

American Municipal Power, Inc.

**Interim Consolidated Financial Statements and
Supplementary Information
September 30, 2013**

American Municipal Power, Inc.
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Nine-Months Through and Ended September 30, 2013 (unaudited)

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Independent Auditor's Report

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

We have reviewed the accompanying consolidated interim financial information of American Municipal Power, Inc. and its subsidiaries (the "Organization"), which comprise the consolidated balance sheets of American Municipal Power as of September 30, 2013, and the related consolidated statements of revenues and expenses, of changes in member and patron equities and of cash flows for the nine-month periods ended September 30, 2013 and 2012.

Management's Responsibility for the Consolidated Interim Financial Information

The Organization's management is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of the consolidated interim financial information in accordance with accounting principles generally accepted in the United States of America.

Auditor's Responsibility

Our responsibility is to conduct our review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of American Municipal Power, Inc. and its subsidiaries as of December 31, 2012, and the related consolidated statements of revenues and expenses, of changes in member and patron equities, and of cash flows for the year then ended (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 11, 2013. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2012, is consistent, in all material respects, with the audited consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers LLP

November 20, 2013

American Municipal Power, Inc.
Consolidated Balance Sheets
September 30, 2013 (unaudited) and December 31, 2012

	September 30, 2013	December 31, 2012
Assets		
Utility plant		
Electric plant in service	\$ 1,963,674,824	\$ 1,962,752,677
Accumulated depreciation	(88,795,725)	(48,008,139)
Total utility plant	<u>1,874,879,099</u>	<u>1,914,744,538</u>
Nonutility property and equipment		
Nonutility property and equipment	21,567,451	21,155,390
Accumulated depreciation	(8,827,488)	(6,946,820)
Total nonutility property and equipment	<u>12,739,963</u>	<u>14,208,570</u>
Construction work-in-progress	1,595,649,714	1,294,410,938
Plant held for future use	34,881,075	34,881,075
Coal reserves	25,615,374	26,089,599
Trustee funds and other assets		
Trustee funds	1,073,441,959	1,376,534,679
Financing receivables - members	26,281,372	30,958,138
Note receivable	3,075,000	3,075,000
Regulatory assets	255,950,188	194,716,465
Prepaid pension costs	1,293,792	2,357,710
Intangible and other assets, net of accumulated amortization of \$16,599,356 and \$13,563,695, respectively	48,275,302	50,848,021
Total trustee funds and other assets	<u>1,408,317,613</u>	<u>1,658,490,013</u>
Current assets		
Cash and cash equivalents	52,883,402	65,226,463
Cash and cash equivalents - restricted	44,004,717	48,007,847
Trustee funds	314,334,729	474,041,248
Investments	14,065,022	14,705,591
Collateral postings	18,038,806	21,308,300
Accounts receivable	68,788,519	74,638,711
Interest receivable	15,307,045	37,400,314
Financing receivables - members	11,791,669	9,708,525
Inventories	7,476,156	6,192,734
Regulatory assets	11,861,733	4,690,756
Prepaid expenses and other assets	6,864,712	8,871,938
Total current assets	<u>565,416,510</u>	<u>764,792,427</u>
Total assets	<u>\$ 5,517,499,348</u>	<u>\$ 5,707,617,160</u>

American Municipal Power, Inc.
Consolidated Balance Sheets
September 30, 2013 (unaudited) and December 31, 2012

	September 30, 2013	December 31, 2012
Equities and Liabilities		
Member and patron equities		
Contributed capital	\$ 806,248	\$ 801,208
Patronage capital	56,366,928	53,133,603
Total member and patron equities	<u>57,173,176</u>	<u>53,934,811</u>
Long-term debt		
Term debt	4,961,103,287	4,992,772,776
Term debt on behalf of members	5,168,000	6,347,000
Term debt on behalf of Central Virginia Electric Cooperative	23,625,000	24,479,167
Line of credit	175,000,000	184,000,000
Total long-term debt	<u>5,164,896,287</u>	<u>5,207,598,943</u>
Current liabilities		
Accounts payable	86,916,947	98,627,596
Accrued postretirement benefits	750,000	750,000
Accrued interest	38,844,961	120,705,475
Term debt	44,712,412	98,992,412
Term debt on behalf of members	15,289,000	16,468,000
Term debt on behalf of Central Virginia Electric Cooperative	854,167	520,833
Regulatory liabilities	791,229	6,202,941
Other liabilities	10,237,383	15,570,639
Total current liabilities	<u>198,396,099</u>	<u>357,837,896</u>
Other noncurrent liabilities		
Accrued postretirement benefits	4,699,380	5,082,764
Deferred gain on sale of real estate	1,276,789	1,276,789
Other liabilities	16,458,654	6,347,903
Asset retirement obligations	6,392,893	8,776,496
Regulatory liabilities	68,206,070	66,761,558
Total other noncurrent liabilities	<u>97,033,786</u>	<u>88,245,510</u>
Total liabilities	<u>5,460,326,172</u>	<u>5,653,682,349</u>
Total equities and liabilities	<u>\$ 5,517,499,348</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
Nine-Months Ended September 30, 2013 and 2012 (unaudited)

	September 30, 2013	September 30, 2012
Revenues		
Electric revenue	\$ 722,092,136	\$ 572,916,939
Service fees	6,775,561	5,106,648
Programs and other	14,485,403	14,801,398
Total revenues	<u>743,353,100</u>	<u>592,824,985</u>
Operating expenses		
Purchased electric power	462,973,869	417,501,840
Production	47,788,303	30,695,447
Fuel	91,519,491	77,151,765
Depreciation	43,141,906	22,240,092
Administrative and general	7,191,482	3,308,187
Property and real estate taxes	1,295,239	1,130,288
Programs and other	13,445,383	13,576,634
Total operating expenses	<u>667,355,673</u>	<u>565,604,253</u>
Operating margin	75,997,427	27,220,732
Nonoperating revenues (expenses)		
Interest expense	(88,972,288)	(31,974,479)
Interest income, subsidy	10,168,381	2,738,291
Interest income, other	4,864,923	3,101,893
Other, net	1,174,882	685,806
Total nonoperating expenses	<u>(72,764,102)</u>	<u>(25,448,489)</u>
Net margin	<u>\$ 3,233,325</u>	<u>\$ 1,772,243</u>

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

American Municipal Power, Inc.
Consolidated Statements of Changes in Members and Patron Equities
Nine-Months Ended September 30, 2013 (unaudited) and December 31, 2012

	Contributed Capital	Patronage Capital	Total
Balances, December 31, 2011	\$ 801,208	\$ 51,222,984	\$ 52,024,192
Net margin	-	1,910,619	1,910,619
Balances, December 31, 2012	801,208	53,133,603	53,934,811
Capital contributions	5,040	-	5,040
Net margin	-	3,233,325	3,233,325
Balances, September 30, 2013	<u>\$ 806,248</u>	<u>\$ 56,366,928</u>	<u>\$ 57,173,176</u>

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

American Municipal Power, Inc.
Consolidated Statements of Cash Flows
Nine-Months Ended September 30, 2013 and 2012 (unaudited)

	September 30, 2013	September 30, 2012
Cash flows from operating activities		
Net margin	\$ 3,233,325	\$ 1,772,243
Adjustments to reconcile net margin to net cash (used in) provided by operating activities		
Depreciation	42,656,559	22,240,092
Depletion of coal reserves	474,225	-
Amortization of deferred financing costs	3,035,661	2,736,669
Amortization of bond premium, net of amortization of bond discount	(1,839,489)	(1,667,936)
Accretion of interest on asset retirement obligations	107,290	42,817
Loss on sale of utility property and equipment	11,695	-
Unrealized (gain) loss on natural gas swaps	10,063,882	(2,291,250)
Unrealized (gain) on investments	(711,800)	(1,082,422)
Changes in assets and liabilities		
Investments	-	83,771
Collateral postings	3,269,494	(597,962)
Accounts receivable	5,850,192	(16,301,508)
Interest receivable	3,676,457	(971,384)
Inventories	(1,283,422)	(31,015)
Regulatory assets and liabilities, net	(72,371,900)	6,287,776
Prepaid power purchase asset	-	43,347,267
Prepaid expenses and other assets	2,044,285	(7,451,576)
Accounts payable	10,229,184	(12,058,284)
Accrued postretirement benefits	680,534	(793,826)
Accrued interest	(34,643,841)	8,808,941
Asset retirement obligations	(2,359,706)	(1,545,416)
Other liabilities	(5,286,388)	1,311,387
Net cash (used in) provided by operating activities	<u>(33,163,763)</u>	<u>41,838,384</u>
Cash flows from investing activities		
Purchase of utility property and equipment	(527,720)	(286,454)
Sale of utility property and equipment	420,893	30,882,700
Purchase of nonutility property and equipment	(198,620)	(453,395)
Sale of nonutility property and equipment	-	53,808
Purchase of construction work-in-progress	(353,138,418)	(450,896,143)
Proceeds from sale of investments	1,174,562,962	1,224,330,175
Purchase of investments	(710,411,354)	(823,641,297)
Restricted cash and cash equivalents	4,003,130	1,616,840
Net cash provided by (used in) investing activities	<u>114,710,873</u>	<u>(18,393,766)</u>

American Municipal Power, Inc.
Consolidated Statements of Cash Flows
Nine-Months Ended September 30, 2013 and 2012 (unaudited)

	September 30, 2013	September 30, 2012
Cash flows from financing activities		
Proceeds from revolving credit loan	60,000,000	155,617,498
Payments on revolving credit loan	(69,000,000)	(722,617,498)
Cost of issuance of debt	(500,000)	(6,437,111)
Principal payments on term debt	(84,110,000)	(72,955,006)
Proceeds from issuance of term debt	-	591,499,022
Principal payments on term debt on behalf of members	(8,741,000)	(14,798,000)
Proceeds from issuance of term debt on behalf of members	6,383,000	5,286,000
Principal payments on term debt on behalf of CVEC	(520,833)	-
Proceeds from issuance of term debt on behalf of CVEC	-	25,000,000
Proceeds from financing receivables - members	5,196,525	5,691,081
Funding of financing receivables - members	(2,602,903)	(547,251)
Capital contributions	5,040	-
Net cash used in financing activities	<u>(93,890,171)</u>	<u>(34,261,265)</u>
Net change in cash and cash equivalents	(12,343,061)	(10,816,647)
Cash and cash equivalents, beginning of year	<u>65,226,463</u>	<u>70,481,931</u>
Cash and cash equivalents, end of year	<u>\$ 52,883,402</u>	<u>\$ 59,665,284</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest, net of amount capitalized	\$ 123,616,129	\$ 22,172,764
Supplemental disclosure of noncash investing and financing activities		
Capital expenditures included in accounts payable and other liabilities	16,782,694	26,330,916
Capital expenditures included in accrued interest net of interest receivable	10,523,452	14,618,435

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

American Municipal Power, Inc.

Notes to Interim Consolidated Financial Statements

Nine-Months Through and Ended September 30, 2013 (unaudited)

1. Description of Business

American Municipal Power, Inc. ("AMP") is a not-for-profit Ohio corporation organized to provide electric capacity and energy and to furnish other services to its members on a cooperative basis. AMP is a tax-exempt organization for federal tax purposes under Section 501(c)(12) of the Internal Revenue Service Code. AMP is a membership organization comprised of 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 105 MW Meldahl project under construction as a run-of-the river hydroelectric facility on the Ohio River.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include all entities in which AMP has control, which are its majority-owned subsidiaries. The interim consolidated financial statements have been prepared without audit. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The interim consolidated financial statements as of September 30, 2013 should be read in conjunction with the consolidated financial statements and the notes thereto for the year ended December 31, 2012.

American Municipal Power, Inc.
Notes to Interim Consolidated Financial Statements
Nine Months Through and Ended September 30, 2013 (unaudited)

The accompanying interim consolidated financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results of the interim periods presented. Operating results for the nine months ended September 30, 2013 are not necessarily indicative of the results to be expected for the full year ending December 31, 2013.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates. All intercompany transactions and balances have been eliminated.

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 September 30, 2013 and December 31, 2012. There is \$288,764,091 and \$215,298,847 of capitalized interest included in the construction work-in-progress account at September 30, 2013 and December 31, 2012, respectively. AMP capitalized interest costs in the amount of \$73,045,790 and \$409,573,603 for the nine-month periods ended September 30, 2013 and 2012, respectively.

Construction work-in-progress projects consist of the following at September 30, 2013 and December 31, 2012:

	September 30, 2013	December 31, 2012
Prairie State Energy Campus	\$ 10,920,254	\$ 7,019,021
Hydro Plants	1,577,613,433	1,281,644,260
AMP Fremont Energy Center	3,988,963	4,405,066
Other	3,127,064	1,342,591
	<u>\$1,595,649,714</u>	<u>\$1,294,410,938</u>

American Municipal Power, Inc.
Notes to Interim Consolidated Financial Statements
Nine Months Through and Ended September 30, 2013 (unaudited)

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 operating expenses are divided on an owner's percentage of dispatched power with each owner reflecting its respective costs in its statements of revenues and expenses. AMP's ownership interest in PSEC includes the proportionate share of PSEC's balance sheet as provided for under ASC 970-810-45, *Undivided Interests*. This Accounting Standard requires the recording of undivided interests in assets and liabilities when given conditions are met. Information relative to AMP's ownership interest in these facilities is as follows:

	September 30, 2013	December 31, 2012
Utility plant in service	\$ 1,120,689,368	\$ 1,122,075,507
Construction work-in-progress	10,920,254	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 \$25,615,374 and \$26,089,599 (net of depletion) as of September 30, 2013 and December 31, 2012, respectively.

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 purchase 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 share energy prices based on existing market and broker quotes and supply and demand market data and other assumptions. The fair values determined are reduced by the appropriate valuation adjustments for items such as discounting, liquidity, credit quality and modeling risk. There is inherent risk in valuation modeling given the complexity and volatility of energy markets. Therefore, it is possible that results in future periods may be materially different as contracts are ultimately settled.

AMP has determined 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 earnings 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 \$(360,336) and \$(2,572,389) at September 30, 2013 and December 31, 2012, respectively, and is included in other liabilities. A corresponding regulatory asset has been recorded equal to the unrealized loss. AMP settled an interest rate swap agreement on September 30, 2013 for \$1,073,200

American Municipal Power, Inc.

Notes to Interim Consolidated Financial Statements

Nine Months Through and Ended September 30, 2013 (unaudited)

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 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 ("swaps") to economically hedge the total natural gas fuel expense and recorded at fair value. AMP does not utilize derivative financial instruments for speculative purposes, nor does it have trading operations.

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

On the short term agreements, there was an unrealized (gain) loss of \$2,533,900 and \$(490,200) at September 30, 2013 and September 30, 2012, respectively. On the long-term agreements, there was an unrealized (gain) loss of \$7,964,902 and \$(1,801,050) at September 30, 2013 and September 30, 2012, respectively. A net (gain) loss of \$10,063,882 and \$(2,291,250) was recognized in AMP's consolidated statements of revenues and expenses for the periods ending September 30, 2013 and September 30, 2012, respectively. A corresponding regulatory asset or liability has been recorded equal to the unrealized loss and gain, respectively.

Presentation

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

3. Gorsuch Project

On May 19, 2010, AMP announced plans to begin cessation of operation at the Gorsuch Project, a 1950's vintage coal-fired plant located near Marietta, Ohio, as in the best interest of the participating member communities, and on November 11, 2010, the facility ceased electric generation. The decision to cease operations stems from a consent decree reached between the U.S. EPA and AMP that resolves all issues related to a Notice of Violation ("NOV") issued by the U.S. EPA. The settlement includes a binding obligation that AMP cease coal-fired generation operation at the Gorsuch Project no later than December 31, 2012 and also requires AMP to spend \$15,000,000 on an environmental mitigation project over the next several years and pay a civil penalty of \$850,000. This penalty was paid in October of 2010. The \$15,000,000 required to be spent on the environmental mitigation project will be expensed as project expenditures are incurred. The environmental mitigation project is in the form of robust energy efficiency initiatives administered by a third party, The Vermont Energy Investment Corp. This project includes services for residential, commercial and industrial customers and is designed to assist participating AMP member communities with energy conservation. Through September 30, 2013, \$14,453,877 of the \$15,000,000 requirement has been incurred and expensed.

American Municipal Power, Inc.
Notes to Interim Consolidated Financial Statements
Nine Months Through and Ended September 30, 2013 (unaudited)

4. 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, N.A.; Suntrust Bank; U.S. Bank, N.A.; Bank of America, N.A.; Huntington National Bank, N.A.; Royal Bank of Canada; Barclays Bank PLC; and Bank of Montreal. The Facility allows AMP to obtain loans with different interest rates and terms and letters of credit. The Facility expires on January 10, 2018. AMP's base borrowing capacity under the Facility is \$750,000,000. At September 30, 2013, AMP had \$175,000,000 outstanding under the Facility and the effective interest rate was 1.125%. At December 31, 2012, AMP had \$184,000,000 outstanding under the Facility and the effective interest rate was 1.125%.

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.

American Municipal Power, Inc.
Notes to Interim Consolidated Financial Statements
Nine Months Through and Ended September 30, 2013 (unaudited)

Bonds and notes payable related to financing AMP assets consists of the following at September 30, 2013 and December 31, 2012:

	September 30, 2013	December 31, 2012
AMP project note due in October 2013 with interest at 1.00% and 1.00% at September 30, 2013 and December 31, 2012, respectively, payable at maturity	\$ 13,553,000	\$ 13,553,000
AMP Multi-mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006	9,205,000	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	(10,324,278)	(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	5,250,871	5,970,785
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009D	17,282,353	17,282,353
Unamortized discount on AMP Combined Hydroelectric Project Revenue Bonds, Series 2009D	(2,283,117)	(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	(678,661)	(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	191,990	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	42,688,541	44,321,412
	<u>5,005,815,699</u>	<u>5,091,765,188</u>
Current portion	<u>(44,712,412)</u>	<u>(98,992,412)</u>
Noncurrent portion	<u>\$ 4,961,103,287</u>	<u>\$ 4,992,772,776</u>

American Municipal Power, Inc.

Notes to Interim Consolidated Financial Statements

Nine Months Through and Ended September 30, 2013 (unaudited)

5. Fair Value of Financial Instruments

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).

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 consist primarily of debt securities and guaranteed investment contracts. Liabilities in this category include AMP's interest rate swaps and natural gas swaps. Interest rate swaps are included in other liabilities on AMP's consolidated balance sheets. Natural gas swaps are included in other liabilities and intangible and other assets on AMP's consolidated balance sheets.
- Level 3 Pricing inputs include inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. AMP's Level 3 assets consist of its investment in hedge funds, which are included in investments on the consolidated balance sheets.

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

American Municipal Power, Inc.
Notes to Interim Consolidated Financial Statements
Nine Months Through and Ended September 30, 2013 (unaudited)

Financial Instruments	September 30, 2013		December 31, 2012	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Assets				
Investments	\$ 14,065,022	\$ 14,065,022	\$ 14,705,591	\$ 14,705,591
Trustee funds, AMP	1,387,047,954	1,410,092,326	1,786,251,547	1,837,737,961
Trustee funds, on behalf of members	728,734	728,734	64,324,380	64,324,380
Liabilities				
Fixed rate term debt, including current maturities, AMP	4,996,610,698	5,525,351,224	5,081,835,188	6,167,762,502
Fixed rate term debt, including current maturities, on behalf of members	18,488,000	18,508,089	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	11,174,000	11,174,000	12,889,000	12,889,000
Interest rate swaps	360,336	360,336	2,572,389	2,572,389
Natural gas swaps	10,498,802	10,498,802	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. The carrying amount of the Combustion Turbine Bonds and the OMEGA JV6 Bonds approximate their fair value due to their variable rates of interest and are therefore within Level 1 of the fair value hierarchy. 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 fair value of long-term debt is within Level 2 of the fair value hierarchy.

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. The fair value is within Level 2 of the fair value hierarchy.

American Municipal Power, Inc.
Notes to Interim Consolidated Financial Statements
Nine Months Through and Ended September 30, 2013 (unaudited)

The following tables set forth AMP's financial assets and financial liabilities that are accounted for at fair value by level within the fair value hierarchy as of September 30, 2013 and December 31, 2012. As required by the fair value measurement 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	September 30, 2013			Total
	Level 1	Level 2	Level 3	
Assets				
Equity securities and mutual funds	\$ 464,835	\$ -	\$ -	\$ 464,835
Money market funds	7,321,547	-	-	7,321,547
Debt securities	-	6,222,799	-	6,222,799
Hedge funds	-	-	55,841	55,841
Total	7,786,382	6,222,799	55,841	14,065,022
Liabilities				
Interest rate swaps	-	360,336	-	360,336
Natural gas swaps	-	10,498,802	-	10,498,802
Total	\$ -	\$ 10,859,138	\$ -	\$ 10,859,138

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

The determination of the above fair value measures takes into consideration various factors required under the fair value measurement 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 Interim Consolidated Financial Statements
Nine Months Through and Ended September 30, 2013 (unaudited)

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 the nine months ended September 30, 2013 and the year ended December 31, 2012:

Balance as of December 31, 2011	\$ 65,014
Unrealized losses	<u>(1,289)</u>
Balance as of December 31, 2012	63,725
Unrealized losses	<u>(7,884)</u>
Balance as of September 30, 2013	<u>\$ 55,841</u>

American Municipal Power, Inc.
Notes to Interim Consolidated Financial Statements
Nine-Months Through and Ended September 30, 2013 (unaudited)

6. Regulatory Assets and Liabilities

In accordance with ASC 980, *Regulated Operations*, 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, the costs associated with the abandoned AMPGS Project, unrecognized actuarial losses associated with the pension and postretirement healthcare plans and other capital expenditures not yet recovered through rates approved by the AMP board of trustees. Regulatory liabilities include revenues collected and intended to fund future capital expenditures, emission allowances, and other differences between the rates collected from members and expense recognition. As the capital expenditures are depreciated and inventories are used, regulatory assets and liabilities are amortized to match revenues with the related expenditures. Regulatory liabilities or regulatory assets are also recognized for unrealized mark-to-market gains and losses on derivative instruments that are subject to the ratemaking process when realized.

Regulatory assets and liabilities consist of the following:

	September 30, 2013	December 31, 2012
Regulatory assets		
Asset retirement costs	\$ 3,847,586	\$ 7,478,256
Debt service	175,880,149	135,876,126
Power purchases	5,932,155	-
Operating and maintenance	4,554,046	1,545,692
Fair value of derivative instruments	10,859,138	3,007,309
Rate stabilization	37,410,477	28,345,762
Pension plan and postretirement healthcare	11,032,467	10,249,249
Interest rate lock expense	5,407,396	5,362,049
Closure of Gorsuch Project costs	9,043,688	5,008,863
Other	3,844,819	2,533,915
	<u>267,811,921</u>	<u>199,407,221</u>
Total regulatory assets		
Current portion	(11,861,733)	(4,690,756)
Noncurrent portion	<u>\$ 255,950,188</u>	<u>\$ 194,716,465</u>
Regulatory liabilities		
Capital improvements	\$ 832,199	\$ 984,539
Debt service	42,408,403	40,998,558
Operating and maintenance	4,098,475	4,704,228
Working capital	14,944,588	14,944,588
Rate stabilization programs	3,331,258	2,014,016
Gains on early termination of power purchase	2,585,225	3,075,446
Power purchases	-	5,527,829
Other	797,151	715,295
	<u>68,997,299</u>	<u>72,964,499</u>
Total regulatory liabilities		
Current portion	(791,229)	(6,202,941)
Noncurrent portion	<u>\$ 68,206,070</u>	<u>\$ 66,761,558</u>

American Municipal Power, Inc.
Notes to Interim Consolidated Financial Statements
Nine Months Through and Ended September 30, 2013 (unaudited)

7. Employee Benefits

Pension Plan

AMP has a defined benefit pension plan (the "Pension Plan") which covers substantially all former hourly employees of Gorsuch. Due to the closure of the Gorsuch plant in 2010, there are no active plan participants as of September 30, 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

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 September 30, 2013 and December 31, 2012, \$14,065,022 and \$14,705,591 respectively, of investments in the accompanying consolidated balance sheets are designated to fund Postretirement Plan benefits.

The following table sets forth the components of net periodic benefit cost, for the Pension Plan and Postretirement Plan at September 30, 2013 and 2012:

	Pension Plan	
	September 30, 2013	September 30, 2012
Components of net periodic benefit costs		
Service cost	\$ -	\$ 36,000
Interest cost	375,000	413,175
Expected return on plan assets	(900,000)	(935,980)
Recognized actuarial loss	367,500	437,250
Settlement loss	150,000	-
Net periodic benefit cost	\$ (7,500)	\$ (49,555)

	Postretirement Plan	
	September 30, 2013	September 30, 2012
Components of net periodic benefit costs		
Service cost	\$ -	\$ 15,000
Interest cost	105,000	193,273
Amortization of transition obligation	58,950	58,950
Recognized actuarial loss	224,250	213,750
Net periodic benefit cost	\$ 388,200	\$ 480,973

American Municipal Power, Inc.

Notes to Interim Consolidated Financial Statements

Nine Months Through and Ended September 30, 2013 (unaudited)

8. 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:

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 ("CO₂") and other greenhouse gases ("GHGs"). USEPA proposed its rule to establish New Performance Standards ("NPS") for CO₂ for new fossil fueled power plants on September 20, 2013. AMP has no units that will be impacted by the "new" unit NSPS for GHGs, although it is expected to influence future decisions about generation additions.

Separately, the agency is required to issue proposed standards, regulations, or guidelines to reduce CO₂ 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 next June, AMP is unable to estimate compliance options at this time.

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 working 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 September 30, 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 on the reconsiderations are due 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, but 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") in June 2012 and issued final NAAQS for PM on December 14, 2012, lowering the allowable limit from 15 micrograms per cubic meter to 12 micrograms per cubic meter.

American Municipal Power, Inc.

Notes to Interim Consolidated Financial Statements

Nine Months Through and Ended September 30, 2013 (unaudited)

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.

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 (related to the Clean Air Interstate Rule)

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 Cross-State Air Pollution Rule ("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 Clean Air Interstate Rule ("CAIR") remains in place for allowance allocations. On June 24, 2013, the Supreme Court announced it will review the appeals court's rejection of CSAPR in its next session (beginning October 1, 2013).

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.

American Municipal Power, Inc.

Notes to Interim Consolidated Financial Statements

Nine Months Through and Ended September 30, 2013 (unaudited)

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 guidance on derivative instruments. All such purchases are "covered" by corresponding power sales arrangements either with individual members or one of AMP's power pools.

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.

Other Commitments

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

AMP is also a party to various legal actions and complaints arising in the ordinary course of business. AMP does not believe that the ultimate resolution of such matters will have a material adverse affect 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.

9. Subsequent Events

The Company has evaluated subsequent events through November 20, 2013 as this was the date the interim consolidated financial statement were available to be issued.

Supplementary Information



Independent Auditor's Report on Supplementary Information

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

The report on our review of the consolidated financial statements of American Municipal Power, Inc. ("AMP") and its subsidiaries at September 30, 2013 and for the nine months then ended appears on page one of this document. That review was conducted for the purpose of becoming aware of any material modifications that should be made to the consolidated interim financial statements taken as a whole. Based on the our review, we are not aware of any material modifications that should be made to the consolidated interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America. The consolidating balance sheet at September 30, 2013 and the consolidating statements of revenues and expenses and of cash flows for the nine-months ended September 30, 2013 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual entities. Accordingly, we do not express an opinion on the financial position, results of operations and cash flow of the individual entities. However, the consolidating interim information has been subjected to the review procedures applied in the review of the consolidated financial statements and based on the procedures performed, we are not aware of any material modifications that should be made to the consolidating information in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

November 20, 2013

American Municipal Power, Inc.
Consolidating Balance Sheet
September 30, 2013

	AMP *	PSEC	AFEC	Eliminating	Total
Assets					
Utility plant					
Electric plant in service	\$ 35,218,224	\$ 1,359,993,556	\$ 568,463,044	\$ -	\$ 1,963,674,824
Accumulated depreciation	(15,575,195)	(43,958,594)	(29,261,936)	-	(88,795,725)
Total utility plant	19,643,029	1,316,034,962	539,201,108	-	1,874,879,099
Nonutility property and equipment					
Nonutility property and equipment	21,567,451	-	-	-	21,567,451
Accumulated depreciation	(8,827,488)	-	-	-	(8,827,488)
Total nonutility property and equipment	12,739,963	-	-	-	12,739,963
Construction work-in-process	1,580,740,497	10,920,254	3,988,963	-	1,595,649,714
Plant held for future use	34,881,075	-	-	-	34,881,075
Coal reserves	-	25,615,374	-	-	25,615,374
Trustee funds and other assets					
Trustee funds	831,626,646	201,249,349	40,565,964	-	1,073,441,959
Financing receivables-members	26,281,372	-	-	-	26,281,372
Notes receivable	3,075,000	-	-	-	3,075,000
Regulatory assets	164,362,860	62,905,389	28,681,939	-	255,950,188
Prepaid pension costs	1,293,792	-	-	-	1,293,792
Intangible and other assets	27,869,548	16,022,832	4,382,922	-	48,275,302
Total trustee funds and other assets	1,054,509,218	280,177,570	73,630,825	-	1,408,317,613
Current assets					
Cash and cash equivalents	25,474,561	12,405,995	15,002,846	-	52,883,402
Cash and cash equivalents - restricted	44,004,717	-	-	-	44,004,717
Trustee funds	278,636,155	25,859,989	9,838,585	-	314,334,729
Investments	14,065,022	-	-	-	14,065,022
Collateral postings	7,038,806	11,000,000	-	-	18,038,806
Accounts receivable	56,504,514	6,447,490	6,820,093	(983,578)	68,788,519
Interest receivable	13,221,222	2,085,153	670	-	15,307,045
Financing receivables - members	11,791,669	-	-	-	11,791,669
Inventories	33,464	7,442,692	-	-	7,476,156
Regulatory assets	9,327,833	-	2,533,900	-	11,861,733
Prepaid expenses and other assets	3,807,587	1,531,470	1,525,655	-	6,864,712
Total current assets	463,905,550	66,772,789	35,721,749	(983,578)	565,416,510
Total assets	\$ 3,166,419,332	\$ 1,699,520,949	\$ 652,542,645	\$ (983,578)	\$ 5,517,499,348

* This column represents all consolidated AMP entities except for AFEC and PSEC.

American Municipal Power, Inc.
Consolidating Balance Sheet
September 30, 2013

	AMP *	PSEC	AFEC	Eliminating	Total
Equities and Liabilities					
Member and patron equities					
Contributed capital	\$ 806,248	\$ -	\$ -	\$ -	\$ 806,248
Patronage capital	56,366,928	-	-	-	56,366,928
Total member and patron equities	57,173,176	-	-	-	57,173,176
Long-term debt					
Term debt	2,734,784,024	1,645,930,722	580,388,541	-	4,961,103,287
Term debt on behalf of members	5,168,000	-	-	-	5,168,000
Term debt on behalf of Central Virginia Electric Cooperative	-	-	23,625,000	-	23,625,000
Line of credit	175,000,000	-	-	-	175,000,000
Total long-term debt	2,914,952,024	1,645,930,722	604,013,541	-	5,164,896,287
Current liabilities					
Accounts payable	73,301,817	11,155,041	3,443,667	(983,578)	86,916,947
Accrued postretirement benefits	750,000	-	-	-	750,000
Accrued interest	24,034,791	11,452,459	3,357,711	-	38,844,961
Term debt	15,662,412	20,665,000	8,385,000	-	44,712,412
Term debt on behalf of members	15,289,000	-	-	-	15,289,000
Term debt on behalf of Central Virginia Electric Cooperative	-	-	854,167	-	854,167
Regulatory liabilities	661,329	-	129,900	-	791,229
Other liabilities	1,908,715	5,263,048	3,065,620	-	10,237,383
Total current liabilities	131,608,064	48,535,548	19,236,065	(983,578)	198,396,099
Other noncurrent liabilities					
Accrued postretirement benefits	4,699,380	-	-	-	4,699,380
Deferred gain on sale of real estate	1,276,789	-	-	-	1,276,789
Other liabilities	8,493,752	-	7,964,902	-	16,458,654
Asset retirement obligations	2,756,693	3,563,743	72,457	-	6,392,893
Regulatory liabilities	45,459,454	1,490,936	21,255,680	-	68,206,070
Total other noncurrent liabilities	62,686,068	5,054,679	29,293,039	-	97,033,786
Total liabilities	3,109,246,156	1,699,520,949	652,542,645	(983,578)	5,460,326,172
Total equities and liabilities	3,166,419,332	1,699,520,949	652,542,645	(983,578)	5,517,499,348

* This column represents all consolidated AMP entities except for AFEC and PSEC.

American Municipal Power, Inc.
Consolidating Statement of Revenues and Expenses
September 30, 2013

	AMP *	PSEC	AFEC	Eliminating	Total
Revenues					
Electric revenue	453,134,950	146,040,676	124,927,453	(2,010,943)	\$ 722,092,136
Service fees	6,775,561	-	-	-	6,775,561
Programs and other	14,485,403	-	-	-	14,485,403
Total revenues	474,395,914	146,040,676	124,927,453	(2,010,943)	743,353,100
Operating expenses					
Purchased electric power	444,657,275	17,474,610	841,984	-	462,973,869
Production	6,379,626	24,046,453	19,373,167	(2,010,943)	47,788,303
Fuel	392,793	17,593,426	73,533,272	-	91,519,491
Depreciation	3,026,938	27,581,405	12,533,563	-	43,141,906
Administrative and general	3,080,650	4,110,832	-	-	7,191,482
Property and real estate taxes	547,263	58,745	689,231	-	1,295,239
Programs and other	13,445,383	-	-	-	13,445,383
Total operating expenses	471,529,928	90,865,471	106,971,217	(2,010,943)	667,355,673
Operating margin	2,865,986	55,175,205	17,956,236	-	75,997,427
Nonoperating revenues and expenses					
Interest expense	(166,305)	(70,098,369)	(18,707,614)	-	(88,972,288)
Interest income, subsidy	-	10,168,381	-	-	10,168,381
Interest income, other	106,880	4,711,545	46,498	-	4,864,923
Other, net	426,764	43,238	704,880	-	1,174,882
Total nonoperating revenues and expenses	367,339	(55,175,205)	(17,956,236)	-	(72,764,102)
Net margin	\$ 3,233,325	\$ -	\$ -	\$ -	\$ 3,233,325

* This column represents all consolidated AMP entities except for AFEC and PSEC.

American Municipal Power, Inc.
Consolidating Statement of Cash Flows
September 30, 2013

	AMP *	PSEC	AFEC	Eliminations	Total
Cash flows from operating activities					
Net margin	\$ 3,233,325	\$ -	\$ -	\$ -	\$ 3,233,325
Adjustments to reconcile net margin to net cash provided by (used in) operating activities					
Depreciation	3,027,785	27,095,211	12,533,563	-	42,656,559
Depletion of coal reserves	-	474,225	-	-	474,225
Amortization of deferred financing cost	1,294,621	1,506,121	234,919	-	3,035,661
Amortization of bond premium, net of amortization of bond discount	(681,161)	474,543	(1,632,871)	-	(1,839,489)
Accretion of interest on asset retirement obligations	105,659	-	1,631	-	107,290
Loss on sale of utility property and equipment	-	11,695	-	-	11,695
Unrealized loss on natural gas swaps	-	-	10,063,882	-	10,063,882
Unrealized (gain) loss on investments	43,468	(54,933)	(700,335)	-	(711,800)
Changes in assets and liabilities					
Collateral postings	14,269,494	(11,000,000)	-	-	3,269,494
Accounts receivable	(3,372,094)	2,322,884	6,262,481	636,921	5,850,192
Interest receivable	106,391	3,570,552	(486)	-	3,676,457
Inventories	(1,574)	(1,281,848)	-	-	(1,283,422)
Regulatory assets and liabilities, net	(25,585,705)	(34,053,551)	(12,732,644)	-	(72,371,900)
Prepaid expenses and other assets	1,622,550	704,190	(282,455)	-	2,044,285
Accounts payable	13,216,650	408,090	(2,758,635)	(636,921)	10,229,184
Accrued postretirement benefits	680,534	-	-	-	680,534
Accrued interest	(1,300,951)	(23,302,747)	(10,040,143)	-	(34,643,841)
Asset retirement obligations	(2,359,706)	-	-	-	(2,359,706)
Other liabilities	(547,498)	(4,521,838)	(217,052)	-	(5,286,388)
Net cash provided by (used in) operating activities	3,751,788	(37,647,406)	731,855	-	(33,163,763)
Cash flows from investing activities					
Purchase of utility property and equipment	(296,968)	-	(230,752)	-	(527,720)
Sale of utility property and equipment	379,238	-	41,655	-	420,893
Purchase of non utility property and equipment	(198,620)	-	-	-	(198,620)
Purchase of construction work-in-process	(341,858,352)	(6,926,017)	(4,354,049)	-	(353,138,418)
Proceeds from sale of investments	867,576,611	287,370,646	19,615,705	-	1,174,562,962
Purchase of investments	(467,846,160)	(231,602,856)	(10,962,338)	-	(710,411,354)
Restricted cash and cash equivalents	2,649,022	1,354,108	-	-	4,003,130
Net cash provided by investing activities	60,404,771	50,195,881	4,110,221	-	114,710,873

* This column represents all consolidated AMP entities except for AFEC and PSEC.

American Municipal Power, Inc.
Consolidating Statement of Cash Flows
September 30, 2013

	AMP *	PSEC	AFEC	Eliminating	Total
Cash flows from financing activities					
Proceeds from revolving credit loan	60,000,000	-	-	-	60,000,000
Payments on revolving credit loan	(69,000,000)	-	-	-	(69,000,000)
Cost of issuance of debt	(378,666)	(56,667)	(64,667)	-	(500,000)
Principal payments on term debt	(64,230,000)	(19,880,000)			(84,110,000)
Principal payments on term debt on behalf of members	(8,741,000)	-	-	-	(8,741,000)
Proceeds from issuance of term debt on behalf of members	6,383,000	-	-	-	6,383,000
Principal payments on term debt on behalf of CVEC	-	-	(520,833)	-	(520,833)
Proceeds from financing receivables members	5,196,525	-	-	-	5,196,525
Funding of financing receivables members	(2,602,903)	-	-	-	(2,602,903)
Capital contributions	5,040	-	-	-	5,040
Cash used in financing activities	<u>(73,368,004)</u>	<u>(19,936,667)</u>	<u>(585,500)</u>	<u>-</u>	<u>(93,890,171)</u>
Net change in cash equivalents	(9,211,445)	(7,388,192)	4,256,576	-	(12,343,061)
Cash and cash equivalents, beginning of year	<u>34,686,006</u>	<u>19,794,187</u>	<u>10,746,270</u>	<u>-</u>	<u>65,226,463</u>
Cash and cash equivalents, end of year	<u>\$ 25,474,561</u>	<u>\$ 12,405,995</u>	<u>\$ 15,002,846</u>	<u>\$ -</u>	<u>\$ 52,883,402</u>

* This column represents all consolidated AMP entities except for AFEC and PSEC.