

American Municipal Power, Inc.

**Consolidated Financial Statements and
Supplementary Information
December 31, 2012 and 2011**

American Municipal Power, Inc.

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December 31, 2012 and 2011

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Report of Independent Auditors

To the Board of Trustees and Members of
American Municipal Power, Inc.

We have audited the accompanying consolidated financial statements of American Municipal Power, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of revenues and expenses, of changes in member and patron equities, and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion.



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Municipal Power, Inc. and its subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

April 11, 2013

American Municipal Power, Inc.
Consolidated Balance Sheets
December 31, 2012 and 2011

	2012	2011
Assets		
Utility plant		
Electric plant in service	\$ 1,962,752,677	\$ 107,174,249
Accumulated depreciation	<u>(48,008,139)</u>	<u>(93,443,645)</u>
Total utility plant	<u>1,914,744,538</u>	<u>13,730,604</u>
Nonutility property and equipment		
Nonutility property and equipment	21,155,390	20,411,987
Accumulated depreciation	<u>(6,946,820)</u>	<u>(4,433,059)</u>
Total nonutility property and equipment	<u>14,208,570</u>	<u>15,978,928</u>
Construction work-in-progress	1,294,410,938	2,693,115,785
Plant held for future use	34,881,075	34,881,075
Coal reserves	26,089,599	26,612,000
Trustee funds and other assets		
Trustee funds	1,376,534,679	1,824,901,292
Financing receivables - members	30,958,138	35,782,920
Note receivable	3,075,000	3,075,000
Regulatory assets	194,716,465	132,270,481
Prepaid power purchase asset	-	75,114
Prepaid pension costs	2,357,710	1,827,164
Intangible and other assets, net of accumulated amortization of \$13,563,695 and \$9,919,154, respectively	<u>50,848,021</u>	<u>48,039,795</u>
Total trustee funds and other assets	<u>1,658,490,013</u>	<u>2,045,971,766</u>
Current assets		
Cash and cash equivalents	65,226,463	70,481,931
Cash and cash equivalents - restricted	48,007,847	49,490,097
Trustee funds	474,041,248	475,926,129
Investments	14,705,591	13,565,020
Collateral postings	21,308,300	27,287,167
Accounts receivable	74,638,711	64,036,063
Interest receivable	37,400,314	42,096,787
Financing receivables - members	9,708,525	14,930,186
Inventories	6,192,734	-
Emission allowances	1,686,896	1,802,350
Regulatory assets	4,690,756	14,084,184
Prepaid power purchase asset	-	57,839,106
Prepaid expenses and other assets	<u>7,185,042</u>	<u>4,762,957</u>
Total current assets	<u>764,792,427</u>	<u>836,301,977</u>
Total assets	<u>\$ 5,707,617,160</u>	<u>\$ 5,666,592,135</u>

American Municipal Power, Inc.
Consolidated Balance Sheets
December 31, 2012 and 2011

	2012	2011
Equities and Liabilities		
Member and patron equities		
Contributed capital	\$ 801,208	\$ 801,208
Patronage capital	53,133,603	51,222,984
Total member and patron equities	<u>53,934,811</u>	<u>52,024,192</u>
Long-term debt		
Term debt	4,992,772,776	4,503,967,938
Term debt on behalf of members	6,347,000	14,617,000
Term debt on behalf of Central Virginia Electric Cooperative	24,479,167	-
Line of credit	184,000,000	152,000,000
Total long-term debt	<u>5,207,598,943</u>	<u>4,670,584,938</u>
Current liabilities		
Accounts payable	98,627,596	94,284,622
Accrued salaries and related benefits	1,134,881	190,520
Accrued postretirement benefits	750,000	627,000
Accrued interest	120,705,475	108,931,519
Term debt	98,992,412	87,052,966
Term debt on behalf of members	16,468,000	21,001,000
Term debt on behalf of Central Virginia Electric Cooperative	520,833	-
Line of credit	-	600,000,000
Regulatory liabilities	6,202,941	1,092,672
Other liabilities	14,435,758	7,402,212
Total current liabilities	<u>357,837,896</u>	<u>920,582,511</u>
Other noncurrent liabilities		
Accrued postretirement benefits	5,082,764	5,434,638
Deferred gain on sale of real estate	1,276,789	1,276,789
Other liabilities	6,347,903	-
Asset retirement obligations	8,776,496	9,443,671
Regulatory liabilities	66,761,558	7,245,396
Total other noncurrent liabilities	<u>88,245,510</u>	<u>23,400,494</u>
Total liabilities	<u>5,653,682,349</u>	<u>5,614,567,943</u>
Total equities and liabilities	<u>\$ 5,707,617,160</u>	<u>\$ 5,666,592,135</u>

The accompanying notes are an integral part of these consolidated financial statements.

American Municipal Power, Inc.
Consolidated Statements of Revenues and Expenses
Years Ended December 31, 2012 and 2011

	2012	2011
Revenues		
Electric revenue	\$ 797,996,283	\$ 705,232,116
Service fees	6,697,162	6,287,624
Programs and other	19,042,794	20,094,963
Total revenues	<u>823,736,239</u>	<u>731,614,703</u>
Operating expenses		
Purchased electric power	555,589,498	678,265,598
Production	36,190,145	15,914,087
Fuel	118,934,119	1,207,795
Depreciation	38,748,939	3,406,193
Administrative and general	6,343,378	4,415,656
Property and real estate taxes	1,667,407	665,713
Programs and other	17,386,909	17,104,457
Total operating expenses	<u>774,860,395</u>	<u>720,979,499</u>
Operating margin	48,875,844	10,635,204
Nonoperating revenues (expenses)		
Interest expense	(60,467,853)	(8,811,157)
Interest income, subsidy	6,226,152	-
Interest income, other	7,125,095	221,653
Other, net	151,381	595,779
Total nonoperating expenses	<u>(46,965,225)</u>	<u>(7,993,725)</u>
Net margin	<u>\$ 1,910,619</u>	<u>\$ 2,641,479</u>

The accompanying notes are an integral part of these consolidated financial statements.

American Municipal Power, Inc.
Consolidated Statements of Changes in Member and Patron Equities
Years Ended December 31, 2012 and 2011

	Contributed Capital	Patronage Capital	Total
Balances, December 31, 2010	\$ 790,528	\$ 48,581,505	\$ 49,372,033
Capital contributions	10,680	-	10,680
Net margin	-	2,641,479	2,641,479
Balances, December 31, 2011	801,208	51,222,984	52,024,192
Net margin	-	1,910,619	1,910,619
Balances, December 31, 2012	<u>\$ 801,208</u>	<u>\$ 53,133,603</u>	<u>\$ 53,934,811</u>

The accompanying notes are an integral part of these consolidated financial statements.

American Municipal Power, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Net margin	\$ 1,910,619	\$ 2,641,479
Adjustments to reconcile net margin to net cash provided by operating activities		
Depreciation	36,849,647	3,406,193
Depletion of coal reserves	522,401	-
Amortization of deferred financing costs	3,644,541	3,680,530
Amortization of bond premium, net of amortization of bond discount	(2,588,118)	(1,495,509)
Accretion of interest on asset retirement obligations	12,124	55,358
Loss on disposal of property and equipment	1,429,131	-
Unrealized gain on investments	(1,140,571)	(339,189)
Changes in assets and liabilities		
Investments	-	(351,574)
Collateral postings	5,978,867	16,789,437
Accounts receivable	(9,334,711)	5,236,803
Interest receivable	(5,762,281)	-
Emission allowances	115,454	115,635
Prepaid expenses and other assets	(1,295,499)	(2,040,876)
Inventories	2,456,774	-
Regulatory assets and liabilities, net	(23,838,738)	16,562,930
Prepaid power purchase asset	57,914,220	57,742,822
Accounts payable	1,924,776	(5,081,780)
Accrued salaries and related benefits	423,443	(288,147)
Accrued postretirement benefits	(759,420)	(1,267,412)
Accrued interest	46,542,803	(2,080,347)
Asset retirement obligations	(2,378,560)	-
Other liabilities	9,835,103	(1,700,278)
Net cash provided by operating activities	<u>122,462,005</u>	<u>91,586,075</u>
Cash flows from investing activities		
Proceeds from sale of investments, net of purchase of investments	450,251,494	562,966,908
Purchase of utility property and equipment	(1,540,252)	(19,203)
Sale of utility property and equipment	30,882,700	-
Purchase of nonutility property and equipment	(908,898)	(138,978)
Purchase of construction work-in-progress	(558,998,981)	(1,050,733,678)
Change in restricted cash and cash equivalents	<u>1,482,250</u>	<u>(15,537,437)</u>
Net cash used in investing activities	<u>(78,831,687)</u>	<u>(503,462,388)</u>

American Municipal Power, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	2012	2011
Cash flows from financing activities		
Proceeds from revolving credit loan	360,820,817	609,298,504
Payments on revolving credit loan	(928,820,817)	(64,798,504)
Cost of issuance and remarketing of debt	(6,461,631)	(2,186,004)
Principal payments on term debt	(101,719,620)	(125,307,750)
Proceeds from issuance of term debt	605,052,022	55,035,000
Principal payments on term debt on behalf of members	(28,109,000)	(58,447,000)
Proceeds from issuance of term debt on behalf of members	15,306,000	19,320,000
Proceeds from issuance of term debt on behalf of Central Virginia Electric Cooperative	25,000,000	-
Proceeds from financing receivables - members	14,930,186	27,871,103
Funding of financing receivables - members	(4,883,743)	(13,287,270)
Capital contributions	-	10,680
Net cash (used in) provided by financing activities	<u>(48,885,786)</u>	<u>447,508,759</u>
Net change in cash and cash equivalents	(5,255,468)	35,632,446
Cash and cash equivalents		
Beginning of year	<u>70,481,931</u>	<u>34,849,485</u>
End of year	<u>\$ 65,226,463</u>	<u>\$ 70,481,931</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 19,665,271	\$ 10,891,515
Supplemental disclosure of noncash investing and financing activities		
Capital expenditures included in accounts payable	38,722,527	38,049,251
Capital expenditures included in accrued interest, net of interest receivable	39,323,313	63,655,466

The accompanying notes are an integral part of these consolidated financial statements.

American Municipal Power, Inc.

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

1. Description of Business

American Municipal Power, Inc. ("AMP") is a not-for-profit Ohio corporation organized to provide electric capacity and energy and to furnish other services to its members on a cooperative basis. AMP is a tax-exempt organization for federal tax purposes under Section 501(c)(12) of the Internal Revenue Service Code. AMP is a membership organization comprised of 82 municipalities throughout Ohio, two municipalities in West Virginia, 30 municipalities in Pennsylvania, six municipalities in Michigan, five municipalities in Virginia, three municipalities in Kentucky and one joint action agency in Delaware, all of which own and operate electric systems. AMP purchases and generates electric capacity and energy for sale to its members. AMPO, Inc. is a for-profit subsidiary that provides electric and natural gas aggregation consulting services to both members and nonmembers in Ohio.

In addition, AMP serves as a project manager for Ohio members participating in joint venture projects to share ownership of power generation and transmission facilities, known as Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6 ("OMEGA" "JV1," "JV2," "JV4," "JV5," and "JV6") (collectively, the "OMEGA Joint Ventures").

AMP is closely aligned with Ohio Municipal Electric Association ("OMEA"), the legislative liaison for the state's municipal electric systems. In addition to the OMEGA Joint Ventures, Municipal Energy Services Agency ("MESA") has also been formed by the members. MESA provides management and technical services to AMP, its members, and the OMEGA Joint Ventures.

AMP has received approval pursuant to a private letter ruling from the Internal Revenue Service ("IRS") to issue tax-exempt securities on behalf of its members. In connection with the financing of projects undertaken by the electric systems of certain member communities, AMP has issued tax-exempt debt on their behalf. Additionally, AMP has issued tax-exempt and other tax-advantaged bonds to finance the construction of its generating projects.

AMP 368 LLC ("AMP 368") is a wholly owned and consolidated subsidiary of AMP, which through AMP 368 is the owner of a 23.26%, or 368MW, undivided interest in the Prairie State Energy Campus ("PSEC"). The PSEC is a mine-mouth, pulverized coal-fired generating station in southwest Illinois.

Meldahl LLC is a wholly owned and consolidated subsidiary of AMP, which through Meldahl LLC, is the owner of the 105MW Meldahl project under construction as a run-of-the river hydroelectric facility on the Ohio River.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of AMP and its wholly owned subsidiaries, AMPO, Inc., Meldahl LLC, and AMP 368. All intercompany transactions have been eliminated in the preparation of the consolidated financial statements.

AMP purchases power from two unrelated limited liability companies engaged in methane recovery to generate electricity. Their activities are primarily conducted on behalf of AMP. AMP does not have an equity interest in these limited liability companies. Power purchases from these companies for the years ended December 31, 2012 and 2011, were approximately \$10,765,270 and \$8,352,796, respectively. Management does not believe that the amount of these purchases is material to its operations.

American Municipal Power, Inc.

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

Utility Plant

AMP records amounts expended in connection with the purchase or construction of utility plant assets at cost. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. Operations are charged with labor, material, supervision and other costs incurred to maintain the utility plant. When utility plant assets are retired, accumulated depreciation is charged with the cost of assets, plus removal costs, less any salvage value, and any resulting gain or loss is reflected in net margin in the consolidated statements of revenues and expenses.

Depreciation on utility plant assets is provided for by the straight-line method over the estimated useful lives of the property. The provisions are determined primarily by the use of functional composite rates as follows:

Production plant	5%-10%
Transmission plant	5%
General plant	5%-33%
Station equipment	4.4%-20%

Depreciation expense for utility plant for the years ended December 31, 2012 and 2011 was \$34,235,227 and \$1,302,032, respectively.

Nonutility Property and Equipment

Nonutility property and equipment is recorded at cost. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. When nonutility property and equipment is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts, and the related gains or losses are reflected in net margin in the consolidated statements of revenues and expenses.

Depreciation on nonutility property and equipment is provided for on the straight-line method over the estimated useful lives of the property as follows:

Building	25 years
Furniture and equipment	5-10 years
Computer software	3-5 years
Vehicles	3-5 years

Depreciation expense for nonutility property and equipment for the years ended December 31, 2012 and 2011 was \$2,614,420 and \$2,104,161, respectively.

Construction Work-in-Progress

AMP records amounts expended in connection with construction work-in-progress projects at cost. Upon completion of a project, AMP places the asset in service and the related costs are recorded as either utility plant or nonutility property and equipment. There is \$1,074,625 and \$4,144,728 of land included in the construction work-in-progress account at December 31, 2012 and 2011, respectively. AMP capitalized interest costs in the amount of \$215,298,847 and \$237,617,502 for the years ended December 31, 2012 and 2011, respectively.

American Municipal Power, Inc.
Notes to Consolidated Financial Statements
December 31, 2012 and 2011

Construction work-in-progress consists of the following at December 31:

	2012	2011
Prairie State Energy Campus	\$ 7,019,021	\$1,287,300,942
Hydro Plants	1,281,644,260	869,561,557
AMP Fremont Energy Center	4,405,066	535,552,415
Other	1,342,591	700,871
	<u>\$1,294,410,938</u>	<u>\$2,693,115,785</u>

On January 21, 2012 the AMP Fremont Energy Center ("AFEC") began commercial operation. AFEC is a 707 MW natural gas fired combined cycle generation plant, located near the city of Fremont, Ohio. AMP's acquisition of the plant was financed with draws on an additional line of credit for \$600,000,000 secured solely for the purpose of purchasing the plant. The total cost of construction of the AFEC at the date it was placed in service was \$582,200,642. This amount includes a development fee of \$35,535,448 paid by AFEC participants for the account of AMP Generating Station participants who are also AFEC participants. The amount was previously recorded as a noncurrent regulatory asset at December 31, 2011. In June 2012, AMP sold 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output of a 4.15% interest in AFEC. AMP has sold the output of the remaining 90.69% interest to the AFEC participants, which consist of 87 of its members, pursuant to a take-or-pay power sales contract.

On June 12, 2012, Unit 1 of the Prairie State Energy Campus ("PSEC") began commercial operation and on November 2, 2012, Unit 2 of PSEC began commercial operation.

Under ownership agreements with other joint owners, AMP has a 23.26% undivided ownership interest in PSEC. Each of the respective owners is responsible for its portion of the construction costs. Kilowatt-hour generation and operating expenses are divided on an owner's percentage of dispatched power with each owner reflecting its respective costs in its statements of revenues and expenses. AMP's ownership interest in PSEC includes the proportionate share of PSEC's balance sheet as provided for under ASC 970-810-45, Undivided Interests. This Accounting Standard requires the recording of undivided interests in assets and liabilities when given conditions are met. Information relative to AMP's ownership interest in these facilities at December 31 is as follows:

	2012	2011
Utility plant in service	\$ 1,122,075,507	\$ -
Accumulated depreciation	14,158,985	-
Construction work-in-progress	7,019,021	1,096,080,532
AMP's ownership share	23.26%	23.26%

AMP's ownership interest in PSEC includes an interest in nearby coal reserves, valued at \$26,089,599 and \$26,612,000 (net of depletion) as of December 31, 2012 and 2011, respectively.

American Municipal Power, Inc.

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

Plant Held for Future Use

In November 2009, the participants in the AMP Generating Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. This pulverized coal plant was estimated to be a \$3 billion project, but the project's targeted capital costs increased by 37% and the engineer, procure and construct ("EPC") contractor could not guarantee that the costs would not continue to escalate. At the termination date, minimal construction had been performed on the AMPGS Project at the Meigs County site.

The AMPGS project participants signed "take or pay" contracts with AMP. As such, the participants of the project are obligated to pay any costs incurred for the project. To date it has not been determined what those total final costs are for the project participants.

In August 2010, the 81 AMPGS participants voted to pursue conversion of the AMPGS Project to a Natural Gas Combined Cycle Plant (the "NGCC Plant") to be developed under a lump-sum-turn-key fixed-price contract that would be open to interested AMP members. The NGCC Plant was planned to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended, when AMP determined to pursue the purchase of AFEC instead, AMP still intends to develop this site for the construction of a generating asset; however, at December 31, 2012, the type of future generating asset has not been determined.

As a result of these decisions to date, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the consolidated balance sheets. At December 31, 2010, AMP reclassified \$34,881,075 of costs to plant held for future use as these costs were determined to be associated with the undeveloped Meigs County site regardless of the type of generating asset ultimately developed on the site. The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract. At December 31, 2012, AMP has a regulatory asset of \$96,544,650 for the recovery of these abandoned construction costs and a regulatory liability of \$35,535,448 for financing by certain members of these abandoned construction costs. AMP is currently working with the AMPGS project participants to establish a formal plan for recovery on a participant by participant basis. See Note 15 - Commitments and Contingencies.

Impairment of Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that full recoverability is questionable. The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the assets, as compared with the carrying value of the assets. If an impairment has occurred, the amount of the impairment recognized is the excess of the carrying value of the assets over fair value of the assets.

Coal Reserves

AMP has purchased coal reserves in conjunction with the construction of the PSEC. The coal reserves are recorded at cost. AMP also has a contractual right of first refusal for additional coal reserves.

American Municipal Power, Inc.

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

Trustee Funds

AMP maintains funds on deposit with the trustees ("trustee funds") under its various trust agreements securing bonds issued for its various project funds (Note 10). Investments of the trustee funds include money market funds, debt securities, and collateralized guaranteed investment contracts ("GICs"). The debt securities are classified as held-to-maturity under the FASB's standard for debt and equity securities, and are recorded at amortized cost. The debt securities mature at various dates through January 2030. Realized gains and losses on investment transactions are determined on the basis of specific identification. The carrying value of the GICs is equal to the sum of deposits into the GICs, less any withdrawals made by AMP from the GICs. At December 31, 2012 and 2011, AMP has included \$464,274 and \$206,921 of accrued interest earned on GICs in accounts receivable. Each of AMP's GICs is fully collateralized by the counterparty. The collateral is being held in trust by a third party.

Prepaid Power Purchase Asset

AMP prepaid for a long-term power supply agreement (the "Prepaid Agreement") in August 2007. The total amount of the Prepaid Agreement was \$312,900,083, and expired December 31, 2012. AMP amortized the cost of the power over the life of the Prepaid Agreement.

Investments

Investments include equity securities, debt securities and alternative investments. The equity securities and debt securities are classified as trading under the FASB standard for debt and equity securities. These investments are recorded at fair value. Realized gains and losses on investment transactions are determined on the basis of specific identification. Gross unrealized holding gains at December 31, 2012 and 2011 were \$1,140,571 and \$339,189, respectively. Gross unrealized holding gains and losses on debt and equity securities are included in programs and other in the consolidated statements of revenues and expenses.

Financing Receivable – Members

Financing receivable - members is comprised of debt service obligations on AMP's limited recourse tax-exempt debt issued on behalf of its members (Note 9).

In connection with the issuance of municipal project notes, AMP has entered into loan agreements with individual member communities. The terms of these loan agreements provide that the member community will issue its note to AMP in the same amount as the related AMP project note. The member community note issued to AMP is payable solely from the net revenue of the member community's electric system. Certain of these loan agreements also provide that a portion of the proceeds from the issuance of municipal project notes shall be deposited in a project fund held for the purpose of making payments of project costs as designated by the member community. The project fund amounts are invested at the direction of the member community and are disbursed by AMP upon submission of a payment requisition satisfactory to AMP. Project fund deposits are restricted to the payment of designated project costs.

Intangible and Other Assets

Intangible and other assets consist primarily of deferred financing costs. Deferred financing costs are amortized on the effective interest method and are recorded as interest expense on the consolidated statements of revenues and expenses. The amortization associated with deferred financing costs was \$3,644,541 and \$3,680,530 for the years ended December 31, 2012 and 2011, respectively.

American Municipal Power, Inc.

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash equivalents consist of highly-liquid cash and short-term investments with original maturities of three months or less.

Concentration of Credit Risk and Accounts Receivable

AMP periodically maintains cash balances in excess of the federally insured limit. At December 31, 2012 and 2011, 7.5% and 8.5% of accounts receivable were due from one customer.

Inventories

Inventories consist of fuel inventory and materials and supplies inventories. Fuel inventory is the recorded amount of unused coal inventory at PSEC. This amount is verified semi-annually by a third party and is valued at the weighted average cost. Materials and supplies inventories are recorded at average cost. These items are used primarily for maintenance and daily operational requirements.

Emission Allowances

Emission allowances are recorded as inventory and are valued at the lower of historical cost or net realizable value and charged to operations as used on the first-in, first-out ("FIFO") method.

Member and Patron Equities

Contributed capital represents initial capital contributions made by members. Should AMP cease business, these amounts, if available, will be returned to the members, and any available patronage capital will also be distributed to members and former members based on their patronage of AMP while they were members.

Collateral Postings

At December 31, 2012 and 2011, AMP posted collateral deposits to the bank accounts of certain of its power suppliers related to long-term power supply agreements with the suppliers and collateral deposits with insurance companies in connection with long-term construction projects. AMP has recorded these collateral postings as current assets in the accompanying consolidated balance sheets.

Asset Retirement Obligations

AMP records, at fair value, legal obligations associated with the retirement or removal of long-lived assets that can be reasonably estimated. The recognition of a liability is accompanied by a corresponding increase in utility plant. The liability is adjusted for any revisions to the expected value of the retirement obligation (with corresponding adjustments to utility plant) and for accretion due to the passage of time.

Revenue Recognition and Rates

Revenues are recognized when service is delivered. AMP's rates for capacity and energy billed to members are designed by the AMP board of trustees to recover actual costs. In general, costs are defined to include AMP's costs of purchased power and operations (except for depreciation and amortization) and debt service requirements.

Rates charged to members for non-project power are based on the actual cost of purchased power. Members also pay a service fee based on kilowatt hours purchased through AMP and retail sales of kilowatt hours in each member electric system.

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Programs and other revenues consist of the reimbursement for expenses incurred from programs that AMP offers to its members. These programs include the energy control center, an energy efficiency program a renewable energy credits program, certain feasibility studies and other services. Revenue from these programs is recorded as costs are incurred.

Accounts receivable includes \$57,028,353 and \$51,508,418 during the years ended December 31, 2012 and 2011, respectively, for capacity and energy delivered to members that were not billed until the subsequent year.

Regulatory Assets and Liabilities

In accordance with the FASB standard for accounting for regulated entities, AMP records regulatory assets (capitalized expenses to be recovered in rates in future periods) and regulatory liabilities (deferred revenues for rates collected for expenses not yet incurred). Regulatory assets include the deferral of depreciation expense associated with asset retirement costs, impairment charges related to coal inventories and emission allowances at the retired Gorsuch Project (Note 3), the costs associated with the abandoned AMPGS Project, unrecognized actuarial losses associated with the pension and postretirement healthcare plans and other capital expenditures not yet recovered through rates approved by the AMP board of trustees. Regulatory liabilities include revenues collected and intended to fund future capital expenditures, emission allowances, and other differences between the rates collected from members and expense recognition. As the capital expenditures are depreciated and inventories are used, regulatory assets and liabilities are amortized to match revenues with the related expenditures. Regulatory liabilities or regulatory assets are also recognized for unrealized mark-to-market gains and losses on derivative instruments that are subject to the ratemaking process when realized (Note 6).

Taxes

The IRS ruled that AMP is tax-exempt under Section 501(a) as an organization described in Section 501(c)(12) of the Internal Revenue Code ("IRC"), provided 85% of its total revenue consists of amounts collected from its members for the sole purpose of meeting losses and expenses. For the years ended December 31, 2012 and 2011, AMP complied with this requirement. Accordingly, no provision for federal or state income taxes has been made. AMP is subject to State of Ohio personal property, real estate and sales taxes.

AMPO, Inc. is a for-profit entity subject to federal, state and local income taxes. Deferred taxes result from temporary differences between the book and tax basis of assets and liabilities. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Market and Credit Risk

AMP is potentially exposed to market risk associated with commodity prices for electricity and natural gas. AMP manages this risk through the use of long-term power purchase contracts and long-term natural gas supply arrangements.

AMP has credit risk associated with the ability of members to repay amounts due from power sales and other services and of counterparties to long-term power supply arrangements. AMP regularly monitors receivables from its members. AMP does not require collateral with its trade receivables.

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AMP has established a risk management function that regularly monitors the credit quality of counterparties to its power purchase arrangements. The risk management function uses multiple sources of information in evaluating credit risk including credit reports, published credit ratings of the counterparty and AMP's historical experience with the counterparty. Credit limits are established depending on the risk evaluation and, when warranted, AMP requires credit protection through letters of credit or other guarantees. The inability of counterparties to deliver power under power supply arrangements could cause the cost of power to members to be in excess of prices in the power supply arrangements. Management believes recent events in the credit markets have not significantly increased credit risk relating to counterparties to power purchase arrangements at December 31, 2012.

Derivative Instruments

AMP accounts for derivative instruments on its consolidated balance sheets at fair value unless the instruments qualify to be accounted for as normal purchases and normal sales. The fair values of derivative instruments accounted for using mark-to-market accounting are based on exchange prices and broker quotes, when available. If a quoted market price is not available, the estimate of fair value is based on the best information available including valuation models that estimate future energy prices based on existing market and broker quotes and supply and demand market data and other assumptions. The fair values determined are reduced by the appropriate valuation adjustments for items such as discounting, liquidity, credit quality and modeling risk. There is inherent risk in valuation modeling given the complexity and volatility of energy markets. Therefore, it is possible that results in future periods may be materially different as contracts are ultimately settled.

AMP has determined that each of its power purchase and power sales contracts which meet the definition of a derivative instrument qualifies to be accounted for as normal purchases and normal sales.

AMP holds firm transmission rights ("FTRs") with the PJM Interconnection and the Midwest ISO, regional transmission organizations, that do not qualify to be accounted for as normal purchases and normal sales and have been included in prepaid and other assets on the consolidated balance sheets at their estimated fair value. The fair value of FTRs was \$(8,380) and \$(132,232) at December 31, 2012 and 2011, respectively. A corresponding regulatory asset has been recorded for this unrealized loss. The impact of utilizing FTRs is included in the transmission cost of purchased power.

AMP's interest rate management strategy uses derivative instruments to minimize interest expense fluctuations caused by interest rate volatility associated with AMP's variable rate debt. The derivative instruments used to meet AMP's risk management objectives are interest rate swaps.

AMP has entered into three interest rate swap agreements which are carried at their fair value on the consolidated balance sheets. The fair value of the swaps was \$(2,572,389) and \$(3,381,166) and at December 31, 2012 and 2011, respectively, and is included in other liabilities. A corresponding regulatory asset has been recorded equal to the unrealized loss.

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AMP has adopted a fuel procurement and hedging program which contemplates that AMP will, subject to market conditions, undertake to secure, at times when AMP deems such advantageous and prudent, contracts with fuel providers and financial institutions, the effect of which will be to hedge, on a rolling 36-month basis, the price of up to 80% of the natural gas volume that AMP projects will be consumed by AFEC operating at its base capacity. AMP has entered into a number of International Swaps and Derivatives Association ("ISDA") agreements that are specific to AFEC in managing its natural gas supply requirements. All of these agreements are with investment grade or higher counterparties (Baa3/BBB-). AMP utilizes fixed-for-floating swap contracts to economically hedge a portion of its total natural gas fuel expense and records them at fair value. AMP does not utilize derivative financial instruments for speculative purposes, nor does it have trading operations.

The maturities of the swaps highly correlate to forecasted purchases of natural gas, during time frames through December 2022. Under such agreements, AMP pays the counterparty at a fixed rate and receives from the counterparty a floating rate per MMBtu ("decatherm" or "Dth") of natural gas. Only the net differential is actually paid or received. The differential is calculated based on the notional amounts under the agreements.

On the short term agreements, there was an unrealized loss of \$411,350 at December 31, 2012 and zero at December 31, 2011 which is included in other liabilities. On the long-term agreements, there was an unrealized loss of \$23,570 at December 31, 2012 and zero at December 31, 2011 which is included in intangible and other assets. A net loss of \$434,920 and zero was recognized in AMP's consolidated statements of revenues and expenses for the years ending December 31, 2012 and 2011, respectively. A corresponding regulatory asset has been recorded equal to the unrealized loss.

Presentation

Certain prior year balances have been reclassified to conform with current year presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Account Pronouncements

In May 2011, the FASB issued ASU 2011-04 which was issued to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and IFRS. ASU 2011-04 changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. This guidance was effective for AMP beginning on January 1, 2012. Its adoption did not have a significant impact to AMP's consolidated financial statements.

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3. Gorsuch Project

On May 19, 2010, AMP announced plans to begin cessation of operation at the Gorsuch Project, a 1950's vintage coal-fired plant located near Marietta, Ohio, as in the best interest of the participating member communities, and on November 11, 2010, the facility ceased electric generation. The decision to cease operations stems from a consent decree reached between the U.S. EPA and AMP that resolves all issues related to a Notice of Violation ("NOV") issued by the U.S. EPA. The settlement includes a binding obligation that AMP cease coal-fired generation operation at the Gorsuch Project no later than December 31, 2012 and also requires AMP to spend \$15,000,000 on an environmental mitigation project over the next several years and pay a civil penalty of \$850,000. This penalty was paid in October of 2010. The \$15,000,000 required to be spent on the environmental mitigation project will be expensed as project expenditures are incurred. The environmental mitigation project is in the form of robust energy efficiency initiatives administered by a third party, The Vermont Energy Investment Corp. This project includes services for residential, commercial and industrial customers and is designed to assist participating AMP member communities with energy conservation. Through December 31, 2012, \$10,305,630 of the \$15,000,000 requirement has been incurred and expensed.

4. Utility Plant

Utility plant cost consists of the following at December 31:

	2012	2011
Land	\$ 42,285,426	\$ 1,490,582
Production plant	1,589,226,880	96,489,982
Station equipment	23,640,436	1,398,465
Transmission plant	126,720,853	7,261,946
General plant	180,879,082	533,274
	<u>\$ 1,962,752,677</u>	<u>\$ 107,174,249</u>

5. Nonutility Property and Equipment

Nonutility property and equipment cost consists of the following at December 31:

	2012	2011
Land	\$ 1,476,592	\$ 1,476,592
Building	8,742,581	8,637,749
Furniture and equipment	552,307	552,307
Computer software	8,880,700	8,242,129
Vehicles	1,503,210	1,503,210
	<u>\$ 21,155,390</u>	<u>\$ 20,411,987</u>

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6. Regulatory Assets and Liabilities

Regulatory assets and liabilities consist of the following at December 31:

	2012	2011
Regulatory assets		
Asset retirement costs	\$ 4,742,257	\$ 7,709,540
Power purchases (a)	35,436,394	14,900,438
Pension plan obligations	7,390,028	8,625,541
Postretirement healthcare plan obligations	2,859,221	2,851,492
Production and fuel costs	6,792,854	14,891,675
Fair value of derivative instruments	3,007,309	3,381,166
Debt service costs (b)	42,299,088	7,170,127
Abandoned construction costs	96,544,650	86,548,349
Other	335,420	276,337
	<u>199,407,221</u>	<u>146,354,665</u>
Total regulatory assets		
Current portion	<u>(4,690,756)</u>	<u>(14,084,184)</u>
Noncurrent portion	<u>\$ 194,716,465</u>	<u>\$ 132,270,481</u>
Regulatory liabilities		
Gains on early termination of power purchase contracts	\$ 3,075,446	\$ 3,831,277
Technology costs billed to members	170,037	694,639
Power purchases	5,527,828	-
Operating and maintenance expenditures billed to members (c)	19,092,164	540,141
Debt service costs	1,186,426	-
Abandoned construction costs collected from CVEC	1,820,000	-
Financing of abandoned construction costs	35,535,448	-
Rate stabilization funding	2,014,016	1,130,874
Member programs	4,489,708	1,698,950
Other	53,426	442,187
	<u>72,964,499</u>	<u>8,338,068</u>
Total regulatory liabilities		
Current portion	<u>(6,202,941)</u>	<u>(1,092,672)</u>
Noncurrent portion	<u>\$ 66,761,558</u>	<u>\$ 7,245,396</u>

- (a) Power purchases – Represents a board approved rate stabilization program with certain members which was \$28,345,761 and \$6,617,093 at December 31, 2012 and 2011, respectively. The remaining balance is due to over (under) collection of purchase power costs related to timing differences in power delivery and invoicing to members per contractual arrangements.
- (b) Debt service – Represents over (under) recovery of depreciation expenses principally related to power received from the AFEC and PSEC generating assets.
- (c) Operating and maintenance expenditures billed to members – Represents over collection of operating and maintenance expenditures principally related to power received from the AFEC and PSEC generating assets.

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7. Restricted Cash

Restricted cash consists of the following at December 31:

	2012	2011
Cash from issuance of bond anticipation notes on behalf of members	\$ 1,278,845	\$ 482,198
Contractual restrictions	5,351,968	7,635,237
Collateral deposits	<u>41,377,034</u>	<u>41,372,662</u>
	<u>\$ 48,007,847</u>	<u>\$ 49,490,097</u>

Contractual restrictions represent cash from members for rate stabilization, cash held in conjunction with reserve and contingency trustee funds, future major maintenance and an employee savings plan at the Gorsuch Project. Cash from members for rate stabilization is held in trust for the benefit of the members. Collateral deposits represent amounts held as insurance collateral for long-term construction projects which AMP maintains in its name.

8. Related Parties

AMP has entered into agreements for management and agency services (“Service Agreements”) with the OMEGA Joint Ventures, MESA, and OMEA. Participants in these organizations are all members of AMP. The AMP board of trustees has established a joint venture oversight committee that is responsible for reviewing financial information and operating matters related to the OMEGA Joint Ventures. Under these Service Agreements, AMP serves as agent and provides planning, construction and financial management, operations, and other professional and technical services. AMP is compensated based on an allocation of direct expenses and overhead. Compensation for these services for the years ended December 31, 2012 and 2011 was \$3,825,977 and \$3,347,108, respectively.

MESA provides engineering, administrative and other services to AMP and its members. The expense related to these services for the years ended December 31, 2012 and 2011 was \$18,079,638 and \$15,618,669, respectively.

Certain members of AMP are also members of OMEGA: JV1, JV2, JV4, and JV6. In addition, 42 of AMP’s members are members of OMEGA JV5, the Belleville hydroelectric project, which includes backup diesel generation. At December 31, 2012 and 2011, OMEGA JV5 had \$81,450,000 and \$86,310,000, respectively, in principal amount of beneficial interest certificates outstanding. Substantially all OMEGA JV5 generation is delivered to OMEGA JV5 members. AMP purchases power and fuel on behalf of OMEGA JV5. Power and fuel purchases for the years ended December 31, 2012 and 2011 were \$7,006,883 and \$9,006,590, respectively.

For each of the years ended December 31, 2012 and 2011, AMP made contributions of \$252,000 to OMEA.

At December 31, 2012, accounts receivable and accounts payable include \$395,807 and \$1,387,940, respectively, of amounts due from/to affiliates. At December 31, 2011, accounts receivable and accounts payable include \$427,922 and \$1,038,221, respectively, of amounts due from/to affiliates.

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9. Revolving Credit Loan and Term Debt

Revolving Credit Loan

AMP has a revolving credit loan facility ("Facility") with a syndicate of lenders led by JPMorgan Chase Bank, N.A. Other members of the syndicate include KeyBank, N.A.; Wells Fargo Bank, N.A.; Suntrust Bank; U.S. Bank, N.A.; Bank of America, N.A.; Huntington National Bank; Royal Bank of Canada; Barclays Bank PLC; and Bank of Montreal. The Facility allows AMP to obtain loans with different interest rates and terms and letters of credit. The Facility expires on January 10, 2018. AMP's base borrowing capacity under the Facility is \$750,000,000. At December 31, 2012, AMP had \$184,000,000 outstanding under the Facility and the effective interest rate was 1.125%. At December 31, 2011, AMP had \$152,000,000 outstanding under the Facility and the effective interest rate was 1.6125%.

The Facility contains various restrictions including a) proceeds of loans and letters of credit will be used only i) to refinance the existing revolving credit loan, ii) for general working capital purposes and iii) for transitional financing to bond financing and bond anticipation notes; b) AMP is required to give notice of certain ERISA events over \$500,000; c) AMP is required to give notice of events causing a material adverse effect on the business, assets or condition of AMP or the rights or benefits of the lenders under the Facility; d) AMP will not incur indebtedness or make guarantees of indebtedness except for indebtedness fully supported by commitments of AMP members and except for i) indebtedness to finance any prepayment for power supply or indebtedness or capital lease obligations for acquisition, construction or improvement of assets up to \$25,000,000 or ii) other unsecured indebtedness up to \$20,000,000; e) AMP will not make loans to i) AMPO, Inc. in excess of \$500,000 or to ii) joint ventures in excess of \$5,000,000; f) cash dividends to members are prohibited; g) annual lease payments may not exceed \$1,000,000 and sale of leaseback transactions are limited to \$5,000,000; h) AMP must maintain financial covenants including i) minimum consolidated tangible net worth and ii) interest coverage ratio in excess of 2.50 to 1.00 measured on a trailing four quarter basis.

On July 28, 2011, AMP entered into a dedicated credit agreement with a syndicate of commercial banks led by JPMorgan Chase Bank, N.A., for a 364-day \$600,000,000 loan due in full on the maturity date. The proceeds of the loan provided interim financing for the purchase of AFEC and funds for its commissioning and completion. On June 29, 2012, AMP repaid the principal of the loan in full plus unpaid accrued interest from proceeds of the AFEC Series 2012 Bonds, proceeds of the sale to an unrelated third party of a 5.16% undivided interest in AFEC and the proceeds of a loan that financed a 4.15% interest in the output of AFEC.

Term Debt

AMP has issued term debt in the form of notes payable and bonds for the financing of its own assets and on behalf of specific members. AMP is the primary obligor on term debt issued to finance its assets.

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Bonds and notes payable related to financing AMP assets consists of the following at December 31:

	2012	2011
AMP project note due in October 2013 with interest at 1.00% and 1.25% at December 31, 2012 and 2011, respectively, payable at maturity	\$ 13,553,000	\$ 16,768,550
AMP Multi-mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006	9,930,000	10,620,000
AMP Electricity Purchase Revenue Bonds Prepayment Issue, Series 2007A	63,505,000	123,770,000
Unamortized premium on Electricity Purchase Revenue Bonds, Series 2007A	114,829	1,492,772
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2008A	760,655,000	760,655,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009A	166,565,000	166,565,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009B	83,745,000	83,745,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009C	385,835,000	385,835,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2010	300,000,000	300,000,000
Unamortized discount on Prairie State Revenue Bonds	(10,798,821)	(11,436,364)
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009A	24,425,000	24,425,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009B	497,005,000	497,005,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009C	122,405,000	122,405,000
Unamortized premium on AMP Combined Hydroelectric Project Revenue Bonds, Series 2009C	5,970,785	6,930,670
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009D	17,282,353	18,611,765
Unamortized discount on AMP Combined Hydroelectric Project Revenue Bonds, Series 2009D	(2,423,377)	(2,610,390)
AMP Combined Hydroelectric Project Revenue Bonds, Series 2010A	152,995,000	152,995,000
Unamortized discount on AMP Combined Hydroelectric Project Revenue Bonds, Series 2010A	(711,508)	(755,304)
AMP Combined Hydroelectric Project Revenue Bonds, Series 2010B	1,109,995,000	1,109,995,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2010C	116,000,000	116,000,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010A	45,495,000	45,495,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010B	260,000,000	260,000,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010C	20,000,000	20,000,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010D	4,570,000	4,570,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010E	300,000,000	300,000,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2011A	55,035,000	55,035,000
Unamortized premium on Meldahl Hydroelectric Revenue Bonds, Series 2010	211,515	237,547
AMP Fremont Energy Center Revenue Bonds, Series 2012A	20,540,000	-
AMP Fremont Energy Center Revenue Bonds, Series 2012B	525,545,000	-
Unamortized premium on AMP Fremont Energy Center Revenue Bonds, Series 2012B	44,321,412	-
Gorsuch Term Notes	-	22,666,658
	<u>\$ 5,091,765,188</u>	<u>\$ 4,591,020,904</u>
Current portion	<u>(98,992,412)</u>	<u>(87,052,966)</u>
Noncurrent portion	<u>\$ 4,992,772,776</u>	<u>\$ 4,503,967,938</u>

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American Municipal Power, Inc. Multi-Mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006 (non-recourse)

The American Municipal Power, Inc. Multi-Mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006 (the “Combustion Turbine Bonds”) were issued December 1, 2006, in the form of term bonds. The Combustion Turbine Bonds mature on March 1, 2023. Interest on the bonds is payable monthly. The interest rate is variable and resets on a weekly basis. AMP entered into an interest rate swap on the same date as the bond issuance. Under the interest rate swap agreement, AMP pays interest at a fixed rate of 3.89% and receives interest at a variable rate equivalent to the variable interest rate on the Combustion Turbine Bonds.

In order to secure the Combustion Turbine Bonds, AMP obtained a letter of credit from KeyBank National Association (“KeyBank”) in favor of the trustee for the benefit of the Combustion Turbine Bonds on December 1, 2006. AMP agreed to reimburse KeyBank for any payments made pursuant to such letter of credit under a Letter of Credit Reimbursement Agreement with KeyBank (the “KeyBank Facility”) in the amount of \$13,217,771. The Reimbursement Agreement balance outstanding at December 31, 2012 was \$10,003,999, and this amount is recourse to AMP.

The KeyBank Facility contains various restrictions which are identical or very similar to the restrictions in the Facility described in Note 9 above.

Electricity Purchase Revenue Bonds (nonrecourse)

The Electricity Purchase Revenue Bonds, Series 2007A Prepayment Issue (the “Electricity Purchase Revenue Bonds”) were issued on August 1, 2007 with an aggregate par amount of \$307,655,000. The Electricity Purchase Revenue Bonds were issued at a premium of \$7,578,668. The Electricity Purchase Revenue Bonds bear interest at a fixed rate of 5% payable semiannually. The Electricity Purchase Revenue Bonds outstanding at December 31, 2012 are as follows:

Maturity Date - February 1	Principal Amount
2013	<u>\$ 63,505,000</u>
	<u>\$ 63,505,000</u>

The proceeds from the Electricity Purchase Revenue Bonds were used to prepay amounts due under the Prepaid Agreement with J. Aron & Company. AMP has entered into separate power schedules (the “Power Schedules”) with 41 of its members (the “Prepay Participants”) whereby the Prepay Participants have agreed to take and pay for the power supplied by the Prepaid Agreement. The Prepay Participants are obligated to purchase and pay for electricity made available by AMP. AMP is obligated to pay the scheduled principal and interest on the Electricity Purchase Revenue Bonds, but solely from amounts received from the Prepay Participants under the Power Schedules. AMP agreed to reimburse a third party surety provider up to \$10,000,000 if the surety provider made payments that the Prepay Participants failed to do so. The Electricity Purchase Revenue Bonds are not subject to optional redemption. Upon occurrence of a cancellation event, as defined in trust agreement, the Electricity Purchase Revenue Bonds are subject to extraordinary mandatory redemption prior to maturity in whole at a predetermined redemption price from amounts owed by J. Aron & Company and its guarantor.

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The Prepay Participants in their Power Schedules have covenants which require them to fix, charge and collect rates, fees and charges for electric power and energy at least sufficient to provide revenues to meet, or with other available funds to provide, in each year the sum of their operating and maintenance expenses, including the Prepay Participants share of revenue requirements under the Prepaid Agreement, debt service on the Prepay Participants outstanding revenue obligations, if any, and any other amounts payable from such revenues.

PSEC 2008A Bonds

The Prairie State Energy Campus Project Revenue Bonds, Series 2008A (the "PSEC 2008A Bonds") were issued on July 2, 2008 with an aggregate par amount of \$760,655,000. The PSEC 2008A Bonds were issued at an aggregate discount of \$10,839,397. The PSEC 2008A Bonds mature between 2013 and 2043 and bear interest at fixed rates ranging from 4.0% to 5.25%. Interest is payable semiannually, beginning February 15, 2009. The maturities of the PSEC 2008A Bonds at December 31, 2012 are as follows:

February 15	Principal Amount	Interest Rate
2013*	\$ 10,360,000	4.000%
2014*	6,800,000	4.000%
2015*	5,630,000	4.000%
2016*	6,140,000	4.000%
2016	12,230,000	5.000%
2017*	3,300,000	4.200%
2017	16,040,000	5.000%
2018*	8,310,000	4.500%
2018*	5,405,000	5.000%
2019*	3,330,000	4.400%
2019*	8,000,000	5.250%
2020*	6,225,000	4.500%
2020	16,060,000	5.250%
2021	23,385,000	5.250%
2022	24,810,000	5.250%
2023*	7,260,000	4.625%
2023	17,215,000	5.250%
2024	11,150,000	5.250%
2025	16,500,000	5.250%
2026	20,405,000	5.250%
2027	29,980,000	5.250%
2028*	2,940,000	4.875%
2028	28,615,000	5.250%
2031	111,810,000	5.000%
2033*	69,000,000	5.250%
2038*	33,120,000	5.000%
2038	202,135,000	5.000%
2043	54,500,000	5.250%
	<u>\$ 760,655,000</u>	

* Assured Guaranty Corp issued a municipal bond insurance policy to insure the payment of the principal of and interest on these PSEC 2008A Bonds.

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AMP has the option to redeem the PSEC 2008A Bonds stated to mature on or after February 15, 2019 on any date on or after February 15, 2018 at par plus accrued interest to the redemption date.

The PSEC 2008A Bonds due February 15, 2031 are term bonds subject to the following mandatory sinking fund redemption schedule. The bonds will be redeemed at par plus accrued interest on February 15 in the following years:

Year	Principal Amount
2029	\$ 35,460,000
2030	37,240,000
2031	<u>39,110,000</u>
	<u>\$ 111,810,000</u>

The PSEC 2008A Bonds due February 15, 2033 are term bonds subject to the following mandatory sinking fund redemption schedule. The bonds will be redeemed at par plus accrued interest on February 15 in the following years:

Year	Principal Amount
2032	\$ 33,620,000
2033	<u>35,380,000</u>
	<u>\$ 69,000,000</u>

The PSEC 2008A Bonds due February 15, 2038 and insured by a municipal bond insurance policy are term bonds subject to the following mandatory sinking fund redemption schedule. The bonds will be redeemed at par plus accrued interest on February 15 in the following years:

Year	Principal Amount
2034	\$ 5,995,000
2035	6,295,000
2036	6,605,000
2037	6,940,000
2038	<u>7,285,000</u>
	<u>\$ 33,120,000</u>

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The PSEC 2008A Bonds due February 15, 2038 are term bonds subject to the following mandatory sinking fund redemption schedule. The bonds will be redeemed at par plus accrued interest on February 15 in the following years:

Year	Principal Amount
2034	\$ 36,580,000
2035	38,410,000
2036	40,335,000
2037	42,345,000
2038	44,465,000
	<u>\$ 202,135,000</u>

The PSEC 2008A Bonds due February 15, 2043 are term bonds subject to the following mandatory sinking fund redemption schedule. The bonds will be redeemed at par plus accrued interest on February 15 in the following years:

Year	Principal Amount
2039	\$ 9,815,000
2040	10,330,000
2041	10,870,000
2042	11,440,000
2043	12,045,000
	<u>\$ 54,500,000</u>

PSEC 2009A Bonds

The Prairie State Energy Campus Project Revenue Bonds, Series 2009A (the "PSEC 2009A Bonds") were issued on March 31, 2009 in the form of serial and term bonds with an aggregate par amount of \$166,565,000. The PSEC 2009A Bonds were issued with an aggregate discount of \$2,750,794. The PSEC 2009A Bonds will mature between 2017 and 2039 and bear interest at fixed rates between 4.00% and 5.75%. Interest is payable semiannually, beginning August 15, 2009.

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The PSEC 2009A Bonds outstanding at December 31, 2012 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2017	\$ 1,820,000	4.000 %
2018	8,455,000	4.125 %
2019	11,835,000	4.250 %
2020	1,950,000	4.375 %
2021	2,060,000	4.500 %
2022	1,955,000	4.750 %
2023	3,685,000	5.000 %
2024	18,435,000	5.000 %
2025	14,590,000	5.125 %
2026	12,300,000	5.250 %
2027	4,440,000	5.375 %
2028	4,680,000	5.375 %
2029	2,670,000	5.500 %
2036	48,020,000	5.625 %
2039	29,670,000	5.750 %
	<u>\$166,565,000</u>	

AMP may redeem the PSEC 2009A Bonds in whole or in part for any maturity on any date beginning February 15, 2019 at par plus accrued interest, except for the PSEC 2009A Bonds that mature February 15, 2036. AMP has the right to redeem the PSEC 2009A Bonds that mature on February 15, 2036 on any date beginning February 15, 2014 at par plus accrued interest.

The PSEC 2009A Bonds due February 15, 2036 are term bonds subject to the following mandatory sinking fund redemption schedule. The bonds will be redeemed at par plus accrued interest.

Year	Principal Amount
2030	\$ 2,810,000
2031	2,960,000
2032	10,575,000
2033	11,175,000
2034	6,465,000
2035	6,825,000
2036	7,210,000
	<u>\$ 48,020,000</u>

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The PSEC 2009A Bonds due February 15, 2039 are term bonds subject to the following mandatory sinking fund redemption schedule. The bonds will be redeemed at par plus accrued interest on February 15 in the following years:

Year	Principal Amount
2037	\$ 7,615,000
2038	8,055,000
2039	<u>14,000,000</u>
	<u>\$ 29,670,000</u>

PSEC 2009B Bonds

The Prairie State Energy Campus Project Revenue Bonds, Series 2009B (the "PSEC 2009B Bonds") were issued on October 15, 2009 in the form of serial and term bonds with an aggregate par amount of \$83,745,000. The PSEC 2009B Bonds will mature between 2013 and 2028 and bear interest at fixed rates between 3.615% and 5.803%. Interest is payable semiannually, beginning February 15, 2010. AMP has the right to redeem the PSEC 2009B Bonds on any date, in whole or in part, at the make-whole premium.

The PSEC 2009B Bonds outstanding at December 31, 2012 are as follows:

Maturity Date	Principal Amount	Interest Rate
2013	\$ 9,520,000	3.615 %
2014	13,865,000	3.815 %
2015	15,865,000	3.965 %
2016	4,075,000	4.538 %
2017	2,365,000	4.855 %
2018	2,470,000	4.955 %
2019	2,635,000	5.055 %
2024	16,300,000	5.355 %
2028	<u>16,650,000</u>	5.803 %
	<u>\$ 83,745,000</u>	

The PSEC 2009B Bonds due on February 15, 2024 and February 15, 2028, are term bonds subject to mandatory sinking fund redemption on February 15 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:

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The PSEC 2009B Bonds, maturing on February 15, 2024:

Year	Principal Amount
2020	\$ 2,845,000
2021	3,055,000
2022	3,260,000
2023	3,455,000
2024	3,685,000
	<u>\$ 16,300,000</u>

The PSEC 2009B Bonds, maturing on February 15, 2028:

Year	Principal Amount
2025	\$ 3,955,000
2026	4,245,000
2027	4,550,000
2028	3,900,000
	<u>\$ 16,650,000</u>

PSEC 2009C Bonds

The Prairie State Energy Campus Project Revenue Bonds, Series 2009C (the "PSEC 2009C Bonds") were issued on October 15, 2009 in the form of serial and term bonds with an aggregate par amount of \$385,835,000. The PSEC 2009C Bonds will mature between 2034 and 2043 and bear interest at fixed rates between 5.953% and 6.553%. Interest is payable semiannually, beginning February 15, 2010.

The PSEC 2009C Bonds have been designated as Build America Bonds ("BABs"). AMP expects to receive a federal cash subsidy in the amount of 35% of the interest payable on or about each interest payment date for the PSEC 2009C Bonds. The federal subsidy does not constitute a full faith and credit guarantee of the United States, but is required to be paid by the Treasury under the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). AMP is obligated to make all payments of principal and interest on the PSEC 2009C Bonds whether or not it receives the federal subsidy pursuant to the Recovery Act, but solely from the revenues, moneys, securities and funds pledged to the payment thereof in the Indenture. AMP accrues for the interest as it is earned and records the federal subsidy as a reduction in the amount of interest capitalized on the PSEC.

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The PSEC 2009C Bonds outstanding at December 31, 2012 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2034	\$ 10,000,000	5.953%
2034	25,885,000	6.453%
2039	77,435,000	6.553%
2043	<u>272,515,000</u>	6.053%
	<u>\$ 385,835,000</u>	

From any available moneys, AMP may, at its option, redeem, prior to their respective maturities, in whole or in part, the PSEC 2009C Bonds stated to mature on (i) February 15, 2034 and bearing interest at 6.453%, and (ii) February 2039, on any date beginning February 15, 2020, at the redemption price of par, together with interest accrued to the date fixed for redemption. In addition, AMP has the right to redeem any or all of the PSEC 2009C Bonds on any date, in whole or in part, at the make-whole premium. The PSEC 2009C Bonds are subject to redemption from any available monies, at the option of AMP, prior to their maturity, in whole or in part upon the occurrence of certain extraordinary events.

The PSEC 2009C Bonds due on February 15, 2034, February 15, 2039 and February 15, 2043, 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:

The PSEC 2009C Bonds bearing interest at 6.453% and maturing on February 15, 2034:

Year	Principal Amount
2028	\$ 950,000
2029	1,330,000
2030	1,395,000
2031	1,460,000
2032	1,545,000
2033	1,625,000
2034	<u>1,695,000</u>
	<u>\$ 10,000,000</u>

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The PSEC 2009C Bonds bearing interest at 5.9353% and maturing on February 15, 2034:

Year	Principal Amount
2029	\$ 3,760,000
2030	3,960,000
2031	4,170,000
2032	4,440,000
2033	4,680,000
2034	4,875,000
	<u>\$ 25,885,000</u>

The PSEC 2009C Bonds maturing on February 15, 2039:

Year	Principal Amount
2035	\$ 6,920,000
2036	7,290,000
2037	7,685,000
2038	8,090,000
2039	47,450,000
	<u>\$ 77,435,000</u>

The PSEC 2009C Bonds maturing on February 15, 2043:

Year	Principal Amount
2040	\$ 64,140,000
2041	66,730,000
2042	69,425,000
2043	72,220,000
	<u>\$272,515,000</u>

PSEC 2010 Bonds

The Prairie State Energy Campus Project Revenue Bonds, Series 2010 (the "PSEC 2010 Bonds") were issued on September 29, 2010 in the form of term bonds due February 15, 2047 with an aggregate par amount of \$300,000,000. The PSEC 2010 Bonds will bear interest at a fixed rate of 5.939%. Interest is payable semiannually, beginning February 15, 2011.

The PSEC 2010 Bonds have been designated as BABs. AMP expects to receive a federal cash subsidy in the amount of 35% of the interest payment on or about each interest payment date for the PSEC 2010 Bonds. These BABs are subject to the same terms and conditions as the PSEC 2009C Bonds.

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The PSEC 2010 Bonds are subject to mandatory sinking fund redemption on February 15 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:

Maturity Date - February 15	Principal Amount
2044	\$ 87,695,000
2045	91,150,000
2046	94,735,000
2047	<u>26,420,000</u>
	<u>\$ 300,000,000</u>

AMP has the right to redeem the PSEC 2010 Bonds on any date in whole or in part, at the make-whole redemption price. The PSEC 2010 Bonds are subject to redemption from any available monies at the option of AMP, prior to their maturity, in whole or in part, upon the occurrence of certain extraordinary events.

The PSEC includes adjacent coal reserves and all associated mine, rail, water, coal combustion waste storage and ancillary support. The generating station consists of two supercritical units with a nominal net output capacity of 800MW each. The plant incorporates state-of-the-art emissions control technology consistent with other plants that have been successfully permitted. All permits required for the construction of the power plant have been issued. PSEC Unit 1 was declared to be in commercial operation in June 2012 and PSEC Unit 2 was declared to be in commercial operation in November 2012. AMP has entered into a power sales contract dated November 1, 2007 with 68 of its members (the "PSEC Participants") for its share of the electric output of the PSEC (the "AMP Entitlement"). The PSEC Participants' obligations to make payments pursuant to the power sales contract are limited obligations payable solely out of the revenues, and, with two exceptions, as an operating expense, of their respective electric systems. Each PSEC Participant's obligation to make payments pursuant to the power sales contract is a take-or-pay obligation. Therefore, such payments shall not be subject to any reduction, whether by offset, counterclaim, or otherwise; and such payments shall be made whether or not either unit 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 PSEC Participants' power sales contract resources share, including step-up power. The power sales contract contains a step-up provision that requires, in the event of default by an PSEC Participant, the nondefaulting PSEC Participants to purchase a pro rata share, based upon each nondefaulting PSEC Participant's original power sales contract resources share which, together with the shares of the other nondefaulting PSEC Participants, is equal to the defaulting PSEC Participant's power sales resources share. No nondefaulting participant is obligated to accept step-up power in excess of 25% of its original power sales contract resources share.

The proceeds of the PSEC 2008A Bonds, the PSEC 2009A Bonds, the PSEC 2009B Bonds, the PSEC 2009C Bonds and the PSEC 2010 Bonds were used to fund the cost of construction of the PSEC. Interest on the PSEC Bonds allocated to PSEC Unit 1 and PSEC Unit 2 has been capitalized from the proceeds thereof through their respective commercial operation dates.

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Combined Hydroelectric Projects Financings

The Combined Hydroelectric Projects Revenue Bonds, Series 2009A, 2009B and 2009C (the "Hydro 2009A Bonds", the "Hydro 2009B Bonds" and the "Hydro 2009C Bonds") were issued on December 9, 2009 in the form of serial and term bonds with an aggregate part amount of \$643,835,000. The bonds will mature between 2015 and 2044 and will bear interest at fixed rates between 3.5% and 6.449%. Interest is payable semiannually, beginning February 15, 2010.

Hydro 2009A Bonds

The Hydro 2009A Bonds outstanding at December 31, 2012 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2015	\$ 18,290,000	3.944%
2016	<u>6,135,000</u>	4.545%
	<u>\$ 24,425,000</u>	

AMP has the right to redeem the Hydro 2009A Bonds, on any date, in whole or in part, at the make-whole premium.

Hydro 2009B Bonds

The Hydro 2009B Bonds outstanding at December 31, 2012 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2020	\$ 3,465,000	5.264%
2021	10,745,000	5.514%
2022	12,675,000	5.664%
2023	13,155,000	5.814%
2024	13,890,000	5.964%
2027	45,390,000	6.000%
2029	33,505,000	6.449%
2032	55,810,000	6.424%
2044	<u>308,370,000</u>	6.449%
	<u>\$ 497,005,000</u>	

The Hydro 2009B Bonds have been designated as BABs. AMP expects to receive a federal cash subsidy in the amount of 35% of the interest payable on or about each interest payment date for the Hydro 2009B Bonds. These BABs are subject to the same terms and covenants as the PSEC 2009C Bonds.

From any available moneys, AMP may, at its option, redeem, prior to their respective maturities, in whole or in part, the Hydro 2009B Bonds stated to mature on February 15, 2021 through February 15, 2024, inclusive, February 15, 2027 and February 15, 2029, on any date beginning February 15, 2020 at the redemption price of par, together with interest accrued to the date fixed for redemption. AMP has the right to redeem any or all the Hydro 2009B Bonds, on any date, in whole or in part, at the make-whole redemption price.

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The Hydro 2009B Bonds due on February 15, 2027, February 15, 2029, February 15, 2032 and February 15, 2044, are term bonds subject to mandatory sinking fund redemption on February 15 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:

The Hydro 2009B Bonds maturing on February 15, 2027:

Year	Principal Amount
2025	\$ 14,525,000
2026	15,125,000
2027	<u>15,740,000</u>
	<u>\$ 45,390,000</u>

The Hydro 2009B Bonds maturing on February 15, 2029:

Year	Principal Amount
2028	\$ 16,405,000
2029	<u>17,100,000</u>
	<u>\$ 33,505,000</u>

The Hydro 2009B Bonds maturing on February 15, 2032:

Year	Principal Amount
2030	\$ 17,835,000
2031	18,590,000
2032	<u>19,385,000</u>
	<u>\$ 55,810,000</u>

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The Hydro 2009B Bonds maturing on February 15, 2044:

Year	Principal Amount
2033	\$ 20,210,000
2034	21,070,000
2035	21,975,000
2036	22,910,000
2037	23,885,000
2038	24,910,000
2039	25,965,000
2040	27,080,000
2041	28,230,000
2042	29,435,000
2043	30,695,000
2044	<u>32,005,000</u>
	<u>\$ 308,370,000</u>

Hydro 2009C Bonds

The Hydro 2009C Bonds outstanding at December 31, 2012 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2016	\$ 3,540,000	3.500%
2017	15,765,000	5.000%
2018	25,850,000	5.250%
2019	27,250,000	5.250%
2020	21,610,000	5.000%
2021	9,995,000	5.000%
2022	7,940,000	5.000%
2023	8,350,000	5.000%
2024	<u>2,105,000</u>	5.000%
	<u>\$ 122,405,000</u>	

From any available moneys, AMP may, at its option, redeem prior to their respective maturities, in whole or in part, the Hydro 2009C Bonds stated to mature after February 15, 2020 on any date beginning February 15, 2020, at a redemption price of par, together with interest accrued to the date fixed for redemption.

Hydro 2009D Bonds

The Combined Hydroelectric Project Revenue Bonds, Series 2009D ("Hydro 2009D Bonds") were issued on December 2, 2009 in the form of Clean Renewable Energy Bonds at a par amount of \$22,600,000. The Hydro 2009D Bonds were issued at a discount of \$3,000,000 and do not bear interest. AMP is required to make annual debt service payments on the Hydro 2009D Bonds in the amount of \$1,329,412 on December 15 of each year, beginning in 2009 and ending in 2025. The Hydro 2009D Bonds are subject to redemption in whole or in part in the case of certain extraordinary events.

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Hydro 2010A, 2010B and 2010C Bonds

The Combined Hydroelectric Projects Revenue Bonds, Series 2010A, 2010B and 2010C (the "Hydro 2010A Bonds", the "Hydro 2010B Bonds" and the "Hydro 2010C Bonds", collectively the "Hydro 2010 Bonds") were issued on December 21, 2010 with an aggregate par amount of \$1,378,990,000. The bonds will mature between 2016 and 2050 and will bear interest rates at fixed rates between 4.657% and 8.084%. Interest is payable semiannually, beginning February 15, 2011.

Hydro 2010A Bonds

The Hydro 2010A Bonds outstanding at December 31, 2012 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2016	\$ 12,625,000	4.657 %
2017	7,620,000	5.157 %
2020	2,365,000	6.123 %
2021*	8,060,000	6.223 %
2029	22,570,000	7.200 %
2030	24,265,000	7.300 %
2033	<u>75,490,000</u>	7.734 %
	<u>\$ 152,995,000</u>	

* Assured Guaranty Corp issued a municipal bond insurance policy to insure the payment of the principal and interest on these Hydro 2010A Bonds.

The Hydro 2010A Bonds due on February 15, 2033 are term bonds subject to mandatory sinking fund redemption on February 15 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.

Year	Principal Amount
2031	\$ 26,165,000
2032	28,270,000
2033	<u>21,055,000</u>
	<u>\$ 75,490,000</u>

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Hydro 2010B Bonds

The Hydro 2010B Bonds have been designated as BABs. AMP expects to receive a cash subsidy payment from the United States Treasury over the term of the bonds equal to 35% of the interest payable on each interest payment date for the Hydro 2010B Bonds. These BABs are subject to the same terms and covenants as the PSEC 2009C Bonds.

The Hydro 2010B Bonds outstanding at December 31, 2012 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2041	\$ 324,130,000	7.834 %
2050	<u>785,865,000</u>	8.084 %
	<u>\$ 1,109,995,000</u>	

The Hydro 2010B Bonds due on February 15, 2041 and due on February 15, 2050 are term bonds subject to mandatory sinking fund redemption on February 15 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:

The Hydro 2010B Bonds maturing on February 15, 2041:

Year	Principal Amount
2033	\$ 9,405,000
2034	32,420,000
2035	34,185,000
2036	36,055,000
2037	38,030,000
2038	40,100,000
2039	42,300,000
2040	44,600,000
2041	<u>47,035,000</u>
	<u>\$ 324,130,000</u>

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The Hydro 2010B Bonds maturing on February 15, 2050:

Year	Principal Amount
2042	\$ 49,645,000
2043	52,435,000
2044	55,380,000
2045	91,900,000
2046	96,685,000
2047	101,725,000
2048	107,025,000
2049	112,600,000
2050	<u>118,470,000</u>
	<u>\$ 785,865,000</u>

Hydro 2010C Bonds

The Hydro 2010C Bonds have been designated as New Clean Renewable Energy Bonds ("New CREBs"). AMP expects to receive a cash subsidy payment from the United States Treasury over the term of the bonds equal to 70% of interest which would have been payable on the Hydro 2010C Bonds if the interest on such bonds were determined by reference to the applicable tax credit rate under Section 54A (b)(3) of the Internal Revenue Code. The federal Subsidy does not constitute a full faith and credit guarantee of the United States, but is required to be paid by the Treasury under the Recovery Act. AMP is obligated to make all payments of principal and interest on the Hydro 2010C Bonds whether or not it receives the federal Subsidy pursuant to the Recovery Act, but solely from the revenues, moneys, securities and funds, including the applicable Special Reserve Account, pledged to the payment thereof in the trust agreement.

The Hydro 2010C Bonds outstanding at December 31, 2012 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2022*	\$ 9,735,000	6.473 %
2023*	9,500,000	6.623 %
2024	16,095,000	6.973 %
2028	<u>80,670,000</u>	7.334 %
	<u>\$ 116,000,000</u>	

* Assured Guaranty Corp issued a municipal bond insurance policy to insure the payment of the principal and interest on these Hydro 2010C Bonds.

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The Hydro 2010C Bonds due on February 15, 2028 are term bonds subject to mandatory sinking fund redemption on February 15 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:

Year	Principal Amount
2025	\$ 18,730,000
2026	19,930,000
2027	20,640,000
2028	<u>21,370,000</u>
	<u>\$ 80,670,000</u>

From any available moneys, AMP may, at its option, redeem, on any business day, prior to their respective maturities, in whole or in part, the Hydro 2010 Bonds at the make whole-redemption price.

The Hydro 2010B Bonds and Hydro 2010C Bonds are subject to redemption from any available moneys, at the option of AMP, prior to their maturity, in whole or in part upon the occurrence of certain extraordinary events.

To the extent that less than 100% of the available project proceeds of the Hydro 2010C Bonds is spent by AMP for qualifying purposes within three years of after the issuance date of the Hydro 2010C Bonds and no extension of such expenditure period has been granted by the IRS, the Hydro 2010C Bonds shall be subject to mandatory redemption in part on a date to be selected by AMP, which date shall be not later than 90 days after the end of the expenditure period, in the amount of the unexpended available project proceeds.

AMP has entered into a power sales contract dated as of November 1, 2007 with 79 of its members (the "Hydro Participants") by the terms of which AMP agrees to sell, and the Hydro Participants agree to buy on a take-or-pay basis, the electric output of three hydroelectric facilities with an aggregate capacity of 208MW under construction by AMP on the Ohio River. The take-or-pay obligations of the Hydro Participants under the Hydro power sales contract are unconditional and subject to step up to the same extent as are the obligations of the PSEC Participants under the PSEC power sales contract.

The proceeds of the Hydro 2009 and 2010 Bonds are being used to fund the cost of construction of the Hydro projects. Interest on the Hydro Bonds has been capitalized from the proceeds thereof through dates estimated to be approximately six months after the commercial operation dates of the three Hydro projects.

Under the terms and conditions of the Hydro Bonds, AMP is required to maintain a debt service coverage ratio of net Hydro revenues to net Hydro debt service of 1.1x or greater.

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Meldahl Financings

The Meldahl Hydroelectric Project Revenue Bonds, Series 2010A, 2010B, 2010C, and 2010D (the "Meldahl 2010A Bonds", the "Meldahl 2010B Bonds", the "Meldahl 2010C Bonds" and the "Meldahl 2010D Bonds", collectively the "Meldahl A-D Bonds") were issued on December 7, 2010 with an aggregate par amount of \$330,065,000. The bonds will mature between 2016 and 2050 and will bear interest rates at fixed rates between 4.442% and 7.499%. Interest is payable semiannually, beginning February 15, 2011.

Meldahl 2010A Bonds

The Meldahl 2010A Bonds outstanding at December 31, 2012 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2016	\$ 7,745,000	4.442 %
2017	8,090,000	4.742 %
2018	8,470,000	5.072 %
2019	8,905,000	5.272 %
2020	9,375,000	5.472 %
2021	2,910,000	5.672 %
	<u>\$ 45,495,000</u>	

Meldahl 2010B Bonds

The Meldahl 2010B Bonds have been designated as BABs. AMP expects to receive a cash subsidy payment from the United States Treasury over the term of the bonds equal to 35% of the interest payable on each interest payment date for the Meldahl 2010B Bonds. These BABs are subject to the same terms and covenants as the PSEC 2009C Bonds.

The Meldahl 2010B Bonds outstanding at December 31, 2012 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2035	\$ 10,000,000	7.000 %
2050	250,000,000	7.499 %
	<u>\$ 260,000,000</u>	

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The Meldahl 2010B Bonds in the amount of \$250,000,000 due on February 15, 2050 are term bonds subject to mandatory sinking fund redemption on February 15 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:

Year	Principal Amount
2024	\$ 3,710,000
2025	3,985,000
2026	4,285,000
2027	4,600,000
2029	4,945,000
2030	5,310,000
2031	5,705,000
2032	6,130,000
2033	6,585,000
2034	7,075,000
2036	7,605,000
2037	8,170,000
2038	8,775,000
2039	9,430,000
2040	10,130,000
2041	10,885,000
2042	11,695,000
2043	12,565,000
2044	13,500,000
2045	14,505,000
2046	15,585,000
2047	16,745,000
2048	17,990,000
2049	19,325,000
2050	<u>20,765,000</u>
	<u>\$ 250,000,000</u>

Meldahl 2010C Bonds

The Meldahl 2010C Bonds have been designated as New CREBs and are subject to the same terms and covenants as the Hydro 2010C Bonds. The Meldahl 2010C Bonds were issued in a par amount of \$20,000,000, bear interest at a rate of 6.849% per annum and mature on February 15, 2028.

From any available moneys, AMP may, at its option, redeem, on any business day, prior to their respective maturities, in whole or in part, the Meldahl 2010A Bonds, the Meldahl 2010B Bonds and the Meldahl 2010C Bonds, at the make whole-redemption price. The Meldahl 2010B Bonds and the Meldahl 2010C Bonds are subject to redemption from any available moneys, at the option of AMP, prior to their maturity, in whole or in part upon the occurrence of certain extraordinary events.

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Meldahl 2010D Bonds

The Meldahl 2010D Bonds have been designated as tax-exempt bonds. The Meldahl 2010D Bonds were issued at a par amount of \$4,570,000, bear interest at a rate of 5.00% per annum and mature on February 15, 2021.

Meldahl Series 2010E Bonds

The Meldahl Hydroelectric Project Revenue Bonds, Series 2010E (the "Meldahl 2010E Bonds") were issued on December 17, 2010 with an aggregate par amount of \$355,035,000. From the date of issuance to May 23, 2011, the bonds bore interest at the three-month LIBOR rate plus a 2.95% fixed spread per annum.

On May 17, 2011, AMP issued and sold its Meldahl Hydroelectric Project Revenue Bonds, Refunding Series 2011A (the "Meldahl 2011A Bonds") in aggregate principal amount of \$55,035,000 in order to provide funds to purchase and retire \$55,035,000 of the Meldahl 2010E Bonds. The Meldahl 2010E Bonds purchased by AMP with the proceeds of the Meldahl 2011A Bonds were not remarketed and were delivered to the trustee for cancellation. They were then canceled by the trustee and are no longer outstanding.

The Meldahl 2011A Bonds were privately placed with an institutional investor. The Meldahl 2011A Bonds have a final maturity date of February 15, 2050 and bear interest at an initial rate of 2.924% for an approximate 39-month term. AMP has covenanted that it will apply to the purchase of the Meldahl 2011A Bonds any excess proceeds of its outstanding Meldahl Hydroelectric Revenue Bonds remaining after the commercial operation date of the project. If and to the extent that there are not funds remaining after the commercial operation date of the project to pay for the purchase of all of the Meldahl 2011A Bonds, the outstanding bonds will thereafter bear interest at the initial rate, plus incremental spreads that increase every two months beginning August 2014. After February 15, 2014, the rate is set at the lesser of 12% and the maximum rate permitted by law. AMP may redeem the Meldahl 2011A Bonds, in whole or in part, commencing at the end of the 39-month term.

On May 23, 2011, \$300,000,000 of the Meldahl 2010E Bonds were remarketed. The Meldahl 2010E Bonds will mature in 2050 and bear interest at a fixed rate of 6.270%. Interest is payable semiannually, beginning August 15, 2011.

The Meldahl 2010E Bonds have been designated as BABs. AMP expects to receive a 35% federal subsidy on or about each interest payment date for the Meldahl 2010E Bonds. These BABs are subject to the same terms and covenants as the PSEC 2009C Bonds.

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The Meldahl 2010E Bonds are term bonds subject to mandatory sinking fund redemption on February 15 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:

Maturity Date - February 15	Principal Amount	Interest Rate
2021	\$ 2,065,000	6.270%
2022	8,900,000	6.270%
2023	9,340,000	6.270%
2024	6,665,000	6.270%
2025	6,915,000	6.270%
2026	7,170,000	6.270%
2027	2,125,000	6.270%
2028	125,000	6.270%
2029	7,965,000	6.270%
2030	8,250,000	6.270%
2031	8,545,000	6.270%
2032	8,845,000	6.270%
2033	9,145,000	6.270%
2034	9,455,000	6.270%
2035	7,735,000	6.270%
2036	10,535,000	6.270%
2037	10,890,000	6.270%
2038	11,260,000	6.270%
2039	11,625,000	6.270%
2040	11,995,000	6.270%
2041	12,365,000	6.270%
2042	12,745,000	6.270%
2043	13,120,000	6.270%
2044	13,500,000	6.270%
2045	13,875,000	6.270%
2046	14,245,000	6.270%
2047	14,615,000	6.270%
2048	14,980,000	6.270%
2049	15,330,000	6.270%
2050	15,675,000	6.270%
	<u>\$ 300,000,000</u>	

From any available monies, AMP may, at its option, redeem, on any business day, prior to their respective maturities, in whole or in part, the Meldahl 2010E Bonds at the make whole-redemption price. The Meldahl 2010E Bonds are subject to redemption from any available monies, at the option of AMP, prior to their maturity, in whole or in part upon the occurrence of certain extraordinary events.

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AMP has entered into a power sales contract dated as of March 1, 2009 with 48 of its members (the "Meldahl Participants") by the terms of which AMP agrees to sell, and the Meldahl Participants agree to buy on a take-or-pay basis, the electric output of a hydroelectric facility with an aggregate capacity of 105MW under construction by AMP on the Ohio River. The take-or-pay obligations of the Meldahl Participants under the Meldahl power sales contract are unconditional and subject to step-up to the same extent as are the obligations of the PSEC Participants under PSEC power sales contract, except that the maximum step-up percentage is 106%.

The proceeds of the Meldahl Bonds are being used to fund the cost of construction of the Meldahl project. Interest on the Meldahl Bonds has been capitalized from the proceeds thereof through the date estimated to be approximately six months after the commercial operation date of the Meldahl project.

Under the terms and conditions of the Meldahl Bonds, AMP is required to maintain a debt service coverage ratio of net Meldahl revenues to net debt service on the Meldahl Bonds of 1.1 or greater so long as the Meldahl Bonds have not been fully repaid.

AMP Fremont Energy Center 2012A Bonds

The AMP Fremont Energy Center Revenue Bonds, Series 2012A (the "AFEC 2012A Bonds") were issued on June 29, 2012 in the form of term bonds with an aggregate par amount of \$20,540,000. The bonds will mature between 2014 and 2016 and bear interest at fixed rates between 1.10% and 1.74%. Interest is payable semiannually beginning February 15, 2013. AMP has the right to redeem the AFEC 2012A Bonds on any date in whole or in part, at the make-whole premium.

The AFEC 2012A Bonds outstanding at December 31, 2012 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2014	\$ 8,385,000	1.10%
2015	8,475,000	1.50%
2016	<u>3,680,000</u>	1.74%
	<u>\$ 20,540,000</u>	

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AMP Fremont Energy Center 2012B Bonds

The AMP Fremont Energy Center Revenue Bonds, Series 2012B (the "AFEC 2012B Bonds") were issued June 29, 2012 in the form of serial and term bonds with an aggregate par amount of \$525,545,000. The bonds will mature between 2016 and 2044 and bear interest at fixed rates between 4.00% and 5.25%. Interest is payable semiannually beginning February 15, 2013. AMP has the right to redeem the AFEC 2012B Bonds maturing after February 15, 2022, prior to their respective maturities, in whole or in part, on any date beginning February 15, 2022, at a redemption price of par, plus accrued interest.

THE AFEC 2012B Bonds outstanding at December 31, 2012 were as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2016	\$ 4,925,000	5.00%
2017	8,910,000	5.00%
2018	9,360,000	5.00%
2019	9,825,000	5.00%
2020	10,315,000	5.00%
2021	10,830,000	5.00%
2022	11,375,000	5.00%
2023	11,940,000	5.00%
2024	12,540,000	5.00%
2025	13,165,000	5.00%
2026	13,825,000	5.25%
2027	14,550,000	5.25%
2028	15,315,000	5.25%
2029	16,120,000	5.25%
2030	16,965,000	4.00%
2031	17,645,000	5.00%
2032	18,525,000	5.00%
2037	107,485,000	5.00%
2042	137,175,000	5.00%
2044	64,755,000	4.375%
	<u>\$ 525,545,000</u>	

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The AFEC 2012B Bonds due on February 15, 2037, February 15, 2042 and February 15, 2044 are term bonds subject to mandatory sinking fund redemption on the principal payment date in the following years in the following principal amounts at the redemption price equal to par, together with interest accrued to the date of redemption.

The AFEC 2012B Bonds maturing on February 15, 2037:

Maturity Date - February 15	Principal Amount
2033	\$ 19,450,000
2034	20,425,000
2035	21,445,000
2036	22,520,000
2037	23,645,000
	<u>\$ 107,485,000</u>

The AFEC 2012B Bonds maturing on February 15, 2042:

Maturity Date - February 15	Principal Amount
2038	\$ 24,825,000
2039	26,065,000
2040	27,370,000
2041	28,740,000
2042	30,175,000
	<u>\$ 137,175,000</u>

The AFEC 2012B Bonds maturing on February 15, 2044:

Maturity Date - February 15	Principal Amount
2043	\$ 31,685,000
2044	33,070,000
	<u>\$ 64,755,000</u>

AMP has entered into a power sales contract dated as of June 1, 2012 with 87 of its members (the "AFEC Participants") by the terms of which AMP agrees to sell, and the AFEC Participants agree to buy, on a take-or-pay basis, the electric output of an AMP 90.69% undivided ownership interest in AFEC with an aggregate capacity of 641 MW. The take-or-pay obligations of the AFEC Participants under the AFEC power sales contract are unconditional and subject to step up to the same extent as are the obligations of the PSEC Participants under the PSEC power sales contract.

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Proceeds of the AFEC Bonds, together with the proceeds of sale of a 5.16% undivided ownership interest to an unrelated party and proceeds of a loan to finance the cost of a 4.15% undivided ownership the output associated with which is being sold to another unrelated party, were used to repay the \$600,000,000 line of credit outstanding with which AMP funded the purchase of AFEC and its commissioning and completion.

Under the terms and conditions of the AFEC Bonds, AMP is required to maintain a debt service coverage ratio of net AFEC revenues to net AFEC debt service of 1.1x or greater.

Term Debt on Behalf of Central Virginia Electric Cooperative

AMP and the Central Virginia Electric Cooperative ("CVEC") entered into a power sales contract dated July 26, 2011 under which AMP sells and CVEC purchases on a take-or-pay basis, the output associated with an AMP interest in the output of AFEC (the "4.15% Interest"). On June 26, 2012, to finance the cost of the 4.15% Interest, AMP obtained from the National Cooperative Services Corporation, an affiliate of the Rural Utilities Cooperative Financial Corporation (commonly known as "CFC"), a \$25,000,000 term loan to be amortized over 30 years.

This loan is secured by the CVEC power sales contract, a mortgage on and security interest in the 4.15% Interest and a CVEC payment guaranty. AMP's obligations for the term loan are nonrecourse to AMP except to the extent of AMP's rights under the CVEC power sales contract and the mortgage on and the security interest in the 4.15% Interest.

The term loan has fixed interest rates ranging from 2.75% to 5.60% through the life of the loan and the term loan matures on February 15, 2042.

Gorsuch Station Financing

On August 1, 2008, AMP issued its Multi-Mode Variable Rate Gorsuch Station Taxable Revenue Bonds, Series 2008A and Series 2008B (collectively the "Gorsuch 2008 Bonds") with principal amounts of \$91,090,000 and \$7,800,000, respectively. AMP applied the proceeds to i) financing the participants' share of the cost of funding pension and post employment benefits, purchasing sulfur dioxide and nitrogen oxide allowances, funding asset retirement obligations, purchasing replacement power, providing working capital and/or funding maintenance and repair costs or other costs at the Richard H. Gorsuch Generating Station, ii) funding debt service reserve funds and iii) paying the costs of issuing the bonds. The interest rate on the Gorsuch 2008 Bonds was variable and reset weekly, and was payable monthly. AMP entered into two interest rate swap agreements on the same date as the bond issuance, one for each series of the Gorsuch 2008 Bonds. Under the interest rate swap agreements, AMP paid interest at a fixed rate of 3.86%. AMP received interest at a variable rate equivalent to the variable interest rate on the Gorsuch 2008 Bonds from its swap counterparty.

On January 21, 2010, AMP fully redeemed the Gorsuch 2008 Bonds at a price equal to the par value of the bonds plus accrued interest to the redemption date. The redemption of the Gorsuch 2008 Bonds was partially funded with funds held by the trustee under the respective indentures for the Gorsuch 2008 Bonds. The remainder of the redemption price was funded with two five-year term notes (the "Gorsuch Term Notes") payable to KeyBank National Association. The original principal amount of the Gorsuch Term Notes is \$40,000,000. The notes require equal monthly payments of principal plus accrued interest and interest on the Gorsuch Term Notes is variable in nature. AMP amended the terms of the two interest rate swap agreements associated with the Gorsuch 2008 Bonds to match the principal amounts and variable interest rates underlying the Gorsuch Term Notes.

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On December 31, 2012, AMP made a payment for the remaining balance on the Gorsuch Term Notes, thereby retiring this debt as of that date.

Term Debt on Behalf of Members (non-recourse)

The individual municipality is the primary obligor on term debt issued on its behalf. "On behalf of" financings are non-recourse to AMP and are presented in the consolidated balance sheets with a corresponding receivable from the project or member to which the on-behalf-of financing relates. Bonds and notes payable issued by AMP on behalf of member communities consist of the following at December 31:

	2012	2011
AMP City of Wadsworth Project Electric System Improvement Bonds, Series 2002	\$ -	\$ 7,625,000
AMP Village of Genoa Project Electric System Improvement Bonds, Series 2004	4,550,000	4,725,000
OMEGA JV6 Adjustable Rate Revenue Bonds, Series 2004	2,959,000	3,948,000
Municipal project notes due on various dates through November 2013 with interest from 1.125% to 1.375% at December 31, 2012 and 1.25% to 1.75% at December 31, 2011	<u>15,306,000</u>	<u>19,320,000</u>
	22,815,000	35,618,000
Current portion	<u>(16,468,000)</u>	<u>(21,001,000)</u>
Noncurrent portion	<u>\$ 6,347,000</u>	<u>\$ 14,617,000</u>

At December 31, 2012 and 2011, amounts included in accrued interest in the consolidated balance sheets that related to nonrecourse notes payable issued on-behalf-of members were \$146,111 and \$337,349, respectively. Interest expense related to nonrecourse term debt issued on behalf of members was \$222,596 and \$303,977 for the years ended December 31, 2012 and 2011, respectively.

The following is a summary of financing receivables from members related to on-behalf-of debt at December 31:

	2012	2011
Financing receivable - OMEGA JV2 members	\$ 20,030,648	\$ 23,633,941
Financing receivable - Wadsworth	5,585,992	6,185,951
Financing receivable - Genoa	3,970,619	4,148,032
Financing receivable - OMEGA JV6 members	2,545,318	3,535,912
Notes receivable - members	8,474,540	13,119,647
Interest receivable	<u>59,546</u>	<u>89,623</u>
	40,666,663	50,713,106
Current portion	<u>(9,708,525)</u>	<u>(14,930,186)</u>
Noncurrent portion	<u>\$ 30,958,138</u>	<u>\$ 35,782,920</u>

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Interest income related to financing receivables from members was \$304,077 and \$447,530 for the years ended December 31, 2012 and 2011, respectively. Interest income from financing receivables and interest expense on term debt issued on behalf of members are classified in program and other revenue.

OMEGA JV2 Project Distributive Generation Bonds, Series 2001

The OMEGA JV2 Project Distributive Generation Bonds, Series 2001 (the "OMEGA JV2 Bonds") were issued by AMP on January 18, 2001, in the form of serial and term bonds on behalf of 13 of its members who are financing participants in OMEGA JV2.

The OMEGA JV2 Bonds maturing after January 1, 2011 were subject to optional redemption in whole or in part on any date on or after January 1, 2011, at a redemption price of 100% of the outstanding principal plus accrued interest. On January 3, 2011 AMP redeemed all of the \$31,110,000 OMEGA JV2 Bonds then outstanding from monies credited to the related debt service reserve fund and a draw on the Facility. The resulting financing receivable has been reduced at December 31, 2012 to \$20,030,648, the same amount as the unpaid balance on the AMP draw. AMP will continue to collect debt service from the OMEGA JV2 financing participants until the draw on the Facility is paid in full.

AMP City of Wadsworth Project Electric System Improvement Bonds, Series 2002

The AMP City of Wadsworth Project Electric System Improvement Bonds, Series 2002 (the "Wadsworth Bonds") were issued by AMP on March 1, 2002 in the form of serial and term bonds on behalf of the City of Wadsworth, Ohio which is a member of AMP.

The Wadsworth Bonds maturing after February 15, 2012 were subject to optional redemption in whole or in part on any date on or after February 15, 2012, at a redemption price of 100% of the outstanding principal plus accrued interest to the date of redemption. In May 2012 AMP redeemed all of the \$7,090,000 Wadsworth Bonds then outstanding from monies credited to the related debt service reserve fund and a draw on the facility. The resulting financing receivable has been reduced at December 31, 2012 to \$5,585,992, the same amount as the unpaid balance on the AMP draw. AMP will continue to collect debt service from the City of Wadsworth until the draw on the Facility is paid in full.

AMP Village of Genoa Project Electric System Improvement Bonds, Series 2004

The AMP Village of Genoa Project System Improvement Bonds, Series 2004 (the "Genoa Bonds"), outstanding at December 31, 2012 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2013	\$ 180,000	3.40 %
2014	185,000	3.50 %
2024	2,435,000	5.25 %
2029	1,750,000	4.625 %
	<u>\$ 4,550,000</u>	

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The Genoa Bonds were issued by AMP on October 1, 2004 in the form of serial and term bonds on behalf of the Village of Genoa, Ohio which is a member of AMP. The Genoa Bonds mature in various installments through February 15, 2029. Interest is paid semiannually at fixed interest rates.

The Genoa Bonds are payable solely from the municipal electric system revenues of the Village of Genoa. There is no recourse to AMP regarding these bonds, other than from such revenues. AMP is not obligated to pay debt service on the Genoa Bonds, except from debt service payments received from the Village of Genoa and other funds pledged or assigned thereof under the trust agreement.

The Genoa Bonds are not subject to optional redemption prior to February 15, 2014. Genoa Bonds maturing on or after February 15, 2015 are subject to redemption in whole or in part, on any date on or after February 15, 2014, at a redemption price of par, plus accrued interest to the date of redemption. The Genoa Bonds require that the Village of Genoa maintain a debt service coverage ratio of net electric system revenues to debt service of 1.1 or greater.

OMEGA JV6 Adjustable Rate Revenue Bonds, Series 2004

The OMEGA JV6 Bonds were issued by AMP on July 30, 2004 in the form of serial bonds on behalf of nine of its members who are financing participants in OMEGA JV6. Principal and interest on the OMEGA JV6 Bonds are payable in \$500,000 semi-annual installments on February 15 and August 15, beginning February 15, 2005. The OMEGA JV6 Bonds bear interest at an adjustable rate, which shall be established by reference to the Six-Month Municipal Market Data High Grade Index Rate (the "MMD Index Rate") plus 15 basis points. The adjustable rate will automatically be reset semi-annually, based on the MMD Index Rate as of two business days prior to the beginning of the next interest period. Each installment payment is applied first to the interest due and the balance is applied against the unpaid principal. On August 15, 2019, the balance of the principal of the OMEGA JV6 Bonds, if not theretofore paid or provided for, shall become due and payable.

The OMEGA JV6 Adjustable Rate Revenue Bonds, Series 2004 (the "OMEGA JV6 Bonds") outstanding at December 31, 2012 are as follows:

Maturity Date - February 15 and August 15	Principal Amount	Interest Rate
2013	\$ 982,000	0.33 %
2014	988,000	0.33 %
2015	<u>989,000</u>	0.33 %
	<u>\$ 2,959,000</u>	

The maturity table assumes a constant interest rate of 0.33%, that was used to calculate the August 15, 2012 and subsequent principal payments.

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The OMEGA JV6 Bonds are payable solely from the basic and additional demand charges payable by the OMEGA JV6 financing members. The OMEGA JV6 Bonds require compliance by the financing members with the OMEGA JV6 joint venture agreement, which requires that each financing member maintain a debt service coverage ratio of 1.1 or greater. AMP will not be obligated to pay debt service on the OMEGA JV6 Bonds, except from demand charges received from OMEGA JV6 financing participants and other funds pledged or assigned thereof under the trust agreement. There is no recourse to AMP regarding these bonds, other than from such revenues. The OMEGA JV6 Bonds are subject to optional redemption at any time, at the sole discretion of participants of OMEGA JV6, at the price of par plus accrued interest.

Municipal Project Notes

The municipal project notes are payable solely from revenues received by AMP pursuant to its agreements with municipal members for construction of various electric utility projects. There is no recourse to AMP regarding these notes, other than from such revenues.

The aggregate amounts of future maturities for AMP's revolving credit loan, term debt and on behalf of financings are as follows:

Years Ending December 31	AMP Debt	On Behalf of Financings
2013	\$ 99,513,245	\$ 16,468,000
2014	32,013,579	1,173,000
2015	51,228,579	989,000
2016	51,848,579	-
2017	66,948,579	-
Thereafter	4,999,212,627	4,185,000
	<u>\$ 5,300,765,188</u>	<u>\$ 22,815,000</u>

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10. Trustee Funds

Bond proceeds and funds collected in advance of contractually scheduled principal and interest payments for certain bond offerings are held in trust. Trustee funds related to these bond offerings consist of the following at December 31:

	2012	2011
Combustion Turbine Bonds	\$ 1,048,732	\$ 932,685
Electricity Purchase Revenue Bonds	58,990,714	57,566,692
PSEC Parity Common Reserve	114,859,325	115,345,216
PSEC Revenue 2008A Bonds	28,632,990	28,513,797
PSEC Revenue 2009A Bonds	6,045,251	6,692,801
PSEC Revenue 2009B Bonds	10,227,389	5,678,445
PSEC Revenue 2009C Bonds	6,150,611	75,088,923
PSEC Revenue 2010 Bonds	116,906,629	154,462,546
Hydro Parity Common Reserve	105,453,375	124,487,716
Hydro 2009A Bonds	17,944,987	17,636,888
Hydro 2009B Bonds	55,570,420	115,854,724
Hydro 2009C Bonds	15,931,789	21,063,741
Hydro 2009D Bonds	4,084,195	5,176,491
Hydro 2010A Bonds	30,280,477	38,480,101
Hydro 2010B Bonds	828,269,172	992,796,913
Hydro 2010C Bonds	13,283,575	44,077,999
Meldahl Parity Common Reserve	34,124,307	37,955,855
Meldahl 2010A Bonds	10,734,067	15,546,292
Meldahl 2010B Bonds	77,692,959	121,800,371
Meldahl 2010C Bonds	1,959,594	2,499,048
Meldahl 2010D Bonds	558,740	756,257
Meldahl 2010E Bonds	249,367,959	314,748,791
AFEC Parity Common Reserve	34,994,649	-
AFEC 2012A Bonds	149,810	-
AFEC 2012B Bonds	18,204,522	-
Fuel Hedge Agreements	5,008,600	-
Wadsworth Bonds	-	1,583,310
Genoa Bonds	662,395	662,114
OMEGA JV6 Bonds	417,233	416,530
Rate Stabilization Plans	2,014,016	-
Energy Control Center	1,007,445	1,003,175
	<u>1,850,575,927</u>	<u>2,300,827,421</u>
Current portion	<u>(474,041,248)</u>	<u>(475,926,129)</u>
Noncurrent portion	<u>\$ 1,376,534,679</u>	<u>\$ 1,824,901,292</u>

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Combustion Turbine Bonds

The trust agreement executed by AMP in conjunction with the issuance of the Combustion Turbine Bonds dated December 1, 2006 contains, among others, the following provisions:

- AMP will sell the output of the combustion turbine project to 33 of its member municipalities (the "Municipalities").
- AMP is obligated to fix rates and charges sufficient to pay debt service on the Combustion Turbine Bonds.
- The following funds are established: (a) Project Fund (containing amounts from bond proceeds); (b) Bond Fund (containing all debt service payments); (c) Rebate Fund (containing amounts required to be paid, if necessary, to the United States as provided by the IRC of 1986, as applicable; to be maintained in AMP's general accounts); (d) Overhaul Fund (containing amounts for the payment of principal and interest and for major repairs, replacements, renovations, rehabilitation and improvements to the project; and to the extent funds in the Bond Fund are not sufficient to make such payments, for reimbursements of draws under the Credit Facility, and for payments owed for the swap agreement); (e) Reserve and Contingency Fund (containing amounts for principal and interest on the Combustion Turbine Bonds to the extent funds in the Bond Fund are not sufficient to make such payments, for reimbursements of draws under the Credit Facility, for payments owed for the swap agreement and for operating and maintenance expenses of the project).

The Funds held by the trustee for the Combustion Turbine Bonds at December 31 are as follows:

	2012	2011
Bond Fund	<u>\$ 1,048,732</u>	<u>\$ 932,685</u>
	1,048,732	932,685
Current portion	<u>(1,048,732)</u>	<u>(932,685)</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>

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Electricity Purchase Revenue Bonds

The trust agreement executed by AMP in conjunction with the issuance of the Electricity Purchase Revenue Bonds dated August 1, 2007 contains, among others, the following provisions:

- AMP will at all times fix, establish, maintain and collect fees and charges to the extent permitted under the provisions of the Power Schedules for the sale of electricity. These fees and charges should be equal to the amounts required to be paid during the year for debt service and other costs associated with the Electricity Purchase Revenue Bonds.
- The following subfunds are established: (a) Project Subfund (consisting of the Costs of Issuance Account and the Electricity Purchase Account; containing amounts to be paid for costs incurred by AMP in connection with the issuance of the Electricity Purchase Revenue Bonds and the remaining proceeds from the Electricity Purchase Revenue Bonds offering, respectively); (b) Revenue Subfund (containing the monthly payments from the Participants due under the Participants' Power Schedules); (c) Debt Service Subfund (consisting of the Debt Service Account and the Redemption Account, containing amounts to be paid for debt service and amounts to be paid should a redemption be triggered); (d) Trust Indenture Expense Subfund (containing amounts to be paid for trust indenture expenses); (e) General Subfund (containing amounts to be maintained in AMP's general accounts).
- Amounts deposited into the Debt Service Account will be invested into a collateralized guaranteed investment contract (the "GIC"). The GIC is effective on August 1, 2007, and it guarantees AMP a rate of return of 5.216% on the funds invested. The GIC expires on February 1, 2013, which coincides with the date of the final principal payment of the Revenue Bonds.

Funds held by the trustee for the AMP Electricity Purchase Revenue Bonds at December 31 are as follows:

	2012	2011
Bond Fund	\$ 50,585	\$ 50,413
Revenue Subfund	57,105	69,914
Debt Service Account	<u>58,883,024</u>	<u>57,446,365</u>
	58,990,714	57,566,692
Current portion	<u>(58,990,714)</u>	<u>(57,566,692)</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>

See Note 16, Subsequent Events.

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PSEC Bonds

The trust agreement dated as of November 1, 2007, executed by AMP, that secures all PSEC Bonds contains the provision, among others, that AMP will at all times fix, charge and collect rates and charges for the use of, and for the services and facilities furnished by, the PSEC. These rates and charges are to provide net revenues at least 110% of the net annual debt service requirements of the PSEC Bonds.

As supplemented by supplemental trust agreements executed in connection with each series of the PSEC Bonds, the trust agreement also provides for the creation with the trustee of the following subfunds and accounts for each such series of PSEC Bonds: (a) Acquisition and Construction Subfund (containing amounts to be paid for costs incurred by AMP in connection with the construction of the PSEC); (b) Cost of Issuance Account (containing amounts to be paid for costs incurred by AMP in connection with the issuance of the PSEC Bonds); (c) Bond Subfund (consisting of the Capitalized Interest Subaccount, the Interest Subaccount, the Principal Subaccount, the Sinking Subaccount, the Redemption Subaccount, and the Parity Common Reserve Account; (d) Subordinate Obligations Subfund; and (e) Reserve and Contingency Subfund (consisting of the Overhaul Account, the Renewal and Replacement Account, the Capital Improvement Account, the Rate Stabilization Account, the Environmental Improvement Account and the Self-Insurance Account).

Certain of the supplemental trust agreements also create Tracking Interest Subaccounts for the series of BABs and tax-exempt bonds to hold capitalized funds to pay interest on such bonds subsequent to the commercial operation dates of the project units.

Funds held by the trustee at December 31, 2012 and 2011 in the Parity Common Reserve Account that secures all the PSEC Bonds are \$114,859,325 and \$115,345,216, respectively.

PSEC 2008A Bonds

The Funds held by the trustee for the PSEC 2008A Bonds at December 31, are as follows:

	2012	2011
Bond Fund	\$ 11,829,301	\$ 519
Costs of Issuance Account	649,388	676,713
Capitalized Interest Subaccount	<u>16,154,301</u>	<u>27,836,565</u>
	28,632,990	28,513,797
Current portion	<u>(28,632,990)</u>	<u>(28,513,797)</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>

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PSEC 2009A Bonds

The amounts held by the trustee for the PSEC 2009A Bonds at December 31 are as follows:

	2012	2011
Acquisition and Construction Account	\$ -	\$ 880
Capitalized Interest Subaccount	<u>6,045,251</u>	<u>6,691,921</u>
	6,045,251	6,692,801
Current portion	<u>(6,045,251)</u>	<u>(6,692,801)</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>

PSEC 2009B Bonds

The amounts held by the trustee for the PSEC 2009B Bonds at December 31 are as follows:

	2012	2011
Acquisition and Construction Account	\$ -	\$ 2,668,098
Capitalized Interest Subaccount	330,647	2,954,009
Bond Fund	9,844,277	-
Cost of Issuance Account	<u>52,465</u>	<u>56,338</u>
	10,227,389	5,678,445
Current portion	<u>(10,227,389)</u>	<u>(3,021,645)</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ 2,656,800</u>

PSEC 2009C Bonds

The supplemental trust agreement executed by AMP in conjunction with the issuance of the PSEC 2009C Bonds on July 1, 2009, contains, among others, the following covenants:

- AMP will not take any action, or fail to take any action, that would adversely affect either the status of the PSEC 2009C Bonds under Section 54AA of the Internal Revenue Service Code (the "Code") or the credit allowed to AMP with respect to the PSEC 2009C Bonds pursuant to Section 6431 of the Code.
- AMP will not make use of the proceeds of the PSEC 2009C Bonds or any other funds of AMP, or take or omit to take any other action that would cause the bonds to be federally guaranteed within the meaning of Section 149(b) of the Code.
- AMP shall not use or permit the use of proceeds of the PSEC 2009C Bonds in such a manner that would result in the loss of the federal subsidy on the PSEC 2009C Bonds.
- AMP will obtain written assurance that each of the PSEC Participants will not use its PSEC share for private purposes or enter into contracts that could result in private use, and thereby jeopardize the tax status of the interest on the PSEC 2009C Bonds or any of them.

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The amounts held by the trustee for the PSEC 2009C Bonds at December 31 are as follows:

	2012	2011
Acquisition and Construction Account	\$ -	\$ 63,065,419
Capitalized Interest Subaccount	6,062,181	11,928,812
Cost of Issuance Account	<u>88,430</u>	<u>94,692</u>
	6,150,611	75,088,923
Current portion	<u>(6,150,611)</u>	<u>(12,072,010)</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ 63,016,913</u>

PSEC 2010 Bonds

The applicable supplemental trust agreement contains, among others, the covenants similar to the covenants for the PSEC 2009C Bonds.

The amounts held by the trustee for the PSEC 2010 Bonds at December 31 are as follows:

	2012	2011
Acquisition and Construction Account	\$ 112,043,013	\$ 141,233,584
Capitalized Interest Subaccount	4,766,819	13,132,418
Cost of Issuance Account	<u>96,797</u>	<u>96,544</u>
	116,906,629	154,462,546
Current portion	<u>(39)</u>	<u>(7,373,666)</u>
Noncurrent portion	<u>\$ 116,906,590</u>	<u>\$ 147,088,880</u>

Hydro Bonds

The trust agreement dated November 1, 2009 executed by AMP to secure all the Hydro Bonds contains, among others, the provision that AMP will at all times fix, charge and collect rates and charges for the use of, and for the services and facilities furnished by, the Hydro plants. These rates and charges should provide net revenues at least 110% of the net annual debt service requirements of the Hydro Bonds.

As supplemented by supplemental trust agreements executed in connection with each series of the Hydro Bonds, the trust agreement also provides for the creation with the trustee of the following subfunds and accounts for each such series of Hydro Bonds: (a) Acquisition and Construction Account (containing amounts to be paid for costs incurred by AMP in construction of the Hydro plants); (b) Cost of Issuance Account (containing amounts to be paid for costs incurred by AMP in connection with the issuance of the series of Hydro Bonds); (c) Bond Subfund (consisting of the Capitalized Interest Subaccount, the Interest Subaccount, the Derivatives Payments Subaccount, the Principal Subaccount, the Sinking Subaccount, the Redemption Subaccount and the Parity Common Reserve Account); (d) Subordinate Obligations Subfund; and (e) Reserve and Contingency Subfund (consisting of the Overhaul Account, the Renewal and Replacement Account, the Capital Improvement Account, the Rate Stabilization Account, the Environmental Improvement Account and the Self-Insurance Account).

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Certain of the supplemental trust agreements also create (i) Tracking Interest Subaccounts for the series of BABs, New CREBs and tax-exempt bonds to hold capitalized funds to pay interest on such bonds subsequent to the commercial operation dates of the project units and (ii) Special Reserve Accounts to hold amounts pledged particular series of BABs and New CREBs.

Funds held by the trustee at December 31, 2012 and 2011 in the Parity Common Reserve Account that secures all the Hydro Bonds, except the 2009D Hydro Bonds, are \$105,453,375 and \$124,487,716, respectively.

Hydro 2009A Bonds

The amounts held by the trustee for the Hydro 2009A Bonds at December 31 are as follows:

	2012	2011
Capitalized Interest Subaccount	\$ 2,138,839	\$ 3,045,970
Principal Account	15,806,148	14,589,236
Bond Fund	-	1,682
	<u>17,944,987</u>	<u>17,636,888</u>
Current portion	<u>(16,356,090)</u>	<u>(16,134,412)</u>
Noncurrent portion	<u>\$ 1,588,897</u>	<u>\$ 1,502,476</u>

Hydro 2009B Bonds

The applicable supplemental trust agreement contains, among others, the covenants similar to the covenants for the PSEC 2009C Bonds.

The amounts held by the trustee for the Hydro 2009B Bonds at December 31 are as follows:

	2012	2011
Acquisition and Construction Account	\$ -	\$ 44,906,016
Capitalized Interest Tracking Subaccount	20,004,114	20,155,245
Special Reserve Account	5,036,908	5,842,121
Capitalized Interest Subaccount	30,354,116	44,761,074
Cost of Issuance Account	175,282	190,268
	<u>55,570,420</u>	<u>115,854,724</u>
Current portion	<u>(27,895,062)</u>	<u>(38,610,924)</u>
Noncurrent portion	<u>\$ 27,675,358</u>	<u>\$ 77,243,800</u>

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Hydro 2009C Bonds

The amounts held by the trustee for the Hydro 2009C Bonds at December 31 are as follows:

	2012	2011
Capitalized Interest Tracking Subaccount	\$ 5,775,781	\$ 5,817,956
Special Reserve Account	10,121,800	15,192,518
Bond Fund	-	7,636
Cost of Issuance Account	<u>34,208</u>	<u>45,631</u>
	15,931,789	21,063,741
Current portion	<u>(6,234,109)</u>	<u>(6,253,167)</u>
Noncurrent portion	<u>\$ 9,697,680</u>	<u>\$ 14,810,574</u>

Hydro 2009D Bonds

The amounts held by the trustee for the Hydro 2009D Bonds at December 31 are as follows:

	2012	2011
Sinking Subaccount	<u>\$ 4,084,195</u>	<u>\$ 5,176,491</u>
Current portion	<u>(4,084,195)</u>	<u>(5,176,491)</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>

Hydro 2010A Bonds

The amounts held by the trustee for the Hydro 2010A Bonds at December 31 are as follows:

	2012	2011
Acquisition and Construction Account	\$ 4,193,717	\$ 5,967,900
Capitalized Interest Subaccount	26,074,470	32,499,916
Cost of Issuance Account	<u>12,290</u>	<u>12,285</u>
	30,280,477	38,480,101
Current portion	<u>(10,874,363)</u>	<u>(10,874,359)</u>
Noncurrent portion	<u>\$ 19,406,114</u>	<u>\$ 27,605,742</u>

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Hydro 2010B Bonds

The applicable supplemental trust agreement contains, among others, the covenants similar to the covenants for the PSEC 2009C Bonds.

The amounts held by the trustee for the Hydro 2010B Bonds at December 31 are as follows:

	2012	2011
Acquisition and Construction Account	\$ 671,648,461	\$ 779,211,750
Capitalized Interest Subaccount	117,091,778	170,366,483
Capitalized Interest Tracking Subaccount	26,495,250	26,704,864
Special Reserve Account	12,980,456	16,460,693
Cost of Issuance Account	53,227	53,123
	<u>828,269,172</u>	<u>992,796,913</u>
Current portion	<u>(88,974,899)</u>	<u>(88,974,794)</u>
Noncurrent portion	<u>\$ 739,294,273</u>	<u>\$ 903,822,119</u>

Hydro 2010C Bonds

The applicable supplemental trust agreement contains, among others, the covenant that AMP will not take any action, or fail to take any action, that would adversely affect the status of the Hydro 2010C Bonds as New CREBs under Section 54 of the Internal Revenue Service Code.

The amounts held by the trustee for the Hydro 2010C Bonds at December 31 are as follows:

	2012	2011
Acquisition and Construction Account	\$ -	\$ 28,077,138
Capitalized Interest Subaccount	9,668,285	11,830,346
Capitalized Interest Tracking Subaccount	1,638,312	1,666,104
Special Reserve Account	1,973,624	2,500,769
Bond Fund	-	288
Cost of Issuance Account	3,354	3,354
	<u>13,283,575</u>	<u>44,077,999</u>
Current portion	<u>(8,301,328)</u>	<u>(8,301,616)</u>
Noncurrent portion	<u>\$ 4,982,247</u>	<u>\$ 35,776,383</u>

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Meldahl Bonds

The trust agreement, dated as of October 1, 2010, executed by AMP, that secures all Meldahl Bonds contains the provision, among others, that AMP will at all times fix, change and collect rates and charges for the use of, and for the services and facilities furnished by, the Meldahl Hydro plant. These rates and charges should provide net revenues at least equal to 110% of the net annual debt service requirements of the Meldahl Bonds.

As supplemented by supplemental trust agreements executed in connection with each series of the Meldahl Bonds, the trust agreement also provides for the creation with the trustee of the following subfunds and accounts for each such series of Meldahl Bonds: (a) Acquisition and Construction Account (containing amounts to be paid for costs incurred by AMP in construction of the Meldahl Hydro plant); (b) Cost of Issuance Account (containing amounts to be paid for costs incurred by AMP in connection with the issuance of the Meldahl Bonds); (c) Bond Subfund (consisting of the Capitalized Interest Subaccount, the Interest Subaccount, the Derivatives Payments Subaccount, the Principal Subaccount, the Sinking Subaccount, the Redemption Subaccount and the Parity Common Reserve Account (containing amounts to be paid for debt service and amounts to be paid should a redemption be triggered)); (d) Subordinate Obligations Subfund; and (e) Reserve and Contingency Subfund (consisting of the Overhaul Account, the Renewal and Replacement Account, the Capital Improvement Account, the Rate Stabilization Account, the Environmental Improvement Account and the Self-Insurance Account).

Certain of the supplemental trust agreements also create (i) Tracking Interest Subaccounts for the series of BABs, New CREBs and tax-exempt bonds to hold capitalized funds to pay interest on such bonds subsequent to the commercial operation date of the project units and (ii) Special Reserve Accounts to hold amounts pledged to particular series of BABs and New CREBs.

Funds held by the trustee at December 31, 2012 and 2011 in the Parity Common Reserve Account that secures all the Meldahl Bonds are \$34,124,307 and \$37,955,855, respectively.

Meldahl 2010A Bonds

The amounts held by the trustee for the Meldahl 2010A Bonds at December 31 are as follows:

	2012	2011
Acquisition and Construction Subfund	\$ 5,791,086	\$ 8,517,839
Capitalized Interest Subaccount	<u>4,942,981</u>	<u>7,028,453</u>
	10,734,067	15,546,292
Current portion	<u>(2,304,786)</u>	<u>(2,305,235)</u>
Noncurrent portion	<u>\$ 8,429,281</u>	<u>\$ 13,241,057</u>

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Meldahl 2010B Bonds

The applicable supplemental trust agreement contains, among others, covenants similar to the covenants for the PSEC 2009C Bonds.

The amounts held by the trustee for the Meldahl 2010B Bonds at December 31 are as follows:

	2012	2011
Acquisition and Construction Account	\$ 43,958,154	\$ 76,188,665
Capitalized Interest Subaccount	24,221,992	35,856,012
Capitalized Interest Tracking Subaccount	6,221,167	6,261,042
Special Reserve Account	3,291,646	3,494,242
Bond Fund	-	410
	<u>77,692,959</u>	<u>121,800,371</u>
Current portion	<u>(19,447,500)</u>	<u>(19,447,500)</u>
Noncurrent portion	<u>\$ 58,245,459</u>	<u>\$ 102,352,871</u>

Meldahl 2010C Bonds

The amounts held by the trustee for the Meldahl 2010C Bonds at December 31 are as follows:

	2012	2011
Capitalized Interest Tracking Subaccount	\$ 302,080	\$ 304,008
Capitalized Interest Subaccount	1,252,168	1,764,887
Special Reserve Account	405,346	430,115
Bond Fund	-	38
	<u>1,959,594</u>	<u>2,499,048</u>
Current portion	<u>(1,369,800)</u>	<u>(1,369,800)</u>
Noncurrent portion	<u>\$ 589,794</u>	<u>\$ 1,129,248</u>

Meldahl 2010D Bonds

The amounts held by the trustee for the Meldahl 2010D Bonds at December 31 are as follows:

	2012	2011
Capitalized Interest Subaccount	\$ 448,572	\$ 645,392
Capitalized Interest Tracking Subaccount	<u>110,168</u>	<u>110,865</u>
	558,740	756,257
Current portion	<u>(228,500)</u>	<u>(228,500)</u>
Noncurrent portion	<u>\$ 330,240</u>	<u>\$ 527,757</u>

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Meldahl 2010E Bonds

The applicable supplemental trust agreement contains, among others, the covenants similar to the covenants for the PSEC 2009C Bonds.

The amounts held by the trustee for the Meldahl 2010E Bonds at December 31 are as follows:

	2012	2011
Acquisition and Construction Account	\$ 200,731,149	\$ 254,911,147
Capitalized Interest Tracking Subaccount	5,745,806	5,785,801
Special Reserve Account	3,189,807	3,403,683
Capitalized Interest Subaccount	<u>39,701,198</u>	<u>50,648,160</u>
	249,367,960	314,748,791
Current portion	<u>(20,419,223)</u>	<u>(20,428,164)</u>
Noncurrent portion	<u>\$ 228,948,737</u>	<u>\$ 294,320,627</u>

AFEC Bonds

The trust agreement, dated as of June 1, 2012, executed by AMP, that secures all AFEC Bonds contains the provision, among others, that AMP will at all times fix, change and collect rates and charges for the use of, and for the services and facilities furnished by, the AFEC plant. These rates and charges should provide net revenues equal to at least 110% of the net annual debt service requirements of the AFEC Bonds.

As supplemented by the first and second supplemental trust agreements executed in connection with the two series of the AFEC Bonds, and a third supplemental trust agreement that secures AMP's fuel hedge agreement counterparties, the trust agreement also provides for the creation with the trustee of the following subfunds and accounts for each such series of AFEC Bonds: (a) Acquisition and Construction Account (containing amounts to be paid for costs incurred by AMP in construction of the AFEC plant); (b) Cost of Issuance Account (containing amounts to be paid for costs incurred by AMP in connection with the issuance of the series of AFEC Bonds); (c) Revenue Subfund (consisting of the Operating Subaccount, the Fuel Reserve Subaccount, the Working Capital Subaccount, the Derivative Receipt Subaccount, and the General Subaccount and the Fuel Hedge Subaccount to be held by the trustee); (d) Bond Subfund (consisting of the Capitalized Interest Subaccount, the Interest Subaccount, the Derivatives Payment Subaccount, the Principal Subaccount, the Sinking Subaccount, the Redemption Subaccount, and the Parity Common Reserve Account; containing amounts to be paid for debt service and amounts to be paid should a redemption be triggered); (e) Subordinate Obligations Subfund; (f) Reserve and Contingency Subfund (consisting of the Overhaul Account, the Renewal and Replacement Account, the Capital Improvement Account, the Environmental Improvement Account, the Rate Stabilization Account, the Self-Insurance Account and with the trustee the Fuel Hedge Reserve Account).

Funds held by the trustee at December 31, 2012 in the Parity Common Reserve Account that secures all the AFEC Bonds is \$34,994,649.

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AFEC 2012A Bonds

The amounts held by the trustee for the AFEC 2012A bonds at December 31, 2012 are as follows:

Interest Fund	\$ 144,545
Cost of Issuance Subaccount	5,265
	<u>149,810</u>
Current portion	<u>(149,810)</u>
Noncurrent portion	<u>\$ -</u>

AFEC 2012B Bonds

The amounts held by the trustee for the AFEC 2012B bonds at December 31, 2012 are as follows:

Interest Fund	\$ 13,182,722
Cost of Issuance Subaccount	11,850
Construction Account	<u>5,009,950</u>
	18,204,522
Current portion	<u>(13,194,571)</u>
Noncurrent portion	<u>\$ 5,009,951</u>

Fuel Hedge Agreements

The supplemental trust agreement securing the fuel hedge agreement counterparties provides for the pledge of the Fuel Hedge Account in the Bond Subfund and for the funding from the proceeds of the AFEC 2012A Bonds and pledge of the Fuel Hedge Reserve Account for the benefit of such counterparties. The amounts held by the trustee for the fuel hedge agreement counterparties at December 31, 2012 are as follows:

Fuel Hedge Reserve Account	\$ 5,008,600
Current portion	<u>-</u>
Noncurrent portion	<u>\$ 5,008,600</u>

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AMP City of Wadsworth Project Electric System Improvement Bonds

The trust agreement executed by AMP in conjunction with the issuance of the Wadsworth Bonds contains, among others, the following provisions:

- The Wadsworth Bonds are payable solely from the revenues of the City of Wadsworth's municipal electric utility system, pursuant to an amended and restated loan agreement between AMP and the City of Wadsworth dated as of March 1, 2002.
- The following funds were established: (a) AMP Proceeds Fund (containing amounts from the bond proceeds); (b) Payment Fund (consisting of the Note Repayment Account, the Improvement Account and the Cost of Issuance Account, containing amounts for the repayment of principal of an outstanding note issued by AMP to benefit the City of Wadsworth, the costs of new improvements and the costs of bond issuance, respectively); (c) Bond Fund (containing the monthly payments for semi annual debt service requirements); (d) Rebate Fund (containing amounts required to be paid, if necessary, to the United States as provided by the IRC of 1986, as applicable); (e) Debt Service Reserve Fund (containing reserve amounts to be utilized to pay semi-annual debt service payments in the event that the Bond Fund has deficiencies); (f) General Reserve Fund (amounts, if any, to be held and maintained by AMP and utilized to pay for the costs of new improvements for which the City of Wadsworth is responsible).
- The trustee is to receive on or before the twenty-sixth day of each month, the full bond debt service payments for each month during the term of the amended and restated loan agreement with AMP. In the event the amounts in the Bond Fund are not sufficient to make scheduled payments, such deficiency would be remedied by transferring funds from the Debt Service Reserve Fund.

In May 2012, AMP redeemed all of the outstanding Wadsworth Bonds from monies held in Bond Payment and Debt Service Reserve Funds and a draw on AMP's Facility, with the result that the remaining outstanding principal of the Wadsworth indebtedness was reduced to zero.

Funds held by the trustee for the Wadsworth Bonds at December 31, 2011 are as follows:

Bond Fund	\$ 656,959
Debt Service Reserve Fund	926,351
	<u>1,583,310</u>
Current portion	<u>(656,959)</u>
Noncurrent portion	<u>\$ 926,351</u>

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AMP Village of Genoa Project Electric System Improvement Bonds

The trust agreement executed by AMP in conjunction with the issuance of the Genoa Bonds contains, among others, the following provisions:

- The Genoa Bonds are payable solely from the revenues from the Village of Genoa's municipal electric utility system, pursuant to an agreement dated as of October 1, 2004.
- The following funds were established: (a) Proceeds Fund (containing amounts from bond proceeds); (b) Payment Fund (consisting of the Note Repayment Account and the Cost of Issuance Account, containing amounts for the repayment of principal of an outstanding note issued by AMP for the benefit of Village of Genoa and the costs of bond issuance, respectively); (c) Bond Fund (containing the monthly payments for semi-annual debt service requirements); (d) Rebate Fund (containing amounts required to be paid, if necessary, to the United States as provided by the IRC of 1986, as applicable);(e) Debt Service Reserve Fund (containing reserve amounts to be utilized to pay semi-annual debt service payments in the event, if any, the Bond Fund has deficiencies); (f) General Reserve Fund (containing amounts to be held and maintained by AMP and used at the request of the Village of Genoa, to pay any necessary cost or expense of its electric system).
- The trustee is to receive on or before the twenty-sixth day of each month, the full bond debt service payments for each month during the term of the loan agreement with AMP. In the event the amounts in the Bond Fund are not sufficient to make scheduled payments, such deficiency would be remedied by transferring funds from the Debt Service Reserve Fund.

The Funds held by the trustee for the Genoa Bonds at December 31 are as follows:

	2012	2011
Bond Fund	\$ 258,693	\$ 259,483
Debt Service Reserve Fund	403,702	402,631
	<u>662,395</u>	<u>662,114</u>
Current portion	<u>(258,693)</u>	<u>(259,484)</u>
Noncurrent portion	<u>\$ 403,702</u>	<u>\$ 402,630</u>

The Bond Fund and the Debt Service Reserve Fund are restricted for payment of principal and interest on outstanding Genoa Bonds. Debt service payments are to be made by the trustee in accordance with the trust agreement. There were no amounts held by AMP for the General Reserve Fund at December 31, 2012 and 2011.

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OMEGA JV6 Adjustable Rate Revenue Bonds

The trust agreement executed by AMP in conjunction with the issuance of the OMEGA JV6 Bonds dated July 1, 2004, contains, among others, the following provisions:

- The OMEGA JV6 Bonds are payable solely from payments to be made by the OMEGA JV6 financing participants pursuant to a financing agreement dated July 1, 2004.
- The following funds are established: (a) Acquisition Fund (consisting of the Bond Proceeds Sub-Fund, the Contributions Sub-Fund and the Cost of Issuance Account; containing the amounts from bond proceeds, proceeds from contributions by nonfinancing participants, and costs of bond issuance, respectively); (b) Bond Payment Fund (containing the monthly payments for annual debt service requirements); (c) Rebate Fund (containing amounts required to be paid, if necessary, to the United States as provided by the IRC of 1986, as applicable; to be maintained in AMP's general accounts); (d) Reserve and Contingency Fund (containing amounts for improvements and extraordinary operation and maintenance costs to be held by OMEGA JV6); (e) General Reserve Fund (consisting of amounts to be maintained in AMP's general accounts).
- The trustee is to receive on or before the twenty-sixth day of each month, full bond debt service payments for each month during the term of the financing agreement from AMP. In the event the amounts in the Bond Payment Fund are not sufficient to make scheduled payments, such deficiency would be drawn first from the General Reserve Fund and then the Reserve and Contingency Fund.

Funds held by the trustee for the OMEGA JV6 Bonds at December 31 are as follows:

	2012	2011
Bond Payment Fund	\$ 417,233	\$ 416,530
	417,233	416,530
Current portion	<u>(417,233)</u>	<u>(416,530)</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>

Reserve and Contingency Fund amounts held by OMEGA JV6 at December 31, 2012 and 2011 are \$84,229 and \$82,518, respectively. There were no amounts held by AMP for the Rebate Fund or the General Reserve Fund at December 31, 2012 and 2011.

Investments held in the trustee funds consist of the following at December 31:

	2012	2011
Money market funds	\$ 587,501,156	\$ 372,086,735
Debt securities	1,204,141,163	1,871,316,393
Guaranteed investment contracts	<u>58,933,608</u>	<u>57,424,293</u>
	<u>\$ 1,850,575,927</u>	<u>\$ 2,300,827,421</u>

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11. Fair Value of Financial Instruments

Financial Instruments	December 31, 2012		December 31, 2011	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Assets				
Investments	\$ 14,705,591	\$ 14,705,591	\$ 13,565,020	\$ 13,565,020
Trustee funds, AMP	1,786,251,547	1,837,737,961	2,238,622,915	2,293,974,153
Trustee funds on behalf of members	64,324,380	64,324,380	62,164,506	62,164,506
Liabilities				
Fixed rate term debt, including current maturities, AMP	5,081,835,188	6,167,762,502	4,557,734,246	5,451,485,504
Fixed rate term debt, including current maturities, on behalf of members	19,856,000	20,038,509	31,670,000	31,834,787
Fixed rate term debt, including current maturities, on behalf of Central Virginia Electric Cooperative	25,000,000	25,000,000	-	-
Variable rate term debt, including current maturities, AMP and on behalf of members	12,889,000	12,889,000	37,234,658	37,234,658
Interest rate swaps	2,572,389	2,572,389	3,381,166	3,381,166
Natural gas swaps	434,920	434,920	-	-

The carrying amounts of cash, accounts receivable, accounts payable, the AMP project notes, the municipal project notes and the revolving credit loan approximate their fair value due to their short maturities. The carrying amounts of the Gorsuch Term Notes, the Combustion Turbine Bonds and the OMEGA JV6 Bonds approximate their fair value due to their variable rates of interest. The fair values of long-term debt reflect the present value of cash outflows relating to those obligations based on the current call price or the yield to maturity as deemed appropriate at the end of each respective year. The yields assumed were based on yields on municipal bonds issued by organizations similar to AMP with ratings comparable to those on AMP's bonds.

The estimated fair values of the natural gas swaps were determined using New York Mercantile Exchange ("NYMEX") futures settlement prices for delivery of natural gas at Henry Hub adjusted by the price of NYMEX ClearPort basis swaps, which reflect the difference between the price of natural gas at a given delivery basin and the Henry Hub pricing points.

As defined in the fair value measurements standard, fair value is the price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants on the measurement date. This standard establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

American Municipal Power, Inc.

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

The three levels of the fair value hierarchy defined by the fair value measurement standard are as follows:

- Level 1 Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those where transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. AMP's Level 1 assets primarily consist of equity securities, mutual funds, and money market funds that are listed on active exchanges which are included in investments and trustee funds on the consolidated balance sheets. AMP does not have any liabilities that meet the definition of Level 1.
- Level 2 Pricing inputs are either directly or indirectly observable in the market as of the reporting date, other than quoted prices in active markets included in Level 1. Level 2 includes those financial instruments that are valued using models or other valuation methodologies based on assumptions that are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. AMP's Level 2 assets primarily consist of debt securities and guaranteed investment contracts. Liabilities in this category include AMP's interest rate swaps. Interest rate swaps are included in other liabilities on AMP's consolidated balance sheets.
- Level 3 Pricing inputs include inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. AMP's Level 3 assets consist of its investment in hedge funds, which are included in investments on the consolidated balance sheets.

AMP utilizes market data and assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. AMP primarily applies the market approach for recurring fair value measurements using the best information available. Accordingly, AMP maximizes the use of observable inputs and minimizes the use of unobservable inputs.

American Municipal Power, Inc.
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The following table sets forth AMP's financial assets and financial liabilities that are accounted for at fair value by level within the fair value hierarchy as of December 31, 2012 and 2011. As required by the fair value measurements standard, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. AMP's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Recurring Fair Value Measures	December 31, 2012			Total
	Level 1	Level 2	Level 3	
Assets				
Equity securities and mutual funds	\$ 221,885	\$ -	\$ -	\$ 221,885
Money market funds	6,912,580	-	-	6,912,580
Debt securities	-	7,507,401	-	7,507,401
Hedge funds	-	-	63,725	63,725
Total	7,134,465	7,507,401	63,725	14,705,591
Liabilities				
Interest rate swaps	-	2,572,389	-	2,572,389
Natural gas swaps	-	434,920	-	434,920
Total	\$ -	\$ 3,007,309	\$ -	\$ 3,007,309

Recurring Fair Value Measures	December 31, 2011			Total
	Level 1	Level 2	Level 3	
Assets				
Equity securities and mutual funds	\$ 4,592,305	\$ -	\$ -	\$ 4,592,305
Money market funds	373,975,747	-	-	373,975,747
Guaranteed investment contract	-	57,424,293	-	57,424,293
Debt securities	-	1,933,646,320	-	1,933,646,320
Hedge funds	-	-	65,014	65,014
Total	378,568,052	1,991,070,613	65,014	2,369,703,679
Liabilities				
Interest rate swaps	-	3,381,166	-	3,381,166
Total	\$ -	\$ 3,381,166	\$ -	\$ 3,381,166

The determination of the above fair value measures takes into consideration various factors required under the fair value measurements standard. These factors include nonperformance risk, including counterparty credit risk and the impact of credit enhancements (such as cash deposits, LOCs and priority interests). The impact of nonperformance risk was immaterial in the fair value measurements.

American Municipal Power, Inc.
Notes to Consolidated Financial Statements
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The following table provides a reconciliation of changes in the fair value of hedge fund investments classified as Level 3 in the fair value hierarchy during 2012:

Balance as of January 1, 2011	\$ 2,357,833
Settlements	<u>(2,292,819)</u>
Balance as of December 31, 2011	65,014
Unrealized losses	<u>(1,289)</u>
Balance as of December 31, 2012	<u>\$ 63,725</u>

12. Asset Retirement Obligations

Asset retirement obligations consist of the following at December 31:

	2012	2011
Asset retirement obligation, beginning of year	\$ 9,443,671	\$ 9,336,153
Revision to estimated cash flow	38,041	52,160
Accretion	12,124	55,358
Liabilities settled	(2,416,601)	-
New asset retirement obligation	<u>1,699,261</u>	<u>-</u>
Asset retirement obligation, end of year	<u>\$ 8,776,496</u>	<u>\$ 9,443,671</u>

13. Employee Benefits

Pension Plan

AMP has a defined benefit pension plan (the "Pension Plan") which covers substantially all former hourly employees of Gorsuch. Due to the closure of the Gorsuch plant in 2010, there are no active plan participants as of December 31, 2012. Benefits for eligible employees are based primarily on years of service and compensation rates. Assets held by the Pension Plan consist primarily of treasury notes, marketable securities, and alternative investments.

Postretirement Plan

AMP sponsors a postretirement benefit plan (the "Postretirement Plan") covering salaried and hourly employees at the Gorsuch Project who were hired before November 1, 2003. The Postretirement Plan provides prescription drug and medical, dental, and life insurance benefits. Benefits are available to employees who retire under provisions of the Postretirement Plan. The eligible employees' share of the medical insurance premiums in the postretirement period is increased on the basis of the provisions of the Postretirement Plan. At December 31, 2012 and 2011, \$14,705,591 and \$13,565,020, respectively, of investments in the accompanying consolidated balance sheets are designated to fund Postretirement Plan benefits.

American Municipal Power, Inc.
Notes to Consolidated Financial Statements
December 31, 2012 and 2011

The following table sets forth the benefit obligations, change in plan assets, funded status, amounts recognized in the consolidated balance sheets, components of net periodic benefit cost, and weighted average assumptions for the Pension Plan and Postretirement Plan at December 31:

	Pension Plan		Postretirement Plan	
	2012	2011	2012	2011
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 14,446,669	\$ 25,011,246	\$ 6,061,638	\$ 6,261,149
Service cost	48,000	60,000	21,000	20,000
Interest cost	530,428	768,727	258,263	278,376
Actuarial loss	147,811	192,840	373,229	17,198
Curtailement gain	-	-	-	-
Benefits paid	(2,371,930)	(11,586,144)	(881,366)	(515,085)
Benefit obligation at end of year	12,800,978	14,446,669	5,832,764	6,061,638
Change in plan assets				
Fair value of plan assets at beginning of year	16,273,833	25,770,509	-	-
Actual return on plan assets	1,256,785	2,089,468	-	-
Employer contributions	-	-	881,366	515,085
Benefits paid	(2,371,930)	(11,586,144)	(881,366)	(515,085)
Fair value of plan assets at end of year	15,158,688	16,273,833	-	-
Funded status	\$ 2,357,710	\$ 1,827,164	\$(5,832,764)	\$(6,061,638)
Amounts recognized in the consolidated balance sheets				
Prepaid pension costs	\$ 2,357,710	\$ 1,827,164	\$ -	\$ -
Current liabilities	-	-	(750,000)	(627,000)
Noncurrent liabilities	-	-	(5,082,764)	(5,434,638)
Net amount recognized	\$ 2,357,710	\$ 1,827,164	\$(5,832,764)	\$(6,061,638)
Components of net periodic benefit cost				
Service cost	\$ 48,000	\$ 60,000	\$ 21,000	\$ 20,000
Interest cost	530,428	768,727	258,263	278,376
Expected return on plan assets	(1,207,029)	(1,598,195)	-	-
Amortization of transition obligation	-	-	78,600	78,600
Recognized actuarial loss	583,000	1,240,636	287,000	327,393
Settlement loss	750,408	7,300,240	-	-
Net periodic benefit cost	\$ 704,807	\$ 7,771,408	\$ 644,863	\$ 704,369
Weighted average assumptions				
Discount rate	4.00%	4.00%	4.50%	4.50%
Expected return on plan assets	8.00%	8.00%	N/A	N/A
Rate of compensation increase	5.00%	5.00%	N/A	N/A
Health care trend rate	N/A	N/A	9.25%	9.25%

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AMP has recognized settlement losses during 2011 and 2012 associated with the Pension Plan as lump sum distributions to plan participants have exceeded the sum of service and interest costs for each year. Lump sum distribution payments were made to plan participants in conjunction with the shut-down of electric generation at the Gorsuch plant. Total lump sum distributions were \$1,259,021 and \$10,464,042 for the years ended December 31, 2012 and 2011, respectively, and are included in benefits paid in the pension table.

Amounts included in regulatory assets as of December 31, 2012 that are expected to be recognized as components of net periodic benefit cost during 2013 are:

	Pension Plan	Postretirement Plan
Actuarial loss	\$ 490,000	\$ 299,000
Transition obligation	-	78,600

The accumulated benefit obligation for the Pension Plan was \$12,800,978 and \$14,446,669 at December 31, 2012 and 2011, respectively. The accumulated benefit obligation for the Postretirement Plan was \$5,832,764 and \$6,061,638 at December 31, 2012 and 2011, respectively.

AMP has adjusted the initial unrecognized transition obligation for the Postretirement Plan for the effect of plan amendments. The remaining net unrecognized transition obligation for the Postretirement Plan is being amortized over the remaining transition period (3 years at December 31, 2012).

AMP's expected long-term rate of return on plan assets is based on the expected long-term performance of a portfolio with the current asset mix.

The Pension Plan's weighted-average asset allocations by asset category are as follows at December 31:

Asset Category	2012	2011
Equity securities	7%	6%
Debt securities	83%	84%
Hedge funds	1%	2%
Cash	8%	8%

American Municipal Power, Inc.

Notes to Consolidated Financial Statements

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Accounting guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy defined by accounting guidance are as follows:

- Level 1 Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those where transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 assets include equity securities, mutual funds and money market funds that are listed on active exchanges.
- Level 2 Pricing inputs are either directly or indirectly observable in the market as of the reporting date, other than quoted prices in active markets included in Level 1. Additionally, Level 2 includes those financial instruments that are valued using models or other valuation methodologies based on assumptions that are observable in the market place throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the market place. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Assets in this category include investments in debt securities.
- Level 3 Pricing inputs include inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value in addition to the use of independent appraisers' estimates of fair value on a periodic basis typically determined quarterly, but no less than annually. Assets in this category include investments in hedge funds.

American Municipal Power, Inc.
Notes to Consolidated Financial Statements
December 31, 2012 and 2011

As of December 31, 2012 and 2011 the pension investments measured at fair value were as follows:

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets				
Equity securities and mutual funds	\$ 1,082,788	\$ -	\$ -	\$ 1,082,788
Money market funds	1,281,187	-	-	1,281,187
Debt securities	-	12,602,750	-	12,602,750
Hedge funds	-	-	191,963	191,963
	<u>\$ 2,363,975</u>	<u>\$ 12,602,750</u>	<u>\$ 191,963</u>	<u>\$ 15,158,688</u>

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Assets				
Equity securities and mutual funds	\$ 1,018,648	\$ -	\$ -	\$ 1,018,648
Money market funds	1,356,446	-	-	1,356,446
Debt securities	-	13,676,541	-	13,676,541
Hedge funds	-	-	222,198	222,198
	<u>\$ 2,375,094</u>	<u>\$ 13,676,541</u>	<u>\$ 222,198</u>	<u>\$ 16,273,833</u>

The following table provides a reconciliation of changes in the fair value of pension investments classified as Level 3 in the fair value hierarchy during 2012:

	Hedge Funds
Balance as of January 1, 2011	\$ 12,111,561
Unrealized gain	92,674
Withdrawals	<u>(11,982,037)</u>
Balance as of December 31, 2011	222,198
Unrealized gain	62,377
Withdrawals	<u>(92,612)</u>
Balance as of December 31, 2012	<u>\$ 191,963</u>

AMP does not expect to make any contributions to the Pension Plan for the year ending December 31, 2013.

American Municipal Power, Inc.
Notes to Consolidated Financial Statements
December 31, 2012 and 2011

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Plan	Postretirement Plan
2013	\$ 1,034,000	\$ 750,000
2014	1,079,000	774,000
2015	1,028,000	794,000
2016	1,039,000	819,000
2017	1,041,000	841,000
2018-2022	4,712,000	2,037,000

Assumed health care cost trend rates affect the amounts reported for postretirement health care plans. A one-percentage point change in assumed health care cost trend rate would have the following effect on the Postretirement Plan:

	One-Percentage Point Increase	One-Percentage Point Decrease
Effect on total of service and interest cost components	\$ 840	\$ (695)
Effect on postretirement benefit obligation	256,707	(211,730)

The assumed rate of increase in per capita cost of health care benefits is 9.25% in 2012. This rate is assumed to decrease gradually to 5.25% by 2015 and remain at that rate thereafter.

14. Project Power Sales Contracts

AMP's member power sales contracts for AMPGS, AFEC, PSEC and the hydro projects are long-term take or pay agreements, which must be paid regardless of delivery, construction completion or power availability.

American Municipal Power, Inc.

Notes to Consolidated Financial Statements

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15. Commitments and Contingencies

Environmental Matters

AMP is subject to regulation by federal and state authorities with respect to air and water quality control and other environmental matters and is subject to zoning and other regulations by local authorities.

Originally proposed in February 2010 and finalized in August 2010, USEPA's original RICE NESHAP Rule established emission limits and working practice standards for compression-ignited diesel engines and spark-ignited engines at area and major sources nationwide. The rule has been under reconsideration, settlement discussions, and reproposal since January 2011. In June 2012, USEPA proposed a number of significant amendments to the final rule, on which AMP filed comments. The diesel engines that are owned by AMP are affected by this rule, and compliance must be demonstrated by May 2013. AMP is evaluating its compliance options while awaiting a final rule.

Every five years, USEPA is to propose new National Ambient Air Quality Standards ("NAAQS") for various criteria pollutants. USEPA's NAAQS for ozone was to have been issued in 2010; having missed this deadline, the agency indicated its intention to issue the ozone NAAQS by July 2011. The Administration withdrew the proposal in September 2011, but the President acknowledged that the standard would be reconsidered in 2013. Details as to the level of the upcoming ozone NAAQS are unknown at this time.

In addition, under agency consideration since 2007 and delayed since 2011, USEPA proposed new NAAQS for fine particulate matter ("PM") in June 2012 and intends to issue final NAAQS for PM by December 2012. Both the ozone and PM NAAQS can have significant impacts on general economic development throughout AMP's footprint states, based on the final standards. For example, many metropolitan or industrialized counties would be expected to become nonattainment areas under the new ozone and PM standards if the levels are set low enough. This could require substantial local reductions of nitrogen oxides, volatile organic compounds, sulphur dioxide, and particulate matter. In addition to emission reductions required to achieve local compliance, additional reductions may be required to achieve compliance in down-wind neighboring states. At this point, however, USEPA's Cross-State Air Pollution Rule ("CSAPR") has been overturned by the U.S. Court of Appeals and sent back to the agency to be rewritten. The Clean Air Interstate Rule ("CAIR") remains in place for allowance allocations.

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Power Purchase Commitments

AMP's general practice is to enter into long-term power purchase contracts only when such contracts are supported by corresponding sales contracts to its members. All such contracts are considered normal pursuant to the FASB's standard on derivative instruments. All such purchases are "covered" by corresponding power sales arrangements either with individual members or one of AMP's power pools.

Energy purchase commitments at December 31 are as follows:

2013	\$ 387,019,805
2014	255,423,386
2015	200,589,973
2016	161,577,500
2017	107,341,276
2018-2020	<u>177,119,802</u>
	<u>\$ 1,289,071,742</u>

AMP has certain power supply agreements that include provisions that would require collateral upon a decrease in AMP's credit rating below investment grade, or power prices below certain thresholds.

AMP has also entered into long-term natural gas purchase contracts to provide fuel for AFEC. Natural gas purchase commitments at December 31 are as follows:

2013	\$ 30,286,459
2014	27,609,150
2015	14,905,125
2016	11,760,000
2017	11,760,000
2018-2022	<u>58,800,000</u>
	<u>\$ 155,120,734</u>

Other Commitments

In February 2011, AMP filed a complaint against Bechtel Power Corporation ("Bechtel") stemming from cancellation of the proposed American Municipal Power Generating Station ("AMPGS") project. In the complaint, AMP alleges breach of contract, gross negligence and breach of fiduciary duty on the part of Bechtel and seeks to recover, among other things, approximately \$100 million of costs that AMP incurred with respect to the AMPGS project prior to its cancellation. Bechtel filed an answer denying any liability and a counterclaim seeking \$383,566 from AMP related to a termination payment that Bechtel alleges it is entitled to as a result of AMP terminating the AMPGS project for convenience. All costs associated with the litigation, as well as Bechtel's counterclaim, are project costs recoverable from the project participants under their power sales agreement with AMP. Similarly, any recovery associated with the litigation would inure to the benefit of the project participants.

AMP is also a party to various legal actions and complaints arising in the ordinary course of business. AMP does not believe that the ultimate resolution of such matters will have a material adverse effect on AMP's financial position or results of operations.

American Municipal Power, Inc.

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On November 5, 2012, AMP executed a non-binding Memorandum of Understanding ("MOU") with FirstEnergy Corp. ("FE") relating to the construction, ownership and operation of a proposed natural gas generating facility located on the site of FE's electric generating plant in the city of Eastlake, Ohio. Construction and operation of the 873 MW gas combustion turbine project will require various permits and regulatory approvals.

The intent of the MOU is that AMP and FE will negotiate details of the relationships to develop and ultimately own and operate a facility consisting of four simple cycle combustion turbines and a pipeline connecting the generating station to a natural gas provider. It is contemplated in to MOU that AMP will finance the construction, that after construction AMP will own a 75% undivided ownership interest and FE will acquire a 25% undivided ownership interest and that the FE will construct, operate and maintain the facility on behalf of itself and AMP. The anticipated date of commercial operation for the proposed project would be prior to June 2016.

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 Prairie State Energy Campus. AMP is fully cooperating with the SEC's investigation which is non-public in nature. Based upon current information, AMP believes that investigation will likely be resolved without a material adverse effect on its financial condition.

16. Subsequent Events

On February 1, 2013, AMP made the final payment on the Electricity Purchase Revenue Bonds, thereby retiring this debt as of that date.

The Internal Revenue Service announced that as of March 1, 2013, the government mandated sequester that has impacted government spending would be applied to direct credit subsidy payments. This applied to Build America Bonds and Clean Renewable Energy Bonds previously issued by AMP. The direct subsidy for August 15, 2013 interest payments has been reduced by approximately 8.7% or \$3,286,920 (approximately \$634,156 relates to projects in service and \$2,652,764 to projects under construction). At this time, it is uncertain if future subsidy payments will be similarly impacted.

AMP has considered subsequent events through April 11, 2013, the date these consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION



Report of Independent Auditors on Supplementary Information

Board of Trustees and Members of
American Municipal Power, Inc.

We have audited the consolidated financial statements of American Municipal Power, Inc. ("AMP") and its subsidiaries (the "Organization") at December 31, 2012 and 2011 and for the years then ended and our report thereon appears on page one of this document. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole.

The consolidating balance sheet at December 31, 2012 and the consolidating statements of revenues and expenses and of cash flows for the year then ended are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The Schedule of Receipts and Disbursements of the City of Wadsworth Project Electric System Improvement Bonds, Series 2002, Funds and Accounts (the "Wadsworth Schedule") for the year ended December 31, 2012 is presented for the purpose of additional analysis pursuant to Article VI, Section 6.10 of the trust agreement between U.S. Bank, N.A. as trustee, and AMP on behalf of the City of Wadsworth in the trust agreement dated March 1, 2002 and is not a required part of the basic consolidated financial statements. The information in the Wadsworth Schedule has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

The Schedule of Receipts and Disbursement of the Village of Genoa Project Electric System Improvement Bonds, Series 2004, Funds and Accounts (the "Genoa Schedule") for the year ended December 31, 2012 is presented for the purpose of additional analysis pursuant to Article VI, Section 6.10 of the trust agreement between U.S. Bank, N.A., as trustee, and AMP on behalf of the Village of Genoa in the trust agreement dated October 1, 2004 and is not a required part of the



basic consolidated financial statements. The information in the Genoa Schedule has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

The Schedule of Receipts and Disbursement of the OMEGA JV 6 Adjustable Rate Revenue Bonds, Series 2004, Funds and Accounts (the "JV6 Schedule") for the year ended December 31, 2012 is presented for the purpose of additional analysis pursuant to Article VI, Section 6.09 of the trust agreement between U.S. Bank, N.A., as trustee, and AMP on behalf of the financing participants listed in the trust agreement dated July 1, 2004 and is not a required part of the basic consolidated financial statements. The information in the JV6 Schedule has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

The Schedule of Receipts and Disbursement of the Multi-mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006, Funds and Accounts (the "Combustion Turbine Schedule") for the year ended December 31, 2012 is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. The information in the Combustion Turbine Schedule has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

The Schedule of Receipts and Disbursement of the J. Aron Electricity Purchase Revenue Bonds Prepayment Issue, Series 2007A, Funds and Accounts (the "Prepayment Bonds Schedule") for the year ended December 31, 2012 is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. The information in the Prepayment Bonds Schedule has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

The Schedules of Receipts and Disbursement of the Prairie State Energy Campus Project Revenue Bonds, Series 2008A, 2009A, 2009B, 2009C and 2010, Funds and Accounts and of the Prairie State Energy Campus Parity Reserve Funds (collectively, the "Prairie State Schedules") for the year ended December 31, 2012 are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements. The information in the Prairie State Schedules has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.



The Schedules of Receipts and Disbursement of the Combined Hydroelectric Project Revenue Bonds, Series 2009A, 2009B, 2009C, 2009D, 2010A, 2010B and 2010C, Funds and Accounts and of the Combined Hydroelectric Project Parity Reserve Funds (collectively, the "Hydroelectric Project Schedules") for the year ended December 31, 2012 are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements. The information in the Hydroelectric Project Schedules has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

The Schedules of Receipts and Disbursement of the Meldahl Hydroelectric Project Revenue Bonds, Series 2010A, 2010B, 2010C, 2010D, 2010E and 2011A, Funds and Accounts and of the Meldahl Hydroelectric Project Parity Reserve Funds (collectively, the "Meldahl Project Schedules") for the year ended December 31, 2012 are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements. The information in the Meldahl Project Schedules has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

The Schedules of Receipts and Disbursements of the AMP Fremont Energy Center Project Revenue Bonds, Series 2012A and 2012B, Funds and Accounts and of the Fremont Energy Center Parity Reserve Funds (collectively, the "AFEC Project Schedules") for the year ended December 31, 2012 are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements. The information in the AFEC Project Schedules has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

These reports are intended solely for the information and use of the members of AMP and U.S. Bank, N.A., as a trustee, and are not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

April 11, 2013

American Municipal Power, Inc.
Consolidating Balance Sheet
December 31, 2012

	AMP*	PSEC	AFEC	Eliminating	Total
Assets					
Utility plant					
Electric plant in service	\$ 35,582,008	\$ 1,361,308,365	\$ 565,862,304	\$ -	\$ 1,962,752,677
Accumulated depreciation	(14,428,078)	(16,851,688)	(16,728,373)	-	(48,008,139)
Total utility plant	21,153,930	1,344,456,677	549,133,931	-	1,914,744,538
Nonutility property and equipment					
Nonutility property and equipment	21,155,390	-	-	-	21,155,390
Accumulated depreciation	(6,946,820)	-	-	-	(6,946,820)
Total nonutility property and equipment	14,208,570	-	-	-	14,208,570
Construction work-in-process	1,282,986,851	7,019,021	4,405,066	-	1,294,410,938
Plant held for future use	34,881,075	-	-	-	34,881,075
Coal reserves	-	26,089,599	-	-	26,089,599
Trustee funds and other assets					
Trustee funds	1,099,708,455	231,812,986	45,013,238	-	1,376,534,679
Financing receivables-members	30,958,138	-	-	-	30,958,138
Notes receivable	3,075,000	-	-	-	3,075,000
Regulatory assets	150,672,497	27,360,902	16,683,066	-	194,716,465
Prepaid power purchase asset	-	-	-	-	-
Prepaid pension costs	2,357,710	-	-	-	2,357,710
Intangible and other assets	28,822,561	17,472,286	4,553,174	-	50,848,021
Total trustee funds and other assets	1,315,594,361	276,646,174	66,249,478	-	1,658,490,013
Current assets					
Cash and cash equivalents	34,686,006	19,794,187	10,746,270	-	65,226,463
Cash and cash equivalents - restricted	46,653,739	1,354,108	-	-	48,007,847
Trustee funds	409,687,696	51,009,209	13,344,343	-	474,041,248
Investments	14,705,591	-	-	-	14,705,591
Collateral postings	21,308,300	-	-	-	21,308,300
Accounts receivable	53,132,420	8,770,374	13,082,574	(346,657)	74,638,711
Interest receivable	31,744,425	5,655,705	184	-	37,400,314
Financing receivables - members	9,708,525	-	-	-	9,708,525
Inventories	31,890	6,160,844	-	-	6,192,734
Emission allowances	1,686,896	-	-	-	1,686,896
Regulatory assets	4,667,186	-	23,570	-	4,690,756
Prepaid power purchase asset	-	-	-	-	-
Prepaid expenses and other assets	3,706,182	2,235,660	1,243,200	-	7,185,042
Total current assets	631,718,856	94,980,087	38,440,141	(346,657)	764,792,427
Total assets	\$ 3,300,543,643	\$ 1,749,191,558	\$ 658,228,616	\$ (346,657)	\$ 5,707,617,160

❖ This column represents all consolidated AMP entities except for AMP Fremont Energy Center ("AFEC") and Prairie State Energy Campus ("PSEC")

American Municipal Power, Inc.
Consolidating Balance Sheet
December 31, 2012

	AMP*	PSEC	AFEC	Eliminating	Total
Equities and Liabilities					
Member and patron equities					
Contributed capital	\$ 801,208	\$ -	\$ -	\$ -	\$ 801,208
Patronage capital	53,133,603	-	-	-	53,133,603
Total member and patron equities	53,934,811	-	-	-	53,934,811
Long-term debt					
Term debt	2,736,245,185	1,666,121,179	590,406,412	-	4,992,772,776
Term debt on behalf of members	6,347,000	-	-	-	6,347,000
Term debt on behalf of Central Virginia Electric Cooperative	-	-	24,479,167	-	24,479,167
Lines of credit	184,000,000	-	-	-	184,000,000
Total long-term debt	2,926,592,185	1,666,121,179	614,885,579	-	5,207,598,943
Current liabilities					
Accounts payable	75,326,898	15,086,544	8,560,811	(346,657)	98,627,596
Accrued salaries and related benefits	221,423	913,458	-	-	1,134,881
Accrued postretirement benefits	750,000	-	-	-	750,000
Accrued interest	72,552,415	34,755,206	13,397,854	-	120,705,475
Term debt	79,112,412	19,880,000	-	-	98,992,412
Term debt on behalf of members	16,468,000	-	-	-	16,468,000
Term debt on behalf of Central Virginia Electric Cooperative	-	-	520,833	-	520,833
Regulatory liabilities	6,202,941	-	-	-	6,202,941
Other liabilities	4,380,638	8,871,428	1,183,692	-	14,435,758
Total current liabilities	255,014,727	79,506,636	23,663,190	(346,657)	357,837,896
Other noncurrent liabilities					
Accrued postretirement benefits	5,082,764	-	-	-	5,082,764
Deferred gain on sale of real estate	1,276,789	-	-	-	1,276,789
Other liabilities	6,347,903	-	-	-	6,347,903
Asset retirement obligations	5,141,927	3,563,743	70,826	-	8,776,496
Regulatory liabilities	47,152,537	-	19,609,021	-	66,761,558
Total other noncurrent liabilities	65,001,920	3,563,743	19,679,847	-	88,245,510
Total liabilities	3,246,608,832	1,749,191,558	658,228,616	(346,657)	5,653,682,349
Total equities and liabilities	\$ 3,300,543,643	\$ 1,749,191,558	\$ 658,228,616	\$ (346,657)	5,707,617,160

❖ This column represents all consolidated AMP entities except for AMP Fremont Energy Center ("AFEC") and Prairie State Energy Campus ("PSEC")

American Municipal Power, Inc.
Consolidating Statement of Revenues and Expenses
December 31, 2012

	AMP *	PSEC	AFEC	Eliminating	Total
Revenues					
Electric revenue	\$ 561,745,389	\$ 79,975,780	\$ 159,888,384	\$ (3,613,270)	\$ 797,996,283
Service fees	6,697,162	-	-	-	6,697,162
Programs and other	19,042,794	-	-	-	19,042,794
Total revenues	587,485,345	79,975,780	159,888,384	(3,613,270)	823,736,239
Operating expenses					
Purchased electric power	548,524,627	7,814,653	2,863,488	(3,613,270)	555,589,498
Production	8,202,181	5,254,723	22,733,241	-	36,190,145
Fuel	618,915	17,002,100	101,313,104	-	118,934,119
Depreciation	5,300,502	16,720,064	16,728,373	-	38,748,939
Administrative and general	4,326,756	2,016,622	-	-	6,343,378
Property and real estate taxes	794,465	61,287	811,655	-	1,667,407
Programs and other	17,386,909	-	-	-	17,386,909
Total operating expenses	585,154,355	48,869,449	144,449,861	(3,613,270)	774,860,395
Operating margin	2,330,990	31,106,331	15,438,523	-	48,875,844
Nonoperating revenues and expenses					
Interest expense	(4,268,350)	(40,246,059)	(15,953,444)	-	(60,467,853)
Interest income, subsidy	-	6,226,152	-	-	6,226,152
Interest income, other	3,242,086	3,858,049	24,960	-	7,125,095
Other, net	605,893	(944,473)	489,961	-	151,381
Total nonoperating revenues and expenses	(420,371)	(31,106,331)	(15,438,523)	-	(46,965,225)
Net margin	\$ 1,910,619	\$ -	\$ -	\$ -	\$ 1,910,619

❖ This column represents all consolidated AMP entities except for AMP Fremont Energy Center ("AFEC") and Prairie State Energy Campus ("PSEC")

American Municipal Power, Inc.
Consolidating Statement of Cash Flows
December 31, 2012

	AMP *	PSEC	AFEC	Eliminating	Total
Cash flows from operating activities					
Net margin	\$ 1,910,619	\$ -	\$ -	\$ -	\$ 1,910,619
Adjustments to reconcile net margin to net cash provided by operating activities					
Depreciation	3,923,612	16,197,662	16,728,373	-	36,849,647
Depletion of coal reserves	-	522,401	-	-	522,401
Amortization of deferred financing costs	2,421,830	1,046,336	176,375	-	3,644,541
Amortization of bond premium, net of amortization of bond discount	(2,133,052)	637,544	(1,092,610)	-	(2,588,118)
Accretion of interest on asset retirement obligations	12,124	-	-	-	12,124
Loss on disposal of property and equipment	1,429,131	-	-	-	1,429,131
Unrealized gain on investment	(1,140,571)	-	-	-	(1,140,571)
Changes in assets and liabilities					
Investments	-	-	-	-	-
Collateral postings	5,978,867	-	-	-	5,978,867
Accounts receivable	7,602,670	(6,959,645)	(10,299,466)	321,730	(9,334,711)
Interest receivable	(6,336,592)	574,495	(184)	-	(5,762,281)
Emission allowances	115,454	-	-	-	115,454
Prepaid expenses and other assets	(1,279,126)	(1,105,847)	1,089,474	-	(1,295,499)
Inventories	(31,890)	2,488,664	-	-	2,456,774
Regulatory assets and liabilities, net	(98,517)	(26,642,606)	2,902,385	-	(23,838,738)
Prepaid power purchase asset	57,914,220	-	-	-	57,914,220
Accounts payable	(13,080,658)	9,124,862	6,202,302	(321,730)	1,924,776
Accrued salaries and related benefits	30,901	392,542	-	-	423,443
Accrued postretirement benefits	(759,420)	-	-	-	(759,420)
Accrued interest	(1,610,257)	34,755,206	13,397,854	-	46,542,803
Asset retirement obligations	(2,378,560)	-	-	-	(2,378,560)
Other liabilities	5,050,878	4,180,934	603,291	-	9,835,103
Net cash provided by operating activities	57,541,663	35,212,548	29,707,794	-	122,462,005
Cash flows from investing activities					
Proceeds from sale of investments, net of purchase of investments	405,649,542	102,959,533	(58,357,581)	-	450,251,494
Purchase of utility property and equipment	(888,777)	-	(651,475)	-	(1,540,252)
Sale of utility property and equipment	100,000	-	30,782,700	-	30,882,700
Purchase of non utility property and equipment	(908,898)	-	-	-	(908,898)
Purchase of construction work-in-process	(408,845,458)	(119,694,432)	(30,459,091)	-	(558,998,981)
Restricted cash and cash equivalents	1,482,386	(136)	-	-	1,482,250
Net cash (used in) provided by investing activities	(3,411,205)	(16,735,035)	(58,685,447)	-	(78,831,687)

❖ This column represents all consolidated AMP entities except for AMP Fremont Energy Center ("AFEC") and Prairie State Energy Campus ("PSEC")

American Municipal Power, Inc.
Consolidating Statement of Cash Flows
December 31, 2012

	AMP*	PSEC	AFEC	Eliminating	Total
Cash flows from financing activities					
Proceeds from revolving credit loan	353,272,074	-	7,548,743	-	360,820,817
Payments on revolving credit loan	(320,347,212)	-	(608,473,605)	-	(928,820,817)
Cost of issuance and remarketing of debt	(1,678,517)	(53,565)	(4,729,549)	-	(6,461,631)
Principal payments on term debt	(101,719,620)	-	-	-	(101,719,620)
Proceeds from issuance of term debt	13,553,000	-	591,499,022	-	605,052,022
Principal payments on term debt on behalf of members	(28,109,000)	-	-	-	(28,109,000)
Proceeds from issuance of term debt on behalf of members	15,306,000	-	-	-	15,306,000
Proceeds from issuance of term debt on behalf of Central Virginia Electric Cooperative	-	-	25,000,000	-	25,000,000
Proceeds from financing receivable members	14,930,186	-	-	-	14,930,186
Funding of financing receivable members	(4,883,743)	-	-	-	(4,883,743)
Cash (used in) provided by financing activities	(59,676,832)	(53,565)	10,844,611	-	(48,885,786)
Net cash in cash and cash equivalents	(5,546,374)	18,423,948	(18,133,042)	-	(5,255,468)
Cash and cash equivalents, beginning of year	40,232,380	1,370,239	28,879,312	-	70,481,931
Cash and cash equivalents, end of year	\$ 34,686,006	\$ 19,794,187	\$ 10,746,270	\$ -	\$ 65,226,463

❖ This column represents all consolidated AMP entities except for AMP Fremont Energy Center ("AFEC") and Prairie State Energy Campus ("PSEC")

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the City of Wadsworth Project
Electric System Improvement Bonds, Series 2002, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee		
	Total	Debt Service Fund	
		Bond Fund	Debt Service Reserve Fund
Fund balances as of December 31, 2011	\$ 1,583,310	\$ 656,959	\$ 926,351
Receipts			
Debt service	7,483,848	7,483,848	-
Interest and dividends on investments	1,005	358	647
Total receipts	<u>7,484,853</u>	<u>7,484,206</u>	<u>647</u>
Disbursements			
Debt service payments	7,917,965	7,917,965	-
Draws	1,148,948	1,148,948	-
Trustee fees	1,250	1,250	-
Total disbursements	<u>9,068,163</u>	<u>9,068,163</u>	<u>-</u>
Transfers	-	926,998	(926,998)
Excess of receipts (disbursements)	<u>(1,583,310)</u>	<u>(1,583,957)</u>	<u>647</u>
Fund balances as of December 31, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Village of Genoa Project
Electric System Improvement Bonds, Series 2004, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee		
	Total	Debt Service Fund	
		Bond Fund	Debt Service Reserve Fund
Fund balances as of December 31, 2011	\$ 662,114	\$ 259,483	\$ 402,631
Receipts			
Debt service	396,757	396,757	-
Interest and dividends on investments	2,738	687	2,051
Total receipts	<u>399,495</u>	<u>397,444</u>	<u>2,051</u>
Disbursements			
Debt service payments	<u>399,214</u>	<u>399,214</u>	<u>-</u>
Total disbursements	<u>399,214</u>	<u>399,214</u>	<u>-</u>
Transfers	-	980	(980)
Excess of receipts (disbursements)	<u>281</u>	<u>(1,770)</u>	<u>2,051</u>
Fund balances as of December 31, 2012	<u>\$ 662,395</u>	<u>\$ 258,693</u>	<u>\$ 403,702</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the OMEGA JV6
Adjustable Rate Revenue Bonds, Series 2004, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by		
	Total	Trustee Debt Service Fund Bond Payment Fund	OMEGA JV6 Reserve and Contingency Fund ⁽¹⁾
Fund balances as of December 31, 2011	\$ 415,405	\$ 415,405	\$ 82,102
Receipts			
Debt service	999,952	999,952	-
Interest and dividends on investments	773	773	278
Total receipts	<u>1,000,725</u>	<u>1,000,725</u>	<u>278</u>
Disbursements			
Bond payments	999,462	999,462	-
Total disbursements	<u>999,462</u>	<u>999,462</u>	<u>-</u>
Transfers	(138)	(138)	138
Excess of receipts	<u>703</u>	<u>703</u>	<u>416</u>
Fund balances as of December 31, 2012	<u>\$ 417,233</u>	<u>\$ 417,233</u>	<u>\$ 82,518</u>

⁽¹⁾ Under the terms of the Bond Agreement, the Reserve and Contingency Fund is held by OMEGA JV6.

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Combustion Turbine Project
Multi-mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006, Funds and Accounts
Year Ended December 31, 2012

	<u>Funds Held by Trustee</u>	
	<u>Total</u>	<u>Bond Fund</u>
Fund balances as of December 31, 2011	\$ 932,685	\$ 932,685
Receipts		
Debt service	1,196,500	1,196,500
Interest and dividends on investments	2,568	2,568
Total receipts	<u>1,199,068</u>	<u>1,199,068</u>
Disbursements		
Bond payments	<u>(1,083,021)</u>	<u>(1,083,021)</u>
Total disbursements	<u>(1,083,021)</u>	<u>(1,083,021)</u>
Fund balances as of December 31, 2012	<u>\$ 1,048,732</u>	<u>\$ 1,048,732</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the J. Aron Prepaid Power Agreement
Electricity Purchase Revenue Bonds Prepayment Issue, Series 2007A, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee			
	Total	Revenue Subfund	Debt Service Account	
Fund balances as of December 31, 2011	\$ 57,566,692	\$ 69,914	\$ 57,446,365	\$ 50,413
Receipts				
Debt service	65,207,072	65,207,072	-	-
Interest and dividends on investments	1,166,825	4,373	1,162,280	172
Total receipts	66,373,897	65,211,445	1,162,280	172
Disbursements				
Bond payments	64,946,875	-	69,946,875	-
Trustee fees	3,000	-	3,000	-
Total disbursements	64,949,875	-	69,949,875	-
Transfers in	65,224,254	-	65,224,254	-
Transfers out	(65,224,254)	(65,224,254)	-	-
Transfers	-	(65,224,254)	65,224,254	-
Fund balance as of December 31, 2012	\$ 58,990,714	\$ 57,105	\$ 53,883,024	\$ 50,585

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Prairie State Energy Campus
Parity Reserve Funds
Year Ended December 31, 2012

	Funds Held by Trustee				
	Total	2008 Parity Reserve Fund	2009A Parity Reserve Fund	2009B Parity Reserve Fund	2009D Parity Reserve Fund
Fund balances as of December 31, 2011	\$ 115,345,216	\$ 58,699,521	\$ 9,412,025	\$ 28,610,937	\$ 18,622,733
Receipts					
Investment gain	4,772,558	398,059	57,774	2,730,047	1,586,678
Interest and dividends on investments	2,743,637	2,691,544	-	47,195	4,898
Total receipts	<u>7,516,195</u>	<u>3,089,603</u>	<u>57,774</u>	<u>2,777,242</u>	<u>1,591,576</u>
Disbursements					
Transfer out	(4,716,063)	(2,692,599)	-	(1,361,939)	(661,525)
Investment loss	(2,097,389)	(403,551)	(498)	(1,082,795)	(610,545)
Total disbursements	<u>(6,813,452)</u>	<u>(3,096,150)</u>	<u>(498)</u>	<u>(2,444,734)</u>	<u>(1,272,070)</u>
Accrued income	(1,188,634)	-	(490,703)	(645,645)	(52,286)
Fund balances as of December 31, 2012	<u>\$ 114,859,325</u>	<u>\$ 58,692,974</u>	<u>\$ 8,978,598</u>	<u>\$ 28,297,800</u>	<u>\$ 18,889,953</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Prairie State Energy Campus
Project Revenue Bonds, Series 2008A, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee				
	Total	Bond Fund	Capitalized Interest Subaccount	Acquisition and Construction Account	Cost of Issuance Account
Fund balances as of December 31, 2011	\$ 28,513,797	\$ 519	\$ 27,836,565	\$ -	\$ 676,713
Receipts					
Debt services	11,805,905	11,805,905	-	-	-
Transfer in	83,254,637	38,386,789	34,867,848	10,000,000	-
Investment gain	131,328	27,632	102,239	-	1,457
Investment and dividends on investments	723,447	5,251	716,373	-	1,823
Total receipts	<u>95,915,317</u>	<u>50,225,577</u>	<u>35,686,460</u>	<u>10,000,000</u>	<u>3,280</u>
Disbursements					
Debt service payments	(38,392,545)	(38,392,545)	-	-	-
Transfer out	(46,870,268)	-	(46,870,268)	-	-
Investment loss	(473,811)	(4,250)	(468,456)	-	(1,105)
Capital expenditures	(10,000,000)	-	-	(10,000,000)	-
Payments on costs of issuance of debt	(29,500)	-	-	-	(29,500)
Total disbursements	<u>(95,766,124)</u>	<u>(38,396,795)</u>	<u>(47,338,724)</u>	<u>(10,000,000)</u>	<u>(30,605)</u>
Accrued income	<u>(30,000)</u>	-	(30,000)	-	-
Fund balances as of December 31, 2012	<u>\$ 28,632,990</u>	<u>\$ 11,829,301</u>	<u>\$ 16,154,301</u>	<u>\$ -</u>	<u>\$ 649,388</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Prairie State Energy Campus
Project Revenue Bonds, Series 2009A, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee		
	Total	Acquisition and Construction Account	Capitalized Interest Subaccount
Fund balances as of December 31, 2011	\$ 6,692,801	\$ 880	\$ 6,691,921
Receipts			
Transfer in	16,684,193	8,738,239	7,945,954
Investment gain	11,439	-	11,439
Interest and dividends on investments	171,792	-	171,792
Total receipts	<u>16,867,424</u>	<u>8,738,239</u>	<u>8,129,185</u>
Disbursements			
Debt service payments	(8,739,119)	(8,739,119)	-
Transfer out	(8,738,239)	-	(8,738,239)
Investment loss	(70,785)	-	(70,785)
Total disbursements	<u>(17,548,143)</u>	<u>(8,739,119)</u>	<u>(8,809,024)</u>
Accrued income	33,169	-	33,169
Fund balances as of December 31, 2012	<u>\$ 6,045,251</u>	<u>\$ -</u>	<u>\$ 6,045,251</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Prairie State Energy Campus
Project Revenue Bonds, Series 2009B, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee				
	Total	Bond Fund	Capitalized Interest Subaccount	Acquisition and Construction Account	Cost of Issuance Account
Fund balances as of December 31, 2011	\$ 5,678,445	\$ -	\$ 2,954,009	\$ 2,668,098	\$ 56,338
Receipts					
Debt service	10,848,669	10,848,669	-	-	-
Transfer in	2,973,032	2,868,930	104,102	-	-
Investment gain	22,796	22,731	-	17	48
Interest and dividends on investments	132,835	4,864	65,483	62,369	119
Total receipts	<u>13,977,332</u>	<u>13,745,194</u>	<u>169,585</u>	<u>62,386</u>	<u>167</u>
Disbursements					
Debt service payments	(3,896,542)	(3,896,542)	-	-	-
Transfer out	(2,766,127)	(4,375)	(2,761,752)	-	-
Investment loss	(105,809)	-	(60,935)	(44,834)	(40)
Capital expenditures	(2,693,199)	-	-	(2,693,199)	-
Payments on costs of issuance of debt	(4,000)	-	-	-	(4,000)
Total disbursements	<u>(9,465,677)</u>	<u>(3,900,917)</u>	<u>(2,822,687)</u>	<u>(2,738,033)</u>	<u>(4,040)</u>
Accrued income	37,289	-	29,740	7,549	-
Fund balances as of December 31, 2012	<u>\$ 10,227,389</u>	<u>\$ 9,844,277</u>	<u>\$ 330,647</u>	<u>\$ -</u>	<u>\$ 52,465</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Prairie State Energy Campus
Project Revenue Bonds, Series 2009C, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee				
	Total	Bond Fund	Capitalized Interest Subaccount	Acquisition and Construction Account	Cost of Issuance Account
Fund balances as of December 31, 2011	\$ 75,088,923	\$ -	\$ 11,928,812	\$ 63,065,419	\$ 94,692
Receipts					
Build America Bond subsidy receipts	8,342,358	8,342,358	-	-	-
Transfer in	20,805,728	15,491,928	5,139,791	174,009	-
Investment gain	3,694	188	3,405	-	101
Interest and dividends on investments	1,511,785	1,022	175,511	1,335,032	220
Total receipts	<u>30,663,565</u>	<u>23,835,496</u>	<u>5,318,707</u>	<u>1,509,041</u>	<u>321</u>
Disbursements					
Debt service payments	(23,835,308)	(23,835,308)	-	-	-
Transfer out	(53,715,365)	-	(11,183,317)	(42,532,048)	-
Investment loss	(989,843)	(188)	(72,977)	(916,595)	(83)
Capital expenditures	(21,508,005)	-	-	(21,508,005)	-
Payments on costs of issuance of debt	(6,500)	-	-	-	(6,500)
Total disbursements	<u>(100,055,021)</u>	<u>(23,835,496)</u>	<u>(11,256,294)</u>	<u>(64,956,648)</u>	<u>(6,583)</u>
Amortization	(2,733)	-	(2,733)	-	-
Accrued income	455,877	-	73,689	382,188	-
Fund balances as of December 31, 2012	<u>\$ 6,150,611</u>	<u>\$ -</u>	<u>\$ 6,062,181</u>	<u>\$ -</u>	<u>\$ 88,430</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Prairie State Energy Campus
Project Revenue Bonds, Series 2010, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee				
	Total	Bond Fund	Capitalized Interest Subaccount	Acquisition and Construction Fund	Cost of Issuance Fund
Fund balances as of December 31, 2011	\$ 154,462,546	\$ -	\$ 13,132,418	\$ 141,233,584	\$ 96,544
Receipts					
Build America Bonds subsidy receipts	6,235,950	6,235,950	-	-	-
Transfer in	13,644,162	11,580,286	1,967,139	96,737	-
Investment gain	570	140	345	-	85
Interest and dividends on investments	3,416,291	764	148,259	3,267,032	236
Total receipts	<u>23,296,973</u>	<u>17,817,140</u>	<u>2,115,743</u>	<u>3,363,769</u>	<u>321</u>
Disbursements					
Debt service payments	(17,817,000)	(17,817,000)	-	-	-
Transfer out	(20,560,065)	-	(10,413,179)	(10,146,886)	-
Investment loss	(2,254,635)	(140)	(94,645)	(2,159,782)	(68)
Capital expenditures	(20,886,675)	-	-	(20,886,675)	-
Total disbursements	<u>(61,518,375)</u>	<u>(17,817,140)</u>	<u>(10,507,824)</u>	<u>(33,193,343)</u>	<u>(68)</u>
Amortization	(273,828)	-	(647)	(273,181)	-
Accrued income	939,313	-	27,129	912,184	-
Fund balances as of December 31, 2012	<u>\$ 116,906,629</u>	<u>\$ -</u>	<u>\$ 4,766,819</u>	<u>\$ 112,043,013</u>	<u>\$ 96,797</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Hydroelectric
Project Parity Reserve Funds
Year Ended December 31, 2012

	Funds Held by Trustee		
	Total	2009A Parity Reserve Fund	2010A Parity Reserve Fund
Fund balances as of December 31, 2011	\$ 124,487,716	\$ 45,222,146	\$ 79,265,570
Receipts			
Investment gain	6,631,891	3,920,684	2,711,207
Interest and dividends on investments	1,989,287	1,980,201	9,086
Total receipts	<u>8,621,178</u>	<u>5,900,885</u>	<u>2,720,293</u>
Disbursements			
Investment loss	(3,855,412)	(1,990,667)	(1,864,745)
Transfers out	(2,995,266)	(1,798,571)	(1,196,695)
Total disbursements	<u>(6,850,678)</u>	<u>(3,789,238)</u>	<u>(3,061,440)</u>
Amortization	(21,917,827)	(7,726,235)	(14,191,592)
Accrued income	1,112,986	236,962	876,024
Fund balances as of December 31, 2012	<u>\$ 105,453,375</u>	<u>\$ 39,844,520</u>	<u>\$ 65,608,855</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Combined Hydroelectric
Project Revenue Bonds, Series 2009A, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee			
	Total	Bond Fund	Capitalized Interest Subaccount	Principal Account
Fund balances as of December 31, 2011	\$ 17,636,888	\$ 1,682	\$ 3,045,970	\$ 14,589,236
Receipts				
Transfer in	1,033,310	998,508	34,802	-
Investment gain	135,998	3	8,080	127,915
Interest and dividends on investments	434,247	4	35,685	398,558
Total receipts	<u>1,603,555</u>	<u>998,515</u>	<u>78,567</u>	<u>526,473</u>
Disbursements				
Debt service payments	(1,000,193)	(1,000,193)	-	-
Transfer out	(963,771)	-	(963,771)	-
Investment losses	(313,468)	(4)	(10,352)	(303,112)
Total disbursements	<u>(2,277,432)</u>	<u>(1,000,197)</u>	<u>(974,123)</u>	<u>(303,112)</u>
Amortization	819,518	-	(17,356)	836,874
Accrued income	162,458	-	5,781	156,677
Fund balances as of December 31, 2012	<u>\$ 17,944,987</u>	<u>\$ -</u>	<u>\$ 2,138,839</u>	<u>\$ 15,806,148</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Combined Hydroelectric
Project Revenue Bonds, Series 2009B, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee						
	Total	Bond Fund	Capitalized Interest Subaccount	Capitalized Interest Tracking Subaccount	Acquisition and Construction Account	Cost of Issuance Account	Special Reserve Account
Fund balances as of December 31, 2011	\$ 115,854,724	\$ -	\$ 44,761,074	\$ 20,155,245	\$ 44,906,016	\$ 190,268	\$ 5,842,121
Receipts							
Build America Bonds subsidy receipts	11,004,761	11,004,761	-	-	-	-	-
Transfer in	21,144,202	20,436,046	708,155	-	-	-	-
Investment gain	1,138,309	262	61,662	117,162	1	185	959,037
Interest and dividends on investments	931,991	1,366	572,355	291,161	63,455	440	3,214
Total receipts	<u>34,219,263</u>	<u>31,442,435</u>	<u>1,342,172</u>	<u>408,323</u>	<u>63,456</u>	<u>625</u>	<u>962,251</u>
Disbursements							
Debt service payments	(31,442,173)	(31,442,173)	-	-	-	-	-
Transfer out	(19,729,200)	-	(19,729,200)	-	-	-	-
Investment loss	(935,100)	(262)	(73,083)	(164,364)	(38,914)	(111)	(658,366)
Capital expenditures	(44,946,058)	-	-	-	(44,930,558)	(15,500)	-
Total disbursements	<u>(97,052,531)</u>	<u>(31,442,435)</u>	<u>(19,802,283)</u>	<u>(164,364)</u>	<u>(44,969,472)</u>	<u>(15,611)</u>	<u>(658,366)</u>
Amortization	2,374,020	-	3,996,260	(513,142)	-	-	(1,109,098)
Accrued income	174,944	-	56,893	118,052	-	-	-
Fund balances as of December 31, 2012	<u>\$ 55,570,420</u>	<u>\$ -</u>	<u>\$ 30,354,116</u>	<u>\$ 20,004,114</u>	<u>\$ -</u>	<u>\$ 175,282</u>	<u>\$ 5,036,908</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Combined Hydroelectric
Project Revenue Bonds, Series 2009C, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee				
	Total	Bond Fund	Capitalized Interest Subaccount	Capitalized Interest Tracking Subaccount	Cost of Issuance Account
Fund balances as of December 31, 2011	\$ 21,063,741	\$ 7,636	\$ 15,192,518	\$ 5,817,956	\$ 45,631
Receipts					
Transfer in	6,366,660	6,192,252	174,408	-	-
Investment gain	62,485	8	-	62,441	36
Interest and dividends on investments	406,369	17	375,034	31,243	75
Total receipts	<u>6,835,514</u>	<u>6,192,277</u>	<u>549,442</u>	<u>93,684</u>	<u>111</u>
Disbursements					
Capital expenditures	(11,500)	-	-	-	(11,500)
Transfer out	(6,018,166)	-	(6,018,166)	-	-
Investment loss	(285,223)	(13)	(262,319)	(22,858)	(34)
Debt service payments	(6,199,900)	(6,199,900)	-	-	-
Total disbursements	<u>(12,514,789)</u>	<u>(6,199,913)</u>	<u>(6,280,485)</u>	<u>(22,858)</u>	<u>(11,534)</u>
Amortization	415,526	-	540,809	(125,283)	-
Accrued income	131,797	-	119,516	12,282	-
Fund balances as of December 31, 2012	<u>\$ 15,931,789</u>	<u>\$ -</u>	<u>\$ 10,121,800</u>	<u>\$ 5,775,781</u>	<u>\$ 34,208</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Combined Hydroelectric
Project Revenue Bonds, Series 2009D, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee		
	Total	Bond Fund	Sinking Subaccount
Fund balance as of December 31, 2011	\$ 5,176,491	\$ -	\$ 5,176,491
Receipts			
Transfer In	1,329,412	1,329,412	-
Investment Gain	9,890	-	9,890
Interest and dividends on investments	157,498	-	157,498
Total receipts	1,496,800	1,329,412	167,388
Disbursements			
Debt service payments	(1,329,412)	(1,329,412)	-
Transfer Out	(1,329,412)	-	(1,329,412)
Investment Loss	(95,461)	-	(95,461)
Total disbursements	(2,754,285)	(1,329,412)	(1,424,873)
Amortization	157,292	-	157,292
Accrued Income	7,897	-	7,897
Fund balance as of December 31, 2012	\$ 4,084,195	\$ -	\$ 4,084,195

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Combined Hydroelectric
Project Revenue Bonds, Series 2010A, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee				
	Total	Bond Fund	Capitalized Interest Subaccount	Acquisition and Construction Account	Cost of Issuance Account
Fund balance as of December 31, 2011	\$ 38,480,101	\$ -	\$ 32,499,916	\$ 5,967,900	\$ 12,285
Receipts					
Transfer In	13,138,782	10,862,074	2,276,708	-	-
Investment Gain	3,589	-	-	3,586	3
Interest, Dividends and other income	829,199	-	788,860	37,334	5
Total receipts	13,971,570	10,862,074	3,065,568	40,920	8
Disbursements					
Debt Service Payments	(10,862,074)	(10,862,074)	-	-	-
Transfer Out	(11,324,572)	-	(10,644,483)	(680,089)	-
Capital Expenditures	(1,121,650)	-	-	(1,121,650)	-
Investment Loss	(511,520)	-	(498,153)	(13,364)	(3)
Total disbursements	(23,819,816)	(10,862,074)	(11,142,636)	(1,815,103)	(3)
Amortization	1,389,821	-	1,389,821	-	-
Accrued Income	261,801	-	261,801	-	-
Fund balance as of December 31, 2012	\$ 30,283,477	\$ -	\$ 26,074,470	\$ 4,193,717	\$ 12,290

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Combined Hydroelectric
Project Revenue Bonds, Series 2010B, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee						
	Total	Bond Fund	Capitalized Interest Tracking Subaccount	Capitalized Interest Subaccount	Special Reserve Account	Acquisition and Construction Account	Cost of Issuance Account
Fund balances as of December 31, 2011	\$ 992,796,913	\$ -	\$ 26,704,864	\$ 170,366,483	\$ 16,460,693	\$ 779,211,750	\$ 53,123
Receipts							
Build America Bond subsidy receipts	31,122,585	31,122,585	-	-	-	-	-
Transfer In	59,374,587	57,793,016	-	1,581,571	-	-	-
Investment Gain	2,939,790	2,924	225,607	-	2,711,207	1	51
Interest, dividends or other income	22,439,078	6,070	883,529	4,071,867	9,086	17,468,425	101
Total receipts	115,876,040	88,924,595	1,109,136	5,653,438	2,720,293	17,468,426	152
Disbursements							
Transfer Out	(57,411,062)	-	-	(56,214,367)	(1,196,695)	-	-
Investment Loss	(16,842,885)	(2,924)	(638,660)	(2,671,571)	(1,864,745)	(11,664,937)	(48)
Capital expenditures	(135,024,036)	-	-	-	-	(135,024,036)	-
Debt payments	(88,921,671)	(88,921,671)	-	-	-	-	-
Total disbursements	(298,199,654)	(88,924,595)	(638,660)	(58,885,938)	(3,061,440)	(146,688,973)	(48)
Amortization	13,217,417	-	(1,059,856)	(1,351,450)	(3,139,090)	18,767,813	-
Accrued Income	4,578,456	-	379,766	1,309,245	-	2,889,445	-
Fund balance as of December 31, 2012	\$ 828,269,172	\$ -	\$ 26,495,250	\$ 117,091,778	\$ 12,980,456	\$ 671,648,461	\$ 53,227

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Combined Hydroelectric
Project Revenue Bonds, Series 2010C, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee						Cost of Issuance Account
	Total	Bond Fund	Capitalized Interest Tracking Subaccount	Capitalized Interest Subaccount	Special Reserve Account	Acquisition and Construction Account	
Fund balances as of December 31, 2011	\$ 44,077,999	\$ 288	\$ 1,666,104	\$ 11,830,346	\$ 2,500,769	\$ 28,077,138	\$ 3,354
Receipts							
Build America Bond subsidy receipts	4,709,600	4,709,600	-	-	-	-	-
Transfer In	3,587,509	3,587,509	-	-	-	-	-
Investment Gain	474,679	106	39,285	636	410,305	24,347	-
Interest, dividends and other income	312,787	577	-	272,812	1,379	38,019	-
Total receipts	9,084,575	8,297,792	39,285	273,448	411,684	62,366	-
Disbursements							
Transfer Out	(3,769,438)	-	-	(3,587,509)	(181,929)	-	-
Debt Service payments	(8,297,974)	(8,297,974)	-	-	-	-	-
Capital expenditures	(28,122,098)	-	-	-	-	(28,122,098)	-
Investment Loss	(487,482)	(106)	(13,314)	(174,477)	(282,179)	(17,406)	-
Total disbursements	(40,676,992)	(8,298,080)	(13,314)	(3,761,986)	(464,108)	(28,139,504)	-
Amortization	708,979	-	(53,763)	1,237,463	(474,721)	-	-
Accrued Income	89,014	-	-	89,014	-	-	-
Fund balance as of December 31, 2012	\$ 13,283,575	\$ -	\$ 1,638,312	\$ 9,668,285	\$ 1,973,624	\$ -	\$ 3,354

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Meldahl Hydroelectric
Project Revenue Bonds Parity Reserve Funds
Year Ended December 31, 2012

	<u>Funds Held by Trustee</u>	
	<u>Total</u>	<u>2010A Parity Reserve Fund</u>
Fund balances as of December 31, 2011	\$ 37,955,855	\$ 37,955,855
Receipts:		
Investment gain	4,916,314	4,916,314
Interest and dividends on investments	2,900	2,900
Total receipts	<u>4,919,214</u>	<u>4,919,214</u>
Disbursements		
Transfer out	(1,587,996)	(1,587,996)
Investment loss	(2,637,055)	(2,637,055)
Total disbursements	<u>(4,225,051)</u>	<u>(4,225,051)</u>
Amortization	<u>(4,525,711)</u>	<u>(4,525,711)</u>
Fund balance as of December 31, 2012	<u>\$ 34,124,307</u>	<u>\$ 34,124,307</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Meldahl Hydroelectric
Project Revenue Bonds, Series 2010A, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee			
	Total	Bond Fund	Capitalized Interest Subaccount	Acquisition and Construction Subfund
Fund balances as of December 31, 2011	\$ 15,546,292	\$ -	\$ 7,028,453	\$ 8,517,839
Receipts				
Bond proceeds	-	-	-	-
Transfer in	2,383,523	2,304,786	78,737	-
Investment gain	9,515	-	-	9,515
Interest and dividends on investments	275,530	-	143,081	132,449
Total receipts	2,668,568	2,304,786	221,818	141,964
Disbursements				
Capital expenditures	(1,392,482)	-	-	(1,392,482)
Debt service payments	(2,304,786)	(2,304,786)	-	-
Transfer out	(3,837,181)	-	(2,219,017)	(1,618,164)
Investment loss	(167,531)	-	(90,434)	(77,098)
Total disbursements	(7,701,980)	(2,304,786)	(2,309,451)	(3,087,744)
Amortization	156,419	-	(46,406)	202,826
Accrued income	64,768	-	48,567	16,201
Fund balance as of December 31, 2012	\$ 10,734,067	\$ -	\$ 4,942,981	\$ 5,791,086

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Meldahl Hydroelectric
Project Revenue Bonds, Series 2010B, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee					
	Total	Bond Fund	Capitalized Interest Tracking Subaccount	Capitalized Interest Subaccount	Special Reserve Account	Acquisition and Construction Account
Fund balances as of December 31, 2011	\$ 121,800,371	\$ 410	\$ 6,261,042	\$ 35,856,012	\$ 3,494,242	\$ 76,188,665
Receipts						
Build America Bond subsidy receipts	6,806,625	6,806,625	-	-	-	-
Transfer in	12,951,053	12,639,147	-	311,906	-	-
Investment gain	565,794	480	117,266	-	448,048	-
Interest and dividends on investments	2,501,832	1,318	735	922,937	449	1,576,393
Total receipts	22,825,304	19,447,570	118,001	1,234,843	448,497	1,576,393
Disbursements						
Capital expenditures	(34,567,739)	-	-	-	-	(34,567,739)
Debt service payments	(19,447,500)	(19,447,500)	-	-	-	-
Transfer out	(12,299,388)	-	-	(12,299,388)	-	-
Loss on investments	(2,076,435)	(480)	(36,687)	(723,890)	(222,250)	(1,093,128)
Total disbursements	(68,391,062)	(19,447,980)	(36,687)	(13,023,278)	(222,250)	(35,660,867)
Amortization	854,102	-	(121,189)	(163,139)	(428,843)	1,567,272
Accrued income	604,244	-	-	317,554	-	286,691
Fund balance as of December 31, 2012	\$ 77,692,959	\$ -	\$ 6,221,167	\$ 24,221,992	\$ 3,291,646	\$ 43,958,154

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Meldahl Hydroelectric
Project Revenue Bonds, Series 2010C, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee				
	Total	Bond Payment Account	Capitalized Interest Tracking Subaccount	Capitalized Interest Subaccount	Special Reserv Account
Fund balances as of December 31, 2011	\$ 2,499,048	\$ 38	\$ 304,008	\$ 1,764,887	\$ 430,115
Receipts					
Transfer in	613,670	613,670	-	-	-
Investment gain	54,268	18	5,679	(1)	48,572
Build America Bond subsidy receipts	756,000	756,000	-	-	-
Interest and dividends on investments	46,481	92	37	46,301	51
Total receipts	1,470,419	1,369,780	5,716	46,300	48,623
Disbursements					
Debt service payments	(1,369,800)	(1,369,800)	-	-	-
Transfer out	(913,670)	-	-	(613,670)	-
Loss on investments	(64,495)	(18)	(1,776)	(36,578)	(26,123)
Total disbursements	(2,347,965)	(1,369,818)	(1,776)	(650,248)	(26,123)
Amortization	22,113	-	(5,868)	75,250	(47,269)
Accrued income	15,979	-	-	15,979	-
Fund balance as of December 31, 2012	\$ 1,659,594	\$ -	\$ 302,080	\$ 1,252,168	\$ 405,346

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Meldahl Hydroelectric
Project Revenue Bonds, Series 2010D, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee			
	Total	Bond Payment Account	Capitalized Interest Tracking Subaccount	Capitalized Interest Subaccount
Fund balances as of December 31, 2011	\$ 756,257	\$ -	\$ 110,865	\$ 645,392
Receipts				
Transfer in	234,273	228,491	-	5,782
Interest and dividends on investments	17,003	9	13	16,981
Investment gain	2,063	7	2,056	-
Total receipts	253,339	228,507	2,069	22,763
Disbursements				
Debt service payment	(228,500)	(228,500)	-	-
Transfer out	(222,193)	-	-	(222,193)
Loss on investments	(14,058)	(7)	(643)	(13,408)
Total disbursements	(464,751)	(228,507)	(643)	(235,601)
Amortization	8,029	-	(2,123)	10,152
Accrued income	5,866	-	-	5,866
Fund balance as of December 31, 2012	\$ 558,740	\$ -	\$ 110,168	\$ 448,572

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Meldahl Hydroelectric
Project Revenue Bonds, Series 2010E, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee					Acquisition and Construction Account
	Total	Bond Fund	Capitalized Interest Tracking Subaccount	Capitalized Interest Subaccount	Special Reserve Account	
Fund balances as of December 31, 2011	\$ 314,748,791	\$ -	\$ 5,785,801	\$ 50,648,160	\$ 3,403,683	\$ 254,911,147
Receipts						
Build America Bond subsidy receipts	6,583,500	6,583,500	-	-	-	-
Transfer in	12,589,330	12,225,693	-	363,637	-	-
Interest and dividends on investments	7,864,309	807	-	1,291,361	498	6,571,643
Investment gain	536,306	148	112,742	-	423,416	-
Total receipts	27,573,445	18,810,148	112,742	1,654,998	423,914	6,571,643
Disbursements						
Debt service payments	(18,810,000)	(18,810,000)	-	-	-	-
Transfer out	(11,829,584)	-	-	(11,829,584)	-	-
Capital expenditures	(59,850,678)	-	-	-	-	(59,850,678)
Loss on investments	(5,882,444)	(148)	(35,502)	(991,550)	(227,617)	(4,627,627)
Total disbursements	(96,372,706)	(18,810,148)	(35,502)	(12,821,134)	(227,617)	(64,478,305)
Amortization	1,859,272	-	(117,235)	(222,694)	(410,173)	2,609,374
Accrued income	1,559,158	-	-	441,868	-	1,117,290
Fund balance as of December 31, 2012	\$ 249,367,960	\$ -	\$ 5,745,806	\$ 39,701,198	\$ 3,189,807	\$ 200,731,149

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the Meldahl Hydroelectric
Project Revenue Bonds, Series 2011A, Funds and Accounts
Year Ended December 31, 2012

	<u>Funds Held by Trustee</u>	
	<u>Total</u>	<u>Bond Fund</u>
Fund balances as of December 31, 2011	\$ -	\$ -
Receipts		
Transfer in	<u>1,618,163</u>	<u>1,618,163</u>
Total receipts	1,618,163	1,618,163
Disbursements		
Debt service payments	<u>(1,618,163)</u>	<u>(1,618,163)</u>
Total disbursements	<u>(1,618,163)</u>	<u>(1,618,163)</u>
Fund balance as of December 31, 2012	<u>\$ -</u>	<u>\$ -</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the AMP Fremont Energy Center
Revenue Bonds Parity Reserve Funds
Year Ended December 31, 2012

	<u>Funds Held by Trustee</u>	
	<u>Total</u>	<u>Bond Fund</u>
Fund balances as of December 31, 2011	\$ -	\$ -
Receipts		
Transfer in	34,521,079	34,521,079
Interest and dividends on investments	816	816
Investment gain	<u>1,229,518</u>	<u>1,229,518</u>
Total receipts	35,751,413	35,751,413
Disbursements		
Loss on investments	<u>(1,183,762)</u>	<u>(1,183,762)</u>
Total disbursements	(1,183,762)	(1,183,762)
Amortization	426,815	429,815
Accrued income	<u>183</u>	<u>183</u>
Fund balance as of December 31, 2012	<u>\$ 34,994,649</u>	<u>\$ 34,997,649</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the AMP Fremont Energy Center
Revenue Bonds, Series 2012A, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee			
	Total	Bond Fund	Interest Fund Account	Cost of Issuance Account
Fund balances as of December 31, 2011	\$ -	\$ -	\$ -	\$ -
Receipts				
Bond proceeds	20,540,000	20,540,000	-	-
AMP Req. Ops	78,917,984	78,917,984	-	-
Transfer in	264,969	-	144,417	120,552
Interest and dividends on investments	32	-	32	-
Investment gain	97	-	97	-
Total receipts	<u>99,723,082</u>	<u>99,457,984</u>	<u>144,546</u>	<u>120,552</u>
Disbursements				
Transfer out	(19,734,325)	(19,734,325)	-	-
Draws	(79,838,946)	(79,723,659)	-	(115,287)
Loss on investments	(1)	-	(1)	-
Total disbursements	<u>(99,573,272)</u>	<u>(99,457,984)</u>	<u>(1)</u>	<u>(115,287)</u>
Amortization	183	-	-	-
Fund balance as of December 31, 2012	<u>\$ 149,810</u>	<u>\$ -</u>	<u>\$ 144,545</u>	<u>\$ 5,265</u>

American Municipal Power, Inc.
Schedule of Receipts and Disbursements of the AMP Fremont Energy Center Revenue
Bonds, Series 2012B, Funds and Accounts
Year Ended December 31, 2012

	Funds Held by Trustee				
	Total	Bond Fund	Interest Fund Account	Construction Fund Account	Cost of Issuance Account
Fund balances as of December 31, 2011	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts					
Bond proceeds	572,065,022	572,065,022	-	-	-
Transfer in	24,277,338	-	13,170,947	7,000,000	4,106,391
Interest and dividends on investments	11,460	-	3,004	8,452	4
Investment gain	12,530	-	8,907	3,623	-
Total receipts	<u>596,366,350</u>	<u>572,065,022</u>	<u>13,182,858</u>	<u>7,012,075</u>	<u>4,106,395</u>
Disbursements					
Debt service payments	-	-	-	-	-
Transfer out	(44,329,022)	(44,329,022)	-	-	-
Draws	(533,830,545)	(527,736,000)	-	(2,000,000)	(4,094,545)
Loss on investments	(2,261)	-	(136)	(2,125)	-
Total disbursements	<u>(578,161,828)</u>	<u>(572,065,022)</u>	<u>(136)</u>	<u>(2,002,125)</u>	<u>(4,094,545)</u>
Fund balance as of December 31, 2012	<u>\$ 18,204,522</u>	<u>\$ -</u>	<u>\$ 13,182,722</u>	<u>\$ 5,009,950</u>	<u>\$ 11,850</u>