

# **American Municipal Power, Inc.**

**Consolidated Financial Statements and  
Supplementary Information  
December 31, 2013 and 2012**

# American Municipal Power, Inc.

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December 31, 2013 and 2012

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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, 2013 and 2012, 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, 2013 and 2012, 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 28, 2014

**American Municipal Power, Inc.**  
**Consolidated Balance Sheets**  
**December 31, 2013 and 2012**

	2013	2012
<b>Assets</b>		
Utility plant		
Electric plant in service	\$ 1,936,036,112	\$ 1,934,087,487
Accumulated depreciation	(100,754,040)	(47,243,734)
Total utility plant	<u>1,835,282,072</u>	<u>1,886,843,753</u>
Nonutility property and equipment		
Nonutility property and equipment	24,167,606	21,155,390
Accumulated depreciation	(9,528,647)	(6,946,820)
Total nonutility property and equipment	<u>14,638,959</u>	<u>14,208,570</u>
Construction work-in-progress	1,727,721,974	1,294,410,938
Plant held for future use	34,881,075	34,881,075
Coal reserves	25,506,676	26,089,599
Trustee funds and other assets		
Trustee funds	996,326,349	1,376,534,679
Financing receivables - members	24,893,008	30,958,138
Note receivable	3,075,000	3,075,000
Regulatory assets	284,446,708	194,716,465
Prepaid pension costs	1,659,693	2,357,710
Intangible and other assets, net of accumulated amortization of \$18,811,092 and \$14,328,100, respectively	79,696,822	78,748,806
Total trustee funds and other assets	<u>1,390,097,580</u>	<u>1,686,390,798</u>
Current assets		
Cash and cash equivalents	44,668,388	65,226,463
Cash and cash equivalents - restricted	40,662,081	48,007,847
Trustee funds	339,425,325	474,041,248
Investments	14,347,943	14,705,591
Collateral postings	18,038,979	21,308,300
Accounts receivable	77,963,509	74,638,711
Interest receivable	33,864,812	37,400,314
Financing receivables - members	10,488,231	9,708,525
Inventories	8,852,549	6,192,734
Regulatory assets	3,939,809	4,690,756
Prepaid expenses and other assets	6,952,080	8,871,938
Total current assets	<u>599,203,706</u>	<u>764,792,427</u>
Total assets	<u>\$ 5,627,332,042</u>	<u>\$ 5,707,617,160</u>

**American Municipal Power, Inc.**  
**Consolidated Balance Sheets**  
**December 31, 2013 and 2012**

	2013	2012
<b>Equities and Liabilities</b>		
Member and patron equities		
Contributed capital	\$ 806,248	\$ 801,208
Patronage capital	58,412,402	53,133,603
Total member and patron equities	<u>59,218,650</u>	<u>53,934,811</u>
Long-term debt		
Term debt	4,950,774,240	4,992,772,776
Term debt on behalf of members	5,160,000	6,347,000
Term debt on behalf of Central Virginia Electric Cooperative	23,625,000	24,479,167
Revolving credit loan	190,000,000	184,000,000
Total long-term debt	<u>5,169,559,240</u>	<u>5,207,598,943</u>
Current liabilities		
Accounts payable	102,664,393	98,627,596
Accrued postretirement benefits	750,000	750,000
Accrued interest	115,712,590	120,705,475
Term debt	44,134,412	98,992,412
Term debt on behalf of members	13,347,000	16,468,000
Term debt on behalf of Central Virginia Electric Cooperative	854,167	520,833
Regulatory liabilities	1,116,701	6,202,941
Other liabilities	11,161,063	15,570,639
Total current liabilities	<u>289,740,326</u>	<u>357,837,896</u>
Other noncurrent liabilities		
Accrued postretirement benefits	4,341,068	5,082,764
Deferred gain on sale of real estate	1,276,789	1,276,789
Other liabilities	27,052,175	6,347,903
Asset retirement obligations	7,669,336	8,776,496
Regulatory liabilities	68,474,458	66,761,558
Total other noncurrent liabilities	<u>108,813,826</u>	<u>88,245,510</u>
Total liabilities	<u>5,568,113,392</u>	<u>5,653,682,349</u>
Total equities and liabilities	<u>\$ 5,627,332,042</u>	<u>\$ 5,707,617,160</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, 2013 and 2012**

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	2013	2012
<b>Revenues</b>		
Electric revenue	\$ 953,077,162	\$ 797,996,283
Service fees	9,648,054	6,697,162
Programs and other	19,769,641	19,042,794
Total revenues	<u>982,494,857</u>	<u>823,736,239</u>
<b>Operating expenses</b>		
Purchased electric power	610,212,025	555,589,498
Production	66,589,310	36,190,145
Fuel	113,312,952	118,934,119
Depreciation and amortization	57,578,445	38,748,939
Administrative and general	9,829,551	6,343,378
Property and real estate taxes	3,561,677	1,667,407
Programs and other	18,714,669	17,386,909
Total operating expenses	<u>879,798,629</u>	<u>774,860,395</u>
Operating margin	102,696,228	48,875,844
<b>Nonoperating revenues (expenses)</b>		
Interest expense	(118,680,542)	(60,467,853)
Interest income, subsidy	13,550,548	6,226,152
Interest income, other	6,017,591	7,125,095
Other, net	1,694,974	151,381
Total nonoperating expenses	<u>(97,417,429)</u>	<u>(46,965,225)</u>
Net margin	<u>\$ 5,278,799</u>	<u>\$ 1,910,619</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, 2013 and 2012**

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	<b>Contributed Capital</b>	<b>Patronage Capital</b>	<b>Total</b>
<b>Balances, December 31, 2011</b>	\$ 801,208	\$ 51,222,984	\$ 52,024,192
Net margin	-	1,910,619	1,910,619
<b>Balances, December 31, 2012</b>	801,208	53,133,603	53,934,811
Capital contributions	5,040	-	5,040
Net margin	-	5,278,799	5,278,799
<b>Balances, December 31, 2013</b>	<u>\$ 806,248</u>	<u>\$ 58,412,402</u>	<u>\$ 59,218,650</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, 2013 and 2012**

	2013	2012
<b>Cash flows from operating activities</b>		
Net margin	\$ 5,278,799	\$ 1,910,619
Adjustments to reconcile net margin to net cash (used in) provided by operating activities		
Depreciation and amortization	56,993,776	36,849,647
Depletion of coal reserves	582,923	522,401
Amortization of deferred financing costs	3,718,587	3,644,541
Amortization of bond premium, net of amortization of bond discount	(2,414,124)	(2,588,118)
Accretion of interest on asset retirement obligations	207,196	12,124
Loss on disposal of property and equipment	378,963	1,429,131
Unrealized loss on natural gas swaps	17,951,882	434,920
Unrealized gain on investments	(1,724,964)	(1,140,571)
Changes in assets and liabilities		
Collateral postings	3,269,321	5,978,867
Accounts receivable	(3,324,798)	(9,334,711)
Interest receivable	(314,916)	(5,762,281)
Inventories	(2,659,815)	2,456,774
Prepaid expenses and other assets	1,094,605	(1,180,045)
Regulatory assets and liabilities, net	(92,352,636)	(24,273,658)
Prepaid power purchase asset	-	57,914,220
Accounts payable	3,507,802	1,924,776
Accrued postretirement benefits	(43,679)	(759,420)
Accrued interest	(4,997,355)	46,542,803
Asset retirement obligations	(2,226,902)	(2,378,560)
Other liabilities	(1,657,186)	10,258,546
Net cash (used in) provided by operating activities	<u>(18,732,521)</u>	<u>122,462,005</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	1,325,692,524	1,565,361,282
Purchase of investments	(808,785,659)	(1,115,109,788)
Purchase of utility property and equipment	(2,387,223)	(1,540,252)
Sale of utility property and equipment	420,893	30,882,700
Purchase of nonutility property and equipment	(212,799)	(908,898)
Purchase of construction work-in-progress	(434,824,780)	(558,998,981)
Change in restricted cash and cash equivalents	7,345,766	1,482,250
Net cash provided by (used in) investing activities	<u>87,248,722</u>	<u>(78,831,687)</u>

**American Municipal Power, Inc.**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2013 and 2012**

	2013	2012
<b>Cash flows from financing activities</b>		
Proceeds from revolving credit loan	75,000,000	360,820,817
Payments on revolving credit loan	(69,000,000)	(928,820,817)
Cost of issuance and remarketing of debt	(1,093,495)	(6,461,631)
Principal payments on term debt	(108,197,412)	(101,719,620)
Proceeds from issuance of term debt	13,755,000	605,052,022
Principal payments on term debt on behalf of members	(16,476,000)	(28,109,000)
Proceeds from issuance of term debt on behalf of members	12,168,000	15,306,000
Proceeds from issuance of term debt on behalf of Central Virginia Electric Cooperative	-	25,000,000
Principal payments on term debt on behalf of Central Virginia Electric Cooperative	(520,833)	-
Proceeds from financing receivables - members	9,708,525	14,930,186
Funding of financing receivables - members	(4,423,101)	(4,883,743)
Capital contributions	5,040	-
Net cash used in financing activities	<u>(89,074,276)</u>	<u>(48,885,786)</u>
Net change in cash and cash equivalents	(20,558,075)	(5,255,468)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>65,226,463</u>	<u>70,481,931</u>
End of year	<u>\$ 44,668,388</u>	<u>\$ 65,226,463</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	\$ 127,399,763	\$ 19,665,271
<b>Supplemental disclosure of noncash investing and financing activities</b>		
Capital expenditures included in accounts payable	34,825,632	38,722,527
Capital expenditures included in accrued interest, net of interest receivable	43,178,201	39,323,313

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

# American Municipal Power, Inc.

## Notes to Consolidated Financial Statements

### December 31, 2013 and 2012

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#### 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. As AMP derives its income from the exercise of an essential government function and will accrue to a state or a political subdivision thereof; AMP's income is excludable from gross income under IRC Section 115. AMP is a membership organization comprised of 83 municipalities throughout Ohio, two municipalities in West Virginia, 29 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.

# American Municipal Power, Inc.

## Notes to Consolidated Financial Statements

### December 31, 2013 and 2012

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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 was unable to obtain the necessary financial information from the limited liability companies to calculate the expected losses in accordance with the Financial Accounting Standards Board ("FASB") standard for consolidation of variable interest entities. AMP does not have an equity interest in these limited liability companies. Power purchases from these companies for the years ended December 31, 2013 and 2012, were approximately \$14,489,479 and \$10,765,270, respectively. Management does not believe that the amount of these purchases is material to its operations.

#### 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, 2013 and 2012 was \$53,647,544 and \$33,470,822, 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, 2013 and 2012 was \$2,581,827 and \$2,614,420 respectively.

**American Municipal Power, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2013 and 2012**

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**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 of land included in the construction work-in-progress account at both December 31, 2013 and 2012. There is \$318,784,919 and \$215,298,847 of capitalized interest included in the construction work-in-progress account at December 31, 2013 and 2012, respectively. AMP capitalized interest costs in the amount of \$103,486,072 and \$131,042,408 for the years ended December 31, 2013 and 2012, respectively.

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

	<b>2013</b>	<b>2012</b>
Prairie State Energy Campus	\$ 14,637,072	\$ 7,019,021
Hydro Plants	1,706,139,241	1,281,644,260
AMP Fremont Energy Center	6,101,912	4,405,066
Other	843,749	1,342,591
	<u>\$1,727,721,974</u>	<u>\$1,294,410,938</u>

**Jointly-Owned Utility Plant**

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 variable operating expenses are divided on an owner's percentage of dispatched power and fixed operating expenses are allocated by project ownership 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:

	<b>2013</b>	<b>2012</b>
Utility plant in service	\$ 1,125,139,036	\$ 1,122,075,507
Construction work-in-progress	14,637,072	7,019,021
AMP's ownership share	23.26%	23.26%

AMP's ownership interest in PSEC includes an interest in nearby coal reserves, valued at \$25,506,676 and \$26,089,599 (net of depletion) as of December 31, 2013 and 2012, respectively.

**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.

# American Municipal Power, Inc.

## Notes to Consolidated Financial Statements

### December 31, 2013 and 2012

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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, 2013, 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, 2013, AMP has a regulatory asset of \$98,118,210 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, 2013 and 2012

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#### **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. Gross unrealized holding gains at December 31, 2013 and 2012 were \$1,482,612 and \$0, respectively. Gross unrealized holding gains and losses are included in other income in the consolidated statements of revenues and expenses. 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, 2013 and 2012, AMP has included \$0 and \$464,274 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. On February 1, 2013, AMP made a payment for the remaining balance on the Electricity Purchase Revenue Bonds, thereby retiring this debt as of that date.

#### **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, 2013 and 2012 were \$242,352 and \$1,140,571, 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.

# American Municipal Power, Inc.

## Notes to Consolidated Financial Statements

### December 31, 2013 and 2012

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#### **Intangible and Other Assets**

Intangible and other assets include deferred financing costs and contractual valuations. 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 \$3,718,587 and \$3,644,541 for the years ended December 31, 2013 and 2012, respectively.

In 2011, American Municipal Power Inc. entered into an asset purchase agreement with FirstEnergy Generation Corporation for the acquisition of the AMP Fremont Energy Center ("AFEC") and acquired all assigned contracts and permits relating to that facility. AFEC is a 707 MW natural gas fired combined cycle generation plant located in the city of Fremont, Ohio. On January 21, 2012, AFEC began commercial operation. 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.

Included in the approximately \$596 million investment for the AFEC project, were two interconnections contracts for off-site facilities: 1) electric interconnections and other necessary improvements to the electric grid, and the legal rights and contractual terms associated with them and 2) water/waste water interconnections and other necessary improvements to the City of Fremont's water and waste water systems, and the legal rights and contractual terms associated with them. At the time of the acquisition, these interconnection contracts were recorded as part of the utility plant. During 2013, the balance related to these contracts totaled \$28,665,190. Associated accumulated amortization was \$1,528,810 and \$764,405 for the year ended December 31, 2013 and 2012, respectively, which was transferred to intangible and other assets. The 2012 balance sheet was also reclassified to reflect this change in presentation. The useful life of these contracts approximates the useful life of the utility plant, and as such, there was no income statement impact related to this reclassification.

#### **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, 2013 and 2012, 8.0% and 7.5% 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.



# American Municipal Power, Inc.

## Notes to Consolidated Financial Statements

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#### **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, 2013 and 2012, 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 also has collateral posted to Midwest Independent Transmission System Operator, Inc. ("MISO") for the ability to participate in auctions for future transmission rights. 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.

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 \$67,526,559 and \$57,028,353 during the years ended December 31, 2013 and 2012, 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

# American Municipal Power, Inc.

## Notes to Consolidated Financial Statements

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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. As AMP derives its income from the exercise of an essential government function and will accrue to a state or a political subdivision thereof; AMP's income is excludable from gross income under IRC Section 115. For the years ended December 31, 2013 and 2012, 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.

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, 2013.

#### **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.

# American Municipal Power, Inc.

## Notes to Consolidated Financial Statements

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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'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 interest rate swap agreements which are carried at their fair value on the consolidated balance sheets. The fair value of the swaps was \$(272,908) and \$(2,572,389) and at December 31, 2013 and 2012, respectively, and is included in other liabilities. A corresponding regulatory asset has been recorded equal to the unrealized loss.

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 2023. 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. Notional amounts under contracts were \$222,617,133 and \$155,120,734 for December 31, 2013 and 2012, respectively.

On the short term agreements, there was an unrealized loss of \$415,215 at December 31, 2013 and \$411,350 at December 31, 2012, which is included in other liabilities. On the long-term agreements, there was an unrealized loss of \$17,971,587 at December 31, 2013 and \$23,570 at December 31, 2012 which is included in other liabilities. A net loss of \$18,386,802 and \$434,920 was recognized in fuel on AMP's consolidated statements of revenues and expenses for the years ending December 31, 2013 and 2012, respectively. A corresponding regulatory asset has been recorded equal to the unrealized loss.

#### **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.

**American Municipal Power, Inc.**  
**Notes to Consolidated Financial Statements**  
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**Presentation**

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

**Recently Issued Accounting Pronouncements**

New accounting pronouncements not yet effective, are not expected to have a material effect on AMP's consolidated financial statements.

**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. As of December 31, 2013, AMP has met the \$15,000,000 requirement.

**4. Utility Plant**

Utility plant cost consists of the following at December 31:

	<b>2013</b>	<b>2012</b>
Land	\$ 44,258,492	\$ 42,285,426
Production plant	1,571,194,573	1,589,226,880
Station equipment	23,911,140	23,640,436
Transmission plant	114,178,648	126,720,853
General plant	182,493,259	180,879,082
	<u>\$ 1,936,036,112</u>	<u>\$ 1,962,752,677</u>

**American Municipal Power, Inc.**  
**Notes to Consolidated Financial Statements**  
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**5. Nonutility Property and Equipment**

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

	<b>2013</b>	<b>2012</b>
Land	\$ 1,476,592	\$ 1,476,592
Building	8,960,708	8,742,581
Furniture and equipment	545,343	552,307
Computer software	11,583,372	8,880,700
Vehicles	1,601,591	1,503,210
	<u>\$ 24,167,606</u>	<u>\$ 21,155,390</u>

**American Municipal Power, Inc.**  
**Notes to Consolidated Financial Statements**  
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**6. Regulatory Assets and Liabilities**

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

	<b>2013</b>	<b>2012</b>
<b>Regulatory assets</b>		
Asset retirement costs	\$ 4,087,078	\$ 7,478,256
Projects on behalf of	3,524,594	2,081,769
Debt service costs (a)	181,985,560	135,876,126
Operating and maintenance expenditures (b)	9,901,147	1,545,692
Fair value of derivative instruments	18,659,710	3,007,309
Rate stabilization programs	44,077,024	28,345,762
Pension and postretirement healthcare plan obligations	9,513,894	10,249,249
Interest rate lock expense	5,422,092	5,362,049
Closure of Gorsuch Project costs	11,102,698	5,008,863
Other	112,720	452,146
	<u>288,386,517</u>	<u>199,407,221</u>
Total regulatory assets		
Current portion	(3,939,809)	(4,690,756)
Noncurrent portion	<u>\$ 284,446,708</u>	<u>\$ 194,716,465</u>
<b>Regulatory liabilities</b>		
Capital improvement expenditures	\$ 826,907	\$ 984,538
Debt service costs (a)	42,467,775	40,998,558
Operating and maintenance expenditures (b)	4,641,386	4,704,228
Working capital expenditures	14,944,588	14,944,588
Rate stabilization programs	3,142,328	2,014,016
Gains on early termination of power purchase contracts	2,445,556	3,075,446
Power purchases	-	5,527,829
Other	1,122,619	715,296
	<u>69,591,159</u>	<u>72,964,499</u>
Total regulatory liabilities		
Current portion	(1,116,701)	(6,202,941)
Noncurrent portion	<u>\$ 68,474,458</u>	<u>\$ 66,761,558</u>

- (a) Debt service costs – Represents over or under recovery of depreciation expenses principally related to power received from the AFEC and PSEC generating assets. When the project expenses recorded in the consolidated statements of revenues and expenses exceed the billings, a regulatory asset is created. When the project expenses recorded in the consolidated statements of revenues and expenses are lower than the billings, a regulatory liability is created.
- (b) Operating and maintenance expenditures – Represents over (under) collection of operating and maintenance expenditures principally related to power received from the AFEC and PSEC generating assets.

**American Municipal Power, Inc.**  
**Notes to Consolidated Financial Statements**  
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**7. Restricted Cash**

Restricted cash consists of the following at December 31:

	<b>2013</b>	<b>2012</b>
Cash from issuance of bond anticipation notes on behalf of members	\$ -	\$ 1,278,845
Contractual restrictions	635,138	5,351,968
Collateral deposits	<u>40,026,943</u>	<u>41,377,034</u>
	<u>\$ 40,662,081</u>	<u>\$ 48,007,847</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, 2013 and 2012 was \$4,751,598 and \$3,825,977, 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, 2013 and 2012 was \$18,126,735 and \$18,079,638, 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, 2013 and 2012, OMEGA JV5 had \$76,345,000 and \$81,450,000, 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, 2013 and 2012 were \$4,225,152 and \$7,006,883, respectively.

For each of the years ended December 31, 2013 and 2012, AMP made contributions of \$252,000 to OMEA.

At December 31, 2013, accounts receivable and accounts payable include \$578,328 and \$1,936,583, respectively, of amounts due from/to affiliates. At December 31, 2012, accounts receivable and accounts payable include \$395,807 and \$1,387,940, respectively, of amounts due from/to affiliates.

# American Municipal Power, Inc.

## Notes to Consolidated Financial Statements

### December 31, 2013 and 2012

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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; and Bank of Montreal. The Facility allows AMP to obtain loans with different interest rates and terms and letters of credit. AMP's base borrowing capacity under the Facility is \$750,000,000, with an accordion feature to expand to \$1 billion. At December 31, 2013, AMP had \$190,000,000 outstanding under the Facility and the effective interest rate was 1.0625%. At December 31, 2012, AMP had \$184,000,000 outstanding under the Facility and the effective interest rate was 1.125%.

On December 30, 2013, AMP amended the 2012 revolving credit facility. AMP elected to amend the 2012 revolving credit facility to i) extend the expiration date one additional year to January 10, 2019 and ii) AMP can use the facility to pay for The Energy Authority ("TEA") obligations, initial capital contribution, one-time membership fee and obligations under the TEA Electric Advance Documents in an aggregate amount not to exceed \$40,000,000 and obligations under the TEA Natural Gas Advance Documents in an aggregate amount not to exceed \$15,000,000.

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 exceeding \$500,000 in any year or \$1,000,000 for all periods; 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 \$35,000,000 or ii) other unsecured indebtedness up to \$25,000,000; 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.

##### 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:

	2013	2012
AMP project note due in October 2014 with interest at 1.00% both at December 31, 2013 and 2012, payable at maturity	\$ 13,755,000	\$ 13,553,000
AMP Multi-mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006	-	9,930,000
AMP Electricity Purchase Revenue Bonds Prepayment Issue, Series 2007A	-	63,505,000
Unamortized premium on Electricity Purchase Revenue Bonds, Series 2007A	-	114,829
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2008A	750,295,000	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	74,225,000	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	(10,166,248)	(10,798,821)
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	5,010,899	5,970,785
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009D	15,952,941	17,282,353
Unamortized discount on AMP Combined Hydroelectric Project Revenue Bonds, Series 2009D	(2,236,363)	(2,423,377)
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	(667,712)	(711,508)
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	185,482	211,515
AMP Fremont Energy Center Revenue Bonds, Series 2012A	20,540,000	20,540,000
AMP Fremont Energy Center Revenue Bonds, Series 2012B	525,545,000	525,545,000
Unamortized premium on AMP Fremont Energy Center Revenue Bonds, Series 2012B	42,144,653	44,321,412
	<u>\$ 4,994,908,652</u>	<u>\$ 5,091,765,188</u>
Current portion	(44,134,412)	(98,992,412)
Noncurrent portion	<u>\$ 4,950,774,240</u>	<u>\$ 4,992,772,776</u>

# American Municipal Power, Inc.

## Notes to Consolidated Financial Statements

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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 were scheduled to 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.

The Combustion Turbine Bonds are subject to optional redemption, in whole on any date or in part on the first business day of any month, at a redemption price of par, plus accrued interest to the date of redemption.

On September 25, 2013 the AMP Board passed resolution 13-09-3513 authorizing to redeem \$9,205,000 of outstanding Combustion Turbine Bonds, to terminate the swap agreement, to repay debt and to place the remaining debt on the Facility. The interest rate swap agreement was terminated on October 2, 2013 with a payment to KeyBank in the amount of \$1,073,200. On November 1, 2013 AMP redeemed all of the \$9,205,000 Combustion Turbine Bonds then outstanding from monies credited to the related funds in the Combustion Turbine Fund and a draw on the Facility. The resulting financing receivable had been reduced to \$6,411,398 on November 1, 2013. AMP will continue to collect debt service from the Combustion Turbine financing participants until the draw on the facility is paid in full. As of December 31, 2013 \$6,326,384 remains on the Facility.

#### ***Electricity Purchase Revenue Bonds (non-recourse)***

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

***Build America Bonds and New Clean Renewable Energy Bonds***

The IRS announced that as of March 1, 2013, the federal government mandated sequester that has impacted federal government spending would be applied to direct credit subsidy payments. This applied to Build America Bonds (“BABs”) and New Clean Renewable Energy Bonds (“New CREBs”) previously issued by AMP. The direct subsidy for August 15, 2013 interest payments was reduced by 8.7% or \$3,286,920 (approximately \$634,156 relates to projects in service and \$2,652,764 to projects under construction). In October 2013 AMP was notified by the IRS that the federal subsidy payments to issuers of BABs and CREBs will be cut by 7.2% in fiscal year 2014. This means that the total direct subsidy for 2014 interest payments will be reduced by a total of \$5,046,896 (approximately \$1,049,638 relates to projects in service and \$4,390,781 to projects under construction). AMP also has received a notice from the IRS that in December 2013, the sequestration will be extended through 2024.

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***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, 2013 are as follows:

<b>February 15</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
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>\$750,295,000</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.

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:

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<b>Year</b>	<b>Principal Amount</b>
2029	\$ 35,460,000
2030	37,240,000
2031	39,110,000
	<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:

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

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

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:

<b>Year</b>	<b>Principal Amount</b>
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>

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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.

The PSEC 2009A Bonds outstanding at December 31, 2013 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.

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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.

<b>Year</b>	<b>Principal Amount</b>
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>

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:

<b>Year</b>	<b>Principal Amount</b>
2037	\$ 7,615,000
2038	8,055,000
2039	14,000,000
	<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.

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The PSEC 2009B Bonds outstanding at December 31, 2013 are as follows:

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
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	16,650,000	5.803 %
	<u>\$ 74,225,000</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:

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

<b>Year</b>	<b>Principal Amount</b>
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:

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



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***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.

The PSEC 2009C Bonds outstanding at December 31, 2013 are as follows:

<b>Maturity Date - February 15</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
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:

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

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

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

<b>Year</b>	<b>Principal Amount</b>
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:

<b>Year</b>	<b>Principal Amount</b>
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>

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

<b>Year</b>	<b>Principal Amount</b>
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.

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:

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

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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.

***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, 2013 are as follows:

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

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**Hydro 2009B Bonds**

The Hydro 2009B Bonds outstanding at December 31, 2013 are as follows:

<b>Maturity Date - February 15</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
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	308,370,000	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.

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:

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

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

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

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

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

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

<b>Year</b>	<b>Principal Amount</b>
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	32,005,000
	<u>\$ 308,370,000</u>

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***Hydro 2009C Bonds***

The Hydro 2009C Bonds outstanding at December 31, 2013 are as follows:

<b>Maturity Date - February 15</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
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	2,105,000	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 CREBs 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.

***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.

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***Hydro 2010A Bonds***

The Hydro 2010A Bonds outstanding at December 31, 2013 are as follows:

<b>Maturity Date - February 15</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
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	75,490,000	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.

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

***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, 2013 are as follows:

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



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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:

<b>Year</b>	<b>Principal Amount</b>
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	47,035,000
	<u>\$ 324,130,000</u>

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

<b>Year</b>	<b>Principal Amount</b>
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	118,470,000
	<u>\$ 785,865,000</u>

***Hydro 2010C Bonds***

The Hydro 2010C Bonds have been designated as 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.

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The Hydro 2010C Bonds outstanding at December 31, 2013 are as follows:

<b>Maturity Date - February 15</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
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.

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:

<b>Year</b>	<b>Principal Amount</b>
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.

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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.

***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, 2013 are as follows:

<b>Maturity Date - February 15</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
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>	

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***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, 2013 are as follows:

<b>Maturity Date - February 15</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2035	\$ 10,000,000	7.000 %
2050	<u>250,000,000</u>	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	20,765,000
	<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, 2015, 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:

<b>Maturity Date - February 15</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
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, 2013 are as follows:

<b>Maturity Date - February 15</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2014	\$ 8,385,000	1.10%
2015	8,475,000	1.50%
2016	3,680,000	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, 2013 were as follows:

<b>Maturity Date - February 15</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
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:

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

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

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

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

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

As of December 31, 2013 and 2012, \$24,479,167 and \$25,000,000 remained as outstanding principal, respectively.

***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:

	<b>2013</b>	<b>2012</b>
AMP Village of Genoa Project Electric System Improvement Bonds, Series 2004	4,370,000	\$ 4,550,000
OMEGA JV6 Adjustable Rate Revenue Bonds, Series 2004	1,969,000	2,959,000
Municipal project notes due on various dates through November 2014 with interest from 0.950% to 1.375% at December 31, 2013 and 1.125% to 1.375% at December 31, 2012	12,168,000	15,306,000
	<u>18,507,000</u>	<u>22,815,000</u>
Current portion	<u>(13,347,000)</u>	<u>(16,468,000)</u>
Noncurrent portion	<u>\$ 5,160,000</u>	<u>\$ 6,347,000</u>

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At December 31, 2013 and 2012, amounts included in accrued interest in the consolidated balance sheets that related to non-recourse notes payable issued on-behalf-of members were \$130,263 and \$146,111, respectively. Interest expense related to non-recourse term debt issued on behalf of members was \$176,292 and \$222,596 for the years ended December 31, 2013 and 2012, respectively.

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

	<b>2013</b>	<b>2012</b>
Financing receivable - OMEGA JV2 members	\$ 15,769,323	\$ 20,030,648
Financing receivable - Wadsworth	4,961,992	5,585,992
Financing receivable - Genoa	3,787,291	3,970,619
Financing receivable - OMEGA JV6 members	1,554,027	2,545,318
Notes receivable - members	9,261,277	8,474,540
Interest receivable	47,329	59,546
	<u>35,381,239</u>	<u>40,666,663</u>
Current portion	(10,488,231)	(9,708,525)
Noncurrent portion	<u>\$ 24,893,008</u>	<u>\$ 30,958,138</u>

Interest income related to financing receivables from members was \$180,090 and \$304,077 for the years ended December 31, 2013 and 2012, 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, 2013 to \$15,769,323, 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

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reduced at December 31, 2013 to \$4,961,992, 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, 2013 are as follows:

<b>Maturity Date - February 15</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2014	185,000	3.50 %
2024	2,435,000	5.25 %
2029	1,750,000	4.625 %
	<u>\$ 4,370,000</u>	

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 1.1x 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.

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The OMEGA JV6 Adjustable Rate Revenue Bonds, Series 2004 (the "OMEGA JV6 Bonds") outstanding at December 31, 2013 are as follows:

<b>Maturity Date - February 15 and August 15</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2014	994,000	0.30 %
2015	975,000	0.30 %
	<u>\$ 1,969,000</u>	

The maturity table assumes a constant interest rate of 0.30%, that was used to calculate the August 15, 2013 and subsequent principal payments.

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:

<b>Years Ending December 31</b>	<b>AMP Debt</b>	<b>On Behalf of Financings</b>
2014	\$ 44,988,579	\$ 13,347,000
2015	50,443,579	1,165,000
2016	63,278,579	200,000
2017	66,093,579	210,000
2018	70,503,579	225,000
Thereafter	4,914,079,924	3,360,000
	<u>\$ 5,209,387,819</u>	<u>\$ 18,507,000</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:

	<b>2013</b>	<b>2012</b>
Combustion Turbine Bonds	\$ -	\$ 1,048,732
Electricity Purchase Revenue Bonds	-	58,990,714
PSEC Parity Common Reserve	115,039,332	114,859,325
PSEC Revenue 2008A Bonds	19,167,151	28,632,990
PSEC Revenue 2009A Bonds	3,600,958	6,045,251
PSEC Revenue 2009B Bonds	14,127,656	10,227,389
PSEC Revenue 2009C Bonds	6,551,556	6,150,611
PSEC Revenue 2010 Bonds	86,178,347	116,906,629
Hydro Parity Common Reserve	106,256,879	105,453,375
Hydro 2009A Bonds	17,324,981	17,944,987
Hydro 2009B Bonds	37,222,133	55,570,420
Hydro 2009C Bonds	10,381,155	15,931,789
Hydro 2009D Bonds	2,832,600	4,084,195
Hydro 2010A Bonds	20,326,453	30,280,477
Hydro 2010B Bonds	575,503,325	828,269,172
Hydro 2010C Bonds	9,909,344	13,283,575
Meldahl Parity Common Reserve	34,327,987	34,124,307
Meldahl 2010A Bonds	6,560,184	10,734,067
Meldahl 2010B Bonds	35,328,689	77,692,959
Meldahl 2010C Bonds	1,388,184	1,959,594
Meldahl 2010D Bonds	351,019	558,740
Meldahl 2010E Bonds	172,833,304	249,367,959
AFEC Parity Common Reserve	35,011,507	34,994,649
AFEC 2012A Bonds	12,801,678	5,158,410
AFEC 2012B Bonds	10,489,165	18,204,522
Genoa Bonds	663,429	662,395
OMEGA JV6 Bonds	417,188	417,233
Rate Stabilization Plans	1,157,470	2,014,016
Energy Control Center	-	1,007,445
	<u>1,335,751,674</u>	<u>1,850,575,927</u>
Current portion	<u>(339,425,325)</u>	<u>(474,041,248)</u>
Noncurrent portion	<u>\$ 996,326,349</u>	<u>\$ 1,376,534,679</u>

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***Combustion Turbine Bonds***

On November 1, 2013, AMP redeemed all of the Combustion Turbine Bonds, thereby retiring this debt as of that date.

The Funds held by the trustee for the Combustion Turbine Bonds at December 31, 2012 are as follows:

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

***Electricity Purchase Revenue Bonds***

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

Funds held by the trustee for the AMP Electricity Purchase Revenue Bonds at December 31, 2012 are as follows:

Bond Fund	\$ 50,585
Revenue Subfund	57,105
Debt Service Account	58,883,024
	<u>58,990,714</u>
Current portion	(58,990,714)
Noncurrent portion	<u>\$ -</u>

***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).



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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, 2013 and 2012 in the Parity Common Reserve Account that secures all the PSEC Bonds are \$115,039,332 and \$114,859,325, respectively.

***PSEC 2008A Bonds***

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

	<b>2013</b>	<b>2012</b>
Bond Fund	\$ 19,167,151	\$ 11,829,301
Costs of Issuance Account	-	649,388
Capitalized Interest Subaccount	-	16,154,301
	<u>19,167,151</u>	<u>28,632,990</u>
Current portion	<u>(19,167,151)</u>	<u>(28,632,990)</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>

***PSEC 2009A Bonds***

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

	<b>2013</b>	<b>2012</b>
Bond Fund	\$ 3,593,993	\$ -
Capitalized Interest Subaccount	6,965	6,045,251
	<u>3,600,958</u>	<u>6,045,251</u>
Current portion	<u>(3,593,993)</u>	<u>(6,045,251)</u>
Noncurrent portion	<u>\$ 6,965</u>	<u>\$ -</u>

***PSEC 2009B Bonds***

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

	<b>2013</b>	<b>2012</b>
Capitalized Interest Subaccount	\$ 18,973	\$ 330,647
Bond Fund	14,108,683	9,844,277
Cost of Issuance Account	-	52,465
	<u>14,127,656</u>	<u>10,227,389</u>
Current portion	<u>(14,108,683)</u>	<u>(10,227,389)</u>
Noncurrent portion	<u>\$ 18,973</u>	<u>\$ -</u>

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***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.

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

	<b>2013</b>	<b>2012</b>
Bond Fund	\$ 6,526,372	\$ -
Capitalized Interest Subaccount	25,184	6,062,181
Cost of Issuance Account	-	88,430
	<u>6,551,556</u>	<u>6,150,611</u>
Current portion	<u>(6,526,372)</u>	<u>(6,150,611)</u>
Noncurrent portion	<u>\$ 25,184</u>	<u>\$ -</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:

	<b>2013</b>	<b>2012</b>
Acquisition and Construction Account	\$ 81,260,270	\$ 112,043,013
Bond Fund	4,879,368	-
Capitalized Interest Subaccount	38,709	4,766,819
Cost of Issuance Account	-	96,797
	<u>86,178,347</u>	<u>116,906,629</u>
Current portion	<u>(4,879,368)</u>	<u>(39)</u>
Noncurrent portion	<u>\$ 81,298,979</u>	<u>\$ 116,906,590</u>

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**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).

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, 2013 and 2012 in the Parity Common Reserve Account that secures all the Hydro Bonds, except the 2009D Hydro Bonds, are \$106,256,879 and \$105,453,375, respectively.

**Hydro 2009A Bonds**

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

	<b>2013</b>	<b>2012</b>
Capitalized Interest Subaccount	\$ 1,238,774	\$ 2,138,839
Principal Account	16,086,207	15,806,148
	<u>17,324,981</u>	<u>17,944,987</u>
Current portion	<u>(16,419,914)</u>	<u>(16,356,090)</u>
Noncurrent portion	<u>\$ 905,067</u>	<u>\$ 1,588,897</u>

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***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:

	<b>2013</b>	<b>2012</b>
Bond Fund	\$ 77	\$ -
Capitalized Interest Tracking Subaccount	16,154,785	20,004,114
Special Reserve Account	5,364,478	5,036,908
Capitalized Interest Subaccount	15,531,598	30,354,116
Cost of Issuance Account	171,195	175,282
	<u>37,222,133</u>	<u>55,570,420</u>
Current portion	<u>(17,891,770)</u>	<u>(27,895,062)</u>
Noncurrent portion	<u>\$ 19,330,363</u>	<u>\$ 27,675,358</u>

***Hydro 2009C Bonds***

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

	<b>2013</b>	<b>2012</b>
Capitalized Interest Tracking Subaccount	\$ 5,187,715	\$ 5,775,781
Special Reserve Account	5,165,672	10,121,800
Cost of Issuance Account	27,768	34,208
	<u>10,381,155</u>	<u>15,931,789</u>
Current portion	<u>(4,553,793)</u>	<u>(6,234,109)</u>
Noncurrent portion	<u>\$ 5,827,362</u>	<u>\$ 9,697,680</u>

***Hydro 2009D Bonds***

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

	<b>2013</b>	<b>2012</b>
Sinking Subaccount	<u>\$ 2,832,600</u>	<u>\$ 4,084,195</u>
Current portion	<u>(2,772,212)</u>	<u>(4,084,195)</u>
Noncurrent portion	<u>\$ 60,388</u>	<u>\$ -</u>

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***Hydro 2010A Bonds***

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

	<b>2013</b>	<b>2012</b>
Acquisition and Construction Account	\$ 3,621,570	\$ 4,193,717
Capitalized Interest Subaccount	16,692,555	26,074,470
Cost of Issuance Account	12,328	12,290
	<u>20,326,453</u>	<u>30,280,477</u>
Current portion	<u>(10,874,403)</u>	<u>(10,874,363)</u>
Noncurrent portion	<u>\$ 9,452,050</u>	<u>\$ 19,406,114</u>

***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:

	<b>2013</b>	<b>2012</b>
Acquisition and Construction Account	\$ 470,696,013	\$ 671,648,461
Bond Fund	60	-
Capitalized Interest Subaccount	64,490,169	117,091,778
Capitalized Interest Tracking Subaccount	27,039,865	26,495,250
Special Reserve Account	13,223,890	12,980,456
Cost of Issuance Account	53,328	53,227
	<u>575,503,325</u>	<u>828,269,172</u>
Current portion	<u>(60,560,137)</u>	<u>(88,974,899)</u>
Noncurrent portion	<u>\$ 514,943,188</u>	<u>\$ 739,294,273</u>

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***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:

	<b>2013</b>	<b>2012</b>
Capitalized Interest Subaccount	\$ 6,228,262	\$ 9,668,285
Capitalized Interest Tracking Subaccount	1,675,650	1,638,312
Special Reserve Account	2,004,045	1,973,624
Bond Fund	32	-
Cost of Issuance Account	1,355	3,354
	<u>9,909,344</u>	<u>13,283,575</u>
Current portion	<u>(3,999,498)</u>	<u>(8,301,328)</u>
Noncurrent portion	<u>\$ 5,909,846</u>	<u>\$ 4,982,247</u>

***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, 2013 and 2012 in the Parity Common Reserve Account that secures all the Meldahl Bonds are \$34,327,987 and \$34,124,307, respectively.

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***Meldahl 2010A Bonds***

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

	<b>2013</b>	<b>2012</b>
Acquisition and Construction Subfund	\$ 3,659,429	\$ 5,791,086
Capitalized Interest Subaccount	2,900,755	4,942,981
	<u>6,560,184</u>	<u>10,734,067</u>
Current portion	<u>(2,304,786)</u>	<u>(2,304,786)</u>
Noncurrent portion	<u>\$ 4,255,398</u>	<u>\$ 8,429,281</u>

***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:

	<b>2013</b>	<b>2012</b>
Acquisition and Construction Account	\$ 13,235,943	\$ 43,958,154
Capitalized Interest Subaccount	12,313,121	24,221,992
Capitalized Interest Tracking Subaccount	6,334,083	6,221,167
Special Reserve Account	3,445,493	3,291,646
Bond Fund	49	-
	<u>35,328,689</u>	<u>77,692,959</u>
Current portion	<u>(13,233,097)</u>	<u>(19,447,500)</u>
Noncurrent portion	<u>\$ 22,095,592</u>	<u>\$ 58,245,459</u>

***Meldahl 2010C Bonds***

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

	<b>2013</b>	<b>2012</b>
Capitalized Interest Tracking Subaccount	\$ 307,548	\$ 302,080
Capitalized Interest Subaccount	658,152	1,252,168
Special Reserve Account	422,479	405,346
Bond Fund	5	-
	<u>1,388,184</u>	<u>1,959,594</u>
Current portion	<u>(679,577)</u>	<u>(1,369,800)</u>
Noncurrent portion	<u>\$ 708,607</u>	<u>\$ 589,794</u>

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***Meldahl 2010D Bonds***

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

	<b>2013</b>	<b>2012</b>
Capitalized Interest Subaccount	\$ 238,869	\$ 448,572
Capitalized Interest Tracking Subaccount	112,150	110,168
	<u>351,019</u>	<u>558,740</u>
Current portion	<u>(228,500)</u>	<u>(228,500)</u>
Noncurrent portion	<u>\$ 122,519</u>	<u>\$ 330,240</u>

***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:

	<b>2013</b>	<b>2012</b>
Acquisition and Construction Account	\$ 135,143,482	\$ 200,731,149
Capitalized Interest Tracking Subaccount	5,854,219	5,745,806
Bond Fund	48	
Special Reserve Account	3,339,017	3,189,807
Capitalized Interest Subaccount	28,496,538	39,701,198
	<u>172,833,304</u>	<u>249,367,960</u>
Current portion	<u>(13,697,383)</u>	<u>(20,419,223)</u>
Noncurrent portion	<u>\$ 159,135,921</u>	<u>\$ 228,948,737</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



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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, 2013 and 2012 in the Parity Common Reserve Account that secures all the AFEC Bonds is \$35,011,507 and \$34,994,649, respectively.

**AFEC 2012A Bonds**

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 AFEC 2012A bonds at December 31 are as follows:

	<b>2013</b>	<b>2012</b>
Interest Fund	\$ 107,202	\$ 144,545
Principal Fund	7,665,019	-
Fuel Hedge Reserve Account	5,029,457	5,008,600
Cost of Issuance Subaccount	-	5,265
	<u>12,801,678</u>	<u>5,158,410</u>
Current portion	<u>(7,772,221)</u>	<u>(149,810)</u>
Noncurrent portion	<u>\$ 5,029,457</u>	<u>\$ 5,008,600</u>

**AFEC 2012B Bonds**

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

	<b>2013</b>	<b>2012</b>
Interest Fund	\$ 10,489,165	\$ 13,182,722
Cost of Issuance Subaccount	-	11,850
Construction Account	-	5,009,950
	<u>10,489,165</u>	<u>18,204,522</u>
Current portion	<u>(10,489,165)</u>	<u>(13,194,571)</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ 5,009,951</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:

	<b>2013</b>	<b>2012</b>
Bond Fund	\$ 259,519	\$ 258,693
Debt Service Reserve Fund	403,910	403,702
	<u>663,429</u>	<u>662,395</u>
Current portion	<u>(259,519)</u>	<u>(258,693)</u>
Noncurrent portion	<u>\$ 403,910</u>	<u>\$ 403,702</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, 2013 and 2012.

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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:

	<b>2013</b>	<b>2012</b>
Bond Payment Fund	\$ 417,188	\$ 417,233
	<u>417,188</u>	<u>417,233</u>
Current portion	(417,188)	(417,233)
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>

Reserve and Contingency Fund amounts held by OMEGA JV6 at December 31, 2013 and 2012 are \$87,092 and \$84,229, respectively. There were no amounts held by AMP for the Rebate Fund or the General Reserve Fund at December 31, 2013 and 2012.

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

	<b>2013</b>	<b>2012</b>
Money market funds	\$ 647,926,317	\$ 587,501,156
Debt securities	687,825,357	1,204,141,163
Guaranteed investment contracts	-	58,933,608
	<u>\$ 1,335,751,674</u>	<u>\$ 1,850,575,927</u>

**American Municipal Power, Inc.**  
**Notes to Consolidated Financial Statements**  
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**11. Fair Value of Financial Instruments**

Financial Instruments	December 31, 2013		December 31, 2012	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
<b>Assets</b>				
Investments	\$ 14,347,943	\$ 14,347,943	\$ 14,705,591	\$ 14,705,591
Trustee funds, AMP	1,334,671,058	1,347,836,408	1,786,251,547	1,837,737,961
Trustee funds on behalf of members	1,080,616	1,080,616	64,324,380	64,324,380
<b>Liabilities</b>				
Fixed rate term debt, including current maturities, AMP	4,994,908,652	5,559,473,052	5,081,835,188	6,167,762,502
Fixed rate term debt, including current maturities, on behalf of members	16,538,000	16,543,923	19,856,000	20,038,509
Fixed rate term debt, including current maturities, on behalf of Central Virginia Electric Cooperative	24,479,167	24,479,167	25,000,000	25,000,000
Variable rate term debt, including current maturities, AMP and on behalf of members	1,969,000	1,969,000	12,889,000	12,889,000
Interest rate swaps	272,908	272,908	2,572,389	2,572,389
Natural gas swaps	18,386,802	18,386,802	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, 2013 and 2012

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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 and natural gas swaps. Interest rate swaps and natural gas 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.

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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, 2013 and 2012. 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, 2013			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Equity securities and mutual funds	\$ 487,349	\$ -	\$ -	\$ 487,349
Money market funds	7,538,485	-	-	7,538,485
Debt securities	-	6,266,450	-	6,266,450
Hedge funds	-	-	55,659	55,659
Total	8,025,834	6,266,450	55,659	14,347,943
<b>Liabilities</b>				
Interest rate swaps	-	272,908	-	272,908
Natural gas swaps	-	18,386,802	-	18,386,802
Total	\$ -	\$ 18,659,710	\$ -	\$ 18,659,710

Recurring Fair Value Measures	December 31, 2012			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
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
<b>Liabilities</b>				
Interest rate swaps	-	2,572,389	-	2,572,389
Natural gas swaps	-	434,920	-	434,920
Total	\$ -	\$ 3,007,309	\$ -	\$ 3,007,309

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 2013:

<b>Balance as of January 1, 2012</b>	\$ 65,014
Unrealized losses	(1,289)
<b>Balance as of December 31, 2012</b>	63,725
Unrealized losses	(8,066)
<b>Balance as of December 31, 2013</b>	<u>\$ 55,659</u>

**12. Asset Retirement Obligations**

Asset retirement obligations consist of the following at December 31:

	<b>2013</b>	<b>2012</b>
<b>Asset retirement obligation, beginning of year</b>	\$ 8,776,496	\$ 9,443,671
Revision to estimated cash flow	(96,817)	38,041
Accretion	207,196	12,124
Liabilities settled	(2,206,950)	(2,416,601)
New asset retirement obligation	989,411	1,699,261
<b>Asset retirement obligation, end of year</b>	<u>\$ 7,669,336</u>	<u>\$ 8,776,496</u>

**13. Employee Benefits**

**Pension Plan**

Effective December 1, 2013, AMP adopted a qualified retirement plan under code section 414(h)(2), commonly referred to as a Money Purchase Pension Plan. AMP employees hired after December 1, 2013 will be on this Money Purchase 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, 2013. 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**

Retirees of the Gorsuch Project receive post-retirement benefits, including health insurance and dental insurance coverage. In 2014, AMP began the process of offering lump sum cash payments to the retirees in lieu of the insurance coverage.

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, 2013 and 2012, \$14,347,943 and \$14,705,591, respectively, of investments in the accompanying consolidated balance sheets are designated to fund Postretirement Plan benefits.

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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	
	2013	2012	2013	2012
<b>Change in benefit obligation</b>				
Benefit obligation at beginning of year	\$ 12,800,978	\$ 14,446,669	\$ 5,832,764	\$ 6,061,638
Service cost	-	48,000	-	21,000
Interest cost	453,519	530,428	137,014	258,263
Actuarial loss	(419,823)	147,811	(174,332)	373,229
Benefits paid	(2,925,993)	(2,371,930)	(704,378)	(881,366)
Benefit obligation at end of year	9,908,681	12,800,978	5,091,068	5,832,764
<b>Change in plan assets</b>				
Fair value of plan assets at beginning of year	15,158,688	16,273,833	-	-
Actual return on plan assets	(664,321)	1,256,785	-	-
Employer contributions	-	-	704,378	881,366
Benefits paid	(2,925,993)	(2,371,930)	(704,378)	(881,366)
Fair value of plan assets at end of year	11,568,374	15,158,688	-	-
<b>Funded status</b>	\$ 1,659,693	\$ 2,357,710	\$(5,091,068)	\$(5,832,764)
<b>Amounts recognized in the consolidated balance sheets</b>				
Prepaid pension costs	\$ 1,659,693	\$ 2,357,710	\$ -	\$ -
Current liabilities	-	-	(750,000)	(750,000)
Noncurrent liabilities	-	-	(4,341,068)	(5,082,764)
Net amount recognized	\$ 1,659,693	\$ 2,357,710	\$(5,091,068)	\$(5,832,764)
<b>Components of net periodic benefit cost</b>				
Service cost	\$ -	\$ 48,000	\$ -	\$ 21,000
Interest cost	453,519	530,428	137,014	258,263
Expected return on plan assets	(1,095,655)	(1,207,029)	-	-
Amortization of transition obligation	-	-	78,600	78,600
Recognized actuarial loss	488,992	583,000	299,000	287,000
Settlement loss	1,034,604	750,408	-	-
Net periodic benefit cost	\$ 881,460	\$ 704,807	\$ 514,614	\$ 644,863
<b>Weighted average assumptions</b>				
Discount rate	4.50%	4.00%	2.50%	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	5.00%	9.25%



**American Municipal Power, Inc.**  
**Notes to Consolidated Financial Statements**  
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AMP has recognized settlement losses during 2013 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 \$1,793,941 and \$1,259,021 for the years ended December 31, 2013 and 2012, respectively, and are included in benefits paid in the pension table.

Amounts included in regulatory assets as of December 31, 2013 that are expected to be recognized as components of net periodic benefit cost during 2014 are:

	<b>Pension Plan</b>	<b>Postretirement Plan</b>
Actuarial loss	\$ 500,000	\$ -
Transition obligation	-	78,600

The accumulated benefit obligation for the Pension Plan was \$9,908,681 and \$12,800,978 at December 31, 2013 and 2012, respectively. The accumulated benefit obligation for the Postretirement Plan was \$5,091,068 and \$5,832,764 at December 31, 2013 and 2012, 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, 2013).

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:

<b>Asset Category</b>	<b>2013</b>	<b>2012</b>
Equity securities	8%	7%
Debt securities	80%	83%
Hedge funds	2%	1%
Cash	10%	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.

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As of December 31, 2013 and 2012 the pension investments measured at fair value were as follows:

	<b>December 31, 2013</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Equity securities and mutual funds	\$ 876,047	\$ -	\$ -	\$ 876,047
Money market funds	1,302,033	-	-	1,302,033
Debt securities	-	9,221,468	-	9,221,468
Hedge funds	-	-	168,826	168,826
	<u>\$ 2,178,080</u>	<u>\$ 9,221,468</u>	<u>\$ 168,826</u>	<u>\$ 11,568,374</u>

	<b>December 31, 2012</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
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>

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 2013:

	<b>Hedge Funds</b>
<b>Balance as of January 1, 2012</b>	\$ 222,198
Unrealized gain	62,377
Withdrawals	(92,612)
<b>Balance as of December 31, 2012</b>	<u>191,963</u>
Unrealized gain	1,761
Withdrawals	(24,898)
<b>Balance as of December 31, 2013</b>	<u>\$ 168,826</u>

AMP does not expect to make any contributions to the Pension Plan for the year ending December 31, 2014.

**American Municipal Power, Inc.**  
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The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	<b>Pension Plan</b>	<b>Postretirement Plan</b>
2014	\$ 1,108,000	\$ 750,000
2015	1,050,000	781,000
2016	1,000,000	807,000
2017	945,000	819,000
2018	900,000	824,000
2019-2023	4,025,000	1,961,000

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:

	<b>One-Percentage Point Increase</b>	<b>One-Percentage Point Decrease</b>
Effect on total of service and interest cost components	\$ 5,070	\$ (4,247)
Effect on postretirement benefit obligation	215,812	(180,816)

The assumed rate of increase in per capita cost of health care benefits is 5.0% in 2013.

**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.

**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. AMP is considering, or has considered, compliance with the following regulations:

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#### ***President's Climate Action Plan***

Announced on June 25, 2013, the President's Climate Action Plan establishes for the United States Environmental Protection Agency ("USEPA") certain specific rulemaking requirements and a timetable relative to emission reductions of carbon dioxide ("CO<sub>2</sub>") and other greenhouse gases ("GHGs"). USEPA proposed its rule to establish New Source Performance Standards ("NSPS") for CO<sub>2</sub> for new fossil-fueled power plants on September 20, 2013; as of the end of 2013, the official version of the proposed rule had not been published in the Federal Register. It was, however, published on January 8, 2014, and comments are due by March 10, 2014. While AMP has no units that will be impacted by the "new" unit NSPS for GHGs, it is expected to influence future decisions about generation additions, as well as have possible implications for the agency's upcoming existing source rule (see below). Thus, AMP intends to file comments on the new unit GHG NSPS proposed rule.

Separately, the agency is required to issue proposed standards, regulations, or guidelines to reduce CO<sub>2</sub> and other GHGs from modified, reconstructed, and existing fossil-fueled power plants by June 1, 2014, with final rules required by June 1, 2015. States will have until June 30, 2016 to submit their implementation plans to USEPA for meeting the existing unit rules. Because USEPA will not issue its proposed rules for "existing" units until June 2014, AMP is unable to estimate compliance options at this time. However, AMP provided preliminary comments on the possible scope and impacts of such a rule on existing units to USEPA on December 20, 2013.

#### ***RICE-NESHAP***

USEPA originally proposed National Emission Standards for Hazardous Air Pollutants ("NESHAP") for certain reciprocating internal combustion engines (RICE) units in February 2010. While the rule was finalized by the agency in August 2010, the rule has been under reconsideration, settlement discussions, and proposal since January 2011. On January 30, 2013, the final reconsidered rule was published in the Federal Register; additional litigation is possible. The RICE-NESHAP Rule establishes emission limits and work practice standards for compression-ignited diesel engines and spark-ignited engines at area and major sources nationwide. The diesel engines owned by AMP are affected by this rule and are in compliance as of May 2013.

On September 5, 2013, USEPA proposed an additional limited reconsideration of three specific sections of the final rule, including the provision that allows existing emergency engines to operate for up to 50 hours per year in non-emergency situations. Comments were submitted on November 4, 2013.

#### ***NAAQS for Various Pollutants***

Every five years, USEPA is required 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 that and other subsequent deadlines, the ozone NAAQS was withdrawn by the Obama Administration in September 2011. Details as to the level of the upcoming ozone NAAQS are unknown at this time. In addition, the USEPA proposed new NAAQS for fine particulate matter (PM<sub>2.5</sub>) in June 2012 and issued final NAAQS for PM on December 14, 2012, lowering the allowable annual limit from 15 micrograms per cubic meter to 12 micrograms per cubic meter.

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, sulfur dioxide, and particulate matter.

# American Municipal Power, Inc.

## Notes to Consolidated Financial Statements

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#### ***Ozone NAAQS***

On July 23, 2013, the U.S. Court of Appeals upheld the 2008 primary standard for ozone (at 0.075 ppm) but remanded the 2008 secondary standard for ozone to USEPA for reconsideration. Specific impacts to AMP facilities / operations are not known at this time.

#### ***Cross State Air Pollution Rule (“CSAPR” – related to the Clean Air Interstate Rule (“CAIR”))***

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, USEPA’s CSAPR has been overturned by the U.S. Court of Appeals for the D.C. Circuit and various petitions for rehearing were denied by the Court on January 24, 2013. The rule has been sent back to the agency to be rewritten. However, the CAIR remains in place for allowance allocations. On December 10, 2013, the Supreme Court began its review of the appeals court’s rejection of CSAPR.

#### ***New Source Performance Standards for Combustion Turbines***

USEPA proposed NSPS for natural gas combustion turbines in June 2012. The agency took comments on the proposal until December 28, 2012. The proposed revised NSPS would cover combustion turbines located at power plants, pipeline compressor stations, chemical and manufacturing plants, oil fields, landfills, and institutional facilities. AMP filed comments noting that the proposed revisions could severely limit unit operation and add significant compliance costs. The timing of USEPA issuing final NSPS for combustion turbines is unknown at this time.

#### ***Start-up, Shut-down, and Malfunction Rule***

Issued in February 2013, the proposed rule would require certain states to submit revised State Implementation Plans (SIPs) within 18 months of the issuance of a final rule. The proposed rule would impact existing AMP units that are currently shielded from penalties for excess emissions during periods of start-up, shut-down, or malfunction. The proposed rule targets SIPs of 36 states, including Delaware, Kentucky, Michigan, Ohio, Virginia, and West Virginia. Timing of a final rule is unknown at this time.

#### ***Effluent Limitation Guidelines***

USEPA published its proposed rule on June 6, 2013, and is required to issue its final rule by May 22, 2014 (per a consent decree). The rule would limit pollutants discharged in effluent to regulated waterways from steam-electric generating units (including combined cycle natural gas). AMP filed comments on September 19, 2013.

#### ***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.

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Energy purchase commitments at December 31 are as follows:

2014	\$ 296,659,009
2015	237,577,749
2016	234,865,964
2017	159,477,375
2018	78,697,248
2019-2023	121,043,438
	<u>\$ 1,128,320,783</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:

2014	30,904,648
2015	25,921,625
2016	23,973,660
2017	21,939,600
2018	21,939,600
2019-2022	97,938,000
	<u>\$222,617,133</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. See Note 16 – Subsequent Events.

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.

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.

# American Municipal Power, Inc.

## Notes to Consolidated Financial Statements

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#### 16. Subsequent Events

On January 1, 2014 AMP entered into a membership agreement with TEA. This membership agreement stated that AMP will contribute \$10,700,000. As a condition of membership, AMP is subject to TEA operations and settlement procedures as AMP receives services from TEA for dispatch services and natural gas management. AMP is also subject to guaranty agreements where if TEA is unable to deliver capacity, energy or gas obligations, AMP is obligated to pay that amount to relevant counterparties the extent of the guaranty limit, which is \$24,095,238 for capacity and energy and \$5,804,878 for natural gas.

On April 15, the AMP Board of Trustees voted to approve collection of \$39,947,959 of stranded costs, related to the cancelled AMPGS coal project, from the AMPGS Participants pursuant to the AMPGS take-or-pay power sales contract, subject to the approval of the Participants. The costs would be collected over a 15 year term subject to the approval of the Participants. The Board also voted to have AMP repay \$11,674,131 of AMPGS stranded costs from service fee and other member related revenues over the same term. On April 16, the AMPGS Participants voted to approve these collections from Participants and Members respectively, over that 15 year term. The Board and the Participants also voted to authorize AMP's General Counsel to continue legal action related to the cancellation of the project.

AMP Management believes these decisions will have no material adverse effect on its financial condition or that of any of its other projects.

#### **Redemption of Village of Genoa Project Electric System Improvement Bond, Series 2004**

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.

Genoa Bonds maturing on or after February 15, 2015 were 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. On January 16, 2014 the AMP Board of Trustees passed resolution 14-01-3569 authorizing a loan under the AMP Credit Agreement to pay the redemption price of, plus accrued interest on the Genoa Bonds. On January 24, 2014 U.S. Bank N.A., the Trustee, gave notice to bond holders of full optional redemption for the Genoa bonds on February 25, 2014. AMP redeemed all of the \$4,185,000 Genoa Bonds then outstanding from monies credited to the related debt service reserve fund and a draw on the facility. The resulting balance has been reduced at February 28, 2014 to \$3,753,335, that same amount drawn on AMP on the Facility. AMP will continue to collect debt service from the Village of Genoa until the draw on the Facility is paid in full.

#### **Redemption of the JV5 2004 Beneficial Interest Refunding Certificates Bonds ("BIRCs")**

Per the Second Supplemental, Article III, Section 3.1 the 2004 BIRCs maturing after February 15, 2014 in the principal amount of \$70,990,000 are subject to optional redemption, in whole or in part, on any date on or after February 15, 2014, at the redemption price of par, plus accrued interest to the date of redemption.



**American Municipal Power, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2013 and 2012**

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On October 28, 2013 the AMP Board approved resolution 13-10-3537 authorizing a loan under the AMP Credit Agreement to provide up to \$71,000,000 for deposit with the Trustee to be used, with other funds available to the Trustee, to redeem all of the 2004 BIRCs. The OMEGA JV5 participants also approved resolution 13-10-218JV5 on the same date approving the redemption of the JV5 BIRCs.

On January 16, 2014 U.S. Bank N.A., the Trustee, gave notice to bond holders of full optional redemption of the JV5 2004 BIRCs on February 15, 2014. All of the JV5 BIRCs were redeemed from monies credited to the debt service and a draw on the facility. However, per the Second Supplemental Section 6.7, "\$2,750,000 needed to remain in the Reserve and Contingency Fund Requirement".

The resulting balance has been reduced at February 28, 2014 to \$65,891,509, the resulting balance drawn on AMP on the Facility. AMP will continue to collect debt service from the OMEGA JV5 participants until the draw on the Facility is paid in full.

AMP has considered subsequent events through April 28, 2014, 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, 2013 and 2012 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, 2013 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 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, 2013 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, 2013 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, 2013 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, 2013 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, 2013 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, 2013 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, 2013 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, 2013 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 28, 2014

**American Municipal Power, Inc.**  
**Consolidating Balance Sheet**  
**December 31, 2013**

	AMP *	PSEC	AFEC	Eliminating	Total
<b>Assets</b>					
Utility plant					
Electric plant in service	\$ 35,115,940	\$ 1,360,651,148	\$ 540,269,024	\$ -	\$ 1,936,036,112
Accumulated depreciation	(15,820,130)	(53,005,940)	(31,927,970)	-	(100,754,040)
Total utility plant	19,295,810	1,307,645,208	508,341,054	-	1,835,282,072
Nonutility property and equipment					
Nonutility property and equipment	24,167,606	-	-	-	24,167,606
Accumulated depreciation	(9,528,647)	-	-	-	(9,528,647)
Total nonutility property and equipment	14,638,959	-	-	-	14,638,959
Construction work-in-process	1,706,982,990	14,637,072	6,101,912	-	1,727,721,974
Plant held for future use	34,881,075	-	-	-	34,881,075
Coal reserves	-	25,506,676	-	-	25,506,676
Trustee funds and other assets					
Trustee funds	759,895,951	196,389,434	40,040,964	-	996,326,349
Financing receivables-members	24,893,008	-	-	-	24,893,008
Notes receivable	3,075,000	-	-	-	3,075,000
Regulatory assets	161,963,801	79,344,028	43,138,879	-	284,446,708
Prepaid pension costs	1,659,693	-	-	-	1,659,693
Intangible and other assets	28,532,993	19,660,633	31,503,196	-	79,696,822
Total trustee funds and other assets	980,020,446	295,394,095	114,683,039	-	1,390,097,580
Current assets					
Cash and cash equivalents	22,561,782	8,797,322	13,309,284	-	44,668,388
Cash and cash equivalents - restricted	40,662,081	-	-	-	40,662,081
Trustee funds	272,888,372	48,275,567	18,261,386	-	339,425,325
Investments	14,347,943	-	-	-	14,347,943
Collateral postings	7,038,979	11,000,000	-	-	18,038,979
Accounts receivable	61,970,063	7,323,538	9,266,323	(596,415)	77,963,509
Interest receivable	27,787,615	6,077,013	184	-	33,864,812
Financing receivables - members	10,488,231	-	-	-	10,488,231
Inventories	56,882	8,795,667	-	-	8,852,549
Regulatory assets	3,524,594	-	415,215	-	3,939,809
Prepaid expenses and other assets	3,447,277	2,131,404	1,373,399	-	6,952,080
Total current assets	464,773,819	92,400,511	42,625,791	(596,415)	599,203,706
Total assets	\$ 3,220,593,099	\$ 1,735,583,562	\$ 671,751,796	\$ (596,415)	\$ 5,627,332,042

❖ 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, 2013**

	AMP*	PSEC	AFEC	Eliminating	Total
<b>Equities and Liabilities</b>					
Member and patron equities					
Contributed capital	\$ 806,248	\$ -	\$ -	\$ -	\$ 806,248
Patronage capital	58,412,402	-	-	-	58,412,402
Total member and patron equities	59,218,650	-	-	-	59,218,650
Long-term debt					
Term debt	2,724,840,835	1,646,088,752	579,844,653	-	4,950,774,240
Term debt on behalf of members	5,160,000	-	-	-	5,160,000
Term debt on behalf of Central Virginia Electric Cooperative	-	-	23,625,000	-	23,625,000
Revolving credit loan	179,949,244	10,050,756	-	-	190,000,000
Total long-term debt	2,909,950,079	1,656,139,508	603,469,653	-	5,169,559,240
Current liabilities					
Accounts payable	85,426,195	12,656,799	5,177,814	(596,415)	102,664,393
Accrued postretirement benefits	750,000	-	-	-	750,000
Accrued interest	71,199,749	34,443,707	10,069,134	-	115,712,590
Term debt	15,084,412	20,665,000	8,385,000	-	44,134,412
Term debt on behalf of members	13,347,000	-	-	-	13,347,000
Term debt on behalf of Central Virginia Electric Cooperative	-	-	854,167	-	854,167
Regulatory liabilities	768,360	-	348,341	-	1,116,701
Other liabilities	1,610,117	6,253,137	3,297,809	-	11,161,063
Total current liabilities	188,185,833	74,018,643	28,132,265	(596,415)	289,740,326
Other noncurrent liabilities					
Accrued postretirement benefits	4,341,068	-	-	-	4,341,068
Deferred gain on sale of real estate	1,276,789	-	-	-	1,276,789
Other liabilities	9,080,588	-	17,971,587	-	27,052,175
Asset retirement obligations	2,914,708	4,654,476	100,152	-	7,669,336
Regulatory liabilities	45,625,384	770,935	22,078,139	-	68,474,458
Total other noncurrent liabilities	63,238,537	5,425,411	40,149,878	-	108,813,826
Total liabilities	3,161,374,449	1,735,583,562	671,751,796	(596,415)	5,568,113,392
Total equities and liabilities	\$ 3,220,593,099	\$ 1,735,583,562	\$ 671,751,796	\$ (596,415)	5,627,332,042

❖ 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, 2013**

	AMP *	PSEC	AFEC	Eliminating	Total
<b>Revenues</b>					
Electric revenue	\$ 602,400,544	\$ 194,427,065	\$ 159,367,806	\$ (3,118,253)	\$ 953,077,162
Service fees	9,648,054	-	-	-	9,648,054
Programs and other	19,769,641	-	-	-	19,769,641
Total revenues	631,818,239	194,427,065	159,367,806	(3,118,253)	982,494,857
<b>Operating expenses</b>					
Purchased electric power	590,152,301	21,429,882	(1,370,158)	-	610,212,025
Production	8,808,868	34,670,946	26,227,749	(3,118,253)	66,589,310
Fuel	506,771	21,996,181	90,810,000	-	113,312,952
Depreciation and amortization	4,110,845	36,739,193	16,728,407	-	57,578,445
Administrative and general	4,227,764	5,601,787	-	-	9,829,551
Property and real estate taxes	383,123	136,378	3,042,176	-	3,561,677
Programs and other	18,714,669	-	-	-	18,714,669
Total operating expenses	626,904,341	120,574,367	135,438,174	(3,118,253)	879,798,629
Operating margin	4,913,898	73,852,698	23,929,632	-	102,696,228
<b>Nonoperating revenues and expenses</b>					
Interest expense	(279,785)	(93,463,051)	(24,937,706)	-	(118,680,542)
Interest income, subsidy	-	13,550,548	-	-	13,550,548
Interest income, other	429,568	5,518,787	69,236	-	6,017,591
Other, net	215,118	541,018	938,838	-	1,694,974
Total nonoperating revenues and expenses	364,901	(73,852,698)	(23,929,632)	-	(97,417,429)
Net margin	\$ 5,278,799	\$ -	\$ -	\$ -	\$ 5,278,799

❖ 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, 2013**

	AMP *	PSEC	AFEC	Eliminating	Total
<b>Cash flows from operating activities</b>					
Net margin	\$ 5,278,799	\$ -	\$ -	\$ -	\$ 5,278,799
Adjustments to reconcile net margin to net cash (used in) provided by operating activities					
Depreciation and amortization	4,111,117	36,154,252	16,728,407	-	56,993,776
Depletion of coal reserves	-	582,923	-	-	582,923
Amortization of deferred financing costs	1,686,043	1,720,958	311,586	-	3,718,587
Amortization of bond premium, net of amortization of bond discount	(869,938)	632,573	(2,176,759)	-	(2,414,124)
Accretion of interest on asset retirement obligations	26,835	178,187	2,174	-	207,196
Loss on disposal of property and equipment	367,268	11,695	-	-	378,963
Unrealized loss on natural gas swaps	-	-	17,951,882	-	17,951,882
Unrealized gain on investment	(239,579)	(552,714)	(932,671)	-	(1,724,964)
Changes in assets and liabilities					
Collateral postings	14,269,321	(11,000,000)	-	-	3,269,321
Accounts receivable	(8,837,643)	1,446,836	3,816,251	249,758	(3,324,798)
Interest receivable	106,392	(421,308)	-	-	(314,916)
Inventories	(24,992)	(2,634,823)	-	-	(2,659,815)
Prepaid expenses and other assets	1,400,364	(175,561)	(130,198)	-	1,094,605
Regulatory assets and liabilities, net	(17,110,446)	(51,212,191)	(24,029,999)	-	(92,352,636)
Accounts payable	7,612,981	(1,697,364)	(2,158,057)	(249,758)	3,507,802
Accrued postretirement benefits	(43,679)	-	-	-	(43,679)
Accrued interest	(1,357,136)	(311,499)	(3,328,720)	-	(4,997,355)
Asset retirement obligations	(2,254,054)	-	27,152	-	(2,226,902)
Other liabilities	(259,259)	(3,531,749)	2,133,822	-	(1,657,186)
Net cash (used in) provided by operating activities	3,862,394	(30,809,785)	8,214,870	-	(18,732,521)
<b>Cash flows from investing activities</b>					
Proceeds from sale of investments	1,033,393,224	275,322,940	16,976,360	-	1,325,692,524
Purchase of investments	(556,184,169)	(236,613,032)	(15,988,458)	-	(808,785,659)
Purchase of utility property and equipment	(409,689)	(1,954,192)	(23,342)	-	(2,387,223)
Sale of utility property and equipment	379,238	-	41,655	-	420,893
Purchase of non utility property and equipment	(212,799)	-	-	-	(212,799)
Purchase of construction work-in-progress	(420,462,339)	(8,350,432)	(6,012,009)	-	(434,824,780)
Change in restricted cash and cash equivalents	5,991,658	1,354,108	-	-	7,345,766
Net cash provided by (used in) investing activities	62,495,124	29,759,392	(5,005,794)	-	87,248,722

❖ 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, 2013**

	AMP*	PSEC	AFEC	Eliminating	Total
<b>Cash flows from financing activities</b>					
Proceeds from revolving credit loan	63,090,515	11,909,485	-	-	75,000,000
Payments on revolving credit loan	(67,141,271)	(1,858,729)	-	-	(69,000,000)
Cost of issuance and remarketing of debt	(851,038)	(117,228)	(125,229)	-	(1,093,495)
Principal payments on term debt	(88,317,412)	(19,880,000)	-	-	(108,197,412)
Proceeds from issuance of term debt	13,755,000	-	-	-	13,755,000
Principal payments on term debt on behalf of members	(16,476,000)	-	-	-	(16,476,000)
Proceeds from issuance of term debt on behalf of members	12,168,000	-	-	-	12,168,000
Principal payments on term debt on behalf of Central Virginia Electric Cooperative	-	-	(520,833)	-	(520,833)
Proceeds from financing receivables members	9,708,525	-	-	-	9,708,525
Funding of financing receivables members	(4,423,101)	-	-	-	(4,423,101)
Capital contributions	5,040	-	-	-	5,040
Cash used in financing activities	(78,481,742)	(9,946,472)	(646,062)	-	(89,074,276)
Net cash in cash and cash equivalents	(12,124,224)	(10,996,865)	2,563,014	-	(20,558,075)
Cash and cash equivalents, beginning of year	34,686,006	19,794,187	10,746,270	-	65,226,463
Cash and cash equivalents, end of year	\$ 22,561,782	\$ 8,797,322	\$ 13,309,284	\$ -	\$ 44,668,388

❖ 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 Village of Genoa Project**  
**Electric System Improvement Bonds, Series 2004, Funds and Accounts**  
**Year Ended December 31, 2013**

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	<b>Funds Held by Trustee</b>		
	<b>Total</b>	<b>Debt Service Fund</b>	
		<b>Bond Fund</b>	<b>Debt Service Reserve Fund</b>
<b>Fund balances as of December 31, 2012</b>	\$ 662,395	\$ 258,693	\$ 403,702
Receipts			
Debt service	397,263	397,263	-
Gain on investment	1,905	296	1,609
Interest and dividends on investments	2,430	511	1,919
Total receipts	<u>401,598</u>	<u>398,070</u>	<u>3,528</u>
Disbursements			
Debt service payments	(398,310)	(398,310)	-
Loss on investment	(2,254)	(380)	(1,874)
Total disbursements	<u>(400,564)</u>	<u>(398,690)</u>	<u>(1,874)</u>
Net transfers	<u>-</u>	<u>1,446</u>	<u>(1,446)</u>
<b>Fund balances as of December 31, 2013</b>	<u>\$ 663,429</u>	<u>\$ 259,519</u>	<u>\$ 403,910</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, 2013**

	<b>Total</b>	<b>Funds Held by</b>	
		<b>Trustee Debt Service Fund Bond Payment Fund</b>	<b>OMEGA JV6 Reserve and Contingency Fund <sup>(1)</sup></b>
<b>Fund balances as of December 31, 2012</b>	\$ 417,233	\$ 417,233	\$ 82,518
Receipts			
Debt service	1,000,804	1,000,804	1,711
Gain on investments	398	398	310
Interest and dividends on investments	796	796	415
Total receipts	1,001,998	1,001,998	2,436
Disbursements			
Debt service payments	(998,800)	(998,800)	-
Loss on investments	(648)	(648)	(457)
Total disbursements	(999,448)	(999,448)	(457)
Net transfers	(2,595)	(2,595)	2,595
<b>Fund balances as of December 31, 2013</b>	<b>\$ 417,188</b>	<b>\$ 417,188</b>	<b>\$ 87,092</b>

<sup>(1)</sup> 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, 2013**

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	<u>Funds Held by Trustee</u>	
	<u>Total</u>	<u>Bond Fund</u>
<b>Fund balances as of December 31, 2012</b>	\$ 1,048,732	\$ 1,048,732
Receipts		
Debt service	10,237,320	10,237,320
Investment gain	676	676
Interest and dividends on investments	14,983	14,983
Swaps	2,723	2,723
Total receipts	<u>10,255,702</u>	<u>10,255,702</u>
Disbursements		
Debt service payments	(9,931,120)	(9,931,120)
Investment loss	(1,364,896)	(1,364,896)
Swaps	(2,046)	(2,046)
Total disbursements	<u>(11,298,062)</u>	<u>(11,298,062)</u>
Net transfers	<u>(6,372)</u>	<u>(6,372)</u>
<b>Fund balances as of December 31, 2013</b>	<u>\$ -</u>	<u>\$ -</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, 2013**

	<b>Funds Held by Trustee</b>		
	<b>Total</b>	<b>Revenue Subfund</b>	<b>Debt Service Account</b>
<b>Fund balances as of December 31, 2012</b>	\$ 58,990,714	\$ 57,105	\$ 58,933,609
Receipts			
Debt service	5,521,949	5,521,949	-
Investment gain	257	257	-
Interest and dividends on investments	702,662	279	702,383
Total receipts	6,224,868	5,522,485	702,383
Disbursements			
Debt service payments	(65,092,625)	-	(65,092,625)
Draws	(122,700)	(122,700)	-
Investment loss	(257)	(257)	-
Total disbursements	(65,215,582)	(122,957)	(65,092,625)
Net transfers	-	(5,456,633)	5,456,633
<b>Fund balances as of December 31, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**American Municipal Power, Inc.**  
**Schedule of Receipts and Disbursements of the Prairie State Energy Campus**  
**Parity Reserve Funds**  
**Year Ended December 31, 2013**

	<b>Funds Held by Trustee</b>				
	<b>Total</b>	<b>2008 Parity Reserve Fund</b>	<b>2009C Parity Reserve Fund</b>	<b>2009B Parity Reserve Fund</b>	<b>2010 Parity Reserve Fund</b>
<b>Fund balances as of December 31, 2012</b>	\$ 114,859,325	\$ 58,692,974	\$ 8,978,598	\$ 28,297,800	\$ 18,889,953
Receipts					
Investment gain	2,879,160	175,030	27,052	1,725,416	951,662
Interest and dividends on investments	3,552,193	2,676,678	825,781	39,462	10,272
Total receipts	6,431,353	2,851,708	852,833	1,764,878	961,934
Disbursements					
Investment loss	(5,000,200)	(170,254)	(823,544)	(2,552,679)	(1,453,723)
Total disbursements	(5,000,200)	(170,254)	(823,544)	(2,552,679)	(1,453,723)
Amortization	3,033,663	-	9,237	2,004,566	1,019,860
Net transfers	(4,284,809)	(2,615,684)	-	(1,037,187)	(631,938)
<b>Fund balances as of December 31, 2013</b>	<b>\$ 115,039,332</b>	<b>\$ 58,758,744</b>	<b>\$ 9,017,124</b>	<b>\$ 28,477,378</b>	<b>\$ 18,786,086</b>

**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, 2013**

	<b>Funds Held by Trustee</b>				
	<b>Total</b>	<b>Bond Payment</b>	<b>Capitalized Interest Subaccount</b>	<b>Acquisition and Construction Account</b>	<b>Cost of Issuance Bond Fund</b>
<b>Fund balances as of December 31, 2012</b>	\$ 28,632,990	\$ 11,829,301	\$ 16,154,301	\$ -	\$ 649,388
Receipts					
Debt services	35,372,709	35,372,709	-	-	-
Investment gain	31,037	27,311	3,716	-	10
Investment and dividends on investments	139,193	42,495	95,901	196	601
Total receipts	35,542,939	35,442,515	99,617	196	611
Disbursements					
Debt service payments	(48,545,345)	(48,545,345)	-	-	-
Capital expenditures	(3,060,547)	-	-	(3,060,547)	-
Investment loss	(129,115)	(34,005)	(94,798)	-	(312)
Total disbursements	(51,735,007)	(48,579,350)	(94,798)	(3,060,547)	(312)
Net transfers	6,726,229	20,474,685	(16,159,120)	3,060,351	(649,687)
<b>Fund balances as of December 31, 2013</b>	<b>\$ 19,167,151</b>	<b>\$ 19,167,151</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**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, 2013**

	<b>Funds Held by Trustee</b>			
	<b>Total</b>	<b>Bond Fund</b>	<b>Acquisition and Construction Account</b>	<b>Capitalized Interest Fund</b>
<b>Fund balances as of December 31, 2012</b>	\$ 6,045,251	\$ -	\$ -	\$ 6,045,251
Receipts				
Debt service	7,959,903	7,959,903	-	-
Investment gain	3,217	3,089	128	-
Interest and dividends on investments	30,777	2,326	405	28,046
Total receipts	<u>7,993,897</u>	<u>7,965,318</u>	533	<u>28,046</u>
Disbursements				
Debt service payments	(8,739,118)	(8,739,118)	-	-
Capital expenditures	(2,614,554)	-	(2,614,554)	-
Investment loss	(21,925)	(1,766)	(118)	(20,041)
Total disbursements	<u>(11,375,597)</u>	<u>(8,740,884)</u>	<u>(2,614,672)</u>	<u>(20,041)</u>
Amortization	788	-	-	788
Net transfers	936,619	4,369,559	2,614,139	(6,047,079)
<b>Fund balances as of December 31, 2013</b>	<u>\$ 3,600,958</u>	<u>\$ 3,593,993</u>	<u>\$ -</u>	<u>\$ 6,965</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, 2013**

	<b>Funds Held by Trustee</b>				
	<b>Total</b>	<b>Bond Fund</b>	<b>Capitalized Interest Project Fund</b>	<b>Construction Fund</b>	<b>Cost of Issuance Account</b>
<b>Fund balances as of December 31, 2012</b>	\$ 10,227,389	\$ 9,844,277	\$ 330,647	\$ -	\$ 52,465
Receipts					
Debt service	16,696,542	16,696,542	-	-	-
Investment gain	16,287	16,257	-	18	12
Interest and dividends on investments	32,178	26,490	5,639	26	23
Total receipts	16,745,007	16,739,289	5,639	44	35
Disbursements					
Debt service payments	(13,244,467)	(13,244,467)	-	-	-
Capital expenditures	(52,508)	-	-	(52,508)	-
Investment loss	(21,253)	(20,013)	(1,204)	(18)	(18)
Total disbursements	(13,318,228)	(13,264,480)	(1,204)	(52,526)	(18)
Amortization	530	-	530	-	-
Net Transfers	472,958	789,597	(316,639)	52,482	(52,482)
<b>Fund balances as of December 31, 2013</b>	<b>\$ 14,127,656</b>	<b>\$ 14,108,683</b>	<b>\$ 18,973</b>	<b>\$ -</b>	<b>\$ -</b>

**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, 2013**

	<b>Funds Held by Trustee</b>				
	<b>Total</b>	<b>Bond Fund</b>	<b>Capitalized Interest Subaccount</b>	<b>Acquisition and Construction Account</b>	<b>Cost of Issuance Account</b>
<b>Fund balances as of December 31, 2012</b>	\$ 6,150,611	\$ -	\$ 6,062,181	\$ -	\$ 88,430
Receipts					
Build America bonds subsidy receipts	7,979,465	7,979,465	-	-	-
Debt service	14,629,329	14,629,329	-	-	-
Investment gain	5,653	5,280	-	362	11
Interest and dividends on investments	49,876	4,409	44,765	641	61
Total receipts	22,664,323	22,618,483	44,765	1,003	72
Disbursements					
Debt service payments	(23,835,307)	(23,835,307)	-	-	-
Capital expenditures	(873,564)	-	-	(362)	(36)
Investment loss	(24,277)	(3,279)	(20,600)	(873,564)	-
Total disbursements	(24,733,148)	(23,838,586)	(20,600)	(873,926)	(36)
Amortization	2,733	-	2,733	-	-
Net transfers	2,467,037	7,746,475	(6,063,895)	872,923	(88,466)
<b>Fund balances as of December 31, 2013</b>	<b>\$ 6,551,556</b>	<b>\$ 6,526,372</b>	<b>\$ 25,184</b>	<b>\$ -</b>	<b>\$ -</b>

**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, 2013**

	<b>Funds Held by Trustee</b>				
	<b>Total</b>	<b>Bond Fund</b>	<b>Capitalized Interest Fund</b>	<b>Construction Fund</b>	<b>Cost of Issuance Fund</b>
<b>Fund balances as of December 31, 2012</b>	\$ 116,906,629	\$ -	\$ 4,766,819	\$ 112,043,013	\$ 96,797
Receipts					
Build America bonds subsidy receipts	5,964,686	5,964,686	-	-	-
Debt service	10,936,347	10,936,347	-	-	-
Investment gain	115,366	3,833	-	111,510	23
Interest and dividends on investments	666,788	3,350	53,980	609,395	63
Total receipts	17,683,187	16,908,216	53,980	720,905	86
Disbursements					
Debt service payments	(17,817,000)	(17,817,000)	-	-	-
Capital expenditures	(24,157,229)	-	-	(24,157,229)	-
Investment loss	(210,082)	(2,373)	(32,753)	(174,915)	(41)
Total disbursements	(42,184,311)	(17,819,373)	(32,753)	(24,332,144)	(41)
Amortization	90,593	-	647	89,946	-
Net transfers	(6,317,751)	5,790,525	(4,749,984)	(7,261,450)	(96,842)
<b>Fund balances as of December 31, 2013</b>	<b>\$ 86,178,347</b>	<b>\$ 4,879,368</b>	<b>\$ 38,709</b>	<b>\$ 81,260,270</b>	<b>\$ -</b>

**American Municipal Power, Inc.**  
**Schedule of Receipts and Disbursements of the Hydroelectric**  
**Project Parity Reserve Funds**  
**Year Ended December 31, 2013**

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	<b>Funds Held by Trustee</b>		
	<b>Total</b>	<b>2009A Parity Reserve Fund</b>	<b>2010A Parity Reserve Fund</b>
<b>Fund balances as of December 31, 2012</b>	\$ 105,453,375	\$ 39,844,520	\$ 65,608,855
Receipts			
Investment gain	8,009,232	2,147,162	5,862,070
Interest and dividends on investments	2,812,858	867,713	1,945,145
Total receipts	10,822,090	3,014,875	7,807,215
Disbursements			
Investment loss	(21,407,450)	(4,935,988)	(16,471,462)
Total disbursements	(21,407,450)	(4,935,988)	(16,471,462)
Amortization	16,819,089	3,885,577	12,933,512
Net transfers	(5,430,225)	(1,797,739)	(3,632,486)
<b>Fund balances as of December 31, 2013</b>	<b>\$ 106,256,879</b>	<b>\$ 40,011,245</b>	<b>\$ 66,245,634</b>

**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, 2013**

	<b>Funds Held by Trustee</b>			
	<b>Total</b>	<b>Bond Fund</b>	<b>Capitalized Interest Fund</b>	
<b>Fund balances as of December 31, 2012</b>	\$ 17,944,987	\$ -	\$ 2,138,839	\$ 15,806,148
Receipts				
Investment gain	12,925	-	12,925	-
Interest and dividends on investments	442,404	-	40,946	401,458
Total receipts	455,329	-	53,871	401,458
Disbursements				
Debt service payments	(1,000,193)	(1,000,193)	-	-
Investment losses	(370,149)	-	(32,514)	(337,635)
Total disbursements	(1,370,342)	(1,000,193)	(32,514)	(337,635)
Amortization	225,450	-	9,214	216,236
Net transfers	69,557	1,000,193	(930,636)	-
<b>Fund balances as of December 31, 2013</b>	<b>\$ 17,324,981</b>	<b>\$ -</b>	<b>\$ 1,238,774</b>	<b>\$ 16,086,207</b>

**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, 2013**

	<b>Funds Held by Trustee</b>					
	<b>Total</b>	<b>Bond Fund</b>	<b>Capitalized Interest Fund</b>	<b>Capitalized Interest Tracking Fund</b>	<b>Cost of Issuance Fund</b>	<b>Interest Reserve Fund</b>
<b>Fund balances as of December 31, 2012</b>	\$ 55,570,420	\$ -	\$ 30,354,116	\$ 20,004,114	\$ 175,282	\$5,036,908
Receipts						
Build America bonds subsidy receipts	10,526,054	10,526,054	-	-	-	-
Investment gain	539,049	86	6,116	7,532	151	525,164
Interest and dividends on investments	1,601,737	376	1,016,557	575,451	466	8,887
Total receipts	12,666,840	10,526,516	1,022,673	582,983	617	534,051
Disbursements						
Debt service payments	(31,442,173)	(31,442,173)	-	-	-	-
Capital expenditures	(4,500)	-	-	-	(4,500)	-
Investment loss	(2,453,724)	(87)	(927,972)	(455,144)	(204)	(1,070,317)
Total disbursements	(33,900,397)	(31,442,260)	(927,972)	(455,144)	(4,704)	(1,070,317)
Amortization	1,291,707	-	166,732	261,139	-	863,836
Net transfers	1,593,563	20,915,821	(15,083,951)	(4,238,307)	-	-
<b>Fund balances as of December 31, 2013</b>	<b>\$ 37,222,133</b>	<b>\$ 77</b>	<b>\$ 15,531,598</b>	<b>\$ 16,154,785</b>	<b>\$ 171,195</b>	<b>\$5,364,478</b>

**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, 2013**

	<b>Funds Held by Trustee</b>				
	<b>Total</b>	<b>Bond Fund</b>	<b>Capitalized Interest Subaccount</b>	<b>Capitalized Interest Tracking Subaccount</b>	<b>Cost of Issuance Account</b>
<b>Fund balances as of December 31, 2012</b>	\$ 15,931,789	\$ -	\$ 10,121,800	\$ 5,775,781	\$ 34,208
Receipts					
Investment gain	30,818	-	-	30,778	40
Interest and dividends on investments	334,421	-	255,948	78,411	62
Total receipts	365,239	-	255,948	109,189	102
Disbursements					
Debt service payments	(6,199,900)	(6,199,900)	-	-	-
Capital expenditures	(6,500)	-	-	-	(6,500)
Investment loss	(196,254)	-	(142,882)	(53,330)	(42)
Total disbursements	(6,402,654)	(6,199,900)	(142,882)	(53,330)	(6,542)
Amortization	138,199		80,334	57,865	-
Net transfers	348,582	6,199,900	(5,149,528)	(701,790)	-
<b>Fund balances as of December 31, 2013</b>	<b>\$ 10,381,155</b>	<b>\$ -</b>	<b>\$ 5,165,672</b>	<b>\$ 5,187,715</b>	<b>\$ 27,768</b>



**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, 2013**

	<b>Funds Held by Trustee</b>		
	<b>Total</b>	<b>Bond Fund</b>	<b>Sinking Subaccount</b>
<b>Fund balances as of December 31, 2012</b>	\$ 4,084,195	\$ -	\$ 4,084,195
Receipts			
Investment gain	1,585	-	1,585
Interest and dividends on investments	101,528	-	101,528
<b>Total receipts</b>	<b>103,113</b>	<b>-</b>	<b>103,113</b>
Disbursements			
Debt service payments	(1,329,412)	(1,329,412)	-
Investment loss	(77,786)	-	(77,786)
<b>Total disbursements</b>	<b>(1,407,198)</b>	<b>(1,329,412)</b>	<b>(77,786)</b>
Amortization	52,490	-	52,490
Net transfers	-	1,329,412	(1,329,412)
<b>Fund balances as of December 31, 2013</b>	<b>\$ 2,832,600</b>	<b>\$ -</b>	<b>\$ 2,832,600</b>

**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, 2013**

	<b>Funds Held by Trustee</b>				
	<b>Total</b>	<b>Bond Fund</b>	<b>Capitalized Interest Subaccount</b>	<b>Acquisition and Construction Fund</b>	<b>Cost of Issuance Fund</b>
<b>Fund balances as of December 31, 2012</b>	\$ 30,280,477	\$ -	\$ 26,074,470	\$ 4,193,717	\$ 12,290
Receipts					
Investment gain	3,444	-	-	3,408	36
Interest and dividends on investments	690,094	-	679,527	10,556	11
Total receipts	693,538	-	679,527	13,964	47
Disbursements					
Debt service payments	(11,348,497)	(10,862,074)	-	(486,423)	-
Capital expenditures	-	-	-	-	-
Investment loss	(531,056)	-	(527,135)	(3,912)	(9)
Total disbursements	(11,879,553)	(10,862,074)	(527,135)	(490,335)	(9)
Amortization	211,219	-	211,219	-	-
Net transfers	1,020,772	10,862,074	(9,745,526)	(95,776)	
<b>Fund balances as of December 31, 2013</b>	<b>\$ 20,326,453</b>	<b>\$ -</b>	<b>\$ 16,692,555</b>	<b>\$ 3,621,570</b>	<b>\$ 12,328</b>

**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, 2013**

	Funds Held by Trustee						
	Total	Bond Fund	Capitalized Interest Tracking Subaccount	Capitalized Interest Subaccount	Special Reserve Account	Acquisition and Construction Fund	Cost of Issuance Fund
<b>Fund balances as of December 31, 2012</b>	\$ 828,269,172	\$ -	\$ 26,495,250	\$ 117,091,778	\$ 12,980,456	\$ 671,648,461	\$ 53,227
Receipts							
Build America bond subsidy receipts	29,768,753	29,768,753	-	-	-	-	-
Investment gain	1,487,263	259	-	-	1,486,937	-	67
Interest and dividends on investments	14,868,592	889	890,185	2,900,281	138,796	10,938,346	95
Total receipts	46,124,608	29,769,901	890,185	2,900,281	1,625,733	10,938,346	162
Disbursements							
Debt service payments	(88,921,671)	(88,921,671)	-	-	-	-	-
Capital Expenditures	(206,323,356)	-	-	-	-	(206,323,356)	-
Investment Loss	(12,521,651)	(259)	(760,522)	(1,608,010)	(3,146,872)	(7,005,927)	(61)
Total disbursements	(307,766,678)	(88,921,930)	(760,522)	(1,608,010)	(3,146,872)	(213,329,283)	(61)
Amortization	6,574,250	-	414,952	861,985	2,445,425	2,851,888	-
Net Transfers	2,301,973	59,152,089	-	(54,755,865)	(680,852)	(1,413,399)	-
<b>Fund balances as of December 31, 2013</b>	<b>\$ 575,503,325</b>	<b>\$ 60</b>	<b>\$ 27,039,865</b>	<b>\$ 64,490,169</b>	<b>\$ 13,223,890</b>	<b>\$ 470,696,013</b>	<b>\$ 53,328</b>

**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, 2013**

	<b>Funds Held by Trustee</b>					
	<b>Total</b>	<b>Bond Fund</b>	<b>Capitalized Interest Tracking Subaccount</b>	<b>Capitalized Interest Subaccount</b>	<b>Special Reserve Account</b>	<b>Cost of Issuance Account</b>
<b>Fund balances as of December 31, 2012</b>	\$ 13,283,575	\$ -	\$ 1,638,312	\$ 9,668,285	\$ 1,973,624	\$ 3,354
Receipts						
Build America bond subsidy receipts	4,504,732	4,504,732	-	-	-	-
Investment gain	253,149	-	28,144	-	225,004	1
Interest and dividends on investments	204,393	92	-	201,411	2,890	-
Total receipts	4,962,274	4,504,824	28,144	201,411	227,894	1
Disbursements						
Debt Service payments	(8,297,974)	(8,297,974)	-	-	-	-
Capital expenditures	(2,000)	-	-	-	-	(2,000)
Investment Loss	(578,842)	-	(2,392)	(118,331)	(458,118)	(1)
Total disbursements	(8,878,816)	(8,297,974)	(2,392)	(118,331)	(458,118)	(2,001)
Amortization	446,533	-	11,586	65,211	369,736	-
Net transfers	95,778	3,793,182	-	(3,588,314)	(109,091)	1
<b>Fund balances as of December 31, 2013</b>	<b>\$ 9,909,344</b>	<b>\$ 32</b>	<b>\$ 1,675,650</b>	<b>\$ 6,228,262</b>	<b>\$ 2,004,045</b>	<b>\$ 1,355</b>

**American Municipal Power, Inc.**  
**Schedule of Receipts and Disbursements of the Meldahl Hydroelectric**  
**Project Revenue Bonds Parity Reserve Funds**  
**Year Ended December 31, 2013**

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	<u>Funds Held by Trustee</u>	
	<u>Total</u>	<u>2010A Parity Reserve Fund</u>
<b>Fund balances as of December 31, 2012</b>	\$ 34,124,307	\$ 34,124,307
Receipts:		
Investment gain	3,108,652	3,108,652
Interest and dividends on investments	12,655	12,655
Total receipts	<u>3,121,307</u>	<u>3,121,307</u>
Disbursements		
Investment loss	<u>(5,788,366)</u>	<u>(5,788,366)</u>
Total disbursements	<u>(5,788,366)</u>	<u>(5,788,366)</u>
Amortization	4,393,274	4,393,274
Net transfers	<u>(1,522,535)</u>	<u>(1,522,535)</u>
<b>Fund balances as of December 31, 2013</b>	<u>\$ 34,327,987</u>	<u>\$ 34,327,987</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, 2013**

	<b>Funds Held by Trustee</b>			
	<b>Total</b>	<b>Bond Fund</b>	<b>Capitalized Interest Subaccount</b>	<b>Acquisition and Construction Subfund</b>
<b>Fund balances as of December 31, 2012</b>	\$ 10,734,067	\$ -	\$ 4,942,981	\$ 5,791,086
Receipts				
Investment gain	14,154	-	369	13,785
Interest and dividends on investments	158,337	-	113,872	44,465
Total receipts	172,491	-	114,241	58,250
Disbursements				
Debt service payments	(2,304,786)	(2,304,786)	-	-
Capital expenditures	(538,626)	-	-	(538,626)
Investment loss	(76,979)	-	(63,859)	(13,120)
Total disbursements	(2,920,391)	(2,304,786)	(63,859)	(551,746)
Amortization	53,466	-	27,043	26,423
Net transfers	(1,479,449)	2,304,786	(2,119,651)	(1,664,584)
<b>Fund balances as of December 31, 2013</b>	<b>\$ 6,560,184</b>	<b>\$ -</b>	<b>\$ 2,900,755</b>	<b>\$ 3,659,429</b>

**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, 2013**

	Funds Held by Trustee					
	Total	Bond Fund	Capitalized Interest Tracking Subaccount	Capitalized Interest Subaccount	Special Reserve Account	Acquisition and Construction Account
<b>Fund balances as of December 31, 2012</b>	\$ 77,692,959	\$ -	\$ 6,221,167	\$ 24,221,992	\$ 3,291,646	\$ 43,958,154
Receipts						
Build America bond subsidy receipts	6,510,537	6,510,537	-	-	-	-
Investment gain	338,233	57	61,559	-	276,617	-
Interest and dividends on investments	1,654,300	230	1,398	701,798	1,913	948,961
Total receipts	8,503,070	6,510,824	62,957	701,798	278,530	948,961
Disbursements						
Debt service payments	(19,447,500)	(19,447,500)	-	-	-	-
Capital expenditures	(31,263,692)	-	-	-	-	(31,263,692)
Loss on investments	(1,526,782)	(57)	(2,417)	(422,217)	(517,481)	(584,610)
Total disbursements	(52,237,974)	(19,447,557)	(2,417)	(422,217)	(517,481)	(31,848,302)
Amortization	746,046	-	52,376	123,742	392,798	177,130
Net transfers	624,588	12,936,782	-	(12,312,194)	-	-
<b>Fund balances as of December 31, 2013</b>	<b>\$ 35,328,689</b>	<b>\$ 49</b>	<b>\$ 6,334,083</b>	<b>\$ 12,313,121</b>	<b>\$ 3,445,493</b>	<b>\$ 13,235,943</b>

**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, 2013**

	<b>Funds Held by Trustee</b>				
	<b>Total</b>	<b>Bond Payment Subaccount</b>	<b>Capitalized Interest Tracking Subaccount</b>	<b>Capitalized Interest Subaccount</b>	<b>Special Reserve Account</b>
<b>Fund balances as of December 31, 2012</b>	\$ 1,959,594	\$ -	\$ 302,080	\$ 1,252,168	\$ 405,346
Receipts					
Build America bond subsidy receipts	723,114	723,114	-	-	-
Investment gain	33,800	6	2,980	-	30,814
Interest and dividends on investments	35,501	25	69	35,187	220
Total receipts	792,415	723,145	3,049	35,187	31,034
Disbursements					
Debt service payments	(1,369,800)	(1,369,800)	-	-	-
Loss on investments	(78,863)	(6)	(117)	(21,578)	(57,162)
Total disbursements	(1,448,663)	(1,369,806)	(117)	(21,578)	(57,162)
Amortization	51,952	-	2,536	6,155	43,261
Net transfers	32,886	646,666	-	(613,780)	-
<b>Fund balances as of December 31, 2013</b>	<b>\$ 1,388,184</b>	<b>\$ 5</b>	<b>\$ 307,548</b>	<b>\$ 658,152</b>	<b>\$ 422,479</b>



**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, 2013**

	<b>Funds Held by Trustee</b>			
	<b>Total</b>	<b>Bond Payment Subaccount</b>	<b>Capitalized Interest Tracking Subaccount</b>	<b>Capitalized Interest Subaccount</b>
<b>Fund balances as of December 31, 2012</b>	\$ 558,740	\$ -	\$ 110,168	\$ 448,572
Receipts				
Interest and dividends on investments	1,082	-	1,082	-
Investment gain	13,001	-	25	12,976
Total receipts	14,083	-	1,107	12,976
Disbursements				
Debt service payment	(228,500)	(228,500)	-	-
Capital expenditures	-	-	-	-
Investment loss	(8,057)	-	(42)	(8,015)
Total disbursements	(236,557)	(228,500)	(42)	(8,015)
Amortization	3,175	-	917	2,258
Accrued income	11,578	228,500	-	(216,922)
<b>Fund balances as of December 31, 2013</b>	<b>\$ 351,019</b>	<b>\$ -</b>	<b>\$ 112,150</b>	<b>\$ 238,869</b>

**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, 2013**

	<b>Funds Held by Trustee</b>					<b>Acquisition and Construction Account</b>
	<b>Total</b>	<b>Bond Fund</b>	<b>Capitalized Interest Tracking Subaccount</b>	<b>Capitalized Interest Subaccount</b>	<b>Special Reserve Account</b>	
<b>Fund balances as of December 31, 2012</b>	\$ 249,367,960	\$ -	\$ 5,745,806	\$ 39,701,198	\$ 3,189,807	\$ 200,731,149
Receipts						
Build America bond subsidy receipts	6,297,118	6,297,118	-	-	-	-
Investment gain	328,870	55	60,171	-	268,644	-
Interest and dividends on investments	4,416,706	223	-	1,016,465	1,974	3,398,044
Total receipts	11,042,694	6,297,396	60,171	1,016,465	270,618	3,398,044
Disbursements						
Debt service payments	(18,810,000)	(18,810,000)	-	-	-	-
Capital expenditures	(67,552,487)	-	-	-	-	(67,552,487)
Investment loss	(3,110,173)	(55)	(2,425)	(606,358)	(498,308)	(2,003,027)
Total disbursements	(89,472,660)	(18,810,055)	(2,425)	(606,358)	(498,308)	(69,555,514)
Amortization	1,167,132	-	50,667	169,762	376,900	569,803
Net transfers	728,178	12,512,707	-	(11,784,529)	-	-
<b>Fund balances as of December 31, 2013</b>	<b>\$ 172,833,304</b>	<b>\$ 48</b>	<b>\$ 5,854,219</b>	<b>\$ 28,496,538</b>	<b>\$ 3,339,017</b>	<b>\$ 135,143,482</b>

**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, 2013**

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	<u>Funds Held by Trustee</u>	
	<u>Total</u>	<u>Bond Fund</u>
<b>Fund balances as of December 31, 2012</b>	\$ -	\$ -
Receipts		
Total receipts	-	-
Disbursements		
Debt service payments	(1,604,753)	(1,604,753)
Total disbursements	(1,604,753)	(1,604,753)
Amortization	-	-
Net transfers	1,604,753	1,604,753
<b>Fund balances as of December 31, 2013</b>	<b>\$ -</b>	<b>\$ -</b>

**American Municipal Power, Inc.**  
**Schedule of Receipts and Disbursements of the AMP Fremont Energy Center**  
**Revenue Bonds Parity Reserve Funds**  
**Year Ended December 31, 2013**

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	<b>Funds Held by Trustee</b>	
	<b>Total</b>	<b>Debt Service Reserve Fund</b>
<b>Fund balances as of December 31, 2012</b>	\$ 34,994,649	\$ 34,994,649
Receipts		
Investment gain	2,399,741	2,399,741
Interest and dividends on investments	5,643	5,643
Total receipts	<u>2,405,384</u>	<u>2,405,384</u>
Disbursements		
Investment loss	<u>(4,490,831)</u>	<u>(4,490,831)</u>
Total disbursements	(4,490,831)	(4,490,831)
Amortization	3,018,778	3,018,778
Net transfers	<u>(916,473)</u>	<u>(916,473)</u>
<b>Fund balances as of December 31, 2013</b>	<u>\$ 35,011,507</u>	<u>\$ 35,011,507</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, 2013**

	Funds Held by Trustee						
	Total	Bond Fund	Interest Fund Account	Cost of Issuance Account	Principal Fund Account	Fuel Hedge Fund	Fuel Hedge Account
<b>Fund balances as of December 31, 2012</b>	\$ 5,158,410	\$ -	\$ 144,545	\$ 5,265	\$ -	\$ -	\$ 5,008,600
Receipts							
AMP Req Ops	133,464,994	131,503,958	-	-	-	1,961,036	-
Investment gain	21,846	-	162	5	7,646	-	14,033
Interest and dividends on investments	20,931	-	218	7	2,411	-	18,295
Total receipts	133,507,771	131,503,958	380	12	10,057	1,961,036	32,328
Disbursements							
Debt service payments	(319,603)	-	(319,603)	-	-	-	-
Draws	(100,017,927)	(98,051,619)	-	(5,272)	-	(1,961,036)	-
Investment Loss	(11,816)	-	(198)	(5)	(103)	-	(11,510)
Total disbursements	(100,349,346)	(98,051,619)	(319,801)	(5,277)	(103)	(1,961,036)	(11,510)
Amortization	-	-	-	-	(39)	-	39
Net Transfers	(25,515,157)	(33,452,339)	282,078	-	7,655,104	-	-
<b>Fund balances as of December 31, 2013</b>	<b>\$ 12,801,678</b>	<b>\$ -</b>	<b>\$ 107,202</b>	<b>\$ -</b>	<b>\$ 7,665,019</b>	<b>\$ -</b>	<b>\$ 5,029,457</b>

**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, 2013**

	<b>Funds Held by Trustee</b>			
	<b>Total</b>	<b>Interest Fund Account</b>	<b>Construction Fund Account</b>	<b>Cost of Issuance Account</b>
<b>Fund balances as of December 31, 2012</b>	\$ 18,204,522	\$ 13,182,722	\$ 5,009,950	\$ 11,850
Receipts				
AMP Req. Ops	14,106	14,106	-	-
Investment gain	15,010	14,658	338	14
Interest and dividends on investments	24,477	20,027	4,435	15
Total receipts	<u>53,593</u>	<u>48,791</u>	<u>4,773</u>	<u>29</u>
Disbursements				
Debt service payments	(29,155,769)	(29,155,769)	-	-
Draws	(5,024,752)	-	(5,012,887)	(11,865)
Loss on investments	(20,057)	(18,207)	(1,836)	(14)
Total disbursements	<u>(34,200,578)</u>	<u>(29,173,976)</u>	<u>(5,014,723)</u>	<u>(11,879)</u>
Net transfers	<u>26,431,628</u>	<u>26,431,628</u>	-	-
<b>Fund balance as of December 31, 2013</b>	<u>\$ 10,489,165</u>	<u>\$ 10,489,165</u>	<u>\$ -</u>	<u>\$ -</u>