 2015 Bonds will be made on or about January 14, 2015, through the facilities of DTC.

RBC Capital Markets **Wells Fargo Securities**
BofA Merrill Lynch **BMO Capital Markets** **The Huntington Investment Company**
J.P. Morgan **KeyBanc Capital Markets** **US Bancorp**

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 December 19, 2014 and, except as expressly provided herein, the information contained herein speaks only as of that date.

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

AMERICAN MUNICIPAL POWER , INC.
PRAIRIE STATE ENERGY CAMPUS PROJECT REVENUE BONDS

$507,875,000 REFUNDING SERIES 2015A

Due February 15	Principal Amount	Interest Rate	Yield	CUSIP[1]
2020	$18,380,000	5.00%	1.72%	02765UFT6
2021	21,305,000	5.00	1.97	02765UFU3
2022	24,760,000	5.00	2.23	02765UFV1
2023	27,075,000	5.00	2.20[2]	02765UFW9
2024	29,290,000	5.00	2.34[2]	02765UFX7
2025	30,455,000	5.00	2.48[2]	02765UFY5
2026	31,785,000	5.00	2.91[3]	02765UFZ2
2027	32,870,000	5.00	3.03[3]	02765UGA6
2028	34,510,000	5.00	3.16[3]	02765UGB4
2029	36,150,000	5.00	3.23[3]	02765UGC2
2030	35,195,000	5.25	3.16[4]	02765UGD0
2031	37,055,000	5.25	3.21[4]	02765UGE8
2032	31,945,000	5.25	3.25[4]	02765UGF5
2033	33,625,000	5.25	3.30[4]	02765UGG3
2043	11,395,000	4.00	4.11	02765UGH1

$40,890,000 5.00% Term Bonds due February 15, 2039 –Yield 3.59%[3] CUSIP 02765UGJ7
$31,190,000 5.00% Term Bonds due February 15, 2042 – Yield 3.67%[3] CUSIP 02765UGK4

$135,350,000 REFUNDING SERIES 2015B

$71,980,000 REFUNDING SERIES 2015B (Subseries 2015B-1)

Final Maturity (February 15)	Initial Term Rate	First Call Date	Mandatory Tender Date[5]	Initial Yield	CUSIP[1]
2034	5.00%	February 15, 2019	August 15, 2019	1.71%[6]	02765UGL2

$63,370,000 REFUNDING SERIES 2015B (Subseries 2015B-2)

Final Maturity (February 15)	Initial Term Rate	First Call Date	Mandatory Tender Date[5]	Initial Yield	CUSIP[1]
2036	5.00%	February 15, 2020	August 15, 2020	1.98%[7]	02765UGM0

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(1) CUSIP® is a registered trademark of the American Bankers Association. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only, and AMP does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the Series 2015 Bonds as a result of various subsequent actions including, but not limited to, a defeasance in whole or in part of the Series 2015 Bonds.

(2) Priced at the stated yield to the February 15, 2020 optional redemption date at a redemption price of 100%.

(3) Priced at the stated yield to the February 15, 2024 optional redemption date at a redemption price of 100%.

(4) Priced at the stated yield to the February 15, 2022 optional redemption date at a redemption price of 100%.

(5) Unless all of the Series 2015B Bonds of the related Subseries are purchased on the Mandatory Tender Date, none of the Series 2015B Bonds of such Subseries will be purchased. In such event the Tender Agent will return all Series 2015B Bonds of such Subseries to the Holders thereof and the all Series 2015B Bonds of such Subseries will then bear interest at successively higher interest rates until all of the Series 2015B Bonds of such Subseries are remarketed, redeemed or paid at maturity as further described herein. See "The Series 2015 Bonds – Tender of the Series 2015B Bonds."

(6) Priced at the stated yield to the February 15, 2019 optional redemption date at a redemption price of 100%.

(7) Priced at the stated yield to the February 15, 2020 optional redemption date at a redemption price of 100%.

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	Interim Director of Utilities, City of Danville
DEMEC	Patrick McCullar	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	Director of Electric, City of Hamilton
Montpelier	Pamela Lucas, Secretary	Village Manager, Village of Montpelier
Napoleon	Jon Bisher*	Special Projects Clerk, City of Napoleon
New Martinsville, WV	Chuck Stora	Hydro Plant Manager, City of New Martinsville
Newton Falls	Tracy Reimbold, Treasurer	Finance Director, Village of Newton Falls
Oberlin	Steve Dupee, Chairman	Director, Oberlin Municipal Light & Power System
Orrville	Jeff Brediger, Vice Chairman	Director of Utilities, City of Orrville
Piqua	Ed Krieger	Director, Piqua Municipal Power System
Wadsworth	Robert Patrick	Director of Public Service, City of Wadsworth

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

Executive Management

Officer	Office
Marc Gerken, P.E.	President
John Bentine, Esq.	Senior Vice President, General Counsel
Robert Trippe	Senior Vice President, Finance and Chief Financial Officer
Jolene Thompson	Senior Vice President, Member Services and External Affairs
Pam Sullivan	Senior Vice President, Marketing and Operations
Scott Kiesewetter	Senior Vice President, Generation Operations
Branndon Kelley	Chief Information Officer
Bobby Little	Senior Vice President, Risk Control

Senior Staff

Officer	Office
Chris Easton	Vice President, Business Operations
Marcy Steckman	Vice President, Finance & Accounting
Pete Crusse	Vice President, Hydroelectric Construction
Phil Meier	Vice President, Hydroelectric Development & Operations
Rachel Gerrick, Esq.	Deputy General Counsel
Lisa McAlister, Esq.	Deputy General Counsel, FERC/RTO Affairs

AMP Counsel
Taft Stettinius & Hollister LLP
Columbus, Ohio

Bond Counsel
Peck, Shaffer and Williams, a division of
Dinsmore & Shohl LLP
Columbus, Ohio

Federal Tax Counsel
Sidley Austin LLP
New York, New York

Financial Advisor
Ramirez & Co., Inc.
New York, New York

Financial Products Advisor
Kensington Capital Advisors LLC
Charlotte, North Carolina

Trustee
U.S. Bank National Association
Cincinnati, Ohio

* Effective January 1, 2015, Napoleon, Ohio's Representative on the AMP Board of Trustees will be Monica Irelan, City Manager. Mr. Bisher, the former City Manager, has retired.

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 2015 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 2015 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 2015 BONDS. SUCH TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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* Contains information dated as of December 29, 2014.
† Contains information dated as of December 24, 2014.

OFFICIAL STATEMENT

AMERICAN MUNICIPAL POWER, INC.
PRAIRIE STATE ENERGY CAMPUS PROJECT REVENUE BONDS

$507,875,000 REFUNDING SERIES 2015A

$135,350,000 REFUNDING SERIES 2015B

consisting of

$71,980,000 Subseries 2015B-1
$63,370,000 Subseries 2015B-2

INTRODUCTION

GENERAL

This Official Statement, which includes the cover page 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 Prairie State Energy Campus Project Revenue Bonds, Refunding Series 2015A (the "*Series 2015A Bonds*") and the Refunding Series 2015B (the "*Series 2015B Bonds*" and, together with the Series 2015A Bonds, the "*Series 2015 Bonds*") and (c) the Prairie State Energy Campus (the "*PSEC*"), in which AMP holds a 23.26% undivided ownership interest (the "*Ownership Interest*" and the development, acquisition, construction, equipping, testing and placing into service of the Ownership Interest, the "*Project*").

The Series 2015 Bonds shall be issued and secured under the Master Trust Indenture, dated as of November 1, 2007 (the "*Master Trust Indenture*"), entered into between AMP and U.S. Bank National Association, Cincinnati, Ohio, as trustee (the "*Trustee*"), as supplemented by the Seventh Supplemental Indenture (the "*Seventh Supplemental Indenture*"), and as supplemented by the Eighth Supplemental Indenture (the "*Eighth Supplemental Indenture*"), each dated as of January 1, 2015, between AMP and the Trustee. The Master Trust Indenture, as so supplemented and as heretofore and further supplemented and amended from time to time, is herein called the "*Indenture.*" The Series 2015 Bonds are the sixth and seventh series of Bonds to be issued under the Master Trust Indenture. The Series 2015 Bonds, together with AMP's Prairie State Energy Campus Project Revenue Bonds, Series 2008A, Series 2009A, Series 2009B, Series 2009C and Series 2010 (collectively, the "*Outstanding Bonds*") and any additional bonds issued under the Indenture on a parity with the Series 2015 Bonds (collectively, with the Series 2015 Bonds, "*Bonds*") and any Parity Debt are herein called collectively "*Parity Obligations.*" See "THE SERIES 2015 BONDS." As of November 30, 2014, AMP had $1,608,235,000 aggregate principal amount of Bonds and approximately $24.4 million aggregate principal amount of Subordinate Obligations outstanding under the Indenture.

The Series 2015 Bonds are being issued by AMP to (i) refund a portion of the Outstanding Bonds (the "*Refunded Bonds*") issued under the Master Trust Indenture and (ii) pay the costs of issuance of the Series 2015 Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF PROCEEDS OF THE SERIES 2015 BONDS " herein.

The Bonds, including Series 2015 Bonds, are payable primarily from payments owing to AMP by its 68 Members ("*Participants*") that entered into a Power Sales Contract, dated as of November 1, 2007 (the "*Power Sales Contract*") with AMP. See APPENDIX A – "THE PARTICIPANTS" for a list of the Participants and their respective shares of the Power Sales Contract Resources (defined below). Under the Power Sales Contract, AMP agreed to issue bonds to finance the acquisition, construction, equipping,

testing and placing into service of the Ownership Interest and the Participants agree to take or pay for shares of the output associated with the Ownership Interest and Replacement Power (collectively "*Power Sales Contract Resources*" or "*PSCR*"). See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2015 BONDS – Power Sales Contract" and APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACT."

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 December 12, 2014, AMP had 130 Members – 83 municipalities in Ohio, 29 boroughs in Pennsylvania, six cities in Michigan, five municipalities in Virginia, three cities in Kentucky (two of which are members through their electric plant boards), two cities in West Virginia, one city in Indiana 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 include 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 excludible 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 PSEC

The PSEC consists of a supercritical, coal-fired, mine mouth generating facility that was designed to have a net rated capacity of approximately 1,582 MW, related equipment and facilities and associated coal reserves. 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. The Participants subscribed for capacity from PSEC based on the design net rated capacity of 1,582 MW and AMP budgets based on such designed capacity. Based on performance testing, Unit 1 currently has a maximum net rating of 812 MW and Unit 2 has a maximum net rating of 816 MW, or an aggregate maximum net rating of 1,628 MW. In this

Official Statement, performance data is presented on the basis of both the design net rated capacity and the maximum net rating.

The PSEC Owners (as defined herein), including AMP, own the PSEC. AMP's 23.26% Ownership Interest in the PSEC entitles AMP to an allocable percentage of the net capacity and output from the PSEC at any given time (at the design net rated capacity, approximately 368 MW, and, at the maximum net rating, approximately 378 MW) and a proportionate share of the adjacent coal reserves and mining facilities. See "PRAIRIE STATE ENERGY CAMPUS".

OTHER

This Official Statement includes information regarding and descriptions of AMP, the PSEC, the Participants and the Series 2015 Bonds, and summaries of certain provisions of the Indenture and the Power Sales Contract. Such descriptions and summaries do not purport to be complete or definitive, and such summaries are qualified by reference to such documents, copies of which may be obtained from AMP or the Underwriters. Descriptions of the Indenture, the Series 2015 Bonds and the Power Sales Contract are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of police and regulatory powers by federal and state authorities.

PLAN OF REFUNDING

A portion of the proceeds of the Series 2015 Bonds, together with the proceeds of the Series 2015C Bonds (as defined herein) and other available funds under the Indenture, will be applied to refund the Outstanding Bonds identified in the tables below (the "*Refunded Bonds*"). AMP has determined that refunding the Refunded Bonds will produce debt service savings and other financial benefits for AMP and the Participants.

Series 2008A Bonds

Maturity (February 15)	Principal Amount	Redemption Date	Redemption Price	CUSIPs	New CUSIPs
2016	$ 8,700,000*	Maturity	N/A	02765UAE4	02765UGN8
2017	9,200,000*	Maturity	N/A	02765UAG9	02765UGP3
2018	4,800,000*	Maturity	N/A	02765UAH7	02765UGQ1
2018	5,000,000*	Maturity	N/A	02765UAJ3	02765UGR9
2019	2,700,000*	February 15, 2018	100%	02765UAK0	02765UGS7
2019	7,500,000*	February 15, 2018	100	02765UAL8	02765UGT5
2020	5,855,000*	February 15, 2018	100	02765UAM6	02765UGU2
2020	15,110,000*	February 15, 2018	100	02765UAN4	02765UGV0
2021	22,005,000*	February 15, 2018	100	02765UAP9	02765UGW8
2022	23,350,000*	February 15, 2018	100	02765UAQ7	02765UGX6
2023	6,825,000*	February 15, 2018	100	02765UAR5	02765UGY4
2023	16,200,000*	February 15, 2018	100	02765UAS3	02765UGZ1
2024	10,490,000*	February 15, 2018	100	02765UAT1	02765UHA5
2025	15,525,000*	February 15, 2018	100	02765UAU8	02765UHB3
2026	19,200,000*	February 15, 2018	100	02765UAV6	02765UHC1
2027	28,215,000*	February 15, 2018	100	02765UAW4	02765UHD9
2028	2,760,000*	February 15, 2018	100	02765UAX2	02765UHE7
2028	26,930,000*	February 15, 2018	100	02765UAY0	02765UHF4
2031	105,235,000*	February 15, 2018	100	02765UAZ7	02765UHG2
2033	64,940,000*	February 15, 2018	100	02765UBA1	02765UHH0
2038	190,250,000*	February 15, 2018	100	02765UBC7	02765UHJ6
2043	51,260,000*	February 15, 2018	100	02765UBD5	02765UHK3
	$642,050,000				

* Denotes partially refunded maturity.

Series 2009A Bonds

Maturity (February 15)	Principal Amount	Redemption Date	Redemption Price	CUSIPs	New CUSIPs
2022	$ 1,955,000	February 15, 2019	100%	02765UBT0	N/A
2023	3,685,000	February 15, 2019	100	02765UBU7	N/A
2024	18,435,000	February 15, 2019	100	02765UBV5	N/A
2025	14,590,000	February 15, 2019	100	02765UBW3	N/A
2026	12,300,000	February 15, 2019	100	02765UBX1	N/A
2027	4,440,000	February 15, 2019	100	02765UBY9	N/A
2028	4,680,000	February 15, 2019	100	02765UBZ6	N/A
2029	2,670,000	February 15, 2019	100	02765UCA0	N/A
2039	29,670,000	February 15, 2019	100	02765UCC6	N/A
	$92,425,000				

To effect the refunding, a sufficient amount of the proceeds of the Series 2015 Bonds, the Series 2015C Bonds and certain other available amounts will be deposited in an escrow account (the "*Escrow Fund*") established by AMP with U.S. Bank National Association (U.S. Bank National Association in such capacity, the "*Escrow Agent*"), and will be invested in certain non-callable direct obligations or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America ("*Defeasance Obligations*") that mature in amounts and pay interest at rates sufficient to pay, when due, the principal, applicable redemption premiums, if any, and interest on the Refunded Bonds through their respective maturity or redemption dates, as applicable. The sufficiency of the Escrow Fund, including Defeasance Obligations and the income thereon, to pay such amounts will be verified by Samuel Klein and Company, Certified Public Accountants. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE REFUNDED BONDS". On the date of issuance of the Series 2015 Bonds, the Escrow Agent will be given irrevocable instructions to call the callable Refunded Bonds for redemption on the applicable redemption dates and at the applicable redemption prices.

SERIES 2015C BONDS

On December 19, 2014, AMP entered into a bond purchase agreement with Wells Fargo Municipal Capital Strategies, LLC (the "*2015C Purchaser*") pursuant to the terms of which AMP has agreed to sell and the 2015C Purchaser has agreed to buy, subject to the satisfaction of customary closing conditions, all, but not less than all, of not to exceed $100,000,000 Prairie State Energy Campus Project Revenue Bonds, Refunding Series 2015C (the "*Series 2015C Bonds*"). The Series 2015C Bonds will be issued pursuant to and secured by the Master Trust Indenture, as supplemented by the Ninth Supplemental Indenture, dated as of January 1, 2015, between AMP and the Trustee. The Series 2015C Bonds will be Parity Obligations, with the benefit of the Parity Common Reserve Account. The Series 2015C Bonds have a final maturity of February 15, 2038 and will bear interest at a variable rate, adjusting monthly, equal to The Securities Industry and Financial Markets Association ("*SIFMA*") Municipal Swap Index (the "*SIFMA Index*") plus 59 basis points. The Series 2015C Bonds will subject to mandatory tender for purchase in the same manner as the Series 2015B Bonds on and after February 15, 2019 and are subject to redemption, at the option of AMP, on and after February 15, 2019 at a redemption price of par plus accrued interest to the redemption date.

The Series 2015C Bonds are expected to close on January 14, 2015, and AMP is expected to deposit the proceeds thereof to the Escrow Fund. The Series 2015C Bonds are a separate issue of Bonds and are not offered by this Official Statement. While the issuance of the Series 2015C Bonds is not a condition precedent to the issuance of the Series 2015 Bonds, the issuance of the Series 2015C Bonds is a condition to the refunding of all of the Refunded Bonds shown in the tables above.

ESTIMATED SOURCES AND USES OF PROCEEDS OF THE SERIES 2015 BONDS

The sources and uses of funds in connection with the issuance of the Series 2015 Bonds are estimated to be as follows:

SOURCES:	
Par Amount	$643,225,000
Net Offering Premium	85,874,257
Release from Interest Account in the Bond Subfund	13,844,600
Release from Parity Common Reserve Account	802,686
Total Sources	$743,746,543
USES:	
Deposit to Escrow Fund	$739,505,960
Costs of Issuance*	4,240,583
Total Uses	$743,746,543

* Includes underwriting discount and rating agency, Trustee, consultant and legal fees and other expenses related to the issuance of the Series 2015 Bonds.

The table above does not reflect the sources and uses of the proceeds of the Series 2015C Bonds and other funds available under the Indenture as a result of the issuance thereof. AMP expects that it will deposit substantially all of the proceeds of the Series 2015C Bonds and transfer approximately $1,860,074 from the Interest Account in the Bond Subfund allocable to the Bonds refunded by the Series 2015C Bonds to the credit of the Escrow Fund.

SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2015 BONDS

The Series 2015 Bonds are payable from and secured solely by the Trust Estate pledged under the Indenture. The Series 2015 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), the Federal Subsidy (as defined below) and the investment income on moneys and securities held by the Trustee in certain subfunds, accounts and subaccounts established pursuant to the Indenture. The Gross Receipts are to be applied in accordance with the priorities established under the Indenture.

THE SERIES 2015 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 2015 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 MICHIGAN, OHIO, VIRGINIA OR WEST VIRGINIA OR ANY POLITICAL SUBDIVISION OR INSTRUMENTALITY THEREOF IS PLEDGED FOR THE PAYMENT OF THE SERIES 2015 BONDS. AMP HAS NO TAXING POWER.

THE INDENTURE

The Series 2015 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 Ownership Interest 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.

PARITY COMMON RESERVE ACCOUNT

Pursuant to the Indenture, the Series 2015 Bonds and the Outstanding 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 Series 2015 Bonds, 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, including the Series 2015 Bonds and the Outstanding Bonds, 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 2015 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 $110,956,637. As of the date of issuance of the Series 2015 Bonds, the Parity Common Reserve Requirement is expected to be $110,133,951, which is equal to coincidental maximum annual debt service for the Series 2015 Bonds, the Series 2015C Bonds and the Outstanding Bonds after the refunding of the Refunded Bonds. On the date of issuance of the Series 2015 Bonds and the Series 2015C Bonds, amounts credited to the Parity Common Reserve Account in excess of the Parity Common Reserve Requirement for all the PCRA-Secured Parity Obligations, will be released from the Parity Common Reserve Account and deposited to the credit of the Escrow Fund. 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.

Parity Obligations, including Bonds, may be secured by the Parity Common Reserve Account, 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.

THE POWER SALES CONTRACT

General. Under the Power Sales Contract, each Participant is entitled to receive its Power Sales Contract Resource Share (the "*PSCR Share*") of the nominal power and associated energy from the Power Sales Contract Resources, which include the electric power and energy from AMP's Ownership Interest, Replacement Power, and transmission services. In exchange therefor, the Participants are required to make monthly payments to AMP in amounts equal to such Participant's proportionate share (equal to such Participant's PSCR Share) of AMP's Revenue Requirements, which will include the fixed and variable costs incurred by AMP in connection with the Ownership Interest, including debt service on the Series 2015 Bonds. With two exceptions, 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 each of the City of Coldwater, Michigan and the City of Marshall, Michigan, 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," its obligations under the Power Sales Contract may be payable from the revenues of its Electric System on a basis subordinate to the payment of the operating expenses of its Electric System and to debt service on its outstanding (but not future) senior Electric System revenue bonds until such revenue bonds are retired.

Take-or-Pay; Fallback Provision. Except as otherwise provided in the next paragraph, each Participant's obligation to make payments pursuant to the Power Sales Contract is a "Take-or-Pay" obligation of such Participant. Therefore, such payments shall not be 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 either Unit 1 and Unit 2 of PSEC or any other Power Sales Contract Resource is completed, operable, operating and notwithstanding the suspension, interruption, interference, reduction or curtailment, in whole or in part, for any reason whatsoever, of the AMP Entitlement or the Participant's PSCR Share, including Step Up Power (as defined herein), if any.

However, if a court of competent jurisdiction shall render a final, nonappealable decision that the "Take-or-Pay" provision is, as a matter of law in such state, illegal, unconstitutional or otherwise unenforceable against the Participants within the jurisdiction of such court, the "Take-or-Pay" provision of the Power Sales Contract shall be modified with respect to all Participants. In such event, the obligation of the Participants to make payments pursuant to the Power Sales Contract shall become a "Take-and-Pay" obligation (the "*Fallback Provision*"). Under the Fallback Provision, each Participant's obligation to make payments pursuant to the Power Sales Contract shall not be subject to any reduction, whether by offset, counterclaim, or otherwise, so long as any energy is made available by AMP thereunder during such month (whether or not such the Participant actually accepts delivery thereof) and shall not be conditioned upon the performance by any of the other Participants of their respective obligations under any Related Agreement (as defined in the Indenture), or by AMP or any of the other Participants under any other agreement. See APPENDIX C – "Summary of Certain Provisions of the Power Sales Contract". State Counsel firms have opined that the "Take-or-Pay" provision in particular is a legal, binding and enforceable obligation of the Participants in each of the four states where the Participants are located. See "APPROVAL OF LEGAL MATTERS – Power Sales Contract".

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 Participants original PSCR Share, of the Defaulting Participant's entitlement to its PSCR Share which, together with the shares of the other Non-Defaulting Participants, is equal to the Defaulting Participant's PSCR Share ("*Step Up Power*"). Under the terms of the Power Sales Contract, no Non-Defaulting Participant is obligated to accept Step Up Power in excess of 25% of such Non-Defaulting Participant's

original PSCR Share. See APPENDIX C – "Summary of Certain Provisions of the Power Sales Contract".

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 2015 Bonds and any Indebtedness remains 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 PSEC, 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 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 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.

AMP may incur Parity Obligations, including additional Bonds, 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 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 of AMP (which may rely upon certificates or other documentation delivered by an Independent Consultant) certifying that the Debt Service Coverage Ratio, 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, is 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.

For a more detailed explanation of the Incurrence Test, 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 to provide working capital for the PSEC from the proceeds of draws under its Line of Credit (as hereinafter defined) to (a) make certain collateral postings associated with transmission rights and (b) reduce the cost impact to the Participants of the shakedown period and to moderate variability in the monthly cost of power delivered from the PSEC to the Participants attributable to the variable production by levelizing such cost. See "AMERICAN MUNICIPAL POWER, INC. – Operating Results of the Project." The obligation to repay amounts drawn under the Line of Credit are treated as Subordinate Obligations under the Indenture. See "AMERICAN MUNICIPAL POWER, INC. – Liquidity" below. As of November 30, 2014, approximately $24.4 million aggregate principal amount of such Subordinate Obligations were outstanding.

THE SERIES 2015 BONDS

GENERAL

The Series 2015A Bonds. The Series 2015A 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 August 15, 2015, and will mature, subject to prior redemption, on February 15 in the years and in the principal amounts set forth on the inside cover page hereof.

The Series 2015A Bonds will be issuable only in fully registered form in denominations of $5,000 or any integral multiple thereof. Interest on any Series 2015A 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. Interest on the Series 2015A Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2015B Bonds. The Series 2015B Bonds will be issued in two separate subseries, Subseries 2015B-1 (the "*Subseries 2015B-1 Bonds*") and Subseries 2015B-2 (the "*Subseries 2015B-2 Bonds*"). The Series 2015B Bonds will be dated their date of delivery, will initially bear interest in the Initial Term Rates 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 August 15, 2015, and will mature, subject to prior redemption, on February 15 in the years and in the principal amounts set forth on the inside cover page hereof.

The Series 2015B Bonds will be issuable only in fully registered form in denominations of $5,000 or any integral multiple thereof. Interest on any Series 2015B Bond will be paid to the person in whose name such bond is registered as of the applicable Regular Record Date, which, while the Series 2015B Bonds bear interest at the Initial Term Rates, is February 1 for interest due on February 15, and August 1 for interest due on August 15. While bearing interest at the Initial Term Rates, interest on the Series 2015B Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

SPECIAL PROVISIONS RELATING TO THE SERIES 2015B BONDS

This Official Statement only describes the Series 2015B Bonds while bearing interest at the Initial Term Rates. If some or all of the Series 2015B Bonds are converted to bear interest in another Interest Rate Mode, AMP will deliver, prior to the Conversion Date thereof, a Reoffering Memorandum describing the Series 2015B Bonds bearing interest in such Interest Rate Mode. Any Series 2015B Bonds

may be further divided into subseries or combined into new series, and references herein to the Series 2015B Bonds shall be deemed to refer to any or all subseries, as appropriate.

As used herein, each of the following terms will have the meaning indicated with respect to, and solely with respect to the Series 2015B Bonds:

"Business Day" means any day other than (a) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city or cities in which the Designated Offices of the Trustee, the Tender Agent, the Paying Agent or Principal Office of the Credit Facility Issuer, if any (or, in the case of a foreign bank, the licensed branch thereof which has issued, or will honor draws upon, any such Credit Facility), are located are authorized or required by law or executive order to close or (b) a day on which the New York Stock Exchange or principal office of the Remarketing Agent is closed.

"*Commercial Paper Rate Period*" means the period beginning on, and including, the Conversion Date of Series 2015B Bonds to the Commercial Paper Rate and ending on a day preceding a Business Day determined in accordance with the Indenture (which may be from 1 day to 270 days (or such lower maximum number as is then permitted under the Eighth Supplemental Indenture)).

"*Conversion*" means, with respect to a Series 2015B Bond, any conversion from time to time in accordance with the terms of the Indenture of that Series 2015B Bond, in whole or in part, from one Interest Rate Mode to another Interest Rate Mode.

"*Conversion Date*" means the date on which any Conversion becomes effective. In respect of the Series 2015B Bonds bearing interest at an Initial Term Rate, the Initial Purchase Date for a Subseries thereof shall constitute a Conversion Date.

"*Credit Facility*" means any letter of credit or other credit enhancement or support facility or any Alternate Credit Facility delivered to the Trustee pursuant to the Indenture.

"*Credit Facility Issuer*" means the issuer of any Credit Facility or any Alternate Credit Facility. "*Principal Office*" of any Credit Facility Issuer shall mean the principal office thereof designated in the corresponding Credit Facility and which shall mean, in the case of a foreign bank, the licensed branch or agency thereof in the United States which has issued the Credit Facility.

"*Daily Rate Period*" means the period beginning on, and including, the Conversion Date of a Subseries of the Series 2015B Bonds to the Daily Rate and ending on, and including, the day preceding the next Business Day and each period thereafter beginning on, and including, a Business Day and ending on, and including, the day preceding the next succeeding Business Day until the day preceding the earlier of the Conversion of such Subseries of the Series 2015B Bonds to a different Interest Rate Mode or the maturity of the Series 2015B Bonds.

"*Interest Payment Date*" means (a) (i) if the Interest Rate Mode is the Daily Rate or the Weekly Rate, the first Business Day of each month, (ii) if the Interest Rate Mode is the Commercial Paper Rate, the day following the last day of each Commercial Paper Rate Period for such Series 2015B Bond, (iii) if the Interest Rate Mode is the Term Rate, each February 15 and August 15, provided, however, that if any such February 15 and August 15 which is a Conversion Date for Conversion to the Daily Rate, the Weekly Rate or the Commercial Paper Rate, is not a Business Day, then the first Business Day immediately succeeding such February 15 and August 15, as applicable and (iv) while the Interest Rate Mode is the Initial Term Rate, each February 15 and August 15, the Initial Purchase Date and any redemption date, and (b) the Conversion Date or the effective date of a change to a new Term Rate Period for such Series 2015B Bond. In any case, the final Interest Payment Date shall be the maturity date.

"*Interest Period*" means for any Series 2015B Bond the period from, and including, each Interest Payment Date for such Series 2015B Bond to, and including, the day next preceding the next Interest Payment Date for such Series 2015B Bond, provided, however, that the first Interest Period for any Series 2015B Bond will begin on (and include) the date of issuance of the Series 2015B Bonds and the final Interest Period will end on the day next preceding the maturity date of the Series 2015B Bonds.

"*Interest Rate Mode*" means the Commercial Paper Rate, the Daily Rate, the Weekly Rate, the Term Rate and the Initial Term Rate.

"*Initial Purchase Date*" means the date on which a Subseries of the Series 2015B Bonds is converted to bear interest in another Interest Rate Mode, such date to be determined as set forth below under "Tender of the Series 2015B Bonds – *Mandatory Tender for Purchase*."

"*Initial Term Rate*" means for the Initial Term Rate Period, with respect to Subseries 2015B-1 Bonds, (i) to, but not including, August 15, 2019, a per annum rate of interest shown on the inside cover hereof and (ii) on and after August 15, 2019, the Stepped Rate shown below under "- Tender of the Series 2015B Bonds - *Consequences if Series 2015B Bonds are not Purchased on a Mandatory Tender Date, Notice of Mandatory Tender after a Mandatory Tender Date; Stepped Interest Rate"*; and with respect to the Subseries 2015B-2 Bonds, (i) to, but not including, August 15, 2020, a per annum rate of interest shown on the inside cover hereof and (ii) on and after August 15, 2020, the Stepped Rate shown below under "- Tender of the Series 2015B Bonds - *Consequences if Series 2015B Bonds are not Purchased on a Mandatory Tender Date, Notice of Mandatory Tender after a Mandatory Tender Date; Stepped Interest Rate*.

"*Initial Term Rate Period*" means the period beginning on, and including, the date of issuance of the Series 2015B Bonds, and, in each case, ending the earlier to occur of the Conversion Date for the related Subseries of Series 2015B Bonds and the redemption date for the related Subseries of the Series 2015B Bonds.

"*Mandatory Tender Date*" means, with respect to each Subseries of the Series 2015B Bonds, the date shown on the inside cover hereof.

"*Rate Period*" means any period during which a single interest rate is in effect for a Series 2015B Bond.

"*Record Date*" means, as the case may be, the applicable Regular or Special Record Date.

"*Regular Record Date*" means (a) with respect to any Interest Period during which the Interest Rate Mode is the Commercial Paper Rate, the Daily Rate or the Weekly Rate, the close of business on the last Business Day of such Interest Period and (b) with respect to any Interest Period during which the Interest Rate Mode is the Term Rate or the Initial Term Rate, February 1 and August 1 (whether or not a Business Day).

"*Remarketing Agent*" means the remarketing agent or agents appointed by AMP in accordance with the provisions of the Eighth Supplemental Indenture. AMP has appointed RBC Capital Markets, LLC as the initial Remarketing Agent for the Series 2015 Bonds.

"*Special Record Date*" means such date as may be fixed for the payment of Defaulted Interest by the Trustee in accordance with the Indenture.

"*Stepped Rate*" means the rates shown below under "- Tender of the Series 2015B Bonds - *Consequences if Series 2015B Bonds are not Purchased on a Mandatory Tender Date, Notice of Mandatory Tender after a Mandatory Tender Date; Stepped Interest Rate"* for the related Subseries of the Series 2015B Bonds.

"*Tender Agent*" means U.S. Bank National Association, its successors and assigns.

"*Term Rate Period*" means the period beginning on, and including, the Conversion Date of Series 2015B Bonds to the Term Rate and ending on, and including the day preceding the last Interest Payment Date for such period, and thereafter, each successive period, if any, of substantially the same duration as that established period until the day preceding the earliest of the change to a different Term Rate Period, the Conversion of such Series 2015B Bonds to a different Interest Rate Mode or the maturity of the Bonds.

"*Weekly Rate Period*" means the period beginning on, and including, the Conversion Date of Series 2015B Bonds to the Weekly Rate, and ending on, and including, the next Tuesday, and thereafter the period beginning on, and including, any Wednesday and ending on, and including, the earliest of the following Tuesday, the day preceding the Conversion of such Series 2015B Bonds to a different Interest Rate Mode or the maturity of the Bonds.

REDEMPTION

Optional Redemption.

Series 2015A Bonds. From any available moneys, AMP may, at its option, redeem prior to their respective maturities, in whole or in part, the Series 2015A Bonds stated to mature on February 15, 2023 through February 15, 2025, inclusive, on any date beginning February 15, 2020, at a Redemption Price of par, together with interest accrued to the date fixed for redemption.

From any available moneys, AMP may, at its option, redeem prior to their respective maturities, in whole or in part, the Series 2015A Bonds stated to mature on February 15, 2030 through February 15, 2033, inclusive, on any date beginning February 15, 2022, at a Redemption Price of par, together with interest accrued to the date fixed for redemption.

From any available moneys, AMP may, at its option, redeem prior to their respective maturities, in whole or in part, the Series 2015A Bonds stated to mature on February 15, 2026 through February 15, 2029, inclusive, February 15, 2039, February 15, 2042 and February 15, 2043, on any date beginning February 15, 2024, at a Redemption Price of par, together with interest accrued to the date fixed for redemption.

Series 2015B Bonds. From any available moneys, AMP may, at its option, redeem prior to their respective maturities, in whole or in part, the Series 2015B Bonds on any date beginning February 15, 2019 with respect to the Subseries 2015B-1 Bonds, and February 15, 2020 with respect to the Subseries 2015B-2 Bonds.

Mandatory Sinking Fund Redemption. The Series 2015A Bonds due on February 15, 2039 and February 15, 2042, 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 2015A Term Bonds
Maturing on February 15, 2039

Year	Principal Amount
2034	$ 340,000
2035	355,000
2036	370,000
2037	7,975,000
2038	8,375,000
2039*	23,475,000

* Final Maturity

Series 2015A Term Bonds
Maturing on February 15, 2042

Year	Principal Amount
2040	$ 9,895,000
2041	10,390,000
2042*	10,905,000

* Final Maturity

The Subseries 2015B-1 Bonds due on February 15, 2034, are Term Bonds subject to mandatory sinking fund redemption on the Principal Payment Dates 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:

Subseries 2015B-1 Term Bonds
Maturing on February 15, 2034

Year	Principal Amount
2030	$ 3,650,000
2031	3,845,000
2032	11,530,000
2033	11,865,000
2034*	41,090,000

* Final Maturity

The Subseries 2015B-2 Bonds due on February 15, 2036, are Term Bonds subject to mandatory sinking fund redemption on the Principal Payment Dates 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:

Subseries 2015B-2 Term Bonds
Maturing on February 15, 2036

Year	Principal Amount
2035	$42,635,000
2036*	20,735,000

* Final Maturity

In determining the amount of Series 2015 Term Bonds of a particular maturity within a series or subseries to be redeemed with any sinking fund installment, there will be deducted the principal amount of any Series 2015 Term Bonds of such series or subseries and maturity which have been purchased, to the extent permitted by the Indenture, with amounts in the related 2015 Sinking Fund Subaccount in the Sinking Account of the Bond Subfund (exclusive of amounts deposited from proceeds of Series 2015 Bonds, if any). In addition, if any Series 2015 Term Bonds of a particular maturity within a series or subseries are (a) purchased or redeemed with amounts other than moneys on deposit in the related 2015 Sinking Subaccount or (b) deemed to have been paid within the meaning of the Indenture and, with respect to the Series 2015 Term Bonds of such maturity within a series or subseries 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 Series 2015 Term Bonds of such series or subseries and maturity may be credited against any future sinking fund installment established for the Series 2015 Term Bonds of such series or subseries and maturity as determined by AMP at any time.

Selection of Bonds to be Redeemed. The Series 2015 Bonds may be redeemed only in authorized denominations. If less than all Series 2015 Bonds shall be called for optional redemption, such Series 2015 Bonds shall be redeemed from the maturity or maturities selected by AMP. If less than all Series 2015 Bonds of any maturity are to be redeemed, the particular Series 2015 Bonds to be redeemed shall be selected by the Trustee by such method as the Trustee in its sole discretion shall determine.

Notice of Redemption. Unless waived by any owner of Series 2015 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, in the case of the Series 2015A Bonds, and at least 20, but not more than 45, days prior to the redemption date, in the case of the Series 2015B Bonds, provided, however, that if such redemption occurs after the applicable Mandatory Tender Date, such notice is to be provided not less than 5 Business Days prior to the date fixed for redemption, to each registered owner of the related Series 2015 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 2015 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 2015 Bonds will not be redeemed.

The failure of any owner of Series 2015 Bonds to receive such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2015 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 2015 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 2015 Bond (having been mailed notice from the Trustee, a Direct Participant, an Indirect Participant or otherwise), to notify the Beneficial Owner of the Series 2015 Bond so affected, shall not affect the validity of the redemption of such Series 2015 Bond.

Defeasance. The Series 2015 Bonds may be defeased as described in Appendix D – "Summary of Certain Provisions of the Indenture – DEFEASANCE."

TENDER OF THE SERIES 2015B BONDS

No Optional Tender. The Series 2015B Bonds are not subject to optional tender by Bondholders.

Mandatory Tender for Purchase. Each Subseries of the Series 2015B Bonds is subject to mandatory tender for purchase on any date on or after its First Call Date (each such date, a "*Purchase Date*"), including the applicable Mandatory Tender Date, at a purchase price equal to 100% of the principal amount thereof, without premium, plus accrued interest to the applicable Initial Purchase Date. Unless all Bonds of a Subseries of the Series 2015B Bonds subject to mandatory tender on an Initial Purchase Date, including the applicable Mandatory Tender Date, are purchased on such date, none of such Subseries of the Series 2015B Bonds will be purchased. In such event the Tender Agent will return all Bonds of such Subseries of the Series 2015B Bonds to the Holders thereof and such Subseries will remain outstanding and will bear interest at the then effective interest rate for such Subseries of the Series 2015B Bonds; provided, however, if a Subseries of the Series 2015B Bonds is not purchased on the applicable Mandatory Tender Date such Subseries of the Series 2015B Bonds will on and after such date accrue interest at successively higher interest rates until all Series 2015B Bonds of such Subseries are remarketed, redeemed or paid at maturity. See *"Consequences if Series 2015B Bonds are not Purchased on a Mandatory Tender Date,· Notice of Mandatory Tender after a Mandatory Tender Date; Stepped Interest Rate"* below.

If a Subseries of the Series 2015B Bonds are not purchased on the applicable Initial Purchase Date, including the related Mandatory Tender Date, such non-purchase shall not constitute an event of default under the Indenture. See *"-Sources of Funds for Purchase of Series 2015B Bonds"* below.

Notice of Mandatory Tender for Purchase on or Prior to a Mandatory Tender Date. With respect to a mandatory tender for purchase of a Subseries of the Series 2015B Bonds on or prior to the applicable Mandatory Tender Date, AMP will direct the Trustee to give notice of mandatory tender of such Subseries of the Series 2015B Bonds by electronic means only to DTC (not to the Beneficial Owners of such Subseries of the Series 2015B Bonds), at least 30 and not more than 60 days prior to the applicable Purchase Date, which notice will state (1) the Interest Rate Mode applicable to such Subseries of the Series 2015B Bonds from and after the Purchase Date; (2) that such Subseries of the Series 2015B Bonds will be subject to mandatory tender for purchase and specify the Purchase Date; (3) the procedures for such mandatory tender for purchase; (4) the purchase price of such Subseries of the Series 2015B Bonds; and (5) the consequences of a failed remarketing. DTC, in turn, is to send the notice of mandatory tender to its Participants for distribution to the Beneficial Owners of the applicable Subseries of the Series 2015B Bonds. See APPENDIX F – "Book-Entry System".

Sources of Funds for Purchase of Series 2015B Bonds. Tendered Series 2015B Bonds of a Subseries will be purchased solely with proceeds from the remarketing or refunding thereof. AMP will direct the Remarketing Agent to use its best efforts to remarket the applicable Subseries of the Series 2015B Bonds into the Interest Rate Mode designated by AMP.

There is no source of moneys to pay the purchase price of a Subseries of the Series 2015B Bonds upon mandatory tender thereof on a Purchase Date, including the applicable Mandatory Tender Date, other than proceeds of remarketing or refunding thereof. If AMP does not purchase a Subseries of the Series 2015B Bonds on the related Mandatory Tender Date, such non-purchase shall not constitute an event of default. There is no Credit Facility in place for the payment of the purchase price any Series 2015B Bond on a Purchase Date, including the applicable Mandatory Tender Date.

Consequences if Series 2015B Bonds are not Purchased on a Mandatory Tender Date, Notice of Mandatory Tender after a Mandatory Tender Date; Stepped Interest Rate. If on the applicable Mandatory Tender Date, all Bonds of the Subseries of the Series 2015B Bonds subject to tender on such date are not purchased, then none of such Subseries of the Series 2015B Bonds will be purchased and all tendered Series 2015B Bonds of such Subseries shall be returned to their respective Holders. In such event, such Series 2015B Bonds will bear interest at the Stepped Rate (defined below) from the applicable Mandatory Tender Date until all such Series 2015B Bonds of a Subseries are remarketed, redeemed or paid at maturity.

On each Business Day following a Mandatory Tender Date on which all of the Bonds of a Subseries of the Series 2015B Bonds were not purchased, the Remarketing Agent shall continue to use its best efforts to remarket the applicable Subseries of the Series 2015B Bonds into such Interest Rate Mode as directed by AMP. Once the Remarketing Agent has advised AMP that it has a good faith belief that it is able to remarket all of the applicable Subseries of the Series 2015B Bonds into the directed Interest Rate Mode, AMP will establish a new mandatory tender date and the Trustee will give notice thereof, by electronic means only to DTC (not to the Beneficial Owners of such Subseries of the Series 2015B Bonds) not later than five Business Days prior to the date on which such Subseries of the Series 2015B Bonds are to be purchased, which notice will state (1) the Interest Rate Mode applicable to such Subseries of the Series 2015B Bonds from and after the Purchase Date; (2) that such Subseries of the Series 2015B Bonds will be subject to mandatory tender for purchase and specify the Purchase Date; (3) the procedures for such mandatory tender for purchase; (4) the purchase price of such Subseries of the Series 2015B Bonds; and (5) the consequences of a failed remarketing. DTC, in turn, is to send notice of mandatory tender to its Participants for distribution to the Beneficial Owners of the applicable Subseries of the Series 2015B Bonds. See APPENDIX F – "Book-Entry System".

Series 2015B Bonds that have not been purchased or redeemed on the applicable Mandatory Tender Date shall bear interest from and including such Mandatory Tender Date until the date such Series 2015B Bonds are remarketed, redeemed or paid at maturity at the respective rates per annum for the applicable period as set forth in the following table (the "*Stepped Rate*"):

Subseries 2015B-1 Bonds

Period	**Stepped Rate**
August 15, 2019 – November 14, 2019	7.5%
On and after November 15, 2019	9.0

Subseries 2015B-2 Bonds

Period	Stepped Rate
August 15, 2020 – November 14, 2020	7.5%
On and after November 15, 2020	9.0

Delivery of Tendered Series 2015B Bonds. With respect to any Book-Entry Bond, delivery of such Series 2015B Bond to the Tender Agent in connection with the mandatory tender of Series 2015B Bonds on a Purchase Date, including the applicable Mandatory Tender Date, will be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of DTC or any DTC Participant to reflect the transfer of the beneficial ownership interest in such Bond to the account of the Tender Agent, or to the account of a DTC Participant acting on behalf of the Tender Agent.

Series 2015B Bonds Deemed Purchased. If moneys sufficient to pay the purchase price of Series 2015B Bonds to be purchased pursuant to the Indenture will be held by the Tender Agent on the date and at the time such Series 2015B Bonds are to be purchased, such Series 2015B Bonds will be deemed to have been purchased for all purposes of the Indenture, irrespective of whether or not such Series 2015B Bonds will have been delivered to the Tender Agent, and neither the former holder of such Series 2015B Bonds nor any other person will have any claim thereon, under the Indenture or otherwise, for any amount other than the purchase price thereof.

In the event of non-delivery of any Series 2015B Bond to be purchased pursuant to the Indenture, the Tender Agent will segregate and hold uninvested the moneys for the purchase price of such Series 2015B Bonds in trust, without liability for interest thereon, for the benefit of the former holders of such Series 2015B Bonds, who will, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the purchase price of such Series 2015B Bonds. Any moneys which are held by the Tender Agent and remain unclaimed for a period of five years after the date of purchase will be paid to AMP free of any trust and thereafter the holders of such Series 2015B Bonds shall look only to AMP for payment and then only to the amounts so received by AMP without any interest thereon, and the Tender Agent and the Trustee shall have no responsibility with respect to those moneys.

SPECIAL CONSIDERATIONS CONCERNING THE SERIES 2015B BONDS

The Remarketing Agent is Paid by AMP. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Series 2015B Bonds that are tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement). The Remarketing Agent is appointed by AMP and is paid by AMP for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of the Series 2015B Bonds.

The Ability to Sell the Series 2015B Bonds other than through Tender Process May Be Limited. The Remarketing Agent may buy and sell Series 2015B Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Series 2015B Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Series 2015B Bonds should not assume that they will be able to sell their Series 2015B Bonds other than by tendering the Series 2015B Bonds in accordance with the tender process, subject to the limitations of such process described above.

Under Certain Circumstances, the Remarketing Agent May Resign or Cease Remarketing the Series 2015B Bonds, Without a Successor Being Named. Under certain circumstances the Remarketing Agent may resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. In the event AMP removes the Remarketing Agent or if there is no Remarketing Agent, AMP will appoint a successor Remarketing Agent.

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Series 2015 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.

	Series 2015 Bonds						
Year Ending December 31,	Principal	Interest	Total Debt Service[1]	Gross Debt Service on Outstanding Bonds	Total Gross Debt Service[2]	Federal Subsidies[3]	Total Net Debt Service[4]
2015	-	$20,092,973	$20,092,973	$71,796,548	$91,889,521	$(13,514,091)	$78,375,430
2016	-	34,281,850	34,281,850	63,315,912	97,597,762	(13,514,091)	84,083,671
2017	-	34,281,850	34,281,850	63,258,290	97,540,140	(13,514,091)	84,026,049
2018	-	34,281,850	34,281,850	63,114,501	97,396,351	(13,514,091)	83,882,260
2019	-	35,086,850	35,086,850	63,204,744	98,291,594	(13,514,091)	84,777,503
2020	$18,380,000	34,352,650	52,732,650	53,222,572	105,955,222	(13,514,091)	92,441,131
2021	21,305,000	32,409,975	53,714,975	53,286,106	107,001,081	(13,514,091)	93,486,990
2022	24,760,000	31,258,350	56,018,350	51,221,122	107,239,472	(13,514,091)	93,725,381
2023	27,075,000	29,962,475	57,037,475	51,151,300	108,188,775	(13,514,091)	94,674,683
2024	29,290,000	28,553,350	57,843,350	50,346,098	108,189,448	(13,514,091)	94,675,357
2025	30,455,000	27,059,725	57,514,725	50,674,759	108,189,484	(13,514,091)	94,675,393
2026	31,785,000	25,503,725	57,288,725	50,899,611	108,188,336	(13,514,091)	94,674,245
2027	32,870,000	23,887,350	56,757,350	51,431,462	108,188,812	(13,514,091)	94,674,720
2028	34,510,000	22,202,850	56,712,850	51,463,058	108,175,908	(13,504,917)	94,670,991
2029	36,150,000	20,436,350	56,586,350	51,519,975	108,106,325	(13,443,537)	94,662,788
2030	38,845,000	18,544,856	57,389,856	51,452,905	108,842,761	(13,336,405)	95,506,356
2031	40,900,000	16,517,131	57,417,131	51,378,361	108,795,493	(13,223,726)	95,571,767
2032	43,475,000	14,436,819	57,911,819	50,936,641	108,848,460	(13,104,573)	95,743,886
2033	45,490,000	12,306,194	57,796,194	50,861,454	108,657,648	(12,978,488)	95,679,160
2034	41,430,000	10,488,325	51,918,325	56,526,117	108,444,442	(12,846,401)	95,598,042
2035	42,990,000	9,005,763	51,995,763	56,434,140	108,429,902	(12,705,434)	95,724,468
2036	44,080,000	7,476,600	51,556,600	56,320,299	107,876,899	(12,554,373)	95,322,526
2037	45,900,000	5,839,363	51,739,363	56,219,518	107,958,881	(12,395,180)	95,563,701
2038	47,475,000	4,082,675	51,557,675	56,094,400	107,652,075	(12,227,482)	95,424,593
2039	23,475,000	2,602,175	26,077,175	84,056,776	110,133,951	(11,637,059)	98,496,892
2040	9,895,000	1,767,925	11,662,925	97,249,380	108,912,305	(10,502,815)	98,409,490
2041	10,390,000	1,260,800	11,650,800	95,875,524	107,526,324	(9,217,740)	98,308,584
2042	10,905,000	728,425	11,633,425	94,450,012	106,083,437	(7,880,769)	98,202,668
2043	11,395,000	227,900	11,622,900	92,956,507	104,579,407	(6,489,888)	98,089,519
2044	-	-	-	102,907,897	102,907,897	(4,935,824)	97,972,073
2045	-	-	-	101,052,095	101,052,095	(3,212,735)	97,839,360
2046	-	-	-	99,117,240	99,117,240	(1,421,818)	97,695,422
2047	-	-	-	27,204,542	27,204,542	(254,545)	26,949,997
Total	$743,225,000	$538,937,123	$1,282,162,123	$2,120,999,865	$3,403,161,988	$(373,556,894)	$3,029,605,094

Numbers may not add to totals due to rounding. Excludes debt service on the Refunded Bonds. On April 30, 2014, AMP redeemed $48,020,000 of its Series 2009 Bonds maturing on February 15, 2036 with the proceeds of a draw on the Line of Credit, which draw was paid with a portion of the unexpended proceeds of prior issues of Bonds.

(1) Actual debt service is shown for the Series 2015A Bonds. Actual Debt Service on the Series 2015B Bonds is shown through the respective Mandatory Tender Dates therefor and, thereafter, at 3.5% after the respective Mandatory Tender Dates therefor. Debt service on the Series 2015C Bonds is shown at a rate of 1.89% through the mandatory tender date therefor and 3.5% thereafter.

(2) Reflects total gross debt service on all Outstanding Bonds without regard to receipt of federal subsidies (the "*Federal Subsidies*") payable on the Outstanding Bonds, issued as "Build America Bonds" pursuant to the American Recovery and Reinvestment Tax Act of 2009 (the "*Recovery Act*"), which includes the Series 2009C Bonds and the Series 2010 Bonds.

(3) Federal Subsidies reflected in the table above assume a 7.3% reduction in such Federal Subsidies through the final maturity of the Series 2009C Bonds and the Series 2010 Bonds. 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."

(4) Total reflects total gross debt service on the Bonds net of the Federal Subsidies and debt service collected by AMP associated with the Refunded Bonds to be deposited to the Escrow Fund.

PRAIRIE STATE ENERGY CAMPUS

GENERAL

Background. In 2001, Peabody Energy Corporation ("*Peabody Energy*"), one of the world's largest private-sector coal companies, announced plans to construct a 1,500 megawatt generating plant near a planned six million ton-per-year coal mine in Southwestern Illinois. After Peabody Energy secured several preliminary permits, Indiana Municipal Power Agency ("*IMPA*"), the Missouri Joint Municipal Electric Utility Commission ("*MJMEUC*") and other municipal joint action agencies and cooperatives signed a letter of intent to acquire undivided ownership interests in the PSEC in 2004. In 2005, Peabody Energy was given a draft air permit for the PSEC. In 2007, IMPA, MJMEUC, the Illinois Municipal Electric Agency ("*IMEA*"), the Kentucky Municipal Power Agency ("*KMPA*"), Northern Illinois Municipal Power Agency ("*NIMPA*"), and two cooperatives entered into a definitive agreement to acquire undivided ownership interests in the PSEC.

On December 20, 2007, AMP acquired from Peabody Electricity, LLC, an affiliate of Peabody Energy, 100% of the membership interest in Marigold Energy, LLC, a Delaware limited liability company, and then re-named it AMP 368 LLC ("*AMP 368*"). Through its ownership of the sole membership interest in AMP 368, AMP is the effective owner of a 23.26% Ownership Interest (or approximately 368 MW based on the net rate capacity of 1,582 MW) in the PSEC.

In addition to AMP's Ownership Interest in the PSEC, other undivided interests therein are currently owned by KMPA, NIMPA, IMEA, IMPA, Lively Grove Energy Partners, LLC, a Delaware limited liability company and an affiliate of Peabody Energy ("*Lively Grove Energy*"), MJMEUC, Prairie Power, Inc., an Illinois not for profit corporation ("*PPI*") and Southern Illinois Power Cooperative, Inc., an Illinois not for profit corporation ("*SIPC*") (collectively, such eight joint owners, together with AMP 368, the "*PSEC Owners*").

Each PSEC Owner's percentage ownership interest in the PSEC is shown in the table below.

Owner	Ownership Interest
AMP	23.26%
IMEA	15.17
IMPA	12.64
MJMEUC	12.33
PPI	8.22
SIPC	7.90
KMPA	7.82
NIMPA	7.60
Lively Grove Energy	5.06
Total	100.00%

Certain PSEC agreements require that Lively Grove Energy, or another affiliate of Peabody Energy, retain an aggregate undivided ownership interest of at least five percent of the PSEC, until the fifth anniversary of the substantial completion date of the second generating unit of the PSEC, unless such minimum ownership interest is waived by a majority of the non-Peabody affiliated owners or other conditions related to mine operations have been met. 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.

PSEC. The PSEC is a mine-mouth, pulverized coal-fired generating station located in Washington, St. Clair and Randolph Counties in southwest Illinois. The PSEC includes an adjacent coal

mine and reserves, as well as all associated rail, water, coal combustion residual storage and ancillary support. The generating station was designed to consist of two supercritical units with a nominal net output capacity of approximately 800 MW each. The plant design incorporates state-of-the-art emissions control technology.

The PSEC Owners have executed a Participation Agreement (the "*Participation Agreement*") to govern the construction and operation of the PSEC. The Participation Agreement provides for the PSEC to be constructed and operated through Prairie State Generating Company ("*PSGC*"), which is wholly owned by Prairie State Energy Campus Management, Inc., an Indiana nonprofit corporation, which in turn is wholly owned by the PSEC Owners on a basis that is proportionate to their respective percentage interests in the PSEC.

PERMITS

PSGC holds all of the necessary permits to operate the PSEC. Such major permits include: the Illinois Environmental Protection Agency ("*IEPA*") Prevention of Significant Deterioration (PSD) Permit (the air permit – applicable to plant and mine), the IEPA National Pollutant Discharge Elimination System (NPDES) Permit (the water permit - applicable to plant and mine), the Illinois Department of Natural Resources ("*IDNR*") Dam permit (raw water impoundment at plant), IDNR intake permit and the IDNR mining permit. As of the date hereof, the PSGC reports that it is operating in compliance with such permits.

AIR QUALITY CONTROLS

The PSEC was designed to meet best available air pollution control technology. The air pollution control technology consists of (i) a selective catalytic reduction system; (ii) a dry electrostatic precipitator; (iii) a wet electrostatic precipitator; (iv) a wet flue gas desulfurization system; (v) an activated carbon injection system; (vi) a lime injection system; and (vii) low NO_x burners. The plant design complies with all emissions regulations and permit conditions, including all state and federal regulations. Cooling for the generating station is provided by mechanical draft cooling towers. PSEC generating units were designed and constructed to incorporate highly efficient, state-of-the art, combustion and steam cycle technology to minimize carbon dioxide (CO_2) emissions.

WATER

Water for the PSEC is supplied from the Kaskaskia River approximately 14 miles west of the facility. The withdrawal permit allows PSGC to withdraw up to 30 million gallons per day ("*MGD*") from the Kaskaskia River. The permit includes a withdrawal restriction that protects the Kaskaskia River during low flow conditions. If the river flow drops below 74 cubic feet per second, PSGC will either rely on water stored in an on-site raw water pond or purchase additional water pursuant to a water purchase agreement with the Illinois Department of Natural Resources ("*IDNR*"). The raw water pond has a 30 day storage capacity. The agreement with the IDNR is a 40-year water purchase agreement that allows PSGC to purchase water stored at the Carlyle and Shelbyville lakes in Illinois. If purchased by PSGC, water from these lakes will be discharged into the Kaskaskia River where it can be withdrawn by PSGC at a rate of up to approximately 15 MGD. PSGC advises that the water supply arrangements detailed above are more than sufficient to sustain PSEC operations under substantially all weather conditions.

FUEL

The PSEC generating station is situated adjacent to the underground coal reserves, which were purchased by PSEC Owners from Peabody Energy, and are currently expected to supply all the fuel needs

for the PSEC for more than 30 years. The estimated quantity of coal has been determined by extensive drilling and sampling by PSGC and was confirmed by an independent mine consultant in a study dated February 3, 2005. Such findings were reaffirmed in an August 2007 study (the "*2007 Mine Study*"). The PSEC Owners each own an undivided interest in the coal reserves, ensuring a reliable source of fuel for the plant. The generating station was constructed to burn the coal sourced from the coal reserves.

The current mine plan, which was developed and submitted in 2007 (the "*PSGC Mine Plan*"), called for the use of a single portal, as opposed to the two portals originally planned, to provide access to the underground reserves. The 2007 Mine Study indicated that the use of a single portal design was consistent with Illinois basin mines and should be adequate to supply the PSEC. PSGC holds all the key permits required to operate the mine portal.

In 2008 and 2009, the Mine Safety and Health Administration ("*MSHA*"), the Federal entity responsible for the approval of the PSGC Mine Plan, as well as its ongoing construction and operational monitoring and compliance, suggested various modifications to the original PSGC Mine Plan. After unsuccessful attempts at negotiation by PSGC, MSHA effectively imposed in August 2009 the use of a revised plan that included certain major modifications to underground mining techniques. PSGC accepted this revised plan in order to continue initial mine development, but simultaneously objected to many of the revisions that would be imposed by the revised plan during future mining to support PSEC operations. Thereafter, on September 17, 2009, MSHA issued two citations. The citations are considered "technical" in nature as MSHA and PSGC agreed in advance that they were to be issued, and there is no immediate jeopardy to continued mine development under the revised plan due to such issuance. Subsequently, PSGC entered into discussions with MSHA seeking a reasonable and amicable resolution to the differences in the two plans, which proved to be unsuccessful. The issuance of the citations allowed PSGC to pursue litigation through the administrative appeals process established by the Federal Mine Safety and Health Review Commission (the "*MSHA Commission*"), the body responsible for the adjudication of disputes under the Federal Safety and Health Act of 1977, as amended. PSGC is pursuing such action in an attempt to force a return to the mining techniques contained in the original PSGC Mine Plan, which PSGC believes are more appropriate for the mine's specific characteristics. The case is now pending before the United States Court of Appeals for the Seventh Circuit. In the meantime, PSGC has proceeded to mine in accordance with the PSGC Mine Plan, as revised by MSHA, however, PSGC has also contemporaneously engaged in performance-based mining approaches with MSHA. PSGC has been able secure MSHA approval to implement many of PSGC's requested modifications to the PSGC Mine Plan that were originally in dispute between MSHA and PSGC. These approved modifications have allowed PSGC to meet its mining performance objectives.

PSGC reports that the actual capital costs of the mine development were in fact under the original budget; however, the annual per ton operating costs of the mine remain higher than those originally assumed. However, in spite of the restrictions imposed by MSHA, other efforts of PSGC have increased the total amount of recoverable coal reserves available to the Project.

Space has been allocated for on-site coal storage near the PSEC generating station for approximately 60 days of operations with additional storage for approximate 15 days of operation located at the mine. As of December 1, 2014, PSGC maintained sufficient coal storage to support approximately 34 days of operation. PSGC is taking steps to more closely align coal supply held in storage with operations to reduce the negative effects of exposure of the mined coal to the weather. The PSEC design includes rail access to accommodate coal purchased from third parties in the event of an extended mine disruption, facilitate delivery of limestone and major equipment and disposal of coal combustion residuals.

PSGC operates the mine with PSGC personnel, supplemented, as necessary, with personnel from a third party provider in order to economically flex production to meet variable generation requirements. During its time in operation, the mine has maintained an excellent safety record, exceeding the industry averages in the key metrics of lost work day injury frequency and total recordable injury frequency. The mine personnel have also won a number of safety-related awards, including, most recently, the Mine Rescue contest at the Illinois State Mine Rescue and Bench Contest.

COAL COMBUSTION RESIDUAL DISPOSAL

The coal combustion residuals ("*CCR*") generated at PSEC, which consists of fly ash, bottom ash, and desulfurization residuals, are transported via conveyor system to a CCR disposal facility located adjacent to and west of the plant facility (the "*Near Field Site*"). The Near Field Site consists of approximately 500 acres, and is a permit-exempt monofill facility dedicated to the CCR disposal needs of the plant. The Near Field Site has a disposal life of approximately 30 years of the expected CCR to be generated by the PSEC generating station. Disposal cells are built incrementally as necessary to meet CCR disposal needs. All necessary permits for current operations at the Near Field Site have been secured; however, PSGC is pursuing an IEPA stream relocation permit to relocate a small intermittent stream to the perimeter of the 500 acre site to increase operational efficiency and capacity of the Near Field Site. PSGC has filed with the IEPA and the U.S. Army Corps of Engineers (the "*Army Corps*") all required information necessary secure a Section 404 permit from the Army Corps and a 401 Certification from IEPA that will authorize the relocation of this small stream as proposed. PSGC expects to receive these approvals and proceed to conduct relocation activities in first and second quarter of 2015. To the extent that there are any delays with the receipt of the IEPA stream relocation permit, PSGC may use the Jordan Grove Site (as defined below) to dispose of CCR pending receipt.

Coal mine breaker byproducts are transported via truck to a disposal facility located southwest of the plant facility (the "*Jordan Grove Site*"). The Jordan Grove Site is a permitted surface coal mine that has depleted most of its reserves, and the site is owned by a wholly-owned PSGC affiliate, Randolph Land Holding Company, LLC. PSGC is seeking appropriate consent from the IDNR to dispose of coal mine breaker byproducts at Near Field and thereby reduce transportation costs. All necessary permits for current operations of the Jordan Grove Site have been secured by PSGC. Furthermore, if necessary, the Jordan Grove Site is permitted to receive CCR from the plant via existing rail infrastructure.

ELECTRICAL INTERCONNECTION

The PSEC is within the Midcontinent Independent Transmission System Operator, Inc. ("*MISO*") geographical footprint. The PSEC's two turbine generators are connected through two 27-kV to 345-kV generator step-up transformers contained within the new PSEC substation which are owned by the PSEC Owners. A new substation was connected to a new Ameren Services Company ("*Ameren*") switchyard (the "*Ameren Switchyard*") via two 345-kV overhead lines owned by PSGC. The Ameren Switchyard is owned and operated by Ameren pursuant to the terms of a Large Generator Interconnection Agreement entered and made effective by Federal Energy Regulatory Commission ("*FERC*") Order in Docket ER05-215. Ameren Corporation is among the nation's largest investor-owned electric and gas utilities. The largest electric utility in Missouri and the second largest in Illinois, Ameren companies provide energy services to approximately 2.4 million electric and approximately 934,000 natural gas customers throughout its 67,700-square-mile territory.

COMMERCIAL OPERATION

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. During the shakedown period following

commercial operation, PSEC experienced 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.

As a result of the issues encountered during the shakedown period, the PSEC only achieved a capacity factor of 60.12% (based on the design net rated capacity of 1,582 MW), or 58.43% (based on the maximum net rating of 1,628 MW), in 2013. Through November 2014, the PSEC has achieved a capacity factor of 68.77% (based on the design net rated capacity of 1,582 MW), or 66.83% (based on the maximum net rating of 1,628 MW)[1]. The capacity factors for 2013 and 2014 reflect the loss of approximate 8,000,000 MWh through October 2014 attributable to derates and forced outages, some of which were caused by operational issues resulting from a new workforce. PSGC personnel have had to work through a learning curve associated with a new power generation company. As discussed above, PSGC has implemented an enhanced and ongoing training program for its personnel. PSGC advises that it has analyzed the derates and outages noted above through the end of November 2014 and traced to their root cause and implemented remediation measures for causes responsible for approximately 85% of the lost MWh. The causes of the remaining 15% of the lost MWh have been traced to root cause and measures required to remediate them have been identified and either have been implemented and are being monitored to ensure success or are in the process of being implemented.

Considering the reliability performance improvement initiatives being undertaken, including key staff additions with significant experience with supercritical coal-fired generation utilizing Illinois coal (see "– PSGC Personnel" below), original equipment manufacturer support and third party expert consultant support, PSGC advises that it expects to see continued improvements in reliability in the coming year and should approach levels consistent with seasoned coal-fired power plants in the medium term. At the same time, the PSEC Owners have made reliability improvements a priority of both the PSEC's daily operations and of its short-to-medium term capital improvement plan. During the shakedown period (2013-2014), the PSEC Owners have focused on (i) reducing unexpected outages and derates, which should reduce lost MWh and reduce stress on vital infrastructure, and (ii) enhancing PSGC's operational and repair and maintenance strategies. Over the short term (2015-2017), the PSEC has placed special emphasis on projects that will improve the reliability of PSEC and the productivity of mining operations. See "– PSEC Capital Improvement Plan" below.

PARTICIPATION AGREEMENT

The PSEC Owners entered into the Participation Agreement to govern the construction and operation of the PSEC. Pursuant to the Participation Agreement, the PSEC is operated by PSGC, which is owned indirectly by the PSEC Owners on a basis that is proportionate to their ownership interests in the PSEC. Prior to October 1, 2007 (when the ownership interests in the PSEC formally passed to the PSEC Owners other than AMP 368), PSGC was a wholly-owned subsidiary of Peabody Energy.

[1] Includes preliminary November 2014 data calculated by AMP based on information from PSGC.

The term of the Participation Agreement continues until the retirement from service of the plant and the mine. No provision of the Participation Agreement requires any PSEC Owner to perform the obligations, financial or otherwise, of any other PSEC Owner. A decision by the Management Committee (as hereinafter described) to retire the plant and mine from service can only be made by a supermajority vote of at least 75% of the ownership interests of the PSEC Owners. The mine will not be retired from service unless the plant is retired from service or the continued operation of the mine will not economically generate recoverable coal for use by the plant.

By the terms of the Participation Agreement, each PSEC Owner agreed to delegate to a "Management Committee" all decisions respecting constructing, designing, operating, maintaining and administering the PSEC. Each of the PSEC Owners has one representative on the Management Committee with voting power equal to its percentage ownership in the PSEC ("weighted voting"). The Management Committee is to meet at a minimum once a month prior to the beginning of the third calendar year after the substantial completion of the PSEC and thereafter quarterly. The Management Committee is authorized by the Participation Agreement to delegate certain of its powers to an "Administrative Committee" or other committees created by the Management Committee, but not, among other things, budget approvals, amendments to the Project Agreements, decisions respecting permits or other governmental approvals, major personnel decisions, agreement to site changes or rights in the site, or changes that would have a material adverse effect or a disproportionate impact on one or more of the PSEC Owners. Actions by the Management Committee on non-delegable items require a super-majority weighted vote of the PSEC Owner representatives (75% - which would be adjusted downward were any one PSEC Owner to have an increased percentage ownership in the PSEC that would give its Management Committee representative a veto where a super-majority vote is required). AMP's President and CEO Marc Gerken is the current chair of the Management Committee.

PROJECT MANAGEMENT AGREEMENT

The PSEC Owners entered into the Project Management Agreement with PSGC and Prairie State Energy Campus Management, Inc. ("*PSECM*") for the operation of the PSEC. Pursuant to the Project Management Agreement, the PSGC serves as the entity through which PSECM directly (and the PSEC Owners indirectly) can implement its decisions with respect to the PSEC. See "General – *PSEC*" above.

PSEC CAPITAL IMPROVEMENT PLAN

The preliminary PSEC Capital Improvement Plan includes approximately $134 million in capital improvements over the next five years, of which AMP's share will be approximately $31 million. Such capital improvement plan is subject to the approval of the PSEC Owners and is, therefore, subject to change. AMP expects to pay its share of any such capital improvements from Bond proceeds on hand rather than finance such capital improvements through the issuance of additional Bonds or other indebtedness.

PSGC PERSONNEL

PSGC operates the PSEC generating plant with personnel hired by PSGC, utilizing various third parties with appropriate expertise for technical assistance as needed. On the initiative of the PSEC Owners, the operational staff of PSGC has been overhauled in the past year to bring in additional personnel with extensive experience in operating coal-fired power plants. The key operational staff are set forth below.

Donald Gaston is President and Chief Executive Officer of PSGC. Mr. Gaston's appointment to such position was effective in November 2014. Mr. Gaston most recently served as the Director of Fossil

Generation for the Public Service Enterprise Group ("*PSEG*"), one of the 10 largest electric companies in the U.S. and New Jersey's oldest and largest publicly owned utility. In this capacity, he was accountable for the successful management of safety, environmental compliance, reliability, and financial performance of 5,800 megawatts of coal fired, oil fired, and natural gas generation. Prior to his time with PSEG, Mr. Gaston served as Southern Company's Environmental Program Manager, and Plant Manager at Tennessee Valley Authority's Paradise Fossil Plant, where he was responsible for all aspects of managing 2,400 megawatts of supercritical coal fired units.

Mr. Gaston holds a Bachelors of Science in Mechanical Engineering from the Georgia Institute of Technology, a Masters of Business Administration from the University of Tennessee, and completed the TVA Executive Development Program at Vanderbilt University.

Randy Short is Chief Operating Officer of PSGC. Mr. Short was appointed to such position in June 2014. Mr. Short has two decades of experience in the utility industry and most recently served as plant manager of the coal-fueled Baldwin Energy Complex, an Illinois plant operated by Dynegy. The Baldwin Energy Complex, a three-unit supercritical power plant with a total net generating capacity of 1800MW, is located in close proximity to the PSEC and, like the PSEC, utilizes Illinois coal. Previously, Mr. Short served as plant manager at the Wood River power plant, another Illinois coal-fired power plant, and served as senior director for Generation Programs at Dynegy corporate headquarters in Houston. As COO, Mr. Short oversees the primary corporate functions of PSGC, including the power plant and enhancing PSGC's reliability plan.

He holds a Bachelors of Science in Mechanical Engineering from Iowa State University and a Masters of Business of Administration from the University of Illinois Urbana-Champaign.

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 December 12, 2014, AMP had 130 Members – 83 municipalities in Ohio, 29 boroughs in Pennsylvania, six cities in Michigan, five municipalities in Virginia, three cities in Kentucky, two cities in West Virginia and one city in Indiana that own and operate electric distribution systems and a few of which own and operate generating assets and DEMEC in Delaware with nine municipal members that own and operate electric distribution systems and in one case that owns and operates generating assets.

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 include 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 law, AMP currently pays Ohio personal property, real estate and applicable sales taxes, but AMP could challenge the application of those taxes in the future.

AFFILIATES; MEMBER SERVICES

AMP is closely aligned with another Ohio statewide municipal power organization. The Ohio Municipal Electric Association ("*OMEA*") 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 178 people.

AMP's administrative offices and Energy Control Center are located in an 100,000 square-foot facility in Columbus, Ohio. The facility is owned by AMP.

AMP purchases wholesale electric power and energy and resells the same to its Members at rates based on cost plus a small service fee. AMP also develops alternative power resources for its Members to meet their short- and long-term needs. In 2013, the cost of power sold or arranged by AMP for its Members was approximately $953.1 million, at an average rate of $64.40/MWh for 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 utilities. 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 also recently became a member of TEA Solutions, a newly formed 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 by providing portfolio management, RTO trading, bilateral power trading, power supply management, natural gas trading services and risk management services, to community-owned utilities.

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 is currently constructing approximately 300 MW of run-of-the-river hydroelectric power generation at existing dams on the Ohio River. See "- Other Projects - *Hydroelectric Projects*" herein. The hydroelectric projects currently under development 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 ("*Wadsworth*"), 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, are being planned for the 2015-2017 time period based on Member interest.

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 station, 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. The contact with VEIC has been renewed. VEIC is a nationally recognized leader in developing energy efficiency programs. The executed contract creates an Ohio-based turnkey entity – Efficiency Smart – utilizing 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, which launched in 2011 and currently has 28 participating Members, has achieved, as of November 30, 2014, at least 140,000 MWh of energy savings. AMP has fulfilled its obligations to date regarding the Consent Decree. 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.

Carbon Management. AMP is taking action to report and reduce CO_2 and other greenhouse gas ("*GHG*") emissions, while also investing in CO_2 offset projects. AMP, through the budgeting process for the Project and other AMP projects, is funding various CO_2 offset projects, primarily forestry and landfill gas projects that capture or reduce CO_2 and methane, throughout its footprint. AMP was the first public power member of the Chicago Climate Exchange, the world's first voluntary, legally-binding, rules-based GHG emission reduction and trading system. 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 of former strip-mined land. After conducting a request for proposals, AMP contracted to purchase verified carbon offsets from additional projects 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, Efficiency Smart, green power development, 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. Mr. Gerken is also the President of the Board of Directors of the National Hydropower Association and 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.

Robert Trippe has served as Chief Financial Officer of AMP since April 1991, overseeing all accounting, finance, treasury, and credit activities. Before joining AMP, he served with Ernst & Young in Kansas City, where he became involved in public utility work. Mr. Trippe went on to work for Detroit Edison, serving as Director of Corporate Accounting. He served as Chief Financial Officer for Detroit Edison's diversified operations from 1984 to 1991. Mr. Trippe holds a Bachelor of Science degree in accounting and finance from Missouri State University.

Jolene Thompson serves as Senior 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, communications and technical services. Ms. Thompson currently serves on the boards of directors of the Transmission Access Policy Study Group and Consumer Federation of America. She is a former member of the APPA Board of Directors and a former Chair of the APPA Advisory and Legislative and Resolutions committees. She holds a B.A. in Journalism from Otterbein University.

Pam Sullivan serves as Senior Vice President, Marketing and Operations of AMP. 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.

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 the former Richard H. Gorsuch Generating 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 PSEC, 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 bachelor's degree 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 (SCADA) 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 is the 2013 chair for the American Public Power Association (APPA) IT Committee. Branndon 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.

Bobby Little serves as Senior Vice President, Risk Control. Mr. Little started with AMP in July 2013, and has more than 25 years of related industry experience. Little is former executive director of risk management for Southern California Edison. In addition, he worked as an audit/compliance manager for

Williams Power and held various management positions at Progress Energy. He has extensive experience in developing and managing organizational risk management plans and policies, audit plans, risk mitigation strategies and compliance issues. Mr. Little holds a B.S. in Business Administration from the University of North Carolina and an MBA in Finance from Campbell University.

Senior Staff

Chris Easton serves as Vice President, Business Operations. John Christopher "Chris" 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 bachelor's degree in geography from Ohio University and a master's degree in public administration from the University of Akron.

Marcy Steckman serves as Vice President, Finance and Accounting. Marcy Steckman joined AMP in 2013. She previously held finance and accounting positions with American Electric Power and Ohio Power Company for 10 years, Huntington National Bank for 14 years, and Nationwide Insurance Company for six years. Ms. Steckman holds a bachelor's degree in accounting from the University of Akron and is a Certified Public Accountant. She is a member of the National Association of Professional Women and the Ohio Society of Certified Public Accountants.

Pete Crusse serves as Vice President, Hydroelectric Construction. Pete 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 Meldahl 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 bachelor's degree in industrial technology from the University of Wisconsin-Stout.

Phil Meier serves as Vice President, Hydroelectric Development and Operations. Phil 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 bachelor's degree in electronics engineering technology from the DeVry Institute.

Lisa McAlister serves as Deputy General Counsel, FERC/RTO Affairs. Lisa 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 bachelor's degree from Elon University and a J.D. from The Ohio State University.

Rachel Gerrick serves as Deputy General Counsel. Rachel 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 bachelor's degree in economics and history from Emory University and a J.D. from the University of Virginia School of Law.

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[1]. 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 November 30, 2014, $371,164,000 had been drawn or reserved on the Line of Credit, approximately $360 million of which is supported by Member commitments, such as the draws on the Line of Credit that are evidenced as Subordinated Obligations under the Indenture and comparable draws on the Line of Credit used to refund obligations or provide working capital for other AMP projects. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2015 BONDS – Subordinated Obligations" and "- Other Projects – *JV 1, 2, 4, 5 and 6; Combustion Turbine Project*", "*– Meldahl Hydroelectric Project*", "*– Napoleon Solar Project*."

OPERATING RESULTS OF THE PROJECT

Rates. AMP has established a Prairie State project committee comprised of certain members of AMP's Board of Trustees. The project committee, assisted by staff, advises the Board of Trustees with respect to the determination of rates payable by Participants in respect of power delivered from the PSEC. Pursuant to the Power Sales Contract, a Participants' Committee has an advisory role in the development of the rates set by the AMP Board of Trustees.

Pursuant to the Power Sales Contract, rates are established at least annually in an amount sufficient to meet the rate covenant contained in the Indenture. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2015 BONDS – Rate Covenant and Coverage." AMP periodically reviews the adequacy of these rates. If the rates are determined to be inadequate by such a review, revised rates may be adopted.

Payments by each Participant for its PSCR Share are based upon AMP's actual cost of owning, operating and maintaining the Project. Such costs are estimated in an annual budget prepared by AMP and amended, as necessary, for changing conditions. All of AMP's Revenue Requirements are billed to and payable by the Participants on a monthly basis.

AMP has used funds credited to the Reserve and Contingency Subfund and various Construction Accounts established under the Indenture and draws on its Line of Credit to reduce the cost impact to the Participants of the shakedown period and to moderate the variability of production by levelizing the cost of power delivered from the PSEC to the Participants. Specifically, the AMP Board of Trustees has approved rates at the levels shown below. To the extent the monthly delivered cost of power is greater than the approved rate, amounts are drawn from the Line of Credit to levelize the rate at the approved rate. Conversely, if the monthly delivered cost of power is lower than the approved rate, amounts outstanding on the Line of Credit are paid down. The blended capacity and energy rate approved by the AMP Board of Trustees for 2014 is $73.66/MWh and a budgeted blended capacity and energy rate for 2015 of $71.38/MWh was similarly approved. The Participants' Committee concurred in the establishment of both rates.

[1] Information in this sentence is dated as of December 29, 2014.

Financial Statements.

AMP prepares its financial statements on a consolidated basis. Such financial statements, including the footnotes thereto and the supplementary consolidating information included therein, contain specific financial information about the Project. AMP's audited financial statements for the fiscal year ended December 31, 2013 and unaudited financial results for the nine months ended September 30, 2014 have been filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System and are included by specific reference herein.

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 November 30, 2014, $12,260,093 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. As of November 30, 2014, $28,785,511 of the 2001 Belleville Beneficial Interest Certificates with a final maturity of 2030 were outstanding. The 2001 Belleville Beneficial Interest Certificates are capital appreciation bonds with a final aggregate maturity amount of $56,125,000. This debt is non-recourse to AMP. 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. As of November 30, 2014,

$58,503,326 principal amount of JV5 Obligations were held on the Line of Credit. The Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039.

- *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. As of November 30, 2014, $975,000 principal amount of AMP's JV6 Obligations was outstanding. The debt is non-recourse to AMP.

- *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 November 30, 2014, $5,384,839 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 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.

On February 11, 2011, a complaint was filed by AMP against Bechtel Power Corporation ("*Bechtel*") related to the estimated capital cost increase and cessation of development of AMPGS. That complaint was filed in U.S. District Court, Southern District of Ohio, Eastern Division. In the complaint, AMP alleged breach of contract, gross negligence and breach of fiduciary duty on the part of Bechtel and sought $97 million in damages. The case was assigned to U.S. District Court Judge Michael Watson and Magistrate Judge Beth Preston Deavers. On April 12, 2011, Bechtel filed a motion to dismiss the complaint. Bechtel also filed an answer denying any liability and a counterclaim seeking $383,566.33 from AMP related to a termination payment that Bechtel alleges that it is entitled to as a result of AMP terminating AMPGS for convenience. Counsel completed an electronically stored information (ESI) protocol which governs the production of ESI by both parties. Expert witnesses were retained in anticipation of providing testimony with respect to both Bechtel's liability and AMP's damages.

On May 8, 2012, the Court issued an Opinion and Order which granted Bechtel's motion to dismiss AMP's gross negligence and breach of fiduciary duty claims but denied Bechtel's motion to dismiss AMP's breach of contract claim. In its Opinion and Order, the Court found that, if the allegations in AMP's complaint were proven to be true, it is plausible "that Bechtel acted with no care whatsoever in the face of a known great risk of harm (to AMP)" such that the limitation of liability clause in the EPC contract would be rendered unenforceable. Depositions commenced in May 2012. A total of 30 fact witness depositions were taken and fact witness depositions are now complete. Expert witness reports

and rebuttal expert reports were exchanged and expert depositions were completed in December 2012 and January 2013. Bechtel filed a motion for summary judgment on February 8, 2013. AMP's response was filed on March 29, 2013 and Bechtel's reply was filed on April 26, 2013.

On March 31, 2014, the Federal Court issued a 41-page, adverse decision, denying in part and granting in part, Bechtel's Motion for Summary Judgment. The Court found it should apply the higher "wanton" or "no care whatsoever" standard to Bechtel's conduct rather than the lower "reckless" standard as AMP had argued. Despite finding that Bechtel may have breached AMP's contract by failing to trend cost information from similar projects, the Court nonetheless found Bechtel did trend some things, which demonstrated "some" care, and therefore, the Court could not find that Bechtel exercised "no care whatsoever." As a result, the Court found that even if Bechtel breached the contract, the contract's limitation of liability clause must be enforced, limiting any damage recovery to $500,000. Additionally, the Court rejected Bechtel's argument that AMP's contract claim should be dismissed in its entirety because AMP cannot prove that Bechtel's failures caused AMP's damages. The Court ruled that AMP properly asserted a claim for reliance damages and, to prevail, AMP must establish a causation element to this claim. The Court ruled that there was a genuine issue of material fact as to whether or not Bechtel's failures caused AMP's damages and, therefore, summary judgment would not be appropriate on this issue. After this ruling, AMP's breach of contract claim is still pending although any recovery at trial will be limited to $500,000. Additionally, Bechtel's counterclaim is still pending.

As approved by the AMPGS Participants, AMP's counsel filed a motion on May 2, 2014 requesting the federal district court to take the following alternative actions. First, the motion asked the District Court to certify a question of Ohio law to the Ohio Supreme Court, namely whether, under Ohio law, a party's "reckless" conduct can render a contractual limitation of liability provision unenforceable. In the alternative, AMP asked that the District Court certify an interlocutory appeal of its summary judgment order to the U.S. Court of Appeals for the Sixth Circuit. The District Court granted AMP's motion to certify the "reckless" issue to the Ohio Supreme Court on October 21, 2014 and reserved ruling on the alternative motion.

AMP and Bechtel filed preliminary memoranda with the Ohio Supreme Court on November 13, 2014 on the issue of whether that court should accept the case for review. On December 24, 2014, the Ohio Supreme Court agreed to hear AMP's request that that Court determine whether, under Ohio law, reckless conduct by a breaching party renders a contractual limitation of liability clause unenforceable. As a result of the Supreme Court's ruling, the litigation between AMP and Bechtel will be stayed until the Supreme Court renders its decision. AMP's brief in support of its position will be filed on or before February 2, 2015 after which Bechtel will file a brief in opposition and AMP will file a reply brief. Oral argument in the case is anticipated for late May or early June 2015 with a decision likely to be entered by the Ohio Supreme Court before the end of 2015. If the Ohio Supreme Court agrees that "reckless" conduct can render a limitation of liability clause unenforceable, AMP will request that the District Court reconsider its summary judgment order. The District Court has vacated the previously scheduled December 8, 2014 trial date and no new trial date has been scheduled.[1]

Taking into account amounts paid or to be paid by AMP and the AMPGS Participants, and the value of the assets acquired prior to the termination of the AMPGS Project, AMP expects that it will recover the costs incurred in connection with the development of the AMPGS Project. Any amounts potentially recovered from Bechtel in connection with the litigation detailed above will be utilized to reduce the costs otherwise payable, or reimburse costs already paid, by AMP and the AMPGS Participants.

[1] Information in this paragraph is dated as of December 24, 2014.

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. The AMP Fremont Energy Center is a natural gas fired, combined cycle, electric power generation plant with a capacity of 512 MW (unfired)/675 MW (fired), consisting 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 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*").

To provide permanent financing for the 90.69% Interest, in 2012, 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 November 30, 2014, $537,700,000 aggregate principal amount of AFEC Bonds was outstanding.

For calendar year 2013, AFEC's first full year of commercial operation, AFEC produced 2,708,703 MWh of electric power, with a capacity factor of 55.71% and an equivalent availability factor of 84.12%. Through October 2014, AFEC has produced 2,131,251 MWH, of electric power with a capacity factor of 34.61% and an equivalent availability factor of 88.94%. 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 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 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 November 30, 2014, $2,038,777,941 aggregate principal amount of the Combined Hydroelectric Bonds was outstanding.

As of November 30, 2014, AMP anticipated that the Combined Hydroelectric Projects will enter commercial operation as follows: Cannelton in the second quarter of 2015; Willow Island in the second quarter of 2015; and Smithland in the second quarter of 2016.

Meldahl Hydroelectric Project (48 Members). AMP is also currently constructing a three-unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing Army Corps dam on the Ohio River, and related equipment and associated transmission facilities (the "*Meldahl Project*"). When the Meldahl Project enters commercial operation, it is projected to have a generating capacity of approximately 105 MW. The City of Hamilton, Ohio, a Member of AMP and a participant in the Meldahl Project, and AMP hold, as co-licensees, the FERC license necessary to construct and operate the Meldahl Project.

Pursuant to the various agreements between Hamilton and AMP, the Meldahl Project will be owned by Meldahl, LLC, a single member, Delaware not-for-profit limited liability company ("*Meldahl, LLC*"), and will be operated by Hamilton. AMP, acting as agent of Meldahl LLC, is financing the development, acquisition, construction and equipping of the Meldahl Project.

In order to finance the construction of the Meldahl Project and related costs, in 2010 and 2011 AMP issued six series of its Meldahl Hydroelectric Project Revenue Bonds (the "*Meldahl Bonds*") consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The outstanding principal amount of the Meldahl Bonds as of November 30, 2014 was $630,065,000. On August 1, 2014, AMP redeemed all of its outstanding Series 2011A Meldahl Bonds ("*Meldahl 2011A Bonds*") with the proceeds of a draw on its Line of Credit. As of November 30, 2014, $55,231,803 on the Line of Credit was allocable to the refunding of the Meldahl 2011A Bonds and an additional $5,475,780 on the Line of Credit was allocable to issuance costs relating to the Series 2010E Meldahl Bonds . The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of November 30, 2014, AMP estimated that the Meldahl Project will enter commercial operation in the first quarter of 2015.

Greenup Hydroelectric Project (47 Members). The referenced agreements with Hamilton respecting the Meldahl Project also provided that Hamilton would sell to AMP for $139 million a 48.6% undivided ownership interest in the Greenup Hydroelectric Facility ("*Greenup*"), a 70.2 MW run-of-the-river hydroelectric generating facility located on the Greenup Locks and Dam on the Ohio River. Greenup has been in commercial operation since 1988. The sale is contingent upon the placement of the Meldahl Project into commercial operation. Based on the estimated commercial operation date for the Meldahl Project, AMP currently estimates that it will issue bonds to finance the $139 million purchase price of its undivided ownership interest in Greenup in the second quarter of 2015. AMP's Greenup bonds will be secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which will retain title to a 51.4% ownership interest in Greenup) that executed the Meldahl power sales contract. Hamilton will continue to operate Greenup.

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 November 30, 2014, $8,763,099 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 68 Participants is a Member of AMP. Sixty of the Participants are located in Ohio, two in Michigan, five in Virginia and one in West Virginia. The Participants, together with their

respective PSCR Shares, are listed in Appendix A hereto. The Electric Systems owned by the Participants provide, among other things, electric utility service primarily to retail consumers located in their respective service areas.

Of the 68 Participants, six of the Participants have combined a 48.77% of all Participants' PSCR Shares. These Participants are the City of Danville, Virginia; and the Cities of Hamilton, Bowling Green, Cleveland, Piqua, and Celina, Ohio (collectively, the "*Large Participants*"). With the exception of Cleveland, each of the Large Participants is the only authorized supplier of electricity in the corporate limits of the municipality. Cleveland is in direct competition with Cleveland Electric & Illuminating, an operating company of First Energy Corp. Appendix B to this Official Statement contains certain financial and other information about the Large Participants.

ENFORCEABILITY OF CONTRACTS AND BANKRUPTCY

The enforceability of the various legal agreements relating to the PSEC and the Series 2015 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 PSEC 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.

As of December 1, 2014, Edgerton, Ohio, Niles, Ohio and Galion, Ohio, which are Participants with aggregate PSCR Shares of 3.65%, have been determined by the State Auditor to be in Fiscal Emergency. In each case, the findings of the State Auditor that led to the determination that such cities were in Fiscal Emergency did not identify the electric funds as funds running a deficit. 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 the date hereof, Edgerton, Galion and Niles are all current on all of their obligations payable to AMP, including their obligations under the Power Sales Contract.

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 fist complying with applicable State law requirements. Pursuant to the Local Financial Stability and Choice Act, Act 436, Public Acts of Michigan, 2012, 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, 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 conclude the existence of either a financial emergency or no financial emergency in the local government.

If the Governor determines 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 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.

West Virginia and Virginia. Neither the existing law of Virginia nor the existing law of West Virginia specifically authorizes, as required by the Bankruptcy Code, its municipalities to file for bankruptcy under the Bankruptcy Act. Neither existing Virginia nor existing West Virginia law has provisions similar to those of Ohio and Michigan law, discussed above, respecting fiscal emergencies of municipalities or their public utilities.

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, and (k) technological advances in fuel economy and energy generation devices.

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 of 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.

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 is 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 Interconnection, LLC ("*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 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*").

Limitations on emissions of GHGs, including CO_2, create a potential significant exposure for electric coal-fired generation facilities. The United States Environmental Protection Agency ("*EPA*") is currently pursuing regulation of CO_2 emissions from various classes of electric generating units (*EGUs*) in the form of three separate rulemakings. While these regulatory proposals are not yet final and also face considerable legal challenges, the Administration continues to promote limits on GHG emissions as part of its domestic agenda, as well as through continuing international treaty discussions. However, with the timing and final key details yet unknown, the extent and implications of that exposure cannot be quantified at this time.

EPA Climate Action Plan. On June 25, 2013, President Obama announced a new Climate Action Plan, which would be implemented without legislation through existing regulatory authorities and new executive orders. The central and most controversial provision seeks to revitalize and refocus the global debate on climate change onto the U.S. fleet of fossil-fueled power plants; the Administration directed EPA to proceed with rulemakings for carbon limits on both new and existing power plants.

EPA missed its original April 2013 deadline to issue a rule to establish new source performance standards ("*NSPS*") for CO_2 and other GHG emissions from new EGUs. Under the Administration's new climate initiative, EPA officially proposed a new rule to address GHG emissions from these new EGUs in

January 2014; a final new-unit rule is expected early in 2015. For existing EGUs, such as the PSEC, as well as for modified and reconstructed units under a third rulemaking, EPA issued proposed GHG regulations in June 2014, for public comment. The proposed rule would not directly regulate GHG emissions by specific power plants, but instead would impose state-by-state caps on aggregate GHG emissions. The first round of comments, focused on EPA's method for establishing the state-specific GHG emissions caps, was due on December 1, 2014. EPA is expected to issue a final rule by June 2015. States then would be required to submit implementation plans for EPA's approval. Plans for meeting state-specific emission rate targets would be due by June 30, 2016, except that EPA's proposal would allow states to request a one-year extension for single-state implementation plans or a two-year extension for multi-state implementation plans.

EPA's efforts to limit GHG emissions are based on the U.S. Supreme Court's decision in Massachusetts v. Environmental Protection Agency, 549 U.S. 497 (2007). The Court concluded that the Clean Air Act (CAA) authorized the EPA to regulate GHGs from new motor vehicles if that agency concludes that such emissions "endanger" public health and/or welfare. EPA finalized its finding that GHGs endanger public health and welfare on December 15, 2009, thus establishing the basis for regulating GHGs for cars and trucks – and, by extension under EPA's interpretation of the CAA, all stationary sources. It is based on this interpretation of the CAA that EPA is now proposing to adopt regulations that would effectively limit GHG emissions by stationary sources, including existing power plants.

While the direct impact of such proposals is subject to a number of factors, including the state plan adopted by Illinois, the PSEC is already performing at a level that exceeds the 2030 CO_2 emissions target for Illinois coal generation (a 2030 standard of 2,200 lbs/MWh versus a PSEC actual of 2,000 lbs/MWh). Notwithstanding this fact, PSGC and AMP are unable to predict the impact of such potential GHG regulation.

The statutory interpretation and other legal grounds on which EPA relies in proposing GHG limitations affecting existing, reconstructed and new power plants is controversial, and legal challenges and legislative proposals to EPA's proposed GHG rule already have been initiated. EPA's proposed 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. AMP is unable to predict the outcome of these matters.

Legal challenges were lodged to EPA's 2010 "Tailoring Rule," which made federal new source review ("*NSR*") permitting requirements under the prevention of significant deterioration ("*PSD*") program applicable to significant increases in CO_2 emissions at major stationary air emissions sources. On June 23, 2014, the Supreme Court partially upheld and partially rejected several of EPA's prior GHG regulations, ruling that while EPA had overstepped its authority in issuing the Tailoring Rule, the agency has authority to require GHG "best available control technology" (*BACT*) considerations for new and modified units that are already regulated under the CAA's PSD and Title V permitting sections for other pollutants. Challenges to the Administration's current GHG rulemaking proceedings may be bolstered by the Supreme Court's actions in this regard. Thus, the timing and content of any new regulatory restrictions are uncertain at this time.

GHG / Climate Change Legislation. Motivated in part by a belief that the Clean Air Act is an ill-suited framework for controlling GHG emissions, Congress in 2009-2010 considered legislation to establish a market-based regime for limiting GHGs. On June 26, 2009, the U.S. House of Representatives narrowly passed legislation that sought to establish an economy-wide cap-and-trade program to reduce U.S. emissions of GHGs (17 percent reduction in GHG emissions from 2005 levels by 2020 and just over an 80 percent reduction of such emissions by 2050). Under this legislation, EPA would have been required to issue a capped and steadily declining number of tradable emissions allowances to certain major sources of GHG emissions so that such sources could continue to emit GHGs into the atmosphere (as long as allowances are available). Some allowances would have been distributed to major sources for free during the early years of the program; however, these allowances would have been expected to escalate significantly in cost over time. The net

effect of the legislation would have been to impose increasing costs on the combustion of carbon-based fuels such as coal, oil, refined petroleum products, and natural gas.

The Senate failed to pass the bill, and there has been no serious consideration of cap-and-trade or other GHG-limiting legislation by either body of Congress since 2010. EPA has taken congressional inaction on climate change as a rationale for its efforts to regulate GHGs through executive action alone. However, with Republicans gaining control of the Senate, it is anticipated that congressional efforts to roll back some of EPA's regulatory GHG initiatives may constitute a viable possibility in 2015.

It is generally understood that newer facilities that are more energy efficient or which are adaptable to a mix of various conventional and alternative fuels (or those that can successfully incorporate nascent carbon capture and sequestration technology) will be at a competitive advantage in any GHG-limited regulatory framework compared to less efficient facilities. The same is true relative to other environmental regulations that are designed to limit various emissions from electric generation units.

AMP is unable to predict at this time whether mandatory GHG emissions limitations will be imposed, the impact of any such limitations on PSEC's operations, or, more broadly, the impacts of any such limitations on the costs and reliability of wholesale electricity supplies. Impacts specific to PSEC likely would be determined primarily by the specific plan the State of Illinois adopts, on its own or in conjunction with other states in the region, to implement any mandated limitations. Although AMP is unable to predict the outcome of these matters, the potential impacts of mandatory GHG emissions limitations on PSEC, 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 SO_2 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.

For purposes of CASPR, the PSEC is considered a "new unit" and, therefore, receives allowances under the new unit set aside ("*NUSA*") program. For the years 2015-2017, PSGC expects that sufficient NO_x

and SO_2 allowances will be available from the NUSA pool to support operations. If the NUSA pool is exhausted, PSGC will have to purchase allowances from the market.

Ozone NAAQS. The 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 have recommended a 0.060 – 0.070 ppm ozone standard. Impacts from a lowering of the ozone NAAQS will impact development in areas designated as nonattainment for ozone. If the EPA adopts a primary ozone NAAQS lower than the current 0.075 ppm standard and sets new secondary ozone NAAQS, the result could be a dramatic expansion of the areas identified as nonattainment for ozone.

In November 2014, the EPA issued the proposed rule for comment. EPA is proposing to lower the primary ambient air quality standard for ozone from 0.075 ppm to somewhere between 0.065-0.070 ppm while also soliciting comments supporting an even lower standard at 0.060 ppm, as well as those that support maintaining the existing standard.

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, Load Serving Entity, Purchasing-Selling Entity, and Resource Planner. Entities registered with NERC are subject to periodic audit for their compliance with applicable reliability standards. AMP was most recently audited by RFC in 2010 for compliance during 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.

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. 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.

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.

Recent Legislation. In March of 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 a independent energy optimization program administer selected by the Michigan Public Service Commission.

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.

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 (RECs). 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.

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 ("*Restructuring Act*"), which was comprehensive legislation that provided for the deregulation of the generation component of electric service while transmission and distribution remained as regulated services. The Restructuring Act was significantly amended in subsequent years. *As amended, the Restructuring Act specifically exempts municipal power systems from retail competition and other Restructuring Act provisions unless a municipality (a) elects to become subject to such provisions or (b) competes 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 electric "re-regulation" legislation that amended the Restructuring Act and renamed it the Virginia Electric Utility Regulation Act. To a large degree, the legislation 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 legislation maintained the Restructuring Act's exemption for municipal power systems.*

Customer Choice. Retail choice of generation providers generally was eliminated under the Virginia re-regulation legislation 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 100 percent from renewable energy (Va. Code § 56-577A5). *These provisions have no direct impact on Virginia municipal power systems.*

Renewable Energy. The re-regulation legislation in Virginia also established a voluntary renewable portfolio standard ("*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 RPS goals, as amended, are 4% in 2010, 7% in 2016, 12% in 2022 and 15% in 2025. The legislation provides 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 legislation 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.

2014 Legislation. The following are summaries of certain energy-related bills that were passed during the 2014 session of the Virginia General Assembly and approved by the Governor. With one exception, they became effective on July 1, 2014. *These provisions have no direct impact on Virginia municipal power systems.*

House Bill 822/Senate Bill 498. These bills limit the ability of an electric utility participating in a program to bank renewable energy sales or renewable energy certificates *("RECs")* that are in excess of the yearly sales requirement for a particular specific RPS goal. They provide that the utility may use such excess sales or RECs to achieve the RPS goals only in the subsequent five calendar years after the renewable energy was generated or the certificates were created. An electric utility may continue to apply RECs that it acquired prior to January 1, 2014.

House 1261/Senate Bill 615. These bills require that the Virginia Energy Plan include, with regard to any regulations proposed or promulgated by the U.S. Environmental Protection Agency to reduce carbon dioxide emissions from fossil fuel-fired electric generating units under Section 111(d) of the Clean Air Act, an analysis of the costs to and benefits for energy producers and electric utility customers; the effect on energy markets and reliability; and the commercial availability of technology required to comply with such regulations. The bills also require that the Plan set forth energy policy positions relevant to any potential regulations of the Virginia Air Pollution Control Board to reduce carbon dioxide emissions from fossil fuel-fired electric generating units under Section 111(d) of the Clean Air Act. Further, the Plan is required to (i) examine policy options for state regulatory action to adopt less stringent standards or longer compliance schedules than those provided for in applicable federal rules or guidelines and (ii) identify regulatory mechanisms that provide flexibility in complying with such standards, including the averaging of emissions, emissions trading, or other alternative implementation measures.

Senate Bill 653. This bill establishes, beginning with fiscal year 2016, grants for placing into service renewable energy property. A grant would equal 35 percent of the costs paid or incurred to place the renewable energy property into service, not to exceed $2.5 million for any individual project. The bill defines renewable energy as energy derived from sunlight, wind, falling water, biomass, waste, landfill gas, municipal solid waste, wave motion, tides, or geothermal power, but not including energy derived from coal, oil, natural gas, or nuclear power. The grant program will have $10 million available for fiscal

year 2016, subject to appropriation by the General Assembly. The bill that requires it be reapproved during the 2015 General Assembly session in order to become effective.

WEST VIRGINIA LEGISLATION

General. Under W.Va. Code §8-19-1, any West Virginia municipality or county commission is authorized to "acquire, construct, establish, extend, equip, repair, maintain and operate, or lease to others for operation a waterworks system or an electric power system or construct, maintain and operate additions, betterments and improvements to an existing waterworks system or an existing electric power system . . . *Provided*, that such municipality or county commission shall not serve or supply water facilities or electric power facilities or services within the corporate limits of any other municipality or county commission without the consent of the governing body of such other municipality or county commission."

Contracts for purchase of electric power by municipality. In 2007, the West Virginia Legislature passed S.B. 615, authorizing municipalities to enter into long-term take-or-pay contracts for the purchase of electricity. Under the legislation, municipalities operating an electrical power system may enter into a contract with any other party for the purchase of electricity from one or more projects. The contract may include provisions that the contracting municipality is obligated to make payments whether or not the project is completed, operable, or operating, and that payments shall not be subject to reduction or conditioned upon performance or nonperformance by any party. Contracts may provide that if a municipality or other party defaults, any nondefaulting municipality or other party to the contract shall on a pro rata basis succeed to the rights and assume the obligations of the defaulting party. The contract shall not create an obligation, pledge, charge, lien, or encumbrance on the property of the municipality, except revenues of the municipality's electric power system. The law requires the municipality to set rates sufficient to provide adequate revenues to meet the contract obligations, subject to the notice and review procedure set forth below.

Municipally-operated public utilities in West Virginia are required under West Virginia law to provide notice to the public and the West Virginia Public Service Commission ("WVPSC") within five days of the municipality passing an ordinance approving a rate increase. (*See* W.Va. Code §24-2-4b and W.Va. Code of State Rules 150-2-22). The increase may be effective no sooner than 45 days after adoption of the ordinance. Customers may file a petition challenging a rate change. Upon the filing of such a petition, the WVPSC must review and approve or modify the proposed rates within 30 days of adoption of the ordinance. If a petition is signed by at least 25% of the customers served by the utility residing within the state, the rate change will be suspended for 120 days from the date the change would otherwise go into effect or until an order is issued. During that stay, a hearing examiner appointed by the WVPSC from its staff must conduct a public hearing and, within 100 days from the date the rate change would otherwise go into effect, enter an order approving, disapproving or modifying the rates.

In April of 2014, the Legislature amended W.Va. Code §24-2-4b with the passage of H.B. 4601 making rates filed by municipal utilities that increase gross revenues twenty-five percent (25%) or less presumptively valid and allowing said rate increases to go into effect from the effective date set forth in the authorizing municipal ordinance. The legislation also permits a municipal utility seeking a rate that increases gross revenue by greater than twenty-five percent to request a waiver of the statutory suspension period. Where subsequent WVPSC review of the rate results in approval of a rate lower than that put into effect at an earlier date pursuant to the above-referenced provisions, the municipal utility must refund or credit consumers within six months.

A municipal electric utility also still may petition the WVPSC to allow an interim or emergency rate to take effect, subject to refund or future modification, if the WVPSC determines it is necessary to

protect the municipality or the utility from financial hardship attributable to the purchase of the electricity or financial distress, respectively. In such cases, the WVPSC may waive the 45-day waiting period and the 120-day suspension period mentioned above.

Competition. West Virginia has not deregulated its electric utility industry. In 2001, the West Virginia Legislature failed to pass a resolution that would have triggered previously enacted legislation initiating the restructuring of the West Virginia electric utility industry. Accordingly, West Virginia currently does not have statutes similar to those in Ohio concerning electric utility competition.

Integrated Resource Planning. In 2014, the Legislature passed H.B. 2803, requiring the WVPSC to issue an Order by March 31, 2015, directing electric utilities to engage in "integrated resource planning," *i.e.*, a process to evaluate both supply-side and demand-side resource alternatives to ensure that projected power demand is met. Utilities without an existing integrated resource planning requirement, must submit an initial plan by January 1, 2016. All utilities are required to file an updated plan every five years.

Greenhouse Gas Emissions. In 2007, the West Virginia Legislature passed S.B. 337, authorizing the Secretary of the Department of Environmental Protection to establish a greenhouse gas inventory ("*GHG Inventory*") for the State. Pursuant to the legislation, the Secretary promulgated rules establishing GHG Inventory requirements for all sources that emit greater than a *de minimis* amount of GHGs on an annual basis. On March 10, 2012, however, the West Virginia Legislature passed legislation (SB 496) that eliminated the state reporting requirement and directs the DEP to obtain its emissions data for the GHG Inventory directly from federal entities, such as the Environmental Protection Agency.

In 2014, the Legislature passed H.B. 4346, establishing a list of factors the West Virginia Department of Environmental Protection must consider in developing any State Implementation Plan (SIP) in connection with the federal EPA's Clean Power Plan rule to reduce carbon emissions from existing power plants under Sec. 111(d) of the Clean Air Act. H.B. 4346 calls for WVDEP to propose requirements that avoid moving away from coal and natural gas and that allow maximum flexibility in how reductions may be achieved.

Alternative and Renewable Energy Portfolio Standard. On June 30, 2009 the West Virginia Legislature passed the "Alternative and Renewable Energy Portfolio Act" (HB103) (for purposes of this section, the "*Act*"). The Legislature later amended the Act with passage of HB408 and SB350 on November 19, 2009 and March 13, 2010, respectively. Similar to legislation in neighboring states, the Act requires "electric utilities" to obtain twenty-five percent of the power they sell in West Virginia from "alternative or renewable energy resources" by the year 2025. The requirement is phased in, starting with a ten percent requirement by 2015 and 15 percent by 2020. However, these requirements also terminate effective June 30, 2026. The term "alternative energy resources" includes, among other technologies, advanced coal technologies and pumped-storage hydropower. The term "renewable energy resources" includes solar, wind, and run-of-the-river hydropower.

The Act did not extend its portfolio requirements to AMP, as "electric utility" was limited to generators and distributors selling electricity to retail customers in the state. Also excluded from the statutory definition were West Virginia municipally-owned electric facilities, rural electric cooperatives, and utilities serving less than 30,000 residential customers. However, the Act mandated that the WVPSC initiate a proceeding to consider, among other things, adopting, by rule, portfolio requirements for such entities.

On November 5, 2010, the WVPSC issued its final Rules Governing Alternative and Renewable Energy Portfolio Standards (the "*Final Rules*"). Pursuant to the Final Rules, West Virginia municipally-

owned electric facilities, rural electric cooperatives, and utilities serving less than 30,000 residential customers are included in the definition of "electric utility" and, therefore, are subject to the portfolio requirements of the Act. The WVPSC did not, however, extend the requirements to generators and distributors that do not sell electricity to retail customers, such as AMP.

It is anticipated that several legislative proposals will be made during the West Virginia Legislature's 2015 Regular Session to amend, or repeal in its entirety, the Act.

Alternative and Renewable Energy Credits. The Act also required the creation of a system of tradable credits to establish, verify and monitor the generation and sale of alternative and renewable energy mandated under the Act's portfolio standards. A utility would receive one credit for each megawatt hour of alternative energy generated or purchased and two credits for each megawatt hour of renewable energy generated or purchased. The provision allowing for the award of credits based on a utility's generation or purchase of alternative or renewable energy is important to West Virginia electric systems and AMP because it enhances the value of their existing and proposed renewable energy resources.

In the Final Rules discussed above, the WVPSC also set forth its rules for the credit trading system. Under the Final Rules, to receive a renewable energy credit, the electricity must be generated at a renewable energy resource facility approved and certified by the WVPSC. To be certified, the facility must, among other things, operate within the PJM Region. Importantly, the Final Rules also extend eligibility for the award of credits beyond electric utilities to qualifying nonutility generators of electricity, such as AMP. With their inclusion in the definition of "electric utility," West Virginia municipally-owned electric facilities, rural electric cooperatives, and utilities serving less than 30,000 residential customers also are eligible to be awarded credits.

In 2012, the Supreme Court of Appeals of West Virginia ruled that purchasing utilities, and not generators (such as AMP member New Martinsville, West Virginia), own the renewable energy credits associated with electricity bought under Public Utility Regulatory Policies Act (PURPA) electricity energy purchase agreements (EEPA) that were entered into before the creation of West Virginia's credit trading system. *See City of New Martinsville v. Public Service Com'n of West Virginia*, 229 W.Va. 353, 729 S.E.2d 188 (2012).

Emissions Reductions and Energy Efficiency Standard. The Act also provided for the award of credits to electric utilities for the implementation of greenhouse gas emission reduction or offset projects and investments in energy efficiency and demand-side energy initiative projects. With their inclusion in the definition of "electric utility" under the Final Rules, West Virginia municipally-owned electric facilities, rural electric cooperatives, and utilities serving less than 30,000 residential customers are eligible for such credits. The WVPSC chose, however, not to extend eligibility for these credits to nonutility generators, such as AMP.

Enforceability of solar energy covenants. On March 10, 2012, the West Virginia Legislature passed legislation (HB2740) declaring that, with certain exceptions, any covenant in a housing association governing document that prohibits or restricts installation of solar energy systems and has not been approved by a vote of the housing association members will be void and unenforceable.

Net metering. On June 30, 2010, the WVPSC adopted final rules pursuant to the Act establishing procedures relating to net metering arrangements and the interconnection of eligible electric generating facilities (the "*Net Metering Rules*"). Among other things, the Net Metering Rules limit the maximum nameplate capacity that may be contributed by residential Customer-generators, commercial Customer-generators, and industrial Customer-generators to 25 kilowatts, 500 kilowatts and 2 megawatts,

respectively. Significantly, the rules define West Virginia municipally-owned electric facilities, rural electric cooperatives, and utilities serving less than 30,000 residential customers as "electric utilities," thereby requiring that they must offer net metering to Customer-generators. However, such entities are not obligated to offer net metering to Customer-generators with nameplate capacity exceeding 50 kilowatts.

Recovery of expanded net energy costs. On March 7, 2012, the West Virginia Legislature passed HB 4530, which authorizes the WVPSC to issue financing orders that would permit electric utilities to issue consumer rate relief bonds to recover expanded net energy costs reflected in schedules of rates filed in calendar year 2012. To issue such a financing order, the WVPSC must find, among other things, that such financing is reasonably expected to result in cost savings and rate mitigation to customers when compared with traditional financing or cost-recovery methods available to the electric utility.

Special rates for energy intensive industrial consumers. In an effort to retain and attract certain energy–intensive industries to the State, the West Virginia Legislature passed SB656 on March 9, 2010. The legislation authorized the WVPSC to establish special rates for energy-intensive industrial consumers of electric power. Qualifying industrial consumers must first attempt to negotiate with their utility a joint filing requesting such rates. If agreement is not reached, then the consumer may submit a petition to the WVPSC for the special rate. To qualify for a special rate, a consumer must, among other things, have a contract demand of at least 50,000 kW of electric power under normal operating conditions; create or retain at least 25 full-time jobs in the State; invest at least $500,000 in fixed assets in the State; and demonstrate that without the special rate, the facility is not economically viable. The legislation tasks the WVPSC with determining whether the excess revenue or revenue shortfall caused by the special rate should be allocated among the utility's other customers.

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" 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 7.3%, the effect could be material to the Participants. To date, AMP has timely paid debt service on all of its bonds issued as Build America Bonds, including the Series 2009C and Series 2010 Bonds, notwithstanding the automatic reductions.

LITIGATION

GENERAL

AMP reports that there are no proceedings or transactions relating to the issuance, sale or delivery of the Series 2015 Bonds. 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 2015 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 THE 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.

On August 19, 2014, AMP was informed of a putative class action lawsuit filed in the Circuit Court of Kane County, Illinois, on behalf of certain ratepayers receiving electric utility service from the City of Batavia, Illinois, which is a member of the NIMPA, one of the PSEC Owners. The lawsuit named AMP solely as a "respondent in discovery" rather than as a defendant. The lawsuit has since been removed to the U.S. District Court for the Northern District of Illinois, but the plaintiffs have sought to have the case remanded to the Circuit Court of Kane County, Illinois. If the case remains in the U.S. District Court for the Northern District of Illinois, as the Federal Rules of Civil Procedure do not provide for parties to be included as a "respondent in discovery" as permitted by Illinois law, AMP believes that it may be properly dismissed from the lawsuit. It is not, however, possible to predict with certainty the outcome of such lawsuit.

CONTINUING DISCLOSURE UNDERTAKING

Pursuant to a Continuing Disclosure Agreement to be entered into by AMP simultaneously with the delivery of the Series 2015 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 2015 Bonds to provide, on an annual basis, by November 30 of each year, commencing with the report for AMP fiscal year ended December 31, 2014, certain financial information and operating data relating to each of the Large Participants (the "*Annual Disclosure Report*"), and to provide notices of the occurrence of certain enumerated events with respect to the Series 2015 Bonds, if material. 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, and with the State Information Depository established by the State of Ohio (the "*SID*"). The notices of such material events will be filed by or on behalf of AMP the MSRB (and with such SID). 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 G. 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 2015 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 2015 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.

As described under APPENDIX F – "Book-Entry System" herein, upon initial issuance, the Series 2015 Bonds will be issued in book-entry-only form through the facilities of DTC, and the ownership of one fully registered Series 2015 Bond for each maturity, in the aggregate principal amount thereof, will be registered in the name of Cede & Co., as nominee for DTC. For a description of DTC's current procedures with respect to the enforcement of bondowners' rights, see APPENDIX F – "Book-Entry System" herein.

UNDERWRITING

The Series 2015 Bonds are being purchased by RBC Capital Markets, LLC, Wells Fargo Bank, National Association, BMO Capital Markets Corp., The Huntington Investment Company, J.P. Morgan Securities LLC, KeyBanc Capital Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and U.S. Bancorp Investments, Inc. (the "*Underwriters*") pursuant to a Purchase Contract (the "*Purchase Contract*") between AMP and RBC Capital Markets, LLC, as representative of the Underwriters. The Purchase Contract sets forth the Underwriters' obligation to purchase the Series 2015 Bonds at a purchase price reflecting an aggregate underwriters' discount of $2,988,552.73 from the initial public offering price on the 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 2015 Bonds if any are purchased.

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. Wells Fargo Bank, National Association ("*WFBNA*"), one of the underwriters of the Series 2015 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 2015 Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2015 Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("*WFSLLC*") and Wells Fargo Institutional Securities, LLC ("*WFIS*"), for the distribution of municipal securities offerings, including the Series 2015 Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

J.P. Morgan Securities LLC ("*JPMS*"), one of the Underwriters of the Series 2015 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 (if applicable to this transaction), each of CS&Co. and LPL will purchase Series 2015 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2015 Bonds that such firm sells.

"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 2015 Bonds.

In the ordinary course of their business, the Underwriters and some of their affiliates have engaged and, in the future, may engage in investment banking and/or commercial banking transactions with AMP, including participation in the Line of Credit.

RATINGS

The Series 2015 Bonds have been rated "A" (rating outlook negative) by Fitch Inc., "A1" (stable outlook) by Moody's Investors Service, Inc. and "A" (stable outlook) by Standard & Poor's, a division of The McGraw Hill Companies, Inc.

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 2015 Bonds. AMP has not undertaken any responsibility after issuance of the Series 2015 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 2015 Bonds in order that interest on the Series 2015 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 2015 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 that it will comply, with the requirements of the Code in order to maintain the exclusion from gross income of interest on the Series 2015 Bonds for federal income tax purposes.

In the opinion of Sidley Austin LLP, Federal Tax Counsel ("*Federal Tax Counsel*"), subject to continuing compliance by AMP and the Participants with the tax covenant referred to above, based on existing law, interest on the Series 2015 Bonds will not be includable in gross income for federal income tax purposes. Interest on the Series 2015 Bonds will not be a specific preference item for purposes of the federal individual or corporate alternative minimum tax. 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 2015 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. Interest on the Series 2015 Bonds owned by a corporation will be included in the calculation of the corporation's federal alternative minimum tax liability. No opinion is expressed as to the effect of any change to any document pertaining to the Series 2015 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 2015 Bonds for federal income tax purposes.

DISCOUNT BONDS

The excess, if any, of the amount payable at maturity of any maturity of the Series 2015 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 2015 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 2015 Bonds. In general, the issue price of a maturity of the Series 2015 Bonds is the first price at which a substantial amount of Series 2015 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 2015 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. 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 2015 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 2015 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 2015 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 2015 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 2015 Bonds. Prospective purchasers of the Series 2015 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 Bond Counsel expresses no opinion.

For example, various proposals have been made in Congress and by the President (the "Proposed Legislation"), which, if enacted, would subject interest on bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the Series 2015 Bonds, to a tax payable by certain bondholders that are individuals, estates or trusts with adjusted gross income in excess of thresholds specified in the Proposed Legislation. It is unclear if the Proposed Legislation will be enacted, whether in its current or an amended form, or if other legislation that would subject interest on the Series 2015 Bonds to a tax or cause interest on the Series 2015 Bonds to be included in the computation of a tax, will be introduced or enacted. Prospective purchasers should consult their tax advisors as to the effect of the Proposed Legislation, if enacted, in its current form or as it may be amended, or such other legislation on their individual situations.

OHIO TAX CONSIDERATIONS

In the opinion of Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP, Bond Counsel, interest on the Series 2015 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 2015 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.

VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE REFUNDED BONDS

The accuracy of the arithmetical and mathematical computations (a) of the adequacy of the maturity principal amounts of the Defeasance Obligations in the Escrow Fund together with the interest income thereon and uninvested cash, if any, to pay, when due, the principal of, redemption premium, if any, and interest on the Refunded Bonds, and (b) relating to the determination of compliance with certain regulations and rulings promulgated under the Code will be verified by Samuel Klein and Company, Certified Public Accountants. Such verification of arithmetical accuracy and computations shall be based upon information and assumptions supplied by AMP and on interpretations of the Code provided by Bond Counsel and Federal Tax Counsel.

APPROVAL OF LEGAL MATTERS

GENERAL

Certain legal matters incident to the authorization, issuance and delivery of the Series 2015 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 E-1 to this Official Statement, will be delivered with the Series 2015 Bonds.

Certain federal tax matters regarding the Series 2015 Bonds will be passed upon for AMP by Sidley Austin LLP, Federal Tax Counsel. The form of its opinion regarding the Series 2015 Bonds is set forth as APPENDIX E-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 issuance of the Series 2008A Bonds, 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, Michigan, Ohio, Virginia and West Virginia counsel for AMP ("*State Counsel*") delivered in connection with the issuance of the Series 2008A Bonds their opinions as to the validity and enforceability of the Power Sales Contract as to the Participants located therein.

In 2007, the legislatures of Virginia and West Virginia enacted similar statutes 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 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. Each State Counsel expressly stated in its opinion that such opinion was given without reliance upon the Fallback Provision.

On December 7, 2007, the Franklin County, Ohio, Court of Common Pleas, issued an order validating the power sales contract relating to the Hydroelectric Projects between AMP and the Ohio participants in the Hydroelectric Projects, including the Take-or-Pay and Step Up provisions included therein. Ohio State Counsel will reference such order in its opinion as to the validity 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 2015 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/ Robert W. Trippe
Senior Vice President of Finance and
Chief Financial Officer

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APPENDIX A

THE PARTICIPANTS

Participant	Allocation (kW)	Allocation (%)	Participant	Allocation (kW)	Allocation (%)
Danville, Virginia	49,760	13.52%	Carey	1,990	0.54%
Hamilton	35,000	9.51	Jackson Center	1,393	0.38
Bowling Green	35,000	9.51	Hubbard	1,294	0.35
Cleveland	24,880	6.76	Grafton	1,294	0.35
Piqua	19,904	5.41	Arcanum	1,194	0.32
Celina	14,928	4.06	Pioneer	995	0.27
Tipp City	9,952	2.70	Oak Harbor	995	0.27
Painesville	9,952	2.70	New Martinsville, West Virginia	995	0.27
Hudson	9,952	2.70	Monroeville	995	0.27
Cuyahoga Falls	9,952	2.70	Milan	995	0.27
Coldwater, Michigan	9,952	2.70	Holiday City	995	0.27
Galion	9,952	2.70	Edgerton	995	0.27
Jackson	8,161	2.22	Genoa	896	0.24
Bedford, Virginia	7,862	2.14	Lakeview	796	0.22
Bryan	7,500	2.04	Deshler	746	0.20
Minster	6,966	1.89	Woodville	498	0.14
New Bremen	5,971	1.62	Waynesfield	498	0.14
Front Royal, Virginia	5,971	1.62	Plymouth	498	0.14
Martinsville, Virginia	5,772	1.57	Pemberville	498	0.14
Orrville	4,976	1.35	Greenwich	498	0.14
Napoleon	4,976	1.35	Elmore	498	0.14
Dover	4,976	1.35	Shiloh	398	0.11
Amherst	4,976	1.35	Mendon	398	0.11
Columbiana	4,379	1.19	Beach City	398	0.11
Wellington	3,981	1.08	Sycamore	299	0.08
Versailles	3,981	1.08	Ohio City	299	0.08
Shelby	3,981	1.08	Republic	199	0.05
St. Marys	3,881	1.08	Eldorado	199	0.05
Wapakoneta	2,986	0.81	Bradner	199	0.05
Clyde	2,986	0.81	Bloomdale	199	0.05
Niles	2,886	0.78	Arcadia	199	0.05
Richlands, Virginia	2,588	0.70	New Knoxville	149	0.04
Montpelier	2,488	0.68	Prospect	100	0.03
Newton Falls	1,990	0.54			
Marshall, Michigan	1,990	0.54	Total[(1)]	368,000	100.00%

[(1)] Percentages may not add to total due to rounding.

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APPENDIX B

INFORMATION ON THE LARGE PARTICIPANTS

Presented in this Appendix B is selected financial information concerning the six largest Participants (the "*Large Participants*") in terms of their PSCR Shares, that is their respective shares of AMP's Entitlement to the output of the Prairie State Energy Campus ("PSEC"), Replacement Power and transmission services.

Each of the Large Participants located in Ohio – Cleveland, Hamilton, Bowling Green, Piqua and Celina - is required by law to file its annual audited financial statements with the Ohio Auditor of State, copies of which are available on line at www.auditor.state.oh.us. Furthermore, Cleveland and Hamilton have had separate annual audits prepared of the results of the operations of their Electric Systems, and such audits are also available on line with the Ohio Auditor of State. 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 fiscal years of Virginia local governments end on June 30, and Danville's data are for the most part presented as of June 30, 2013.

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.

The Large Participants are participants in several other AMP projects for which selected data and related information are presented this Appendix B.

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SECTION I

LARGE PARTICIPANTS' PEAK DEMAND AND PSCR SHARES

PARTICIPANT	2013 PEAK DEMAND (Kilowatts)	PSCR SHARES (Kilowatts)	PSCR SHARES (Percent)	CUMULATIVE PSCR SHARE (Percent)
1. Danville, Virginia	211,117	49,760	13.52%	13.52%
2. Hamilton, Ohio	140,000	35,000	9.51	23.03
3. Bowling Green, Ohio	103,007	35,000	9.51	32.54
4. Cleveland, Ohio	321,093	24,880	6.76	39.30
5. Piqua, Ohio	64,000	19,904	5.41	44.71
6. Celina, Ohio	44,081	14,928	4.06	48.77
TOTAL	883,298	179,472*	48.77%**	

Numbers may not add to totals due to rounding.

* Based on AMP's Ownership Interest (23.26%) of the PSEC and calculated in accordance with the PSEC's designed net capacity of 1,582 MW.

** Of the 100% of PSCR Shares of all 68 Participants.

SECTION II

LARGE PARTICIPANTS' INFORMATION

DANVILLE, VIRGINIA

PSCR Rank	1
PSCR Share	13.52%
Municipality Established	1793
Electric System Established	1886
County	N/A
Basis of Accounting	Accrual
2013 Peak Demand (kW)	211,117

Location, Population and Government: The City of Danville, Virginia is located in the south central region of Virginia near the North Carolina state line, and is surrounded by Pittsylvania County (Virginia cities and counties are mutually exclusive and do not overlap). The City 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.

YEAR	POPULATION
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. The City'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 the City of Danville:

BUILDING PERMITS

2010	2011	2012	2013
$30,789,691	$44,237,813	$31,258,380	$45,793,991

Source: City of Danville

ASSESSED VALUATION ($000)

2010	2011	2012	2013
$2,686,876	$2,660,962	$2,702,338	$2,675,917

Source: City of Danville

UNEMPLOYMENT

2010	2011	2012	2013
13.4%	11.9%	10.6%	9.5%

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

MEDIAN FAMILY INCOME

1990	2000	2010
$27,752	$36,024	$39,198

Source: U.S. Bureau of Census

Electric System: Authority over the Danville Electric System is vested in the City of 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 the City of 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. The City utility owns and maintains 118 miles of transmission and distribution lines and has 17 substations. The City of 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. The City 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.

Danville is a participant in the Prairie State Energy Campus Project (PSEC). The PSEC consists of a supercritical, coal-fired, mine mouth generating facility designed to have a net rated electric generating capacity of approximately 1,582 MW, related equipment and facilities and associated coal reserves. AMP has a 23.26% ownership interest (such ownership interest, the "PSEC Project") or 368 MW nominal capacity, based on the designed net rated capacity, of which Danville is the largest participant, obligated to purchase from AMP a 13.52% share of the energy from the PSEC Project (approximately 49.76 MW based on the designed net rated capacity). AMP has issued $1,696,800,000 of Bonds for the PSEC Project. The Power Sales Contract between AMP, the City and the other PSEC Project Participants contains a "Step Up" provision that requires, in the event of a default by a Participant, the non-defaulting Participants to purchase a pro rata share, based upon each non-defaulting Participant's original Power Sales Contract Resources Share (PSCR Share), of the defaulting Participant's entitlement to its PSCR Share, which together with the PSCR Shares of the other non-defaulting Participants is equal to the defaulting Participant's PSCR Share. Under the terms of the Power Sales Contract, no non-defaulting Participant is obligated to accept Step-Up Power in excess of 25% of such non-defaulting Participants original PSCR Share. Amounts payable by Danville under the Power Sales Contract constitute an operating expense of its electric system.

The City is also a participant in the Combined Hydroelectric Projects (Combined Hydro Projects). The Combined Hydro Projects consist of three hydroelectric generation facilities located on the Ohio River. The Combined Hydro Projects will be run-of-the-river hydroelectric generating facilities on existing United States Army Corps of Engineers dams and include related equipment and associated transmission facilities. When each of the Combined Hydro Projects enter commercial operation, they will have aggregate generating capacity of approximately 208 MW. AMP holds the FERC licenses necessary to operate all three projects. Danville is obligated to purchase from AMP a 10.62% share of the energy from the Combined Hydro Projects (approximately 22.084 MW). AMP issued $2,045,425,000 of bonds for Combined Hydro Projects, with debt service capitalized through at least commercial operation. The power sales contract, between AMP, the City and the other participants in the Combined Hydro Projects, contains a "Step Up" provision that requires, in the event of a default by a participant, the non-defaulting participants to purchase a pro rata share, based upon each non-defaulting Participants 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. Under the terms of the Power Sales Contract, no non-defaulting participant is obligated to accept Step Up power in excess of 25% of such non-defaulting participant's original project share. Cannelton and Willow Island are expected to be placed into commercial operation by sometime during the second quarter of 2015, with Smithland expected to be placed in commercial operation by the second quarter of 2016. Amounts payable by Danville under the power sales contract constitute an operating expense of its electric system.

The City is also a participant in the Meldahl Hydroelectric Project (Meldahl Project). The Meldahl Project consists of a three unit, run-of-the-river hydroelectric generation facility being constructed on the Captain Anthony Meldahl Locks and Dam, an existing dam on the Ohio River. When the project enters commercial operation, it is projected to have a generating capacity of approximately 105 MW. AMP and the City of Hamilton, Ohio (a member of AMP and also a Meldahl participant) hold, as co-licensees, the FERC license necessary to construct and operate Meldahl. Danville is obligated to purchase from AMP a 4.80% share of the energy from the Meldahl Project (approximately 4.80 MW). AMP has issued $675,100,000 of bonds for the Meldahl Project, with debt service capitalized through commercial operation. The power sales contract, between AMP, the City and the other Meldahl Project participants, contains a "Step Up" provision that requires, in the event of a default by a participant, the non-defaulting participants to purchase a pro rata share, based upon each non-defaulting Participants 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. Under the terms of the power sales contract, no non-defaulting participant is obligated to accept Step Up power in excess of 106% of such non-defaulting participant's original project share. The Meldahl Project is expected to be placed into commercial operation in the first quarter of 2015. Amounts payable by Danville under the power sales contract constitute an operating expense of its electric system.

The City is also a participant in the Greenup Project (as defined below). The Greenup Hydroelectric Plant, a 70.2 MW run-of-the river hydroelectric generating facility located on the Greenup Locks and Dam on the Ohio River (Greenup Hydroelectric Plant) which has been in commercial operation since 1988. The City of Hamilton, Ohio and AMP entered into agreements pursuant to which Hamilton will sell AMP a 48.6% ownership interest in its Greenup Hydroelectric Plant (AMP's 48.6% ownership interest, the Greenup Project) for $139 million, contingent upon Meldahl achieving commercial operation. 47 AMP members who are participants in the Meldahl Project will purchase power from the Greenup Project pursuant to the terms of a power sales contract between AMP, the City and the other Greenup Project participants. The Greenup Project will entitle AMP to approximately 34.1 MW of capacity, of which Danville will purchase from AMP a 9.67% share (approximately 3.299 MW). The power sales contract, between AMP, the City and the other Greenup Project participants, contains a "Step Up" provision that requires, in the event of a default by a Participant, 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 share, which together with the shares of the other non-defaulting Participants is equal to the defaulting Participant's project share. Under the terms of the power sales contract, no non-defaulting Participant is obligated to accept Step-Up power in excess of 25% of such non-defaulting Participants original project share. Amounts payable by Danville under the power sales contract constitute an operating expense of its electric system.

AMP expects to issue bonds to finance the purchase of the Greenup Project in the second quarter of 2015. AMP and Hamilton will be co-licensees on the FERC license to operate Greenup. Hamilton will continue to operate Greenup.

On July 28, 2011 AMP completed the purchase of the AMP Fremont Energy Center, a 707 MW natural gas fired combined cycle generation plant (AFEC), located in the City of Fremont, Ohio, of which AMP owns for the benefit of its members a 90.69% undivided ownership interest (AFEC Project). AFEC was completed and was declared commercially available in January 2012. AMP issued $546,085,000 of bonds for the AFEC Project. Danville is obligated to purchase from AMP a 8.03% share of the energy from the AFEC Project (approximately 37.30 MW). The power sales contract, between AMP, the City and the other AFEC participants, contains a "Step Up" provision that requires, in the event of a default by a participant, the non-defaulting participants to purchase a pro rata share, based upon each non-defaulting Participants 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. Under the terms of the power sales contract, no non-defaulting participant is obligated to

accept Step Up power in excess of 25% of such non-defaulting participant's original project share. Amounts payable by Danville under the power sales contract constitute an operating expense of its electric system.

In 2014, the Danville Electric System served 42,171 residential, commercial and industrial customers. (As of February 2008, Danville changed its definition of customer count to reflect the consolidation of meters under one payor and such change is reflected in Section IV of the Appendix B). The following table lists the City's five largest customers by energy purchased in 2014 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (fiscal 2014)	% of Total System Revenues
1. Intertape	Tape Manufacturing	56,952,700	4.06
2. Swedwood	Furniture Manufacturing	28,125,325	2.01
3. Nestle	Food Manufacturing	24,895,280	1.76
4. Danville Regional	Health Care	22,776,162	1.69
5. Columbia Flooring	Floor Manufacturing	16,522,294	1.20

In 2014 the electric system also provided the City of Danville with 18,303,110 kWh for general municipal purposes.

The following table presents certain financial data respecting the City'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) 2011	2012	2013
Revenue			
Power Sales	$109,022	$102,304	$100,176
Other Income	-	-	-
Total Revenue	109,022	102,304	100,176
Operating Expense*			
Purchased Power Costs	78,608	71,577	70,416
O&M Expense	9,347	10,007	11,256
Total Operating Expense	87,955	81,584	81,672
Net Revenue Available for Debt Service	21,067	20,720	18,504
General Obligation Debt Service	2,504(1)	2,733	3,508(2)
Depreciation	5,914	6,184	6,400
Net Non-Operating Revenue (Excl. Interest Exp.)	1,500	2,209	1,562
Net Transfers	(8,171)	(9,891)	(12,520)
Net Assets 7/1	155,912	163,049	168,486
Net Assets 6/30	163,049	168,486	168,171
Year End Balance			
General Obligation Bonds	36,185(1)	35,209	38,942(2)

* Excluding Depreciation.

(1) The City of Danville issued $4.41 million of GO Bonds to fund capital improvements to its Electric System in fiscal year 2010-2011.

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

HAMILTON, OHIO

PSCR Rank	2
PSCR Share	9.51%
Municipality Established	1791
Electric System Established	1893
County	Butler
Basis of Accounting	Accrual
2013 Peak Demand (kW)	140,000

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. The six council members are elected at-large for four-year terms. The table below sets forth historical population figures for Hamilton since 1990.

YEAR	POPULATION
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 and commercial development. The manufacturing sector, a substantial portion of the area's economic base, includes producers of paper and paper products, metalworking and metal fabrications, machinery and machine tools, steel, industrial chemicals, and automotive parts. The service sector, most notably the financial and insurance industries and the legal profession, also plays a major role in the City's economic vitality.

The following table provides a summary of certain economic indicators for the City of Hamilton.

BUILDING PERMITS

2010	2011	2012	2013
$61,910,426	$28,023,749	$25,797,892	$15,536,585

Source: City of Hamilton

ASSESSED VALUATION

2010	2011	2012	2013
$902,895,930	$895,754,320	$828,698,560	$810,566,220

Source: City of Hamilton

UNEMPLOYMENT

2010	2011	2012	2013
11.1%	8.6%	8.1%	7.9%

Source: Ohio Labor Market Information, http://lmi.state.oh.us/ for - 2010 and 2012 and 2013, per City of Hamilton for 2011

MEDIAN FAMILY INCOME

1990	2000	2010
$28,117	$41,936	$48,072

Source: U.S. Bureau of Census

Electric System: The Electric System is headed by a Director who reports directly to the General Manager of Utilities Deputy City Manager/Director of Utility Operations. The Electric System has approximately 105 full time employees. Certain administrative functions, such as finance, legal and billing, are shared by the Electric System and other City 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 generation facilities located at the Hamilton Power Plant have an aggregate summer capability of approximately 115 MW. The City is also in a Joint Venture with other municipal systems that provides 32 MW of capacity and associated energy from natural gas and diesel generators distributed around Ohio. The Greenup Hydroelectric Plant is a run-of-the-river hydroelectric facility with a capacity of approximately 70.2 MW. The City's license granted by FERC to operate the Greenup Hydroelectric Plant expires in 2026. The City also operates the Hamilton Hydro Plant, also a run-of-the-river hydroelectric facility, with a capacity rating of 1.94 MW. The City's license granted by the FERC for operating the Hamilton Hydro Plant expires in 2031. The City has a share of Niagara hydroelectric power as provided in allocation of headwater benefits of 4 MW.

Hamilton is a participant in the Prairie State Energy Campus Project (PSEC). The PSEC consists of a supercritical, coal-fired, mine mouth generating facility designed to have a net rated electric generating capacity of approximately 1,582 MW, related equipment and facilities and associated coal reserves. AMP has a 23.26% ownership interest (such ownership interest, the "PSEC Project") or 368 MW nominal capacity, based on the designed net rated capacity, of which Hamilton is obligated to purchase from AMP 9.51% share of the energy from the PSEC Project (approximately 35.0 MW based on the designed minimum net capacity). AMP has issued $1,696,800,000 of Bonds for the PSEC Project. The Power Sales Contract between AMP, the City and the other PSEC Project Participants, contains a "Step Up" provision that requires, in the event of a default by a Participant, the non-defaulting Participants to purchase a pro rata share, based upon each non-defaulting Participant's original Power Sales Contract Resources Share (PSCR Share), of the defaulting Participant's entitlement to its PSCR Share, which together with the PSCR Shares of the other non-defaulting Participants is equal to the defaulting Participant's PSCR Share. Under the terms of the Power Sales Contract, no non-defaulting Participant is obligated to accept Step-Up power in excess of 25% of such non-defaulting Participants original PSCR Share. Amounts payable by Hamilton under the Power Sales Contract constitute an operating expense of its electric system.

The City is also a member of OMEGA JV2, a joint venture of 36 Ohio municipalities that has acquired, and installed near the loads they serve, gas-fired and diesel generating units for peaking and other power supply purposes. A "Purchaser Participant" with a 23.87% undivided ownership interest in these units, the City is also a "Financing Participant" responsible for 30.45% (subject to an increase of up to 25% of such percentage) of the debt service on the $50,260,000 OMEGA JV2 Project Distributive Generation Bonds (the "JV2 Bonds") issued by AMP to finance a portion of the cost of these units. Debt service on the JV2 Bonds was approximately $4 million annually for 20 years ending January 1, 2021, of which the City's share was approximately $730,800. On January 2, 2011, AMP redeemed all of the outstanding JV2 Bonds from moneys credited to the related debt service reserve fund and a draw on AMP's Line of Credit, which currently provides a lower cost of funds. Hamilton continues to make payments of approximately $1,219,000 annually, with amounts in excess of that needed to pay current debt service used to retire principal on an accelerated basis.

The City is also a participant in the Meldahl Hydroelectric Project (Meldahl Project). The Meldahl Project consists of a three unit run-of-the-river hydroelectric generation facility being constructed on the Captain Anthony Meldahl Locks and Dam, an existing dam on the Ohio River. When the project enters commercial operation, it is projected to have a generating capacity of approximately 105 MW. AMP and the City of Hamilton, Ohio (a member of AMP and also a Meldahl participant) hold, as co-licensees, the FERC license necessary to construct and operate Meldahl. Hamilton is obligated to purchase from AMP a 51.43% share of the energy from the Meldahl Project (approximately 54.0 MW). AMP has issued $675,100,000 of bonds for the Meldahl Project, with debt service capitalized at least through commercial operation. The power sales contract, between AMP, the City and the other Meldahl Project participants, contains a "Step Up" provision that requires, in the event of a default by a participant, the non-defaulting participants to purchase a pro rata share, based upon each non-defaulting Participants 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. Under the terms of the power sales contract, no non-defaulting participant is obligated to accept Step Up power in excess of 106% of such non-defaulting participant's original project share. All three units are expected to be placed into commercial operation in the first quarter of 2015. Amounts payable by Hamilton under the power sales contract constitute an operating expense of its electric system.

The City and AMP entered into agreements pursuant to which Hamilton will sell AMP a 48.6% ownership interest (AMP's 48.6% ownership interest, the Greenup Project) in the Greenup Hydroelectric Plant (Greenup Hydroelectric Plant) for $139 million, contingent upon the Meldahl Project achieving commercial operation. 47 AMP members who are participants in the Meldahl Project will purchase power from the Greenup Project pursuant to the terms of a power sales contract between AMP and the Greenup Project participants. AMP expects to issue bonds to finance the purchase of the Greenup Project in the second or third quarter of 2015. AMP and Hamilton will be co-licensees on the FERC license to operate Greenup. Hamilton expects to apply the bulk of the proceeds from the sale to AMP of the 48.6% ownership interest in the Greenup Hydroelectric Plant to the retirement of the City's debt incurred for Greenup Hydroelectric Plant. See "Revenue Bonds" in the following table.

On July 28, 2011 AMP completed the purchase of the AMP Fremont Energy Center, a 707 MW natural gas fired combined cycle generation plant (AFEC), located in the City of Fremont, Ohio, of which AMP owns for the benefit of its members a 90.69% undivided ownership interest (AFEC Project). AFEC was completed and was declared commercially available in January 2012. AMP issued $546,085,000 of bonds for the AFEC Project. Hamilton is obligated to purchase from AMP a 5.69% share of the energy from the AFEC Project (approximately 26.42 MW). The power sales contract, between AMP, the City and the other AFEC participants, contains a "Step Up" provision that requires, in the event of a default by a participant, the non-defaulting participants to purchase a pro rata share, based upon each non-defaulting Participants 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. Under the terms of the Power Sales Contract, no non-defaulting participant is obligated to accept Step Up power in excess of 25% of such non-defaulting participant's original project share. Amounts payable by Hamilton under the power sales contract constitute an operating expense of its electric system.

Effective January 1, 2013, the City and Duke Energy migrated from the Midwest Independent System Operator (MISO) open access transmission tariff to the Pennsylvania New Jersey Maryland (PJM) Regional Transmission Organization, and now arrange transmission service through PJM.

In 2013, the Hamilton Electric System served 29,022 residential, commercial and industrial customers. The following table lists the City's five largest customers by energy purchased in 2013 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (2013)	% of Total System Revenues
1. Cincinnati Bell Technical Solutions	Data Center	26,578,251	3.80%
2. Butler County Facilities	County Government	16,046,688	2.50%
3. Hamilton Board of Education	Education	15,845,460	3.10%
4. Fort Hamilton Hospital	Health Care	13,252,425	1.75%
5. Interstate Warehousing	Warehouse	11,123,204	1.27%

In 2013, the City waste water reclamation facility purchased 5,449,037 kWh representing 0.74% of the total system revenues.

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

Hamilton
($000)

	Restated(1) 2011	2012	2013
Revenue			
Power Sales	$62,749	$61,482	$59,889
Other Income	579	691	457
Total Revenue	63,328	62,173	60,346
Operating Expense*			
Power Costs	21,811	21,837	23,857
O&M Expense	20,596	19,632	18,425
Total Operating Expense	42,407	41,469	42,283
Net Revenue Available for Debt Service	20,921	20,704	18,063
General Obligation Debt Service	-	-	-
Revenue Debt Service	14,380	14,541	14,564(2)
Depreciation	10,751	11,253	8,118
Net Non-Operating Revenue (Excl. Interest Exp.)	73	83	(6)
Net Transfers and Special Items	-	200	-
Net Assets 1/1	8,461	10,785	12,904
Net Assets 12/31	10,785	12,904	15,505
Year End Balance			
General Obligation Bonds and Notes	-	-	-
Revenue Bonds	161,167	157,774(2)	150,129(2)

* Excluding depreciation.

(1) The City has restated its 2011 net position of the Electric System due to the implementation of GASB Statement No. 65.

(2) The City renewed $4 million of Electric System General Obligation Bond Anticipation Notes in 2012 and 2013. This financing was used for capital improvements at the Power Plant for the conversion of Unit 8 from coal to natural gas as its fuel source.

BOWLING GREEN, OHIO

PSCR Rank	3
PSCR Percentage	9.51%
Municipality Established	1833
Electric System Established	1942
County	Wood
Basis of Accounting	Accrual
2013 Peak Demand (kW)	103,007

Location, Population and Government: The City of Bowling Green is a charter city located in Wood County, approximately 15 miles south of Toledo, in the northwest quadrant of the state. The Mayor, who is elected to a four-year term, and a City Council of seven members, including a Council President, governs the City. The table below sets forth historical population figures for Bowling Green since 1990.

YEAR	POPULATION
1990	28,176
2000	29,652
2010	30,028

Source: U.S. Bureau of Census

Electric System: Authority over the Bowling Green Electric System is vested in the Board of Public Utilities. A Superintendent, who reports in turn to the Director of Utilities, manages the Electric System. The Electric System serves a community covering 10.2 square miles, and also serves the adjoining Village of Portage with retail power and the Village of Tontogany at wholesale. In 2013, sales to Tontogany totaled $467,523.75, or approximately 1 percent of total system revenues. Bowling Green provides exclusive service to all electric consumers within its city limits.

Bowling Green is in the First Energy Transmission Service Area. In 2013, Bowling Green purchased 100% of its power from AMP or through the AMP sponsored OMEGA JV5 and OMEGA JV2. Bowling Green is also a participant in OMEGA JV6 and AMP's Combustion Turbine Project. The City utility owns and maintains 228 miles of transmission and distribution lines and has six substations. The City does not own directly any generating facilities. In 2013, the Bowling Green utility employed 36 people.

Bowling Green is a participant in the Prairie State Energy Campus Project (PSEC). The PSEC consists of a supercritical, coal-fired, mine mouth generating facility designed to have a net rated electric generating capacity of approximately 1,582 MW, related equipment and facilities and associated coal reserves. AMP has a 23.26% ownership interest (such ownership interest, the "PSEC Project") or 368 MW nominal capacity, based on the designed net rated capacity, of which Bowling Green is obligated to purchase from AMP a 9.51% share of the energy from the PSEC Project (approximately 35.00 MW based on the designed net rated capacity). AMP has issued $1,696,800,000 of Bonds for the PSEC Project. The Power Sales Contract between AMP, the City and the other PSEC Project Participants contains a "Step Up" provision that requires, in the event of a default by a Participant, the non-defaulting Participants to purchase a pro rata share, based upon each non-defaulting Participant's original Power Sales Contract Resources Share (PSCR Share), of the defaulting Participant's entitlement to its PSCR Share, which together with the shares of the other non-defaulting Participants is equal to the defaulting Participant's PSCR Share. Under the terms of the Power Sales Contract, no non-defaulting Participant is obligated to accept Step-Up Power in excess of 25% of such non-defaulting Participants original PSCR Share.

Amounts payable by Bowling Green under the Power Sales Contract constitute an operating expense of its electric system.

The City has a 15.73% (6,608 kW) undivided ownership share of interest in the OMEGA JV5 Belleville Hydroelectric Project (OMEGA JV5 or the Belleville Project). As of December 31, 2013, the OMEGA JV5 Beneficial Interest Certificates ("*BICs*") were outstanding in the amount of $103,726,013, of which the City's share is $16,319,559. On February 15, 2014, a portion of the outstanding BICs were refunded with the proceeds of a draw on AMP's Line of Credit, which currently provides a lower cost of funds. Bowling Green continues to make payments of approximately $1.7 million annually, the debt service payable in respect of the BICs prior to the refunding, with amounts in excess of that needed to pay current debt service used to retire principal on an accelerated basis. The City is subject to a maximum step-up of 25% in these amounts in the event another OMEGA JV5 participant defaults.

Pursuant to the OMEGA JV5 Joint Venture Agreement, the City is obligated to observe a number of covenants, including an obligation to set rates to maintain a 110% debt coverage ratio annually. The City has met its debt coverage obligation for each of the past seven years (2006- 2013).

The City is also a member of OMEGA JV2, a joint venture of 36 Ohio municipalities, which acquired and installed gas-fired and diesel generating units for peaking and other power supply purposes near the loads they serve. An "Owner Participant" with a 14.32% undivided ownership interest in these units, the City is also a "Financing Participant" responsible for 18.27% (subject to an increase of up to 25% of such percentage) of the debt service on the $50,260,000 OMEGA JV2 Project Distributive Generation Bonds (the "JV2 Bonds") issued by AMP to finance a portion of the cost of these units. Debt service on the JV2 Bonds was approximately $4 million annually for 20 years ending January 1, 2021, of which the City's share was approximately $730,800. On January 2, 2011, AMP redeemed all of the outstanding JV2 Bonds from moneys credited to the related debt service reserve fund and a draw on AMP's Line of Credit, which currently provides a lower cost of funds. Bowling Green continues to make payments of approximately $730,800 annually, with amounts in excess of that needed to pay current debt service used to retire principal on an accelerated basis.

Bowling Green is also a member of OMEGA JV6, a joint venture of 10 Ohio municipalities. The joint venture owns the 7.2 MW AMP/Green Mountain Energy Wind Farm located in Bowling Green which was Ohio's first utility-scale wind farm. The facility features four 1.8 MW wind turbines. The City owns 56.94% of the project. On July 1, 2004, AMP issued $9.8 million adjustable rate revenue bonds. Debt service on these bonds is approximately $1 million annually.

The City purchases 11 MW of power from AMP under a power schedule for AMP's Combustion Turbine Project. Based on the 3.89% swapped, fixed interest rate payable by AMP under the terms of a swap entered into with KeyBank coincident with the issuance of AMP's Multi-Mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006 (CT Bonds), and an existing amortization schedule agreed to with KeyBank as the issuer of the letter of credit securing the CT Bonds, Bowling Green's 7.7% responsibility for debt service on the CT Bonds was approximately $88,000 annually through 2023. On November 1, 2013, AMP terminated the swap and the letter of credit agreement with KeyBank, and redeemed the outstanding CT Bonds, Series 2006, on November 1, 2013, with certain available funds and the proceeds of a draw on AMP's Line of Credit, which currently provides a lower cost of funds. Bowling Green continue to make payments of approximately $88,000 per year, with amounts in excess of that needed to pay current debt service used to retire principal on an accelerated basis.

The City is also a participant in the Combined Hydroelectric Projects (Combined Hydro Projects). The Combined Hydro Projects consist of three hydroelectric generation facilities located on the Ohio River. The Combined Hydro Projects will be run-of-the-river hydroelectric generating facilities on existing

United States Army Corps of Engineers dams and include related equipment and associated transmission facilities. When each of the Combined Hydro Projects enter commercial operation, they will have aggregate generating capacity of approximately 208 MW. AMP holds the FERC licenses necessary to operate all three projects. Bowling Green is obligated to purchase from AMP a 9.61% share of the energy from the Combined Hydro Projects (approximately 19.986 MW). AMP issued $2,045,425,000 of bonds for Combined Hydro, with debt service capitalized through commercial operation. AMP issued $2,045,425,000 of bonds for Combined Hydro Projects, with debt service capitalized through at least commercial operation. The power sales contract, between AMP, the City and the other participants in the Combined Hydro Projects, contains a "Step Up" provision that requires, in the event of a default by a participant, the non-defaulting participants to purchase a pro rata share, based upon each non-defaulting Participants 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. Under the terms of the Power Sales Contract, no non-defaulting participant is obligated to accept Step Up power in excess of 25% of such non-defaulting participant's original project share. Cannelton and Willow Island are expected to be placed into commercial operation by sometime during the second quarter of 2015, with Smithland expected to be placed in commercial operation by the second quarter of 2016. Amounts payable by Bowling Green under the power sales contract constitute an operating expense of its electric system.

The City is also a participant in the Meldahl Hydroelectric Project (Meldahl Project). The Meldahl Project consists of a three unit, run-of-the-river hydroelectric generation facility being constructed on the Captain Anthony Meldahl Locks and Dam, an existing dam on the Ohio River. When the project enters commercial operation, it is projected to have a generating capacity of approximately 105 MW. AMP and the City of Hamilton, Ohio (a member of AMP and also a Meldahl participant) hold, as co-licensees, the FERC license necessary to construct and operate Meldahl. Bowling Green is obligated to purchase from AMP a 2.90% share of the energy from the Meldahl Project (approximately 3.043 MW). AMP has issued $675,100,000 of bonds for Meldahl, with debt service capitalized through commercial operation. The power sales contract, between AMP, the City and the other Meldahl Project participants, contains a "Step Up" provision that requires, in the event of a default by a participant, the non-defaulting participants to purchase a pro rata share, based upon each non-defaulting Participants 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. Under the terms of the power sales contract, no non-defaulting participant is obligated to accept Step Up power in excess of 106% of such non-defaulting participant's original project share. The Meldahl Project is expected to be placed into commercial operation in the first quarter of 2015. Amounts payable by Bowling Green under the power sales contract constitute an operating expense of its electric system.

The City is also a participant in the Greenup Project (as defined below). The Greenup Hydroelectric Plant, a 70.2 MW run-of-the river hydroelectric generating facility located on the Greenup Locks and Dam on the Ohio River (Greenup Hydroelectric Plant) which has been in commercial operation since 1988. The City of Hamilton, Ohio and AMP entered into agreements pursuant to which Hamilton will sell AMP a 48.6% ownership interest in its Greenup Hydroelectric Plant (AMP's 48.6% ownership interest, the Greenup Project) for $139 million, contingent upon Meldahl achieving commercial operation. 47 AMP members who are participants in the Meldahl Project will purchase power from the Greenup Project pursuant to the terms of a power sales contract between AMP, the City and the other Greenup Project participants. The Greenup Project will entitle AMP to approximately 34.1 MW of capacity, of which Bowling Green will purchase from AMP a 5.84% share (approximately 1.993 MW). The power sales contract, between AMP, the City and the other Greenup Project participants, contains a "Step Up" provision that requires, in the event of a default by a Participant, 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 share, which together with the shares of the other non-defaulting Participants is equal to the defaulting Participant's project share. Under the terms of the power sales

contract, no non-defaulting Participant is obligated to accept Step-Up power in excess of 25% of such non-defaulting Participants original project share. Amounts payable by Bowling Green under the power sales contract constitute an operating expense of its electric system.

AMP expects to issue bonds to finance this purchase in the second or third quarter of 2015. AMP and Hamilton will be co-licensees on the FERC license to operate Greenup. Hamilton will continue to operate Greenup.

In 2013, the Bowling Green electric system served 14,619 residential, commercial and industrial customers. The following table lists the City's five largest customers by energy purchased in 2013 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (2013)	% of Total System Revenues
1. Bowling Green State University	Higher Education	75,240,300	13.03%
2. Southeastern Container	Manufacturing	67,444,000	10.79
3. Vehtek Systems	Manufacturing	42,432,000	7.29
4. Toledo Molding & Die	Manufacturing	23,572,800	3.90
5. Phoenix Technologies	Manufacturing	12,813,768	2.11

Economic Base: Bowling Green's economy is based on a mix of industrial and commercial development. The City's major industries include higher education, health care, hospitality, and light industrials.

The following table provides a summary of certain economic indicators for the City of Bowling Green.

BUILDING PERMITS

2010	2011	2012	2013
$28,734,050	$52,717,908	$11,166,938	$16,521,582

Source: Wood County Building Inspection

ASSESSED VALUATION

2010	2011	2012	2013
$499,105,656	$454,121,520	$452,950,840	$453,620,260

Source: Wood County Auditor

UNEMPLOYMENT

2010	2011	2012	2013
8.7%	7.9%	6.1%	6.2%

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

MEDIAN FAMILY INCOME

1990	2000	2010
$36,799	$51,804	$71,446

Source: U.S. Bureau of Census

The following table presents certain financial data respecting the City'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 required by the OMEGA JV5 Joint Venture Agreement.

Bowling Green
($000)

	2011	2012	2013
Revenue			
Power Sales	$41,477	$40,050	$45,848
Other Income	786	577	557
Total Revenue	42,263	40,627	46,405
Operating Expense*			
Power Costs	28,616	30,993	35,175
O&M Expense	4,667	5,023	7,462
Total Operating Expense	33,283	36,016	42,637
Net Revenue Available for Debt Service	8,980	4,611	3,768
General Obligation Debt Service	81	79	80
OMEGA JV5 Debt Service(1)	1,656	1,657	1,656
OMEGA JV2 Debt Service(1)	730	730	730
OMEGA JV6 Debt Service(1)	579	579	579
Revenue Debt Service	1,522	874	480
Depreciation	1,219	1,211	1,225
Net Non-Operating Revenue (Excl. Interest Exp.)	(334)	(290)	(648)
Net Transfers	-		
Net Assets 1/1	34,827	42,216	43,590
Net Assets 12/31	42,216	43,590	45,438
Year End Balance			
General Obligation Bonds	358	290	210
OMEGA JV2	4,318	3,660	2,881
OMEGA JV6	2,295	1,709	1,136
Bond Anticipation Notes	985	158	2,635(2)

* Excluding depreciation.
(1) OMEGA JV debt service is included in Power Costs, recovered through Bowling Green's PCA.
(2) The City issued $2,635,000 of Bond Anticipation Notes in 2013

On November 20, 2014, AMP issued, on behalf of the City a Bond Anticipation Note (AMP BAN) in the principal amount of $2,435,000. The AMP BAN bears interest at the rate of 0.86% per annum and is stated to mature on November 18, 2015.

CLEVELAND, OHIO

PSCR Rank	4
PSCR Percentage	6.76%
Municipality Established	1796
Electric System Established	1906
County	Cuyahoga
Basis of Accounting	Accrual
2013 Peak Demand (kW)	321,093

Location, Population and Government: The City of Cleveland is located in the northeast quadrant of Ohio on Lake Erie. The City 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. The City 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, the City 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.

YEAR	POPULATION
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. The City'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 the City of Cleveland.

BUILDING PERMITS

2010	2011	2012	2013
$102,822,365	$209,166,070	$75,265,865	$181,110,000

Source: Cuyahoga County Budget Commission

ASSESSED VALUATION ($000)

2011	2012	2012	2013
$5,651,322	$5,626,045	$4,868,774	$4,899,952

Source: Ohio Municipal Advisory Council website

UNEMPLOYMENT

2010	2011	2012	2013
11.4%	10.0%	9.5%	9.8%

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

MEDIAN FAMILY INCOME

1990	2000	2010
$22,448	$30,286	$34,495

Source: U.S. Bureau of Census

Electric System. Authority over the Cleveland electric system is vested in the Board of Control. The Board of Control consists of the Mayor and 12 directors of the City's departments. Cleveland Public Power's rates are subject to approval by the City Council and fixed by the Board of Control. The City's Department of Public Utilities operates the Division of Cleveland Public Power ("*CPP*") for the purpose of supplying electric energy to customers located primarily in the City of Cleveland. Under the Constitution of the State and the Charter of the City, the City has authority to own, operate and regulate CPP, 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 CPP.

CPP is in the Cleveland Electric & Illuminating ("*CEI*") Transmission Service Area, an operating company of First Energy Corp. In 2013, CPP purchased approximately 94% of its power from AMP. The City utility owns and maintains 50 miles of transmission and 900 miles of distribution lines and has 33 distribution substations. The City 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 18.0% of CPP's revenue in 2013.

In the early 1990s CPP 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 CPP's geographical coverage of the City from about 35% to approximately 60% and added over 26,000 new customers.

In addition to the power it purchased from AMP in 2013, CPP obtained its remaining power and energy requirements (approximately 6%) through short- and long-term agreements with various regional utilities and other power suppliers for power delivered through CEI interconnections, from CPP's three combustion turbine generating units and various arrangements for the exchange of short-term power and energy.

Unlike other Participants, CPP competes head-to-head for customers with CEI. Because of the overlapping service areas of CPP and CEI, CPP's potential customers are either new customers for electric service or existing customers of CEI. Accordingly, CPP'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 CPP generally occurs at the time those customers' contractual arrangements expire.

Recent additions to CPP's large commercial and industrial customer base include the Cuyahoga County Administration Building, the Geis East 9th Street Tower, the Upper Chester housing development, Hofbrauhaus and, most recently, an additional Expedient Data Center. CPP believes that it has been successful in competing head-to-head with CEI for large commercial and industrial customer accounts within CPP's service area because of better customer service and increased reliability of its service.

CPP's rates have historically been lower than CEI's rates. CPP places great emphasis on reliability and customer service. In terms of service restoration after storms, CPP's customer service program and response time to customer inquiries are superior to those of CEI. Based on comparative information developed by CPP, CPP's average time to reconnect customers following power outages is substantially below that of CEI. Following major storms, CPP completes service restoration to CPP customers and then, upon request, lends mutual aid to help reconnect CEI customers that are out of service.

CPP is a participant in the Prairie State Energy Campus Project (PSEC). The PSEC consists of a supercritical, coal-fired, mine mouth generating facility designed to have a net rated electric generating capacity of approximately 1,582 MW, related equipment and facilities and associated coal reserves. AMP has a 23.26% ownership interest (such ownership interest, the "PSEC Project") or 368 MW nominal capacity, based on the designed net rated capacity, of which CPP is obligated to purchase from AMP a 6.76% share of the energy from the PSEC Project (approximately 24.88 MW based on the designed net rated capacity). AMP has issued $1,696,800,000 of Bonds for the PSEC Project. The Power Sales Contract between AMP, CPP and the other PSEC Project Participants contains a "Step Up" provision that requires, in the event of a default by a Participant, the non-defaulting Participants to purchase a pro rata share, based upon each non-defaulting Participant's original Power Sales Contract Resources Share (PSCR Share), of the defaulting Participant's entitlement to its PSCR Share, which together with the PSCR Shares of the other non-defaulting Participants is equal to the defaulting Participant's PSCR Share. Under the terms of the Power Sales Contract, no non-defaulting Participant is obligated to accept Step-Up Power in excess of 25% of such non-defaulting Participants original PSCR Share. Amounts payable by CPP under the Power Sales Contract constitute an operating expense of its electric system.

CPP is also a participant in the Combined Hydroelectric Projects (Combined Hydro Projects). The Combined Hydro Projects consist of three hydroelectric generation facilities located on the Ohio River. The Combined Hydro Projects will be run-of-the-river hydroelectric generating facilities on existing United States Army Corps of Engineers dams and include related equipment and associated transmission facilities. When each of the Combined Hydro Projects enter commercial operation, they will have aggregate generating capacity of approximately 208 MW. AMP holds the FERC licenses necessary to operate all three projects. CPP is obligated to purchase from AMP a 16.83% share of the energy from the Combined Hydro Projects (approximately 35.0 MW). AMP issued $2,045,425,000 of bonds for Combined Hydro Projects, with debt service capitalized through at least commercial operation. The power sales contract, between AMP, CPP and the other participants in the Combined Hydro Projects, contains a "Step Up" provision that requires, in the event of a default by a participant, the non-defaulting participants to purchase a pro rata share, based upon each non-defaulting Participants 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. Under the terms of the Power Sales Contract, no non-defaulting participant is obligated to accept Step Up power in excess of 25% of such non-defaulting participant's original project share. Cannelton and Willow Island are expected to be placed into commercial operation by sometime during the second quarter of 2015, with Smithland expected to be placed in commercial operation by the second quarter of 2016. Amounts payable by CPP under the power sales contract constitute an operating expense of its electric system.

CPP is also a participant in the Meldahl Hydroelectric Project (Meldahl Project). The Meldahl Project consists of a three unit, run-of-the-river hydroelectric generation facility being constructed on the Captain Anthony Meldahl Locks and Dam, an existing dam on the Ohio River. When the project enters commercial operation, it is projected to have a generating capacity of approximately 105 MW. AMP and the City of Hamilton, Ohio (a member of AMP and also a Meldahl participant) hold, as co-licensees, the FERC license necessary to construct and operate Meldahl. CPP is obligated to purchase from AMP a 8.57% share of the energy from the Meldahl Project (approximately 9.00 MW). AMP has issued $675,100,000 of bonds for the Meldahl Project, with debt service capitalized through commercial operation. The power sales contract, between AMP, CPP and the other Meldahl Project participants, contains a "Step Up" provision that requires, in the event of a default by a participant, the non-defaulting participants to purchase a pro rata share, based upon each non-defaulting Participants 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. Under the terms of the power sales contract, no non-defaulting participant is obligated to accept Step Up power in excess of 106% of such non-defaulting participant's original project share. All three units are expected to be placed into commercial operation in the first quarter of 2015. Amounts payable by CPP under the power sales contract constitute an operating expense of its electric system.

CPP is also a participant in the Greenup Project (as defined below). The Greenup Hydroelectric Plant, a 70.2 MW run-of-the river hydroelectric generating facility located on the Greenup Locks and Dam on the Ohio River (Greenup Hydroelectric Plant) which has been in commercial operation since 1988. The City of Hamilton, Ohio and AMP entered into agreements pursuant to which Hamilton will sell AMP a 48.6% ownership interest in its Greenup Hydroelectric Plant (AMP's 48.6% ownership interest, the Greenup Project) for $139 million, contingent upon Meldahl achieving commercial operation. The Greenup Project will entitle AMP to approximately 34.1 MW of capacity, of which CPP will purchase from AMP a 17.60% share (approximately 6.00 MW). The power sales contract, between AMP, CPP and the other Greenup Project participants, contains a "Step Up" provision that requires, in the event of a default by a Participant, 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 share, which together with the shares of the other non-defaulting Participants is equal to the defaulting Participant's project share. Under the terms of the power sales contract, no non-defaulting Participant is obligated to accept

Step-Up power in excess of 25% of such non-defaulting Participants original project share. Amounts payable by CPP under the power sales contract constitute an operating expense of its electric system.

AMP expects to issue bonds to finance this purchase in the second or third quarter of 2015AMP and Hamilton will be co-licensees on the FERC license to operate Greenup. Hamilton will continue to operate Greenup.

On July 28, 2011 AMP completed the purchase of the AMP Fremont Energy Center, a 707 MW natural gas fired combined cycle generation plant (AFEC), located in the City of Fremont, Ohio, of which AMP owns for the benefit of its members a 90.69% undivided ownership interest (AFEC Project). AFEC was completed and was declared commercially available in January 2012. AMP issued $546,085,000 of bonds for the AFEC Project. CPP is obligated to purchase from AMP a 12.92% share of the energy from the AFEC Project (approximately 60.00 MW). The power sales contract, between AMP, CPP and the other AFEC participants, contains a "Step Up" provision that requires, in the event of a default by a participant, the non-defaulting participants to purchase a pro rata share, based upon each non-defaulting Participants 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. Under the terms of the Power Sales Contract, no non-defaulting participant is obligated to accept Step Up power in excess of 25% of such non-defaulting participant's original project share. Amounts payable by CPP under the power sales contract constitute an operating expense of its electric system.

In 2013, the Cleveland electric system served 73,033 residential, commercial and industrial customers. In addition to the City of Cleveland municipal customers accounting for 18.0% of CPP's revenue, the following table lists the City's five largest customers by energy purchased in 2013 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (2013)	% of Total System Revenues
1. The Medical Center Co.	Consortium of Various Facilities	254,061,000	8.0%
2. Cargill, Inc	Salt Mining	31,223,000	1.9
3. NEORSD – Easterly	Sewage Facility	22,978,000	1.2
4. Cleveland Browns Stadium	Professional Football	21,080,000	1.3
5. Cleveland Thermal – Lakeside Ave.	Commercial Heating and Air Conditioning	15,967,000	1.0

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

Cleveland
($000)

	2011	Restated 2012*	2013
Revenue			
Power Sales	$168,448	$165,227	$170,342
Other Income	-	-	-
Total Revenue	168,448	165,227	170,342
Operating Expense**			
Power Costs	90,514	95,788	100,929
O&M Expense	49,438	41,199	40,187
Total Operating Expense	139,952	136,987	141,116
Net Revenue Available for Debt Service	28,496	28,240	29,226
Revenue Debt Service	21,068	19,796	22,477
Depreciation	16,576	16,971	18,171
Net Non-Operating Revenue (Excl. Interest Exp.)	931	322	(1,561)
Net Transfers	-	-	-
Net Assets 1/1	206,758	205,650	208,545
Net Assets 12/31	205,650	208,545	208,402
Year End Balance			
Revenue Bonds	255,818	247,101	234,322

* 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, the City 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.

PIQUA, OHIO

PSCR Rank	5
PSCR Percentage	5.41%
Municipality Established	1823
Electric System Established	1933
County	Miami
Basis of Accounting	Accrual
2013 Peak Demand (kW)	64,000

Location, Population and Government: The City of Piqua is a charter city located in Miami County, immediately off of Interstate 75 and State Route 36, in the southwest quadrant of the state. Piqua is governed by five commissioners representing five wards. Election of the commissioners is city-wide and is nonpartisan. Elected commissioners serve a term of four years. The Mayor of Piqua is also known as the President of the Commission. The Mayor serves a two year term. The table below sets forth historical population figures for Piqua since 1990.

YEAR	POPULATION
1990	20,612
2000	20,738
2010	20,522

Source: U.S. Bureau of Census

Economic Base: Piqua's economy is based on a nearly equal mix of industrial, commercial and residential development. The City's major industries include various manufacturers, including plastic production, juvenile furniture manufacturing, and manufacturing/fabrication of metal products.

The following table provides a summary of certain economic indicators for the City of Piqua.

BUILDING PERMITS

2010	2011	2012	2013
$6,284,000	$3,989,000	$11,323,000	$38,388,000

Source: City of Piqua

ASSESSED VALUATION

2010	2011	2012	2013
$334,159,430	$311,472,170	$313,373,330	$286,575,960

Source: Miami County Auditor's Office

UNEMPLOYMENT

2010	2011	2012	2013
9.6%	7.4%	6.4%	6.70%

Source: Miami County Jobs and Family Services Dept.

MEDIAN FAMILY INCOME

1990	2000	2010
$29,073	$41,804	$49,453

Source: U.S. Bureau of Census

Electric System: Authority over the Piqua electric system, established in 1933, is vested with the City Commission. A Power System Director, who reports in turn to the City Manager, manages the electric system. The municipal electric system serves a community covering approximately 11.8 square miles. Piqua does not exercise its right to exclusively serve within its city limits, and a few residential customers within the city limits are served by Dayton Power and Light Company.

Piqua is in the Dayton Power & Light Company transmission service area. In 2006, Piqua purchased none of its power from AMP; all purchases were made from Cinergy Services Corp. under a full requirements agreement. As of January 1, 2007, however, Piqua became an all requirements customer of AMP. The City utility owns and maintains 14 miles of transmission lines, 160 miles of distribution lines and six substations. In 2013, the electric system employed 26.5 people.

Piqua is a participant in the Prairie State Energy Campus Project (PSEC). The PSEC consists of a supercritical, coal-fired, mine mouth generating facility designed to have a net rated electric generating capacity of approximately 1,582 MW, related equipment and facilities and associated coal reserves. AMP has a 23.26% ownership interest (such ownership interest, the "PSEC Project") or 368 MW nominal capacity, based on the designed net rated capacity, of which Piqua is obligated to purchase from AMP a 5.41% share of the energy from the PSEC Project (approximately 19.904 MW based on the designed net rated capacity). AMP has issued $1,696,800,000 of Bonds for the PSEC Project. The Power Sales Contract between AMP, the City and the other PSEC Project Participants contains a "Step Up" provision that requires, in the event of a default by a Participant, the non-defaulting Participants to purchase a pro rata share, based upon each non-defaulting Participant's original Power Sales Contract Resource Share (PSCR Share), of the defaulting Participant's entitlement to its PSCR Share, which together with the PSCR Shares of the other non-defaulting Participants is equal to the defaulting Participant's PSCR Share. Under the terms of the Power Sales Contract, no non-defaulting Participant is obligated to accept Step-Up Power in excess of 25% of such non-defaulting Participants original PSCR Share. Amounts payable by Piqua under the Power Sales Contract constitute an operating expense of its electric system.

The City is also a participant in the Combined Hydroelectric Projects (Combined Hydro Projects). The Combined Hydro Projects consist of three hydroelectric generation facilities located on the Ohio River. The Combined Hydro Projects will be run-of-the-river hydroelectric generating facilities on existing United States Army Corps of Engineers dams and include related equipment and associated transmission facilities. When each of the Combined Hydro Projects enter commercial operation, they will have aggregate generating capacity of approximately 208 MW. AMP holds the FERC licenses necessary to operate all three projects. Piqua is obligated to purchase from AMP a 2.88% share of the energy from the Combined Hydro Projects (approximately 5.996 MW). AMP issued $2,045,425,000 of bonds for Combined Hydro Projects, with debt service capitalized through at least commercial operation. The power sales contract, between AMP, the City and the other participants in the Combined Hydro Projects, contains a "Step Up" provision that requires, in the event of a default by a participant, the non-defaulting participants to purchase a pro rata share, based upon each non-defaulting Participants 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. Under the terms of the Power Sales Contract, no non-defaulting participant is obligated to accept Step Up power in excess of 25% of such non-defaulting participant's original project share. Cannelton and Willow Island are expected to be placed into commercial operation by sometime during the second quarter of 2015, with Smithland expected to be placed in commercial operation by the second quarter of 2016. Amounts payable by Piqua under the power sales contract constitute an operating expense of its electric system.

The City is also a participant in the Meldahl Hydroelectric Project (Meldahl Project). The Meldahl Project consists of a three unit, run-of-the-river hydroelectric generation facility being constructed on the Captain Anthony Meldahl Locks and Dam, an existing dam on the Ohio River. When the project enters commercial operation, it is projected to have a generating capacity of approximately 105 MW. AMP and

the City of Hamilton, Ohio (a member of AMP and also a Meldahl participant) hold, as co-licensees, the FERC license necessary to construct and operate Meldahl. Piqua is obligated to purchase from AMP a 1.14% share of the energy from the Meldahl Project (approximately 1.19 MW). AMP has issued $675,100,000 of bonds for the Meldahl Project, with debt service capitalized through commercial operation. The power sales contract, between AMP, the City and the other Meldahl Project participants, contains a "Step Up" provision that requires, in the event of a default by a participant, the non-defaulting participants to purchase a pro rata share, based upon each non-defaulting Participants 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. Under the terms of the power sales contract, no non-defaulting participant is obligated to accept Step Up power in excess of 106% of such non-defaulting participant's original project share. The Meldahl Project is expected to be placed into commercial operation in the first quarter of 2015. Amounts payable by Piqua under the power sales contract constitute an operating expense of its electric system.

The City is also a participant in the Greenup Project (as defined below). The Greenup Hydroelectric Plant, a 70.2 MW run-of-the river hydroelectric generating facility located on the Greenup Locks and Dam on the Ohio River (Greenup Hydroelectric Plant) which has been in commercial operation since 1988. The City of Hamilton, Ohio and AMP entered into agreements pursuant to which Hamilton will sell AMP a 48.6% ownership interest in its Greenup Hydroelectric Plant (AMP's 48.6% ownership interest, the Greenup Project) for $139 million, contingent upon Meldahl achieving commercial operation. The Greenup Project will entitle AMP to approximately 34.1 MW of capacity, of which Piqua will purchase from AMP a 2.30% share (approximately 0.785 MW). The power sales contract, between AMP, the City and the other Greenup Project participants, contains a "Step Up" provision that requires, in the event of a default by a Participant, 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 share, which together with the shares of the other non-defaulting Participants is equal to the defaulting Participant's project share. Under the terms of the power sales contract, no non-defaulting Participant is obligated to accept Step-Up power in excess of 25% of such non-defaulting Participants original project share. Amounts payable by the City under the power sales contract constitute an operating expense of its electric system.

AMP expects to issue bonds to finance this purchase in the second or third quarter of 2015. AMP and Hamilton will be co-licensees on the FERC license to operate Greenup. Hamilton will continue to operate Greenup.

On July 28, 2011 AMP completed the purchase of the AMP Fremont Energy Center, a 707 MW natural gas fired combined cycle generation plant (AFEC), located in the City of Fremont, Ohio, of which AMP owns for the benefit of its members a 90.69% undivided ownership interest (AFEC Project). AFEC was completed and was declared commercially available in January 2012. AMP issued $546,085,000 of bonds for the AFEC Project. Piqua is obligated to purchase from AMP a 2.14% share of the energy from the AFEC Project (approximately 9.935 MW). The power sales contract, between AMP, the City and the other AFEC participants, contains a "Step Up" provision that requires, in the event of a default by a participant, the non-defaulting participants to purchase a pro rata share, based upon each non-defaulting Participants 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. Under the terms of the Power Sales Contract, no non-defaulting participant is obligated to accept Step Up power in excess of 25% of such non-defaulting participant's original project share. Amounts payable by Piqua under the power sales contract constitute an operating expense of its electric system.

In 2013, the Piqua electric system served 10,670 residential, commercial and industrial customers. The following table lists the City's five largest customers by energy purchased in 2013 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (2013)	% of Total System Revenues
1. Piqua FMO(Hobart Brothers)	Welding Rod Manufacturer	15,787,300	3.76%
2. Jackson Tube	Manufacturer of Steel Tubing	10,519,740	3.27
3. Plastic Recycle Technology	Plastic Reprocessing	13,138,587	3.01
4. Evenflo	Baby Furniture Manufacturing	10,254,940	2.71
5. Hartzell Industries	Manufacturer of Industrial Fans	9,289,148	2.31

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

	Piqua ($000) 2011	2012	2013
Revenue			
Power Sales	$23,329	$23,412	$23,688
Other Income	150	142	147
Total Revenue	23,479	23,554	23,835
Operating Expense*			
Power Costs	16,559	16,313	18,893
O&M Expense	5,351	4,107	4,141
Total Operating Expense	21,910	20,420	23,034
Net Revenue Available for Debt Service	1,569	3,134	801
General Obligation Debt Service	408	-	-
Depreciation	1,703	1,716	1,901
Net Non-Operating Revenue (Excl. Interest Exp.)	434	598	(69)
Net Transfers	–	–	–
Net Assets 1/1	44,767	45,050	47,066
Net Assets 12/31	45,050	47,066	45,897
Year End Balance			
General Obligation Bonds	--	--	--

* Excluding depreciation.

CELINA, OHIO

PSCR Rank	6
PSCR Percentage	4.06%
Municipality Established	1834
Electric System Established	1901
County	Mercer
Basis of Accounting	Accrual
2013 Peak Demand (kW)	44,081

Location, Population and Government: The City of Celina is a statutory city, located in Mercer County, Ohio, in the west-central quadrant of Ohio, on the northwest corner of Grand Lake St. Marys, the largest inland lake in Ohio. The City is approximately 60 miles from each of Dayton, Ohio and Fort Wayne, Indiana and approximately 100 miles from Columbus, Ohio. The City is the County seat of Mercer County. The executive power of the City is vested in the Mayor, President of Council and Council, Auditor, Treasurer, City Law Director, Director of Public Service, and Director of Public Safety. The Mayor, Council President and Council Members, Auditor, Treasurer and Law Director are all elected to four year terms. The table below sets forth historical population figures for Celina since 1990.

YEAR	POPULATION
1990	9,650
2000	10,303
2010	10,400

Source: U.S. Bureau of Census

Economic Base: Celina's economy is based on a mix of industrial and commercial development. The City's major industries include health care, retail sales, hospitality, agriculture, livestock and light industrials.

The following table provides a summary of certain economic indicators for the City of Celina.

BUILDING PERMITS

2010	2011	2012	2013
$2,405,500	$3,746,932	$21,545,384	$11,293,422

Source: City of Celina

ASSESSED VALUATION

2010	2011	2012	2013
$164,625,620	$158,358,654	$157,510,264	$157,746,324

Source: Ohio Municipal Advisory Council

UNEMPLOYMENT

2010	2011	2012	2013
7.4%	6.0%	4.4%	4.5%

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

MEDIAN FAMILY INCOME

1990	2000	2010
$32,666	$44,901	$44,702

Source: U.S. Bureau of Census

Electric System: Authority over the Celina Electric System is vested in the City Council. A superintendent, who reports in turn to the director of public service, manages the Electric System. The Electric System serves a community covering approximately 175 square miles and approximately 700 miles of distribution lines. The City currently purchases all of its electric power from AMP, and then distributes the electricity through power lines owned and maintained by the City. Celina is in the Dayton Power & Light Transmission Service area.

Celina is a participant in the Prairie State Energy Campus Project (PSEC). The PSEC consists of a supercritical, coal-fired, mine mouth generating facility designed to have a net rated electric generating capacity of approximately 1,582 MW, related equipment and facilities and associated coal reserves. AMP has a 23.26% ownership interest (such ownership interest, the "PSEC Project") or 368 MW nominal capacity, based on the designed net rated capacity, of which Celina is obligated to purchase from AMP a 4.06% share of the energy from the PSEC Project (approximately 14.928 MW based on the designed net rated capacity). AMP has issued $1,696,800,000 of Bonds for the PSEC Project. The Power Sales Contract between AMP, the City and the other PSEC Project Participants contains a "Step Up" provision that requires, in the event of a default by a Participant, the non-defaulting Participants to purchase a pro rata share, based upon each non-defaulting Participant's original Power Sales Contract Resources Share (PSCR Share), of the defaulting Participant's entitlement to its PSCR Share, which together with the PSCR Shares of the other non-defaulting Participants is equal to the defaulting Participant's PSCR Share. Under the terms of the Power Sales Contract, no non-defaulting Participant is obligated to accept Step-Up Power in excess of 25% of such non-defaulting Participants original PSCR Share. Amounts payable by Celina under the Power Sales Contract constitute an operating expense of its electric system.

The City is also a participant in the Combined Hydroelectric Projects (Combined Hydro Projects). The Combined Hydro Projects consist of three hydroelectric generation facilities located on the Ohio River. The Combined Hydro Projects will be run-of-the-river hydroelectric generating facilities on existing United States Army Corps of Engineers dams and include related equipment and associated transmission facilities. When each of the Combined Hydro Projects enter commercial operation, they will have aggregate generating capacity of approximately 208 MW. AMP holds the FERC licenses necessary to operate all three projects. Celina is obligated to purchase from AMP a 2.16% share of the energy from the Combined Hydro Projects (approximately 4.497 MW). AMP issued $2,045,425,000 of bonds for Combined Hydro Projects, with debt service capitalized through at least commercial operation. The power sales contract, between AMP, the City and the other participants in the Combined Hydro Projects, contains a "Step Up" provision that requires, in the event of a default by a participant, the non-defaulting participants to purchase a pro rata share, based upon each non-defaulting Participants 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. Under the terms of the Power Sales Contract, no non-defaulting participant is obligated to accept Step Up power in excess of 25% of such non-defaulting participant's original project share. Cannelton and Willow Island are expected to be placed into commercial operation by sometime during the second quarter of 2015, with Smithland expected to be placed in commercial operation by the second quarter of 2016. Amounts payable by Celina under the power sales contract constitute an operating expense of its electric system.

On July 28, 2011 AMP completed the purchase of the AMP Fremont Energy Center, a 707 MW natural gas fired combined cycle generation plant (AFEC), located in the City of Fremont, Ohio, of which AMP owns for the benefit of its members a 90.69% undivided ownership interest (AFEC Project). AFEC was completed and was declared commercially available in January 2012. AMP issued $546,085,000 of bonds for the AFEC Project. Celina is obligated to purchase from AMP a 1.42% share of the energy from the AFEC Project (approximately 6.605 MW). The power sales contract, between AMP, the City and the other AFEC participants, contains a "Step Up" provision that requires, in the event of a default by a participant, the non-defaulting participants to purchase a pro rata share, based upon each non-defaulting Participants 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. Under the terms of the Power Sales Contract, no non-defaulting participant is obligated to accept Step Up power in excess of 25% of such non-defaulting participant's original project share. Amounts payable by Celina under the power sales contract constitute an operating expense of its electric system.

In 2013, the Celina Electric System served 7,644 residential, commercial and industrial customers. The following table lists the City's five largest customers by energy purchased in 2013 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (2013)	% of Total System Revenues
1. Celina Aluminum Precision Technology	Automotive Parts Industry	49,893,384	22%
2. Crown Equipment Corp	Lift Trucks	20,148,000	9%
3. Pax Machine	Metal Stamping	5,278,848	2%
4. Wal-Mart	Retail	4,398,720	2%
5. Versa Pax LTD	Plastic Manufacturing	3,312,372	1%

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

	Celina ($000)		
		Restated (1)	
	2011	2012	2013
Revenue			
Power Sales	$17,010	$17,903	$18,031
Other Income	25	33	60
Total Revenue	17,035	17,936	18,091
Operating Expense*			
Power Costs	12,122	12,473	14,449
O&M Expense	4,337	2,080	2,374
Total Operating Expense	16,459	14,553	16,823
Net Revenue Available for Debt Service	577	3,384	1,268
General Obligation Debt Service	444	467	-
Depreciation	861	872	783
Net Non-Operating Revenue (Excl. Interest Exp.)	306	300	450
Net Transfers	(4)	(23)	(788)[(2)]
Net Assets 1/1	19,738	19,734	23,282
Net Assets 12/31	19,734	23,282	23,428
Year End Balance			
General Obligation Bonds	456	-	-

* Excluding depreciation.

(1) Celina originally reported a liability to AMP for the AMPGS project in 2012. The 2012 financial statements have been restated by $738.928 thousand as a result of a March 31, 2014 legal ruling. The AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs

(2) The Electric Enterprise fund is responsible for a portion of the debt for the City's Main Street Restoration project. The Electric Enterprise Fund made a transfer to the Tax Increment Financing Fund in the amount of $788,000 as debt payments for the project became due.

SECTION III

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

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	2011	2012	2013	2010	2011	2012	2013
Danville, Virginia	N/A	43.9	53,056	48,411	43,055	$2,660,962	$2,702,338	$2,675,917	13.4%	11.9%	10.6%	9.5%
Hamilton, Ohio	Butler	22.1	61,368	60,690	62,477	895,754	828,699	$810,566	11.1	8.6	8.1	7.9
Bowling Green	Wood	10.2	28,176	29,652	30,028	454,122	452,951	453,620	8.7	7.9	6.1	6.2
Cleveland, Ohio	Cuyahoga	82.4	505,616	478,403	396,815	5,626,045	4,868,774	4,899,952	11.4	10.0	9.5	9.8
Piqua, Ohio	Miami	12.1	20,612	20,738	20,522	311,472	313,373	286,575	9.6	7.4	6.4	6.7
Celina, Ohio	Mercer	4.4	9,650	10,303	10,400	158,350	157,510	157,746	7.4	6.0	4.4	4.5

(1) Source: Wikipedia website for Participant.

(2) Source: U.S. Census Bureau.

(3) Source: Ohio Participants, except Piqua - Ohio Municipal Advisory Council; Piqua Miami County Auditor's Office; Danville, Virginia City audits.

(4) Source: Ohio Participants, except as noted for Piqua, Ohio Labor Market Information website; Piqua, Miami County Job and Family Services Department; Danville, Virginia Workforce Connection website. For participants with populations of less than 25,000, unemployment averages reflect those for the county.

SECTION IV

LARGE PARTICIPANTS' RESIDENTIAL, INDUSTRIAL AND COMMERCIAL INFORMATION

LARGE PARTICIPANTS' RESIDENTIAL, INDUSTRIAL AND COMMERCIAL INFORMATION

Large Participants' Information
Residential, Industrial, and Commercial

	2011			2012			2013		
	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)**
Cleveland									
Residential	65,785	426,872	48,863	65,078	415,340	47,281	64,922	407,585	48,653
Commercial	6,754	533,180	58,526	6,868	523,685	57,348	6,909	526,858	59,576
Industrial	22	611,311	47,430	21	599,645	46,382	23	607,926	45,655
Other	1,180	78,779	14,344	1,173	78,900	14,205	1,179	78,627	14,476
Total:	73,741	1,650,142	169,164	73,110	1,617,570	165,216	73,033	1,620,996	168,360
Danville, Virginia									
Residential	33,771	496,145	53,756	37,217	457,708	49,538	37,130	469,905	51,504
Commercial	10,034	319,529	29,191	11,106	320,415	32,895	11,192	313,896	33,049
Industrial	46	187,944	13,432	42	186,734	16,237	42	185,443	16,021
Total:	43,851	1,003,618	96,379	48,365	964,857	98,670	48,364	969,244	100,574
Hamilton									
Residential	26,085	264,978	27,159	26,052	258,386	27,171	26,100	253,230	26,822
Commercial	2,906	194,137	20,808	2,882	197,191	21,421	2,873	183,572	20,397
Industrial	45	158,968	12,640	44	128,196	10,754	49	129,624	10,962
Total:	29,136	618,083	60,607	28,978	583,773	59,346	29,022	566,426	58,182
Bowling Green									
Residential	12,682	106,765	10,485	12,682	100,872	10,859	12,684	98,789	11,330
Commercial	1,877	62,415	5,643	1,843	62,201	6,017	1,844	61,800	6,372
Industrial	94	311,865	24,335	90	329,596	25,192	91	348,644	27,944
Total:	14,653	481,045	40,463	14,615	492,669	42,068	14,619	509,233	45,646
Piqua									
Residential	9,385	91,442	8,489	9,559	88,836	8,230	9,513	88,325	8,257
Commercial	1,146	103,290	7,796	1,117	100,435	7,609	1,136	95,847	7,402
Industrial	19	112,516	7,044	24	119,612	7,340	21	121,672	7,724
Total:	10,550	307,248	23,329	10,700	308,883	23,179	10,670	305,844	23,383
Celina									
Residential	6,809	73,723	6,969	6,785	71,097	6,069	6,768	71,169	6,616
Commercial	854	48,368	4,523	856	51,352	4,606	863	49,284	4,824
Industrial	14	85,702	5,960	13	83,426	4,574	13	84,809	4,684
Total:	7,677	207,793	17,452	7,654	205,875	15,249	7,644	205,262	16,124

Source: Per Participants

APPENDIX C

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 Entitlement shall mean AMP's Ownership Interest in the PSEC, including its rights to the capacity and energy from PSEC derived from its Ownership Interest in PSEC under the Project Agreements.

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 (including any legal successor thereto) to reimburse AMP for Development Costs, 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 Ownership Interest and any other Power Sales Contract Resources, and the refurbishing, operating, maintaining, improving, repairing, replacing, retiring, decommissioning or disposing of the AMP Entitlement 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 (including any legal successor thereto) to refund any outstanding revenue bonds, notes, bank loans, commercial paper, or any other evidences of indebtedness issued by AMP (including any legal successor thereto) for any of the foregoing purposes, as well as the repayment of interim financing for its Ownership Interest or other Power Sales Contract Resources Developmental Costs advanced by AMP. Bonds shall also include any interest rate hedge, swap instrument and the effect thereof, where the context is appropriate.

Commercial Operation Date shall mean the first day of the month following AMP's receipt of notice that both Units of PSEC are in operation on a commercial basis for purposes of making capacity and energy available.

Commercial Operation of First Unit shall mean the first day of the month following AMP's receipt of notice that the first Unit of PSEC is in operation on a commercial basis for purposes of making capacity and energy available.

Contiguous Coal Reserves shall mean the twelve (12) million tons of coal located in reserves that are contiguous to the Coal Reserves sold to AMP.

Contract or Power Sales Contract shall mean the Power Sales Contract dated as of November 1, 2007, between AMP and the 68 Participants.

Demand Charge shall mean the rate or charge to the Participants principally designed to recover fixed costs of Power Sales Contract Resources.

Developmental Costs shall mean all development costs incurred by AMP in furtherance of its acquisition of the Ownership Interest and legal, engineering, accounting, advisory and other financing costs relating thereto, or other Power Sales Contract Resources which are to be reimbursed to AMP from the proceeds of Bonds.

Energy Charge shall mean the rate or charge to the Participants, principally designed to recover variable costs of the output of Power Sales Contract Resources.

Environmental Account shall mean the account of the Reserve and Contingency Subfund that may be used from time to time to mitigate PSEC or other Power Sales Contract Resources 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 and Change-in-Law Taxes.

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.

Load Factor shall mean the Participant's energy scheduled from Power Sales Contract Resources over a time period in MWh, divided by Participant's PSCR Share in MW multiplied by the hours in the same time period.

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

NERC shall mean the North American Electric Reliability Corporation or its successor organization approved by the Federal Energy Regulatory Commission to fulfill the Federal Power Act statutory role as the Electric Reliability 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.

Operating Agreement shall mean the agreement or agreements between AMP and the other owners of undivided ownership interests in PSEC or other Power Sales Contract Resources for the operation, fuel and maintenance, including repairs and replacements, thereof.

Ownership Interest shall mean the 23.26% undivided ownership interest in PSEC acquired by AMP.

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 thirty-three percent (33%) of the PSCR 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.

Points of Delivery shall mean the points at which AMP shall be required to deliver power and energy to or for the benefit of each of the respective Participants pursuant to the Power Sales Contract at the PSR.

Power Sales Contract Resources or PSCR shall mean, to the extent acquired or utilized by AMP to meet its obligations to deliver electric power and energy to the Participants at their respective Points of Delivery pursuant to the Power Sales Contract, (i) the AMP Entitlement and (ii) all sources of Replacement Power and Transmission Service, whether real or personal property or contract rights.

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

Project Agreements shall mean collectively the various contracts among the co-owners, including AMP, of the PSEC and PSGC.

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 Developmental Costs and the costs of any necessary transmission facilities or upgrades required to interconnect PSEC with the PJM RTO and transmit power and energy to the Participants, any payments of taxes or 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 and may include the cost of the prepayment for Replacement Power.

PSCR Share for any Participant expressed in kilowatts (kW) shall mean such Participant's nominal entitlement to power and associated energy from the Power Sales Contract Resources such that the sum of all PSCR shares (in kW) equals the AMP Entitlement (in kW); subject to a pro rata adjustment if the AMP Entitlement is changed in the event the aggregate capacity of PSEC is different than 1,582 MW. PSCR 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 PSCR Share in kW by the total of all of the Participants' PSCR Shares (including such Participant's PSCR Share) in kW such that the sum of all such PSCR shares (in %) is one hundred percent (100%).

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 Account shall mean the account of the Reserve and Contingency Subfund that may be used from time to time to moderate volatility of the PSR.

RE shall mean the Regional Entity, such as ReliabilityFirst Corporation, that is designated by a delegation agreement with NERC that has been approved by the Federal Energy Regulatory Commission to develop, implement, monitor and enforce the reliability standards of NERC and the Regional Entity as approved by the Federal Energy Regulatory Commission.

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 Project Agreements, any Operating Agreement, agreements for interconnection of PSEC or other Power Sales Contract Resources to the appropriate transmission system, including, any agreements for Supplemental Transmission Service and the interconnection agreement for the interconnection of PSEC to the MISO transmission system, agreements for the purchase of electric power and energy, other agreements for Transmission Service to enable AMP to meet its obligations to deliver electric power and energy for the Participants at their respective Secondary Points of Delivery pursuant to the Power Sales Contract, and all other agreements of greater than one (1) year in length entered into by AMP for the acquisition of Power Sales Contract Resources, all as the same may be amended from time to time.

Replacement Power shall mean power and energy purchased by AMP (i) after the effective date of the Power Sales Contract but prior to the Commercial Operation Date for delivery to the Participants provided that such purchase is approved by a Super Majority of the Participants; (ii) on or after the Commercial Operation Date to back-up all or any portion of the output of the Project's generation facilities or to replace the same during periods in which any unit of the PSEC is not, for any reason, in service or is derated or otherwise incapable of generating its full nominal capability; or (iii) when, in AMP's estimation and in accordance with procedures approved by the Participants Committee, to purchase from or sell to the market, perform commodity swaps or other like transactions such as capacity swaps, reliability exchanges and reserve sharing arrangements, will lower the expected PSR or is consistent with Prudent Utility Practices.

Reserve and Contingency Subfund shall have the meaning set forth in a Trust Indenture and refers to a special subfund, 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 Account) to stabilize or mitigate rate increases to the Participants (Rate Stabilization Account) 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 the 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 power 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.

Service Fee shall mean AMP's Service Fee B charge of up to one mill ($0.001) per kWh for 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 PSCR 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 power and energy made available to or for the benefit of any Participant for delivery from the Points 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 power 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.

Unit shall mean either of the two distinct electricity generating systems of PSEC, each consisting of a pulverized coal boiler, a steam turbine generator with an expected nominal generating capacity of approximately 791 MW, and all associated auxiliaries and systems.

Sale and Purchase. (A) AMP agrees to sell to each Participant, and each Participant agrees to buy from AMP, such Participant's PSCR Share (in kW) of the Power Sales Contract Resources 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 of First Unit 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 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 of First Unit 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 PSCR 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) Upon the request and subject to approval of a Super Majority of the Participants, in order to decrease the amount of capitalized interest which may otherwise be accrued prior to the Commercial Operation Date, AMP may purchase and sell and deliver to the Participants, power and energy under the Power Sales Contract from Power Sales Contract Resources in pro rata amounts up to the amounts listed in the Power Sales Contract for such period and in such amounts as determined appropriate by the Participants Committee, at rates which cover all costs of such power and which may include all or any portion of AMP's Revenue Requirements for such period; provided, however, that any Participant may elect not to receive such energy and only be charged the Demand Charge portion of Revenue Requirements relating to such interest during construction.

(D) If at any time any Participant has power and energy in excess of its needs, it may request that AMP sell and deliver any or all of said Participant's PSCR Share of power 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 and Prudent Utility Practice:

(i) shall fulfill its obligations under the Project Agreements and shall monitor the performance of the EPC Contractor in its planning, development, engineering, acquisition, construction and equipping of the Project; and following the Commercial Operation Date shall use its best efforts to ensure that the Project and all integral parts thereof are staffed, operated, maintained, refurbished, replaced, retired, decommissioned and disposed in accordance with the Project Agreements and Prudent Utility Practice; and to work diligently with PSGC to obtain, or cause to be obtained, all Federal, state and local permits, licenses and other rights and regulatory approvals necessary therefor; and

(ii) shall undertake the financing of costs of placing the Project in Commercial Operation (including financing costs, legal, engineering, accounting and financial advisory fees and expenses and the Developmental Costs) and any other capital costs required by the Project Agreements; and

(iii) shall utilize to the extent available pursuant to the Project Agreements and in the best interests of the Participants, the Project as the primary Power Sales Contract Resource to fulfill its obligations to deliver power and energy to the Participants at the Point of Delivery and respective Secondary Points of Delivery and utilize Replacement Power, when prudent and appropriate, as a secondary Power Sales Contract Resource; and

(iv) may undertake, or cause to be undertaken, the acquisition of other Power Sales Contract Resources, in addition to the Project, as AMP deems necessary or desirable to enable AMP to deliver electric power and energy to the Participants at their respective Points of Delivery in such amounts and on such terms as are set forth in the Power Sales Contract; provided, however, that any obligations for any such additional Power Sales Contract Resources shall be subject to approval of the Participants Committee if (a) such obligations are for periods greater than one (1) year or (b) if such obligations are for other than Replacement Power during deratings or planned or forced outages of PSEC or other Power Sales Contract Resources; and

(v) may, at the direction of the Participants Committee, utilize funds from the Reserve and Contingency Subfund, to the extent not inconsistent with any Trust Indenture, to

defray the costs of Replacement Power to the Participants during any prolonged outage or derating of PSEC; and

(vi) 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

(vii) 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 power and energy contracted for by the Participants, it shall allocate the power and energy available from the Power Sales Contract Resources among the Participants pro rata, on the basis of their respective PSCR Share percentages.

(C) In the event that at any time Power Sales Contract Resources acquired by AMP to supply power and energy to the Participants at the Point of Delivery and their respective Secondary Points of Delivery pursuant to the Power Sales Contract result in surplus power, 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 power and energy associated with the Project or other Power Sales Contract Resource and utilize Replacement Power, to the extent required, to replace the same, AMP shall use commercially reasonable efforts to attempt to sell such surplus power, surplus energy, surplus transmission capacity, or other surplus product or service or such power 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 power and energy to any entity permitted by the Power Sales Contract, AMP may to the extent authorized or required by the Project Agreements (i) sell, on a temporary or permanent basis, or otherwise dispose of fuel, emission allowances or other inventory or spare parts for or byproducts from PSEC or any other Power Sales Contract Resource 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 PSEC 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 any Power Sales Contract Resource; 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.

(E) All power sold or made available under the Power Sales Contract shall include the associated 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 Power Sales Contract Resources, it is understood by the Participants that it may be in the best interests of the Participants for AMP to resell such Power Sales Contract Resources immediately and that it may be impracticable for AMP to effectively communicate a bona fide offer to all the Participants of such Power Sales Contract Resources under the circumstances.

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 Power Sales Contract Resources 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 Related Agreements, including, without limitation, all costs to AMP of any Replacement Power, and the cost of Transmission Service for delivery of electric power and energy under the Power Sales Contract to the Points 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;

(ii) all costs incurred by AMP for the operation and maintenance of all Power Sales Contract Resources, 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 Power Sales Contract Resources 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 any Power Sales Contract Resource, including any taxes, incurred by AMP, the cost of insurance and damage claims to the extent associated with any Power Sales Contract Resource, 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;

(iii) costs of decommissioning and disposal of properties constituting Power Sales Contract Resources, including reserves therefor;

(iv) 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 emission fees, allowances, credits or other environmental rights, and 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 and the cost to AMP of renewals and replacements of all Power Sales Contract Resources to the extent not paid for out of working capital or reserves;

(v) 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 Power Sales Contract Resources;

(vi) the Service Fees not otherwise charged by AMP pursuant to other agreements;

(vii) 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;

(viii) 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 (viii) may include payments in respect of a termination of a hedge or swap agreement.

(ix) amounts required under any Trust Indenture to be paid or deposited into any fund or account established by such Trust Indenture (other than funds and accounts referred to in clause (viii) above), 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 (viii) above;

(x) the cost to establish and maintain additional reserves, or to obtain the agreement of third parties to provide, for contingencies including (a) reserves against losses 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;

(xi) amounts required to be paid by AMP to procure, or to perform its obligations under, any liquidity or credit support obligation (to the extent not included in clause (viii) above), interest rate swap or hedging instrument (including, in each case, any amounts due in connection with the termination thereof to the extent not included in clause (viii) above) associated with any Bonds or amounts payable with respect thereto;

(xii) 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

(xiii) any cost or expenditure associated with compliance with reliability standards monitored and enforced by NERC and or the applicable RE where PSEC is interconnected to the electric system.

less amounts arising from any Operating Agreement and amounts available as a result of any appropriate refunds, rebates, miscellaneous revenues or other distributions relating to the PSEC and any sales of surplus power or any Power Sales Contract Resource (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 (xii) 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.

(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 of First Unit, 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 power 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 Demand Charge, principally designed to recover fixed costs, including the fixed costs of Transmission Service, associated with providing Power Sales Contract Resources; (ii) an Energy Charge, principally designed to recover the variable costs of providing the output of Power Sales Contract Resources (including base fuel costs) and the variable costs of Transmission Service; (iii) a Power Cost Adjustment Factor designed to adjust either or both the Demand Charge or Energy Charge upward or downward to reflect monthly changes in fuel and environmental costs and purchased power, any power 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, or required under the terms of a Related Agreement or a Trust Indenture, 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 Power, 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 First Unit, such invoice may include payments with respect to any Bonds issued as well as Replacement Power. 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 either Unit of PSEC, any other component of the Project or any other Power Sales Contract Resource 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 AMP Entitlement or the Participant's PSCR 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; and provided, further, however, that if a court of competent jurisdiction shall determine in a final decision that is not subject to appeal that the "take-or-pay" provision of the Power Sales Contract is illegal, unconstitutional or otherwise unenforceable, the provisions of this paragraph shall ipso facto be deemed to have been amended to read as follows:

> (I) The obligation of the Participant to make payments under this paragraph shall constitute an obligation of the Participant payable as an O&M expense of its Electric System, and such payments shall be made in respect of any month under the Power Sales Contract, on a "take-and-pay" basis, whether or not such Participant actually accepts delivery of its PSCR Share, unless, and then only to the extent, such month was within a period in which its Share of Power Contract Resources was Unavailable to the Participant. The Participant shall not be required to make payments under the Power Sales Contract except from the revenues of its Electric System and from other funds of such Electric System legally available therefor. In no event shall any Participant be required to make payments under the Power Sales Contract from tax revenues, but nothing herein shall be construed to preclude the same. The obligations of the Participant to make payments under this section in respect to any month shall not be subject to any reduction, whether by offset, counterclaim, or otherwise, and, so long as any Energy is made available by AMP during such month (whether or

not such the Participant actually accepts delivery thereof), such payment obligations of such the Participant shall not be conditioned upon the performance by any of the other Participants of their respective obligations under any Related Agreement, or by AMP or any of the other Participants under any other agreement; provided, however, that nothing contained herein 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 any provision of law, including institution of legal proceedings for specific performance or recovery of damages.

For purposes of paragraph (I) above, it should be noted that the City of Coldwater and the City of Marshall, Michigan (each a "*Michigan Participant*") each have bond issues outstanding that limit the payments from each under the Power Sales Contract from being considered an O&M Expense of their respective Electric Systems. Therefore, as long as a Michigan Participant's current bond issues remain outstanding, the Michigan Participant's 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 the 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 a Michigan Participant are no longer outstanding under the terms of their applicable ordinance, all of the Michigan Participant's 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 Power Sales Contract Resources, 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 any Power Sales Contract Resource 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 Power Sales Contract Resources, shall be applied by AMP, subject to the provisions of the Related Agreements and to the extent not inconsistent therewith, and 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 Power Sales Contract Resources, 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 Power Sales Contract Resources 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. Subject to the provisions of the Project Agreements for the PSEC, 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 Power Sales Contract Resources, 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 and conform to the Project Agreements, any Trust Indenture and Prudent Utility Practice. AMP may procure additional insurance, if such insurance is required under the terms of the Project Agreements, otherwise the procurement of additional insurance shall be 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 Power Sales Contract Resources 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 Power Sales Contract Resources.

Bonds; Trust Indenture; Power Sales Contract. 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 Power Sales Contract Resources, 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 this 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 any Power Sales Contract Resources, 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.

Disposition or Termination of PSEC or other Power Sales Contract Resources.

For so long as any Bonds are outstanding, except as otherwise permitted in the Power Sales Contract, AMP shall not sell or otherwise dispose of, in whole or in part, the AMP Ownership Interest without the consent of a Super Majority of the Participants; provided, however, that AMP may act without the consent of a Super Majority of the Participants if such sale or disposition is required under the terms of a Project Agreement or any Trust Indenture. 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 Ownership Interest in PSEC or any other Power Sales Contract Resources pursuant to any Trust Indenture to secure any Bonds. Subject to the provisions of the Project Agreements, any facilities of the PSEC shall be terminated and AMP 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 and the Participants Committee determine to be reasonable and appropriate when:

(a) so required pursuant to the applicable Project Agreement; or

(b) both the AMP Board of Trustees 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) both the AMP Board of Trustees and the Participants Committee determine that such facilities are not capable of producing or delivering energy consistent with Prudent Utility Practice.

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 including its share of the Revenue Requirements; 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 power 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 power 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 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 PSCR 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 power or energy associated with the defaulting Participant's PSCR 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 PSCR 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 power 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 PSCR Share or other service, subject to any sale to others of its PSCR 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 PSCR 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 PSCR Share as provided in the preceding paragraph, AMP shall attempt to sell the defaulting Participant's PSCR 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 PSCR Share which, together with the shares of the other non-defaulting Participants, is equal to the defaulting Participant's PSCR 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 twenty-five percent (25%), or such lesser percentage as set forth in any

Trust Indenture, of such non-defaulting Participant's initial PSCR Share in kilowatts prior to any such increases. AMP shall mail written notice 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 PSCR 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 PSCR 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 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 at any time before the entry of final judgment or decree in any suit, action or proceeding instituted by AMP on account of default as defined above, 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 the 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 PSCR share, with the approval of such other Participant, rescind and annul the declaration of default and its consequences, provided, however, that if any Participant has defaulted and all or any portion of such Participant's PSCR Share has become Step Up Power, such Participant shall cure such default by paying all arrearages and all liabilities otherwise owing due to such default, net of the proceeds of any sales and of the recovery of Step Up Power Costs, and 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 PSCR Share of the Demand 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%). Such amount shall then be paid to the non-defaulting Participants in proportion to their respective payments of Step Up Power Costs. However, 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 December 31, 2057, 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 all Power Sales Contract Resources except those Power Sales Contract Resources which 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 PSCR Share of the power and energy available to AMP from such Power Sales Contract Resources at rates which reflect the lack 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.

APPENDIX D

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"). 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 AMP's Ownership Interest in the PSEC, 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 PSEC Fund, 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 (including the costs of any actions to defend AMP's rights under any Project Agreement), fees of consultants, any taxes which may be lawfully imposed on or are fairly allocable to AMP with respect to the PSEC, or payments in lieu of such taxes, or the income therefrom, operating lease payments, the Operating Component of the Cost of Contracted Services, and the cost of Replacement Power (as defined in the Power Sales Contract) and all other payments, not chargeable to the capital account of the PSEC, 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 or by law, 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 this 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, Fuel Expense, extraordinary expenses for repairs, renewals, rehabilitation and improvement of the Project and capital expenditures for the PSEC 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 first date of the month following AMP's receipt of notice that both Units of PSEC are in operation on a commercial basis for purposes of making capacity and energy available.

"Commercial Operation Date of First Unit" means the first date of the month following AMP's receipt of notice that one Unit of PSEC is in operation on a commercial basis for purposes of making capacity and energy available.

"Cost," as applied to the Project, means, without intending thereby to limit or restrict any proper definition of such word, Costs of Issuance, Developmental Costs, amounts owed by AMP pursuant to the terms of the Project Agreements (including, but not limited to, Progress Payments and, if AMP exercises its rights to purchase the Contiguous Coal Reserves, amounts due and owing pursuant to the Right of Purchase and Right of First Refusal), all other costs incurred in connection with the planning, investigating, licensing, siting, permitting, engineering, financing, equipping, construction and acquisition of the Project including the costs of any necessary transmission facilities or upgrades required to interconnect PSEC with the PJM RTO and transmit power and energy to the Participants, any payments of taxes or 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 and may include the cost of the prepayment for Replacement Power (as defined in the Power Sales Contract).

"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 institution 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 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; and provided further

that, 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.

"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 Power Sales Contract Resources, 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" means "Revenues" means revenues, as determined in accordance with generally accepted accounting principles, from 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 (a) payments received pursuant to the Power Sales Contract and for capacity, energy and other products of the PSEC 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, and (iii) any gifts, grants, donations or contributions or borrowed funds.

"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 PSEC and payable from Gross Revenues and (e) all installment sales and capital lease obligations relating to the PSEC, 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 Land Banks, and (v) 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.

"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.

"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 the excess, of the Gross Revenues in any 12 consecutive months of the last 18 calendar months preceding the date of such Certificate, 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, all as estimated 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 the Supplemental Indenture or 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.

"Unit" means either of the two distinct electricity generating systems of PSEC, each consisting of a pulverized coal boiler, a steam turbine generator with an expected nominal generating capacity of approximately 791 MW, and all associated auxiliaries and systems.

"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.

Acquisition and Construction Subfund

Any money received by AMP from any source for the Cost of the Project shall be deposited in the Acquisition and Construction Subfund, a special subfund of the PSEC Fund. Moneys in the Acquisition and 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 Acquisition and 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) the Date of Commercial Operation, or if the Acquisition and Construction Subfund is no longer needed, the reasons therefor in reasonable detail and (B) stating that requisitions have been made for the payment of all obligations which are payable from the Acquisition and Construction Subfund, delivered to the Depository or Depositories with an Opinion of Counsel to the effect that there are no mechanic's, materialmen's or other comparable liens on any property constituting a part of the Project. As soon as practicable after such certification is delivered by AMP to the Depository or Depositories, the balance of the Acquisition and 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.

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

Creation of PSEC Fund, Subfunds and Accounts. AMP shall create on its books a special fund to be known as the "American Municipal Power, Inc. Prairie State Campus Fund" (the "PSEC Fund"). In addition to the Acquisition and Construction Subfund, the following subfunds and accounts are established in the PSEC 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.

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 Capitalized Interest Account and, subject to the requirements of the Master Indenture, from the Acquisition and Construction Subfund by deducting the sum of such amounts from the amount of interest otherwise payable, such amount of such amount 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 to and including such Deposit Day during the then current period between the first Deposit Day in such period and the Principal Payment Date,

(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 first Deposit Day in such period and the mandatory Sinking Fund redemption date, and

(5) at such time or times as provided in Supplemental Indentures and Parity Debt Indentures, (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.

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 (except Fuel Expense) 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 PSEC, 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 Special Account Reserve, if any, 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).

(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 PSEC 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 PSEC; (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 PSEC or other Power Sales Contract Resources, environmental improvements or otherwise to moderate the costs of environmental compliance; and (f) money in the Self-Insurance Account may be used to pay any losses or liabilities for which AMP was self-insured or uninsured.

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 this Article 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 Depositaries, 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 Depositaries, 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. Subject to the provisions of the Project Agreements, AMP will fulfill all of its obligations under such Project Agreements, including its obligations in respect of the construction, operation and maintenance of the PSEC. AMP will further take all lawful measures required to issue and sell Bonds required to pay the Costs of the Project subject to the Incurrence Test.

Insurance. AMP covenants that it will retain the services of an Independent Insurance Consultant to advise AMP with respect to appropriate insurance coverage and programs of self-insurance to protect the PSEC Fund. To the extent not otherwise provided in accordance with the provisions of the Project Agreements, AMP covenants that it will maintain 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 PSEC or any part thereof and (ii) will include reasonable liability insurance on all of the PSEC for bodily injury and property damage resulting from the construction or operation of the PSEC.

Subject to the provisions of the Project Agreements, AMP further covenants that, immediately after any substantial damage to or destruction of any part of the PSEC, 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.

Subject to the provisions of the Project Agreements, the proceeds of all insurance received in the circumstances described in the preceding paragraph 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 Test. Subsequent to the Commercial Operation Date, additional Parity Obligations may be issued or incurred only in compliance with the following Incurrence Test:

(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, for additional Costs of the Project, 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 (i) the Debt Service Coverage Ratio is 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. The Officer’s Certificate shall detail (x) the improvements to be financed by such additional Parity Obligations, (y) the relative necessity of such improvements to the proper maintenance and operation of the PSEC and (z) the effect of the such improvements on the useful life of the PSEC.

(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 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 of AMP (which may rely upon certificates or other documentation delivered by an Independent Consultant) certifying that the Debt Service Coverage Ratio, 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, is 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) For purposes of demonstrating compliance with the Incurrence Test 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 Test 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 Indebtedness as a Parity Obligation only in compliance with the Incurrence Test. 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 PSEC 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 PSEC, 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 PSEC 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 all of its obligations under the Project Agreements 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 AMP Entitlement 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 PSEC, 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 PSEC if it determines by resolution:

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

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

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 PSEC 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 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

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 on any Tax-Exempt Parity Obligations, provided that such change shall not materially adversely affect the security for any Parity Obligations, or (g) 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.

Special Covenants Relating to Series 2010 Bonds

For purposes of this subheading, the following terms have the following meanings:

"2010 Bonds" means AMP's Prairie State Energy Campus Revenue Bonds, Series 2010 (Federally Taxable – Issuer Subsidy – Build America Bonds).

"Federal Subsidy" means an amount equal to 35% of each scheduled interest payment on the 2010 Bonds payable in accordance with Section 6431 of the Code.

"Federal Subsidy Payment" means the amount of the Federal Subsidy actually paid to and received by the Trustee in respect of an Interest Payment Date on the 2010 Bonds.

Federal Subsidy Payments as Gross Receipts. The definition of Gross Revenues as used in computing the Incurrence Test in Section 707 and the rate covenant in Section 708 of the Master

Indenture shall include on an accrual basis the Federal Subsidy; provided, however, that if the Federal Subsidy Payment in respect of any Interest Payment Date is less that the Federal Subsidy in respect of such Date, then until the next Interest Payment Date in respect of which the full Federal Subsidy is received, AMP shall receive credit for purposes of such Section 707 and 708 of the percentage of the Federal Subsidy determined by dividing the Federal Subsidy Payment received by the amount of the full Federal Subsidy scheduled for such Interest Payment Date.

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APPENDIX E-1

PROPOSED FORM OF OPINION OF BOND COUNSEL

January ____, 2015

American Municipal Power, Inc.
Columbus, Ohio

Ladies and Gentlemen:

We have examined the transcript of proceedings relating to the issuance of $507,875,000 Prairie State Energy Campus Project Revenue Bonds, Refunding Series 2015A and $135,350,000 Prairie State Energy Campus Project Revenue Bonds, Refunding Series 2015B (collectively, the "Bonds") issued by American Municipal Power, Inc. ("AMP") to refunding a portion of its Prairie State Energy Campus Revenue Bonds, Series 2008A and Series 2009A, the proceeds of which were used to finance capital expenditures, costs and expenses associated with the Prairie State Energy Campus (the "PSEC"). The transcript documents include executed counterparts of: (i) Resolution No. 14-11-3698 adopted by the Board of Trustees of AMP on November 19, 2014 (the "Resolution"); (ii) the Power Sales Contract dated as of November 1, 2007 (the "Power Sales Contract") between AMP and 68 of its members, located in Ohio, Virginia Michigan and West Virginia (the "Participants"); (iii) the Master Trust Indenture dated as of November 1, 2007 between AMP and U.S. Bank National Association, as trustee (the "Master Indenture"); (iv) the Seventh Supplemental Indenture, dated as of January 1, 2015, between AMP and U.S. Bank National Association, as trustee (the "Seventh Supplemental Indenture"); (v) the Eighth Supplemental Indenture, dated as of January 1, 2015, 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 (vi) 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 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 December 19, 2015 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 E-2

PROPOSED FORM OF FEDERAL TAX OPINION OF SIDLEY AUSTIN LLP

January __, 2015

American Municipal Power, Inc.
Columbus, Ohio

Re: $643,225,000 American Municipal Power, Inc.
Prairie State Energy Campus Project Revenue Bonds
Refunding Series 2015A and Refunding Series 2015B

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. 14-11-3698, adopted on November 19, 2014, by the Board of Trustees of AMP authorizing the Bonds (the "Authorizing Resolution");

(ii) the Power Sales Contract, dated as of November 1, 2007, between AMP and 68 of its members, located in Ohio, Virginia, Michigan and West Virginia (such members, the "Participants," and such contract, the "Power Sales Contract");

(iii) the Master Trust Indenture, dated as of November 1, 2007, between AMP and U.S. Bank National Association, as trustee (the "Master Indenture");

(iv) the Seventh and Eighth Supplemental Indentures to the Master Indenture, each dated as of January 1, 2015, between AMP and U.S. Bank National Association, as trustee (the "Supplemental Indentures");

(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");

(vi) the form of Certificate of the Participants addressing certain representations and covenants of the Participants concerning prior, current and future compliance with the Code (the "Participant Certificates"); and

(vii) 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

(viii) the Certificate of Prairie State Generating Company, LLC ("PSGC") in which PSGC has made certain representations and covenants concerning past, current and future compliance with the Code (the "PSGC Certificate").

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 Indentures 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 of the owners thereof 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 either PSGC or the Participants to comply with the applicable requirements of the Code and the covenants contained in the PSGC Certificate and the Participant Certificates, respectively, 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 alternative minimum tax imposed on individuals and corporations. 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, December 19, 2014 relating to the offering of the Bonds, or other offering material relating to the Bonds and express no opinion with respect thereto.

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,

APPENDIX F

BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Series 2015 Bonds. The Series 2015 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 each Series of the Series 2015 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 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 2015 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 2015 Bonds, except in the event that use of the book-entry system for the Series 2015 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015 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 2015 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 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015 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 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2015 Bonds may wish to ascertain that the nominee holding the Series 2015 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 2015 Bonds of a Series or Subseries 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 2015 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 2015 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 2015 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 2015 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 F 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.

APPENDIX G

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement"), is executed and delivered as of _____ __, 2015 by American Municipal Power, Inc. ("AMP") in connection with the issuance of AMP Prairie State Energy Campus Project Revenue Bonds, Refunding Series 2015A and Refunding Series 2015B (the "Series 2015 Bonds"). The Series 2015 Bonds are being issued pursuant to a Master Trust Indenture, dated as of November 1, 2007 (as heretofore supplemented, the "Master Trust Indenture"), as supplemented by the Seventh Supplemental Indenture and the Eighth Supplemental Indenture, each dated as of January 1, 2015, each 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 2015 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 2015 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 single 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, whose Fiscal Year begins July 1 and ends June 30 of the following calendar year as specified in Section 4 hereof.

"Listed Events" shall mean, with respect to the Series 2015 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[1];

(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; and

(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 Danville, Virginia; Hamilton, Ohio; Bowling Green, Ohio; Cleveland, Ohio; Piqua, Ohio; and Celina, Ohio, is deemed a MOP.

"MSRB" means the Municipal Securities Rulemaking Board established in accordance with the

[1] 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.

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 December 19, 2014 relating to the Series 2015 Bonds.

"Participating Underwriter" shall mean each original Underwriter of the Series 2015 Bonds required to comply with the Rule in connection with the offering of such Series 2015 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, 2014. 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 AMP and the MOPs shall be prepared on the basis of generally accepted accounting principles, 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 PSEC expressed in kilowatts and percentages as shown on page A-1 of the Official Statement, (ii) with respect to the MOPs, annual statistical and financial information, including operating data as described in Exhibit A attached hereto, (iii) AMP's audited financial statements and (iv) a description of the capacity factor of the PSEC for the last fiscal year. For purposes of the Annual Report, it is recognized that the fiscal year for the City of Danville, Virginia begins on July 1 and ends on June 30 of the following calendar year and, as such, annual statistical and financial information for such City 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 in a timely manner to the MSRB via EMMA, if any, notice of any of the Listed Events, if material.

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 2015 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 2015 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 2015 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 2015 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. Prairie State Energy Campus Project Revenue Bonds, Refunding Series 2015A and Refunding Series 2015B

CUSIP NOS._____

Dated: _____ __, 2015

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 2015 Bonds issued pursuant to that certain Master Trust Indenture, dated as of November 1, 2007, as supplemented by the Seventh Supplemental Indenture and the Eighth Supplemental Indenture, each dated as of January 1, 2015, 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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Mixed Sources
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