# DELIVERING RESULTS

ECONOMY • SOCIETY • ENVIRONMENT

AMP
PUBLIC POWER PARTNERS™

## 2012 REPORT ON SUSTAINABILITY

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*On the cover:* Wetlands in Meigs County (Ohio) that AMP constructed to benefit the eastern spadefoot toad, an Ohio endangered species.


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# LETTER FROM THE PRESIDENT AND CHAIRMAN OF THE BOARD OF TRUSTEES

In 2011, AMP provided its first comprehensive report on sustainability, which we are proud to say was well received by members and other stakeholders. Our goal was to use the 2011 Sustainability Report as a foundation from which we would measure and track progress along our sustainability journey, focusing on achievements made to further grow and diversify our generation portfolio, reduce and offset emissions, help our members save energy, foster strong and stable member communities, and be responsible stewards.

With our 2012 Sustainability Report, we are continuing to put meat on those bones, comparing progress made and reporting other metrics that demonstrate the breadth of AMP's commitment to sustainability through economic, environmental, and societal measures and actions. The theme of this year's Sustainability Report – "Delivering Results" – takes last year's message, "Walking the Talk," to the next level. At AMP, sustainability means not just saying and doing the *right* thing, but also producing and delivering results based on a solid vision and careful planning for the future.

Because of that vision and planning, 2012 proved to be a watershed year for the organization in terms of asset development. Throughout the year, two major generation assets commenced commercial operation, thus greatly increasing the total MW under AMP's control and reducing our members' exposure to energy and capacity market volatility. AMP's first utility-scale solar facility also began commercial operation, and construction progressed on our hydroelectric assets.

Jon A. Bisher (left), AMP Board Chairman and City Manager, Napoleon, Ohio, and Marc S. Gerken, PE AMP President/CEO

To provide even greater transparency, AMP has also begun to provide quarterly "At a Glance" sustainability reports, publishing the first in February 2013, which reported on highlights from Q4 2012. As is the case with AMP's annual Sustainability Reports, the "At a Glance" reports will be available on AMP's website for your information. And as always, we welcome your feedback.

On behalf of the members,

Marc S. Gerken, PE
AMP President/CEO

Jon A. Bisher
AMP Board of Trustees Chairman and City Manager, Napoleon, Ohio

# AMP'S APPROACH TO SUSTAINABILITY

American Municipal Power, Inc. (AMP) is the Columbus-based nonprofit wholesale power supply and services provider for 129 members in seven states, including 128 member communities – 82 in Ohio, 30 in Pennsylvania, six in Michigan, five in Virginia, three in Kentucky, and two in West Virginia – and the Delaware Municipal Electric Corporation, Inc., which is a joint action agency representing nine municipal electric systems in the state of Delaware. Owned and governed by its members, AMP is dedicated to providing value-added member services and cost-competitive power supply. AMP also serves as project manager for groups of municipal electric communities participating in joint ventures and other structures to share ownership of power generation and related facilities.

AMP and its members are committed to achieving sustainable balance between being responsible corporate citizens, governmental entities, employers, and environmental stewards, while simultaneously maintaining a supply of cost-competitive, reliable electric power for our members' retail customers.

AMP believes that the best way to achieve the desired balance between sometimes competing considerations is through the consistent application of the concept of sustainability as a focused business practice. AMP defines "corporate sustainability" as a business approach that creates long-term member value by maximizing opportunities and minimizing risks related to a host of economic, environmental, and community or societal considerations.

AMP sometimes employs the concept of a "three-legged stool" to explain how these considerations must be in balance for its corporate sustainability to be achieved. The three legs of the sustainability stool are "ECONOMY," "ENVIRONMENT," and "COMMUNITY/SOCIETY." To properly support sustainability as a business approach, all three legs have to be present and given relatively equal consideration when business decisions are made. Remove one leg of the stool and it topples over – there is no foundation for a strictly sustainable corporate decision. Give one leg of the stool greater emphasis than the others, and the unbalanced platform on which the decision is based will not allow it to be sustained over time – it, too, will lean and eventually fail.

The nature of AMP's members as units of local municipal government underscores the long-term sustainability vision that prevails at AMP. An organization cannot effectively practice sustainability while having its eye solely on the next quarterly report to shareholders. Conversely, public power utilities are governed and operated as public services to their citizens for the betterment of their communities. Through its members, AMP deploys programs and projects to provide reliable, cost-competitive, and environmentally responsible generation development and technical support, environmental management, business development, project financing, education and training, energy efficiency, and conservation as part of an overall corporate strategy of sustainability.

AMP continues to make significant investments in the development, construction, and management of a variety of sustainable generation projects, including efficient coal, natural gas, hydroelectric, and solar projects, which provide a balanced yet diversified portfolio of power supply options for our members. In addition to developing its own generation assets, AMP also is able to secure other needed capacity – including renewable wind and landfill gas – for its members through the use of power purchase agreements (PPAs).

# OVERVIEW OF AMP'S 2012 SUSTAINABILITY REPORT

AMP's 2012 Sustainability Report is focused on presenting information relating to its sustainability efforts from the 2012 calendar year, and comparing that performance to 2011 (and in some cases additional prior years) whenever practicable. In addition to being addressed in the text, the most pertinent data are presented in a summary "at a glance" comparison table located at the end of this report. This document is meant to be viewed as an accompanying document to other AMP and Efficiency Smart-prepared annual reports that cover a much broader scope of activities within the organization. However, as a stand-alone document, AMP's 2012 Sustainability Report provides a good snapshot of AMP's progress on its sustainability journey by "delivering results."

The 2012 report is organized with several introductory sections, followed by three major chapters, representing the three legs of the "sustainability stool" – ECONOMY, ENVIRONMENT, and COMMUNITY / SOCIETY. Major accomplishments and data from various AMP programs and projects are provided in the most appropriate of these three chapters. Readers should note that, because the concept of sustainability requires a balancing of all three primary components, many of the reported results (from the identified projects and programs) could easily be discussed in different chapters.

## AMP'S SUSTAINABILITY PRINCIPLES

In 2005, the AMP Board of Trustees first adopted a set of Environmental Stewardship Principles to help guide the organization. Modified in 2009, these principles were again revised in 2011 to reflect the broader nature of "sustainability" (i.e., vs. "stewardship") for AMP's business model and were renamed "Sustainability Principles." One goal of this Sustainability Report is to reflect the accomplishments and progress with regard to these 2011 principles and to report such to member communities, other stakeholders, and the public. As appropriate and as approved by AMP's Board of Trustees, these Sustainability Principles may be subsequently supported by the establishment of more specific goals, targets, and other performance standards that can be measured and reported. The Sustainability Principles approved by the Board in 2011 are listed on the next page:

## PRINCIPLE #1 - PROVIDING A BALANCED AND SUSTAINABLE POWER SUPPLY PORTFOLIO

AMP is committed to providing our members with a variety of options for meeting their power supply needs. This includes maintaining a balanced portfolio of generation projects, power purchase agreements, and a project development pipeline that includes cost-effective fuel and generation technology options. This also means using energy efficiency and load control as meaningful tools in power supply planning to reduce the need for new generation resources.

## PRINCIPLE #2 - REDUCING OUR OVERALL EMISSIONS PROFILE

AMP is committed to reducing its overall emissions profile. Reductions of airborne emissions can be achieved through the use of efficient coal technologies and other lower- or zero-emission generation technologies (including renewables), supply-side or end-use efficiency improvements, and conservation activities. Improvements in energy and operational efficiency and use of efficient coal technologies at the generation level will also reduce water usage and need for landfill space. Mindful that emissions of greenhouse gases (GHGs) may be limited at some point in the future, AMP will prudently invest in projects to offset carbon dioxide and other GHG emissions from our fossil generation resources. AMP also encourages efforts to account for and reduce GHG emissions by individual AMP member communities, which promotes balancing their system needs with other stewardship and customer values.

## PRINCIPLE #3 - USING LESS

AMP recognizes that electricity not generated – because it is not needed – yields the greatest environmental benefit and is essential to a truly sustainable business approach. Reducing electricity demand through innovative conservation efforts and efficiency improvements offered to AMP member communities will help conserve natural resources as well as reduce emissions. AMP will also promote the "reduce, reuse, recycle" principles of sustainability to its membership and employees and throughout its operations.

## PRINCIPLE #4 - MAKING SMART INVESTMENTS

AMP is faced with finding new power supply options to meet member needs. Volatile energy markets and aging generation resources have spurred AMP to make smart investments in efficient coal, natural gas, hydroelectric, landfill gas, and solar generation assets to mitigate overexposure to the wholesale market. AMP will continue to pursue incorporating other cost-effective renewable resources as an important part of our generation portfolio and will endeavor to use any available favorable local, state, or federal regulatory treatment when siting these projects.

## PRINCIPLE #5 - ASSISTING MEMBER COMMUNITIES

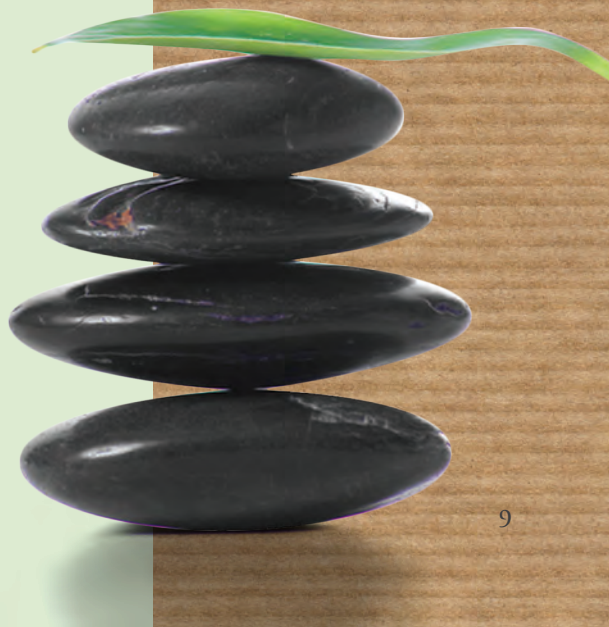
AMP member municipal electric systems are critical components in the success of the communities they serve. Investment of capital – both financial and human – in AMP member communities is essential to ensuring a good quality of life and encouraging economic development and growth. Environmental enhancements (planting trees, creating green space, etc.) are also valuable assets to local communities, and AMP will provide technical support and work with interested member communities to identify energy efficiency, carbon management, and sustainable investment and development opportunities consistent with local needs.

## PRINCIPLE #6 - REACHING OUT TO STAKEHOLDERS

AMP will reach out to other stakeholder entities – including (but not limited to) government, business, academia, media, and other utility organizations – to ensure that they understand AMP's mission and vision and AMP's approach to sustainability. This outreach is intended to help AMP identify potential future collaborative opportunities beyond those traditionally associated with providing electric power supply. AMP encourages member communities to identify potential partnership opportunities as well.

## PRINCIPLE #7 - LEADING BY EXAMPLE

AMP encourages its officers and employees to lead by example through increased efforts to reuse and recycle home and office products and conserve energy, both at home and in the workplace. To the extent practicable, AMP will strive to use its headquarters building to demonstrate the use of green materials and energy efficient products, thus leading by example. AMP will report its sustainability and environmental stewardship actions on an annual basis and, where possible, measure its success in achieving the goals laid out by these Sustainability Principles.



# KEY SUSTAINABILITY ACCOMPLISHMENTS IN 2012

## POWER SUPPLY ASSETS AND GENERATION CAPACITY ADDED



As previously noted, 2012 proved to be a watershed year for AMP in terms of asset development. Throughout the year, AMP added over 1,078 megawatts (MW) of generation capacity to its power supply portfolio, consisting of natural gas, efficient coal, and solar assets. The addition of these assets further diversifies AMP's generation portfolio and also decreases the exposure of AMP members to energy and capacity market volatility.

### AMP FREMONT ENERGY CENTER

On January 20, 2012, AMP assumed care, custody, and control of the AMP Fremont Energy Center (AFEC) from Akron, Ohio-based FirstEnergy Corp. (NYSE: FE), after completing construction and commissioning activities. AMP owns 90.69 percent of the 707-MW (fired) natural-gas, combined-cycle facility on behalf of 87 participating AMP members (including the Delaware Municipal Electric Corporation) in seven states and 4.15 percent on behalf of the Central Virginia Electric Cooperative. The Michigan Public Power Agency owns the remaining 5.16 percent. Because of lower-than-expected natural gas costs in 2012, which resulted in more dispatched hours, the AFEC facility saw higher output than was originally projected, achieving a 59 percent capacity factor (49.1 percent was projected). The plant also has an impressive safety record, finishing 2012 with 491 days without a lost-time accident.

### PRAIRIE STATE ENERGY CAMPUS

Following more than four years of construction, the Prairie State Energy Campus (PSEC) also became operational in 2012. Located in southern Illinois, the 1,600-MW coal plant is co-owned by nine entities serving more than 2.5 million customers; AMP owns the largest share of the plant (23.26 percent, or 368 MW) on behalf of its 68 participating members. This supercritical, mine-mouth plant is also one of the cleanest coal plants in the nation, utilizing state-of-the-art pollution controls. Because PSEC has its own 30-year supply of coal from the adjacent mine, PSEC eliminates pricing volatility and fuel and transportation costs, as well as related emissions, enhancing its ability to deliver reliable electricity to its customers over time. PSEC has also developed an adjacent coal combustion waste (CCW) landfill that eliminates the need to transport CCW by rail to a remote landfill, saving more energy.

### NAPOLEON SOLAR FACILITY

Construction of AMP's first solar project began in April 2012, and the Napoleon Solar project became operational in August 2012, marking an important decision by AMP to move forward with strategic installations of this renewable technology. This 3.54-MW AC solar photovoltaic (PV) facility is located on a 20-acre brownfield site in Napoleon, Ohio, and was prominently featured in last year's Sustainability Report for its unique connection to economic development efforts involving local and regional suppliers. Two U.S. service veterans were also employed by the Solar by Soldiers program to work on the Napoleon solar facility. The program was created by Tipping Point Renewable Energy to utilize military veterans in the construction of solar and efficiency projects across the country.

While Ohio is not generally considered an optimum location for solar PV, the technology can serve as an excellent resource for meeting summer peak power needs. AMP plans to incorporate additional solar PV capacity in its power supply portfolio as a hedge against potentially rising peak power prices and expanding regulatory requirements related to fossil-fuel generation. Behind-the-meter solar installations also provide transmission savings and capacity value for host communities. In addition, PV installations in local communities can provide an opportunity to put brownfield or otherwise under-utilized land sites to productive use.

## HYDROELECTRIC PROJECTS

Construction progress continued throughout 2012 on four run-of-the-river hydroelectric projects located at the Cannelton, Smithland, Meldahl, and Willow Island locks and dams on the Ohio River. AMP's work on these projects marks the nation's largest run-of-the-river hydroelectric construction effort, which will provide more than 300 MW of new capacity at existing U.S. Army Corps of Engineers dams when completed in 2014-2015. On behalf of participating member communities in five states, AMP owns three of the hydro projects as well as owns, through a separate wholly owned limited liability company, the fourth, Meldahl, that it is developing with the member community of Hamilton. Hamilton retains the rights for a 51 percent share.

*Above:* At the Prairie State Energy Campus, conveyors transport coal from the adjacent Lively Grove coal mine to the stockpile near the generating units. This mine-mouth arrangement eliminates transportation costs and risks, as well as emissions resulting from truck, rail or barge transport.

*Opposite page, top:* The AMP Fremont Energy Center, which began commercial operation in January 2012. *Bottom:* The 3.54-MW AC Napoleon Solar Facility became operational in August 2012.

EFFICIENCY$MART


*Above:* Efficiency Smart staff distribute free CFL light bulbs at the Oberlin Family Fun Fair. *Below:* Work continues on the Meldahl hydro project near Maysville, Kentucky. Scheduled to be completed in 2104, the 105-MW facility will become the largest hydroelectric plant on the Ohio River.

## EFFICIENCY SMART SURPASSES MAJOR MILESTONE

AMP's Efficiency Smart program, which provides energy efficiency services to 49 subscribing AMP member communities, surpassed a major program milestone in 2012. Per an agreement with the U.S. Environmental Protection Agency (EPA), Efficiency Smart was required to save 49,000 megawatt-hours (MWh) within four years – the program surpassed that goal in just two years! In addition, half of the participating member communities have exceeded 100 percent of their three-year target for energy savings. Academic-based projects were particularly strong in the last quarter of 2012, with Efficiency Smart successfully closing 25 projects at Oberlin College, as well as 22 projects at Bowling Green State University. Additional details on the Efficiency Smart program are included in the ECONOMY section of this year's report and at the Efficiency Smart website www.efficiencysmart.org.

## PEAKING/CAPACITY OPTIONS

In 2012, AMP also investigated options toward filling its members' needs for significant peaking generation/capacity resources throughout the organization, based on the organization's 2014-2038 long-term, power-supply modeling. As part of AMP's effort to address the projected need, the organization began a peaking/capacity study, which was in the final stages at the end of the year, to evaluate sites for the possibility of building peaking generation projects behind AMP members' meters. Also, in November, AMP executed a non-binding memorandum of understanding with FirstEnergy Corp. (FE) to potentially jointly construct, own and operate a proposed 873-MW natural gas generating facility on the premises of FE's coal-fired plant in Eastlake, Ohio. The project could have possibly helped meet AMP members' needs for significant peaking generation/capacity.

During the first and second quarters of 2013, additional due diligence on both the behind-the-meter and Eastlake peaking options, as well as other capacity options was undertaken. Based upon a number of factors, including the uncertainty of financing for such a project because the future availability of tax-exempt and tax advantaged financing remains in question, AMP is no longer pursuing the Eastlake Project. Indeed some of AMP's projects have already seen increased costs because of the federal "sequester." Additionally, the overall electric market and regulatory uncertainty presented risks as well. These risks and others made moving forward with the project imprudent. The "behind the meter" effort continues to progress in 2013, however.

# ECONOMY

## ORGANIZATIONAL OVERVIEW

Strategic organizational growth helps to support AMP's sustainability vision. Since 1996, AMP's membership has grown by more than 65 percent and expanded from Ohio to include six other states: Delaware, Kentucky, Michigan, Pennsylvania, Virginia, and West Virginia. The Delaware Municipal Electric Corporation (DEMEC) joined AMP in 2011, adding to AMP's eastern U.S. presence. A map of AMP's footprint states, communities, and key facilities is located on the inside back cover of this report.

This organization growth has provided substantial benefits for AMP's membership in the form of heightened economies of scale, enhanced services and a larger influence footprint. From a staffing standpoint, in 2012, AMP employed 160 employees at the headquarters and at generating assets. The AMP employment numbers do not include the hundreds currently employed through various contractors in conjunction with hydroelectric plant construction or other contractors involved with certain operational functions at AFEC.

## FINANCIAL STRENGTH

In 2012, Moody's Investor Service reaffirmed AMP's A1 issuer rating for the fifth straight year, which signifies AMP's strong credit position and that of its members, which ultimately results in lower project financing costs – and thus more savings for customers.

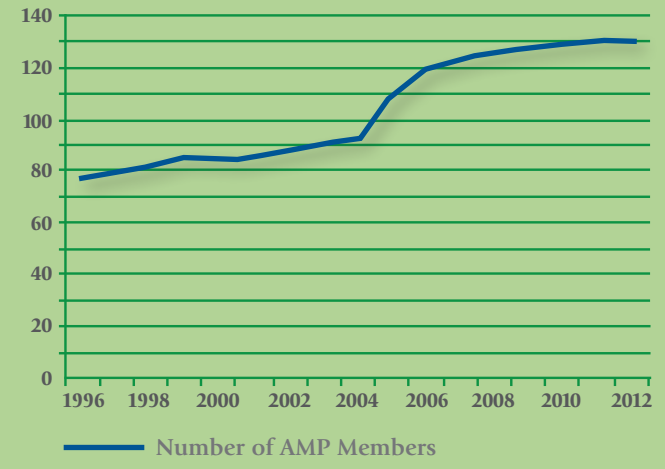
## AMP MEMBER CREDIT SCORING/MONITORING PROGRAM

Realizing the organization was about to embark on a large capital-intensive building program, AMP staff developed a credit scoring program for its members from criteria primarily utilized by the three rating agencies (Moody's, Fitch and Standard & Poors) in 2006. Subsequently, the AMP Board of Trustees approved a policy that is used by AMP staff in calculating credit scores upon the receipt of a member's annual audit. Credit scores are reported to the AMP Board monthly as audits are received.

The credit scoring program has increased awareness with members as to critical areas relating to a municipality's credit. The goal of the program is to enhance the financial soundness and creditworthiness of the entire AMP membership and is expected to enhance the credit of participating members in all current refinancings and future AMP project financings.

The credit scoring policy is reviewed regularly with scoring criteria updates made as dictated by changes in rating agency financial metrics and approved by the AMP Board. In addition, AMP staff conducts educational meetings for members on current topics in finance and accounting and other information throughout the year.

### AMP MEMBERSHIP GROWTH

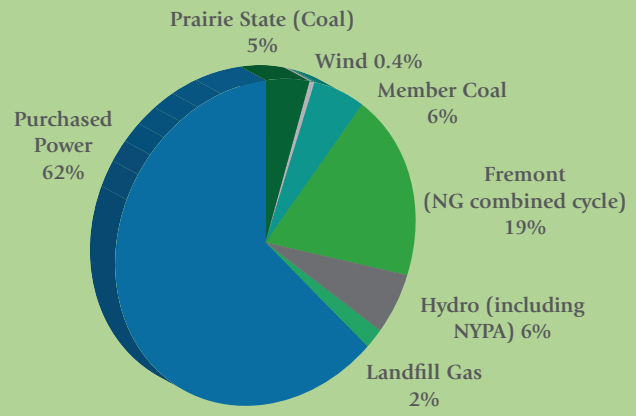



### AMP FINANCIAL SUMMARY

*From Consolidated Statements of Revenues and Expenses*
*Years Ended December 31, 2012 and 2011*

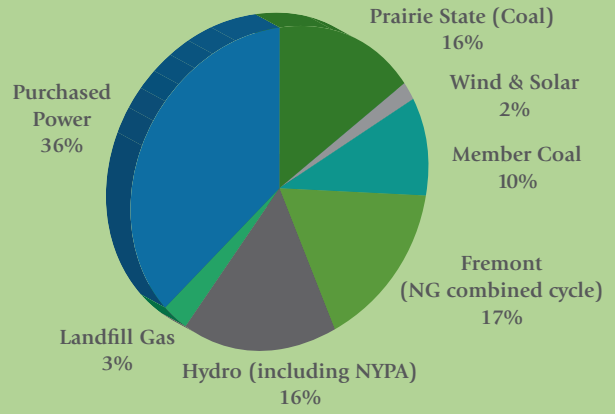
| | 2012 | 2011 |
|---|---|---|
| **Revenues** | | |
| Electric revenue | $797,996,283 | $705,232,116 |
| Service fees | 6,697,162 | 6,287,624 |
| Programs and other | 19,042,794 | 20,094,963 |
| Total revenues | 823,736,239 | 731,614,703 |
| **Operating expenses** | | |
| Purchased electric power |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

## 2012 AMP Member Energy Resource Mix (16,082,000 MWh)




As seen in a comparison of these two energy resource mix charts, the purchased power (market) portion is projected to decrease significantly by 2015. Contributing to that is the addition of AMP's new hydroelectric assets, projected to come online in 2014-2015. The new hydro assets will also expand AMP's renewable owned generation to 21 percent.

## 2015 AMP Member Projected Energy Resource Mix (16,000,000 MWh)




### Notes to 2012 & 2015 charts

*– The Member Coal figure includes the participation of AMP members Paducah and Princeton in PSEC through the Kentucky Municipal Power Association.*

*– The Wind and Solar percentage includes member-owned solar.*

*– The hydro percentage includes member-owned hydro.*



## GENERATION PORTFOLIO

One of AMP's overarching goals is to provide cost-competitive power supply options to its members, while remaining true to its sustainability approach. In the past, a large portion of AMP's owned, operated, or purchased supply included units fueled by older coal facilities, which on average supply more than 50 percent of the electricity capacity throughout AMP's footprint states. Until 2011, AMP's coal-fired portfolio was supplied by the 213-MW Richard H. Gorsuch Station (which formally closed in December 2010 and is being decommissioned), member-owned coal-fired units, and market purchases.

Driven by members' desire to further minimize market risks associated with their power supply, AMP provided its members with asset development opportunities to allow members the opportunity to replace a portion of their market purchases with new efficient coal, natural gas, and solar projects as additions to the portfolio of AMP-owned assets. The AMP Fremont Energy Center (AFEC), a 707-MW (duct-fired) combined cycle natural gas plant, began commercial operation in January 2012. The Prairie State Energy Campus in southern Illinois – of which AMP owns 23.26 percent on behalf of its participating members – is a two-unit, 1,600-MW state-of-the-art efficient mine-mouth coal plant that also became commercially available in 2012. Finally, the 3.54-MW Napoleon Solar facility came online in August 2012. Together, these three assets added more than 1,078 MW of capacity to AMP's power supply portfolio in 2012.

Also under AMP development at this time are more than 350 MW of new run-of-the-river hydroelectric generation (300 MW currently under construction) at existing dams. Other generation secured through power purchase arrangements (PPAs - e.g., wind and landfill gas) further diversifies AMP's power supply portfolio. As these units come online or are added to AMP's portfolio, their contributions will be included in future Sustainability Reports.

At the end of 2012, AMP's existing portfolio of owned and/or operated energy generation assets included the following:

- AMP Fremont Energy Center – 707 MW
- Prairie State Energy Campus (AMP share) – 368 MW
- Belleville Hydroelectric Plant – 42 MW
- Various diesels units (distributed generation) – 142 MW
- Various natural gas units (distributed generation) – 217 MW
- AMP Wind Farm – 7.2 MW
- Napoleon Solar Facility – 3.54 MW

Individual member-owned generation (e.g., coal, hydroelectric, natural gas, diesel, landfill gas, and solar) contributed an additional 6,175,710 MWh of generation towards total AMP system energy usage in 2012. Market purchases (including bilateral power purchases) provided 9,906,712 MWh of additional energy towards the total 2012 AMP system energy usage of 16,082,422 MWh (61.6 percent). Please see the charts for comparison of 2012 energy needs against 2015 projected energy needs for AMP. Note that the purchased power (market) portion changes dramatically with the addition of AMP's new hydroelectric assets, which are scheduled to come online in the 2014 – 2015 timeframe.

## EFFICIENCY SMART

2012 marked the second year of AMP's Efficiency Smart program. AMP partnered with the Vermont Energy Investment Corp. (VEIC) via a performance-based contract to establish Efficiency Smart in 2011 as a separate entity with its own staff and budget. The program provides needed energy-efficiency assessments and services to subscribing AMP members and their customers. A total of 49 AMP members were enrolled in the program in 2012, resulting in 41,776 MWh of energy savings across the residential, commercial, and industrial service classes (or 142 percent of the program's 2012 MWh savings goal).

In 2011 and 2012, Efficiency Smart achieved 59,524 MWh of cumulative energy savings for participating AMP members, nearly 75 percent of the program's three-year goal. Commercial and Industrial savings were strong, exceeding the sector's 2012 target by more than 50 percent. Efficiency Smart also supported appliance rebates and recycling (812 rebates were issued to customers for new, efficient refrigerators and washing machines, and 896 inefficient refrigerators and freezers were recycled) and compact fluorescent lamp (CFL) light bulb discounts (approximately 42,000 light bulbs were distributed) as well in 2012. Heading into 2013, Efficiency Smart had identified 383 energy efficiency projects in its pipeline with a combined projected savings of 46,637 MWh.

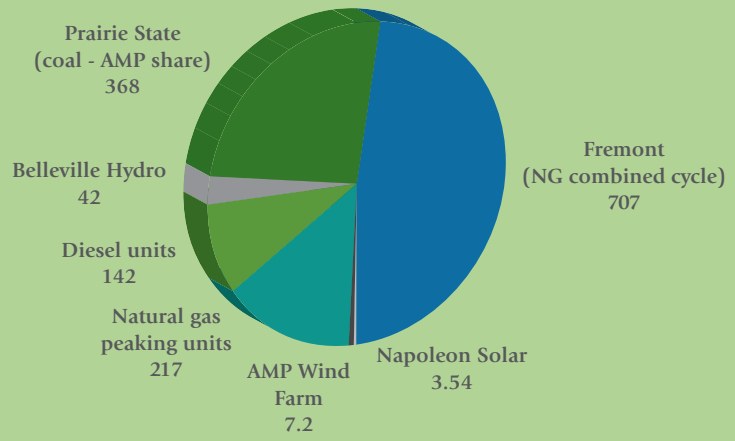
## HYDROELECTRIC CONSTRUCTION PROGRESS

Construction progress continued throughout 2012 on four run-of-the-river hydroelectric projects located at the Cannelton, Smithland, Meldahl, and Willow Island locks and dams on the Ohio River. AMP's work on these projects marks the nation's largest hydroelectric construction effort, which will provide more than 300 MW of new capacity when completed in the 2014-2015 timeframe. AMP continues its development work on one additional hydroelectric project currently in the Federal Energy Regulatory Commission (FERC) licensing and permitting stage of development (R.C. Byrd) in conjunction with its member community of Wadsworth, Ohio, which would add approximately another 50 MW of hydro capacity in the future.

As was reported in last year's Sustainability Report, completion of essential ground improvement work in 2011 at the Cannelton site near Hawesville, Kentucky, provided a solid foundation for the progress made on the plant in 2012. Powerhouse concrete construction was 81 percent complete by the end of 2012, with nearly 77,000 cubic yards of concrete placed. The project will add 84 MW of clean energy capacity to AMP's power supply portfolio once online.

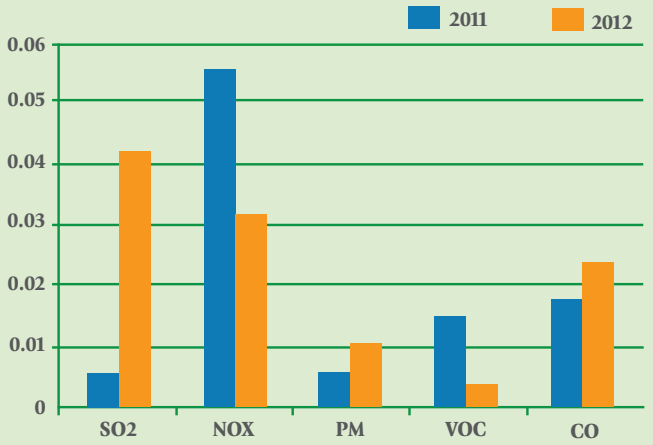
At the other active hydro construction sites, 2012 also proved to be a year of significant progress. Powerhouse construction was 15 percent complete at the Smithland site, near Smithland, Kentucky, which is projected to add 76 MW of hydroelectric capacity when completed. Concrete placement at the 35-MW Willow Island site (near St. Marys, West Virginia) was 6 percent complete at the end of 2012, and important progress was made to stabilize an existing geotechnical fault at the site, with the approval of the U.S. Army Corps of Engineers. Finally, the 105-MW Meldahl project near Maysville, Kentucky, had 61 percent of its structural concrete placed by the end of 2012.

### 2012 AMP Owned/Operated Assets (Capacity in MW)




2012 was a year of significant and diverse growth in AMP owned/operated generation as AMP Fremont Energy Center (natural gas), both Prairie State Energy Campus units (advanced coal) and the Napoleon Solar Facility began commercial operation.

### Growth in Efficiency Smart Savings by Customer Class (in MWh)


Emission rates of criteria pollutants from AMP units in lbs/billion Btu. See body text for more information.

## BUSINESS DEVELOPMENT ACTIVITIES

Business development at AMP includes a combination of activities conducted to assist members in attracting new capital investment and new jobs to their communities. In 2012, AMP business development activities included enhancements to the business development website www.searchampsites.com, the design and placement of banner advertisements on select business websites, the design and placement of copy advertisements in targeted business magazines distributed to executives and professional site-location consultants. For example, the website's community profiles and available property, business, and demographic information was useful in providing Parma, Ohio-based GrafTech International the information needed to make the decision to locate a new electronics plant on the electric distribution system for Wadsworth, Ohio. The new plant's initial capital investment will exceed $3 million, and 46 new jobs will be created with an annual payroll of $2.1 million.

Direct Connections is AMP's key accounts program, which included 16 participating members during 2012. The program is designed to augment a municipal electric system's existing business retention services by providing supplemental resources (e.g., audits, energy efficiency measures, research, and education) to assist members in enhancing their business relations with key large retail customers. Since 2000, the program has received more than $500,000 in state and federal matching grants. During 2012, energy audits were conducted for 12 manufacturers with a total of 1,276 employees. The energy audits identified electric and natural gas energy efficiency measures that, if implemented, could save 7,087 MWh of electricity and 41,237 MCF of natural gas and remove 4.7 million pounds of CO2 from the environment.

# ENVIRONMENT

## EMISSIONS PROFILE

Cleaner fuel standards combined with more-efficient units continue to drive down emissions from fossil-fueled electric generating units nationwide. While one standard for measuring emission rates of criteria pollutants has been in pounds per million Btu (lbs/mmBtu), emission numbers for most criteria pollutants are now so low that, for the purposes of this report (and with the exception of CO2 emissions), AMP is depicting emission rates by a factor of three lower (measured in pounds per BILLION Btu – not million). In addition, a major reduction in the allowable amount of SO2 in diesel fuel in particular has driven down emission rates from diesel units to below those of natural gas units in many cases.

AMP's emission rates for criteria pollutants in 2012 are in line with these developments (please see the chart at left for additional details). The addition of more than 1,000 MW of fossil generation to AMP's power supply portfolio in 2012 shows in the form of some very different emission rates from those reported for 2011 – in some cases (e.g., NOx and VOC emissions), higher combined unit efficiency actually resulted in lower emission rates.

CO2 emission rates increased from 107.8 lbs/mmBtu in 2011 to 144.2 lbs/mmBtu in 2012, attrib-

utable to the addition in 2012 of 368 MW of coal-fired generation representing AMP's share of the Prairie State Energy Campus.

Emissions are measured via monitors on some units and also are calculated according to accepted EPA methodology based on periodic testing and fuel sampling. All 2012 emissions were below permitted levels. Please see the "AMP's Sustainability Performance at a Glance - 2012" at the end of this report for actual criteria pollutant emissions reported (in tons).

## DECOMMISSIONING R.H. GORSUCH STATION

With the closure of the 213 MW coal-fired Richard H. Gorsuch Station at the end of 2010 comes AMP's decommissioning of the facility, including removing hazardous materials from the site, demolishing existing structures, and closing the former coal ash disposal landfill – according to applicable state and federal environmental laws and regulations. This process began in mid-2012 and is expected to be completed in 2013. The landfill was closed and groundwater monitoring wells installed by the end of 2012, and other site remediation activities are progressing. Metal recycling from the site totaled more than 3,500 tons for the year, and hazardous waste totaled 768 tons manifested and removed to licensed disposal facilities.

AMP continues to evaluate possible brownfield use of the Gorsuch site (on the Ohio River near Marietta, Ohio) for such activities as material handling or other uses, thus providing some additional economic development options for the area.

***Above:*** **A precipitator is pulled down during demolition work at the R.H. Gorsuch Station. Decommissioning is expected to be completed in 2013.**

## ENVIRONMENTAL MITIGATION MEASURES

As with the decommissioning of the Gorsuch Station site, AMP's generation construction activities bear the responsibility for mitigating possible environmental damages to local areas. At the site of a planned and subsequently cancelled coal generation construction project in Meigs Co., Ohio, the Meigs Soil and Water Conservation District recently featured the four-year evolution of habitat protection on nearly 70 acres of conservation easements between AMP and Meigs Soil & Water Conservation District (SWCD). In 2008, AMP constructed three wetlands (totaling 12 combined acres of aquatic habitat) as mitigation projects to benefit the eastern spadefoot toad, an Ohio endangered species. Four years later, in its Winter 2013 newsletter, Meigs SWCD noted that more than 500 ducks, mostly mallards, were observed on the largest wetland during the Ohio Department of Natural Resources (ODNR) – Division of Wildlife winter waterfowl survey. AMP continues to explore options for the site and maintains some environmental permits.

AMP also has performed environmental mitigation activities as conditions of its FERC licenses and other regulatory requirements for the various hydroelectric projects currently under construction. These include payment of financial compensation, consideration of conservation easements or other environmental protection for adjoining properties, purchasing additional acreage to compensate for land cleared for transmission lines, etc. AMP continues to work with regulatory agencies and local communities to identify other possible site improvements, including future fishing and recreational areas and reforestation activities.

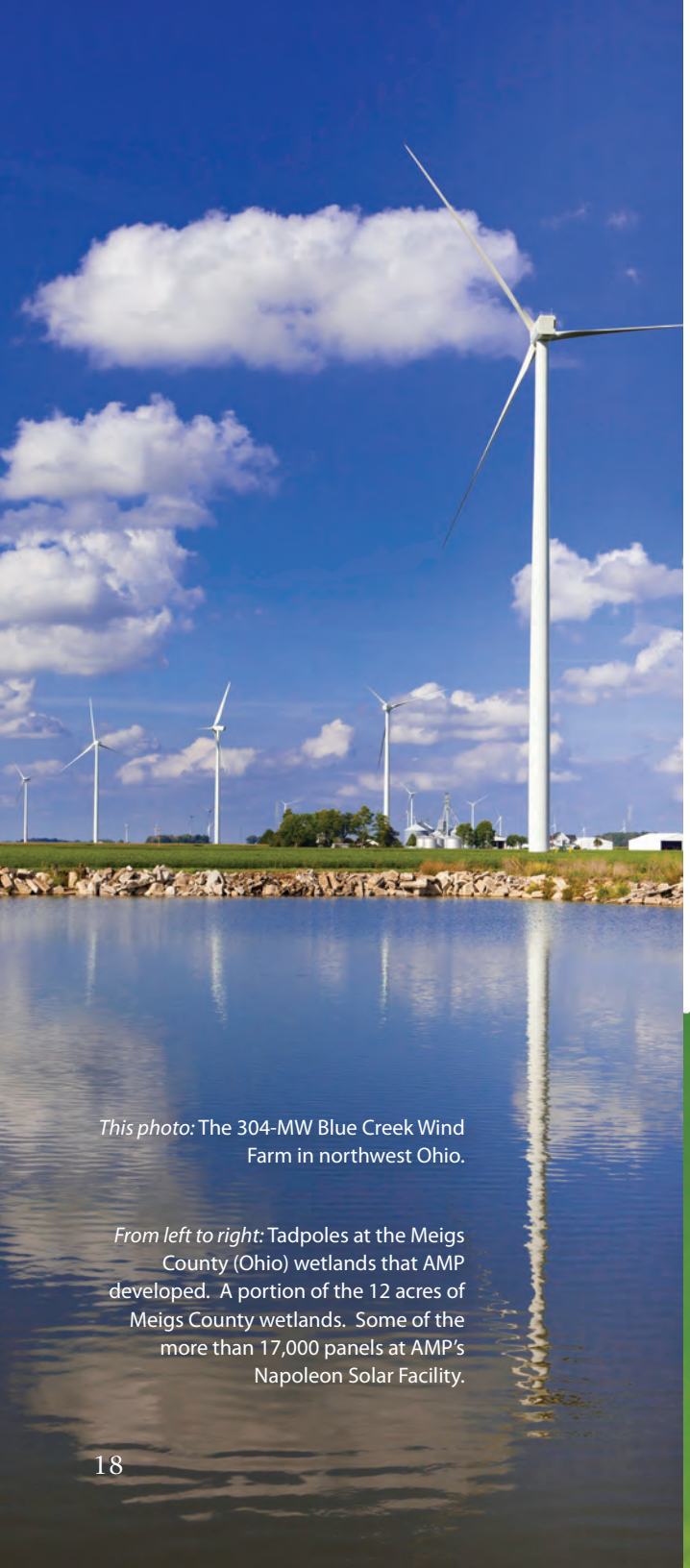
## PROGRESS ON RENEWABLES

As noted previously, in 2012 AMP continued its progress on adding renewable generation to its power supply portfolio, most notable through the ongoing construction of 300 MW of hydroelectric assets. In addition, AMP members began receiving their share of a 52.16-MW, 10-year PPA from the 304 MW Blue Creek Wind Farm in northwestern Ohio (operated by Iberdrola Renewables), which provided an attractive option for adding wind to AMP's power supply portfolio without the cost or liability of constructing our own facility. Finally, AMP's new Napoleon Solar facility added 3.54 MW of solar resources to AMP's portfolio, marking the first phase of solar generation development for the organization.

## ECOSMART CHOICE

EcoSmart Choice is AMP's green-pricing program, which offers to member communities the opportunity to support additional renewable development without altering their power supply. While many AMP communities currently support renewable energy projects through direct participation and/or contractual ownership, some end-use customers in these communities want to be sure they are supporting renewable energy development as much as they can on an individual basis. EcoSmart Choice enables participating AMP member communities to extend the benefits of renewable generation to their end-use customers, regardless of their power supply mix. Green pricing programs such as this rely on the use of renewable energy certificates (RECs) to offset the customer's electricity usage. Customers' participation in EcoSmart Choice is supported by the purchase of wind, hydroelectric, landfill gas, or other qualifying RECs, which helps stimulate new renewable project development. The program is open to both residential and commercial / industrial customers of participating AMP members.

At the option of the participating AMP member community, residential customers who choose to join EcoSmart Choice are able to offset varying levels of their monthly electric usage (25 percent, 50 percent, 75



*This photo:* The 304-MW Blue Creek Wind Farm in northwest Ohio.

*From left to right:* Tadpoles at the Meigs County (Ohio) wetlands that AMP developed. A portion of the 12 acres of Meigs County wetlands. Some of the more than 17,000 panels at AMP's Napoleon Solar Facility.

percent, or 100 percent) with renewable energy for an additional base cost of $0.005 per kWh. For example, if a customer uses 750 kWh in a month and is participating at the 100 percent level, the EcoSmart Choice program will purchase an equal number of RECs to match that monthly usage, and the customer would pay an additional $3.75 ($0.005 X 750) as part of their utility bill that month to cover their participation in the program.

Customers in participating member communities are generally able to sign up for the program via the website (www.ecosmartchoice.org), phone call, visit to the utility office, or response post card – depending on the options provided by the local utility. Customers can join or drop out at any time, with no penalty. In 2012, four AMP communities participated in this program, and nearly 6,200 MWh of traditional generation was offset with the purchase and retirement of qualifying RECs.

## FORESTRY CARBON OFFSET PROJECTS

The reduction of carbon dioxide (CO2) and other greenhouse gases (GHGs) remains a priority for many environmental organizations and policy makers. AMP was a member of the Chicago Climate Exchange (CCX), a voluntary cap-and-trade effort established to reduce GHGs, from 2007 through the program's end in 2010. Through its CCX participation, AMP reduced its CO2 emissions in excess of its 6 percent requirement and gained invaluable knowledge and experience regarding carbon markets and emissions trading.

One approach that AMP is employing as the debate over the appropriate level of atmospheric GHGs continues is to invest in projects that "offset" a portion of the CO2 emissions from its fossil-fueled generation facilities. Such "carbon offsets" can be created when specific, measurable actions are undertaken that result in reduced emissions of CO2 into the atmosphere. The accumulation of CO2 and other GHGs in the atmosphere, whether naturally occurring or the result of burning fossil fuels, is viewed as contributing to global climate change. By reducing – or "offsetting" – emissions of CO2 from AMP's fossil-fueled electric generation operations, the organization is demonstrating its continuing commitment to sustainability.


***Above:*** **Approximately 126,000 native hardwood seedlings – representing 15 different species – were planted in April at Hellbender Bluff Park in Columbiana County. AMP's largest forestry carbon offset project to date, Hellbender represents a collaboration among AMP, the Columbiana County Park District, and the Appalachian Regional Reforestation Initiative / Green Forests Work. Carbon offsets that are generated by the new trees will be used to offset a portion of carbon emissions from the Prairie State Energy Campus.**

AMP is working with states, communities, and private entities in its member footprint states to identify, evaluate, and develop appropriate carbon offset projects that use the natural growth process of trees to hold (or "sequester") CO2 in the living wood, roots, and forest soils, thus preventing its escape to the atmosphere. It typically takes six to 10 years of tree growth before appreciable carbon offsets can be calculated. Specific scientific protocols have been established to measure the accumulation of carbon in trees (based on species, age, climate, and other criteria), and AMP will be using these protocols to certify any future carbon offsets that are expected to result from our forestry carbon projects.

As reported in last year's Sustainability Report, in 2011 AMP completed site prep on 185 acres of abandoned strip-mined land in Columbiana County, Ohio, for its largest forestry carbon offset project to date. In April 2012, a professional crew from Williams Forestry Associates of Calhoun, Georgia, took only three days to complete the planting of approximately 126,000 native hardwood seedlings – representing 15 different species.

The project at Hellbender Bluff Park is a collaboration between AMP, the Columbiana County Park District (which retains the actual ownership of the land and will be responsible for the sustainable management of the new forest), and the Appalachian Regional Reforestation Initiative / Green Forests Work (which also assisted with the acquisition and interspersed planting in May 2012 of a number of hybrid American chestnuts among the other hardwoods planted on the site). Carbon offsets that are generated by the new trees will be used to offset a portion of the carbon emissions from the Prairie State Energy Campus.

This project joins AMP's first forestry carbon project, which was completed in 2010 at Shawnee State Forest in southern Ohio. The Shawnee project involved the planting of more than 17,000 native seedlings on 25 acres in partnership with the Ohio Department of Natural Resources – Division of Forestry. AMP staff continues to identify possible partners for additional forestry carbon offset projects in other AMP footprint states.

## GREEN TEAM INITIATIVES

In 2011, AMP reorganized its existing Green Team to add staff members that have the ability to drive initiatives within their respective departments and the organization as a whole. Based on discussions with fellow employees and amongst themselves, the Green Team developed a list of possible projects for the AMP headquarters building and then evaluated and prioritized those projects based on cost, energy savings, ease of implementation, etc.

In 2012, AMP implemented a number of the Green Team's initiatives, including adding occupancy sensors to the light switches in bathrooms, break rooms, the parking garage, and certain conference rooms. Efficient light-emitting-diode (LED) fixtures were added to the elevators and elevator lobbies, and compact fluorescent lamps (CFLs) were installed in the atrium of the headquarters building. Green team staff members have identified other lighting and water usage efficiency improvements that will be included in future budgets, and they also have been charged to "think outside the box" and identify other energy and water savings opportunities.

Also in 2012, the Green Team promoted the concept of vehicle trip elimination or consolidation by pointing out monetary and energy / emissions savings that could be achieved through carpooling for or packing lunch. For example, a solo trip by an AMP employee away from the office every day to get a sandwich can easily total more than 1,000 miles annually on a car's odometer. Using the U.S. vehicle average of 21 MPG at $3.50 per gallon, that means that employee can spend more than $166 annually just to go to lunch. At that rate, the environmental impact of

those daily trips can add more than 900 pounds of carbon into the atmosphere annually. Staff members were made aware that packing lunch or carpooling with others can both save money and reduce their carbon footprint.

The Green Team also helped promote the relatively recent "food truck" phenomenon in Columbus, working with a neighboring building to help host various vendors and encourage staff to try something different – and that they could actually walk to.

Improving AMP's recycling program at its headquarters has been a priority for the Green Team since its inception. In 2012, building on the improvements made to the program in 2011:

- An estimated 75,100 pounds of paper and cardboard waste was recycled at AMP headquarters.
- An estimated 790 pounds of glass and plastic bottles and aluminum and steel cans was recycled at AMP headquarters, filling a 95-gallon container about every other week (i.e., about 2,500 gallons of metal, glass, and plastic waste recycled in 2012).

*Below:* AMP employees enjoy the convenience of lunch provided by a food truck near their office. *Opposite page:* In 2012, AMP employees recycled an estimated 37-plus tons of paper and cardboard at AMP headquarters.


# COMMUNITY/SOCIETY

## WORKER HEALTH AND SAFETY/TRAINING

Worker health and safety are critical to the safe operation of AMP's member electric systems. AMP staff conduct regular safety classes for member communities and also provide lineworker training sessions at AMP headquarters. In 2012, AMP member Cleveland Public Power (CPP) hosted and AMP cosponsored the 12th Annual Lineworker Rodeo, a national competition sponsored by the American Public Power Association (APPA), the national trade association for public power. Journeyman teams and/or apprentices representing eight AMP member communities from Kentucky, Michigan, and Ohio participated.

## APPA RP3® PROGRAM

APPA's Reliable Public Power Provider (RP3®) program exemplifies all that is great about local public ownership of electric utilities. The purpose of the RP3® program is to encourage public power utilities to operate an efficient and reliable distribution system by demonstrating proficiency in four important disciplines: reliability, safety, work force development, and system improvement. Utilities submit an application to the RP3® program for a peer-evaluation review. The RP3® award is not a lifetime designation – previously valid for only two years, it is increasing to a three-year term beginning with the 2013 application year. Utilities that want to maintain their reliability "bragging rights" must apply for RP3® designation every three years.

RP3® Reliable Public Power Provider

In 2012, AMP members gaining RP3® recognition (awarded for the 2013-2014 period) included:

**PLATINUM LEVEL:**
*Bryan, Ohio*
*Danville, Virginia*
*Hamilton, Ohio*
*Hillsdale, Michigan*
*Paducah, Kentucky*
*Painesville, Ohio*
*Princeton, Kentucky*
*Shelby, Ohio*
*Wapakoneta, Ohio*
*Westerville, Ohio*

**GOLD LEVEL:**
*Cuyahoga Falls, Ohio*
*Marshall, Michigan*
*Oberlin, Ohio*
*Orrville, Ohio*
*Versailles, Ohio*

The communities listed at left joined the following seven AMP member communities who also held RP3® recognition in 2012 (awarded in 2011 for the 2012-2013 period):

**PLATINUM LEVEL:**
*Bowling Green, Ohio*
*Coldwater, Michigan*
*Minster, Ohio*
*Piqua, Ohio*

**GOLD LEVEL:**
*Dover, Ohio*
*New Martinsville, West Virginia*
*Wyandotte, Michigan*

Early in 2013, eight additional AMP members received RP3® designations for the 2014-2015 period:

**DIAMOND LEVEL:**
*Piqua, Ohio*

**PLATINUM LEVEL:**
*Bowling Green, Ohio*
*Cleveland, Ohio*
*Coldwater, Michigan*

**GOLD LEVEL:**
*Dover, Ohio*
*Ephrata, Pennsylvania*
*New Martinsville, West Virginia*
*Wyandotte, Michigan*

*Left:* Bob Rumbaugh, AMP manager of technical training, raises the American flag at the top of the pole during opening ceremonies at the APPA's 12th Annual Lineworker Rodeo, cosponsored by Cleveland Public Power and AMP. The 2012 rodeo was the first held in Ohio.

# AWARDS TO MEMBER COMMUNITIES/INDIVIDUALS

Each October, AMP holds an award banquet in conjunction with its annual Conference, where AMP member communities and individuals are recognized for their contributions to public power. A list of those honored at the 2012 banquet and the awards follows.

## AMP FINANCE AWARDS

- Highest Credit Score Population 5,000 and Over – *City of Wadsworth Finance Department*
- Highest Credit Score Population 5,000 and Over – *City of Shelby Finance Department*
- Highest Credit Score Population Under 5,000 – *Village of Clinton Finance Department* (Clinton has led this category for the fifth year in a row)
- Most Improved Credit Score – *City of Niles Finance Department*
- Financing of the Year Award – *Village of Elmore for $1,000,000 Electric System Bond Anticipation Notes*

## INNOVATION AWARDS

- *City of Bowling Green for its Electric Vehicle Charging System*
- *Hudson Public Power for GIS Mapping*

## SYSTEM IMPROVEMENT AWARDS

- *City of Bowling Green Municipal Utilities for Transmission Breaker Upgrade*
- *Cleveland Public Power for 138kV Relay Upgrade Project*
- *Cuyahoga Falls Electric System for New Substation #4 and Enhanced Work Order Form*
- *Dover Light & Power for SCADA System and S.E.L. Protection Relays*
- *City of Hamilton Electric Department for Hamilton Substation/Transmission Infrastructure Upgrade and Highland Park Project*
- *Hudson Public Power for SCADA Upgrade*
- *Orrville Utilities for Five kV Conversion*
- *St. Clairsville Light & Power for Right of Way Maintenance*
- *Village of Versailles for North West Street Phase I Electric Circuit Improvements*
- *City of Wapakoneta for Harrison Street Substation and Defiance Street Substation Public*

## POWER PROMOTION AWARDS

- Division 3 (5,000 to 8,999 meters) – *City of Shelby for Safety & Services Expo*
- Division 4 (more than 9,000 meters) – *Cleveland Public Power for 12th Annual APPA Lineworkers Rodeo*
- Division 3 (5,000 to 8,999 meters) Honorable mention– *Hudson Public Power for Electric City*
- Division 4 (more than 9,000 meters) Honorable mention– *Cuyahoga Falls Electric System for CFES Public Power Co-Branding with Efficiency Smart*
- Division 4 (more than 9,000 meters) Honorable mention – *City of Hamilton Electric Department for 2011 Public Energy Week*

## ENVIRONMENTAL STEWARDSHIP AWARDS

- *City of Bowling Green for Hybrid Bucket Truck*
- *Bryan Municipal Utilities for Bryan Solar Field*
- *City of Cuyahoga Falls for Cuyahoga Falls 2012 Bicentennial Arbor Day*
- *City of Hamilton Electric Department for Plug-In Hybrid Electric Bucket Trucks*
- *Hudson Public Power for Tree Replanting/Recycling/ Renewable Energy Programs and Atterbury LED Street Lighting*
- *Village of Versailles Electric Utilities for Village of Versailles Compost Recycling Program*
- *Village of Wellington for Zero Carbon Emissions Vehicle*

## 2012 AMP SAFETY AWARD - GENERATION

- *Coldwater Board of Public Utilities*
- *Dover Light & Power*
- *Oberlin Municipal Light & Power System*
- *Orrville Utilities Power Plant Operations and Power Plant Maintenance*
- *Shelby Division of Electric & Telecommunications*
- *Bryan Municipal Utilities*
- *City of Hamilton*

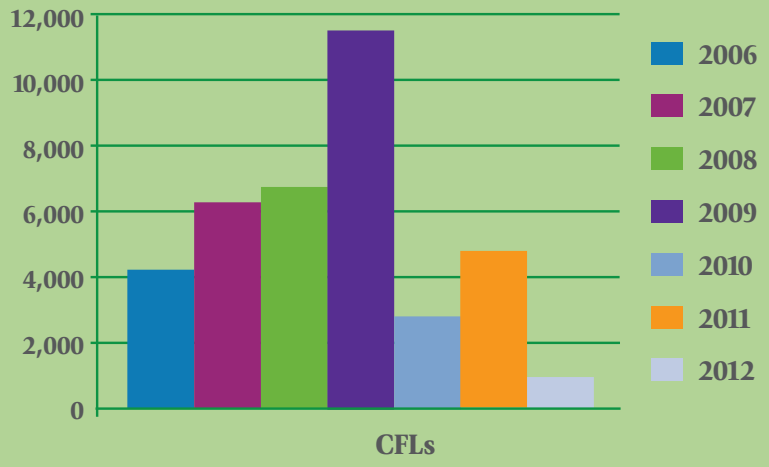
## 2012 AMP SAFETY AWARD – TRANSMISSION & DISTRIBUTION

- *Beach City Utilities*
- *City of Coldwater Board of Public Utilities*
- *Village of Lodi Utilities*
- *Martinsville Municipal Electric Utility*
- *Oberlin Municipal Light & Power System*
- *Orrville Utilities*
- *Shelby Division of Electric & Telecommunications*
- *St. Clairsville Light & Power*
- *Village of Wellington*
- *City of Bowling Green Municipal Utilities*
- *Bryan Municipal Utilities*
- *Edgerton Utilities*
- *Montpelier Municipal Utility*
- *Oak Harbor Public Power*
- *Village of Versailles*
- *Borough of Ephrata Electric Division*

## 2012 AMP SAFETY COMMENDATION – TRANSMISSION & DISTRIBUTION

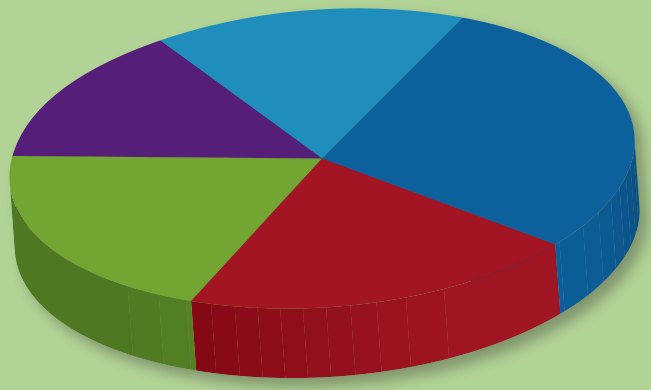
- *Cleveland Public Power*
- *City of Wadsworth Electric & Communications*
- *Westerville Electric Division*
- *Minster Utilities Department*
- *Wapakoneta Electric Department*

## AMP CFL DISTRIBUTION




CFL distribution to AMP member communities and staff by year. The Efficiency Smart program started in 2011, impacting AMP totals.

## AMP STAFF CHARITABLE GIVING - 2012



- Children's Hunger Alliance
- Faith Mission
- Westerville Caring & Sharing
- Mid-Ohio Foodbank
- Special Olympics

## COMMUNICATIONS & OUTREACH

With 129 members in seven states, AMP's efforts to provide timely and effective communication is key. A new tool added to the communications toolbox in 2012 was marked by the launch of AMP's Facebook page in November. This joins the regular weekly Update publication, the quarterly Amplifier magazine, the Public Power Connections newsletter for customers in member communities, AMP's website (www.amppartners.org), online member directory and member extranet, email updates, and other essential avenues of communication to help get out the public power message and promote sustainability to AMP members, staff, and the public.

## SCHOLARSHIPS

AMP recognizes that the future depends on the capabilities of the next generations. Education is a staple of sustainability, and AMP's learning focus has been to stress the importance of science and energy education throughout elementary, middle, and high school grades and more recently into the university setting. As AMP's current employee base ages, its needs for engineers and other technical- and scientific-degreed graduates increases, further increasing the importance of quality education to AMP's future.

In 2012, AMP provided eight scholarships for a total of $16,000 to eligible high school seniors. The scholarships are awarded in memory of Lyle B. Wright and Richard H. Gorsuch, distinguished leaders in Ohio's public power history. Since the program began in 1988, AMP has presented 139 scholarships for a total of $224,000.

## DISTRIBUTION OF CFLS

Since 2006, AMP has provided low-cost compact fluorescent lamps (CFLs) to member communities. Members purchased low-cost CFLs through AMP and then often distributed them free of charge to their retail customers. AMP staff also could purchase these low-cost CFLs for their own use. While a great success in retrospect, CFL distribution through this program has dropped dramatically in 2012. That is due in large part to the success of AMP's own Efficiency Smart program, which distributed or sold more than 88,000 CFLs in 2012. AMP is reassessing this program in 2013.

## CHARITABLE GIVING

AMP has facilitated the participation of its employees in supporting a number of local charities through voluntary paycheck withholding over the years. In 2012, the following charities were supported, with staff donating a total of $6,781 (an increase of more than 300 percent): Children's Hunger Alliance, Westerville Caring & Sharing, Special Olympics, Faith Mission and Mid-Ohio Foodbank.

In addition, AMP staff generously supported the Columbus Cancer Clinic by adopting a family for the 2012 holidays. The organizers for the clinic's Adopt-a-Family program were impressed that AMP staff was able to provide every item on the family's "wish list" for Christmas. Staff also assisted with providing monetary contributions and canned and other non-perishable foods for the Mid-Ohio Foodbank.

# CONCLUSION

The information presented in the 2012 AMP Sustainability Report – Delivering Results – is intended to provide readers with a snapshot of AMP's overall approach to sustainability, covering all three major legs of the sustainability stool – economy, environment, and community / society. With this year's Sustainability Report, we begin to provide transparent measurements of our progress on our sustainability journey, comparing 2012 performance to the prior year. Future progress will be reported in future reports.

If you would like more information on AMP's efforts, please contact Julia Blankenship, director of energy policy & sustainability, at jblankenship@amppartners.org or 614.540.0840.

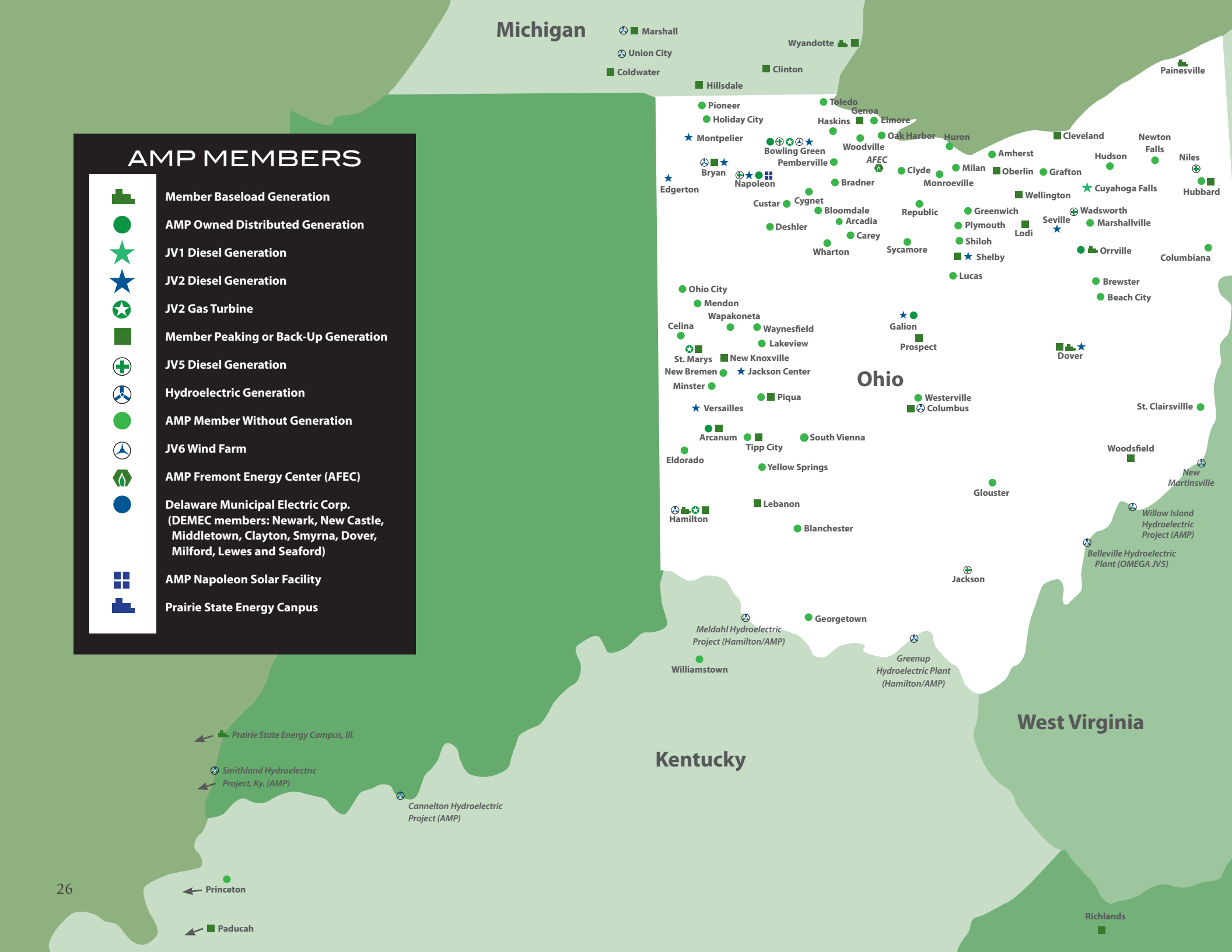
## AMP'S SUSTAINABILITY PERFORMANCE AT A GLANCE - 2012 vs. 2011

| | 2011 | 2012 |
|---|---|---|
| **AMP Organization and Financial Metrics** | | |
| Number of member communities | 129 | 129 |
| Load *(in million MWh)* | 11.4 | 16.1 |
| System peak *(in MW)* | 3,178 | 3,494 |
| Electric revenue *(in $)* | $705,232,116 | $797,996,283 |
| Service fees *(in $)* | $6,287,624 | $6,697,162 |
| Programs and other revenue *(in $)* | $20,094,963 | $19,042,794 |
| Operating expenses *(in $)* | $720,979,499 | $774,860,395 |
| Net margin *(in $)* | $2,641,479 | $1,910,619 |
| Number of employees *(as of 12/31)* | 141 | 140 |
| Net new hires during CY | 20 | 25 |
| **Power Generation (in MWh)** | | |
| Prairie State Energy Campus *(AMP share)* | n/a | 1,121,878 |
| AFEC *(2011 data is from commissioning activity only)* | 118,343 | 3,525,792 |
| Belleville Hydro | 245,370 | 219,497 |
| Distributed generation | 12,671 | 15,111 |
| AMP Wind Farm | 14,379 | 14,452 |
| Napoleon Solar | n/a | 1,554 |
| **Efficiency and Other Offsets to Traditional Generation** | | |
| Efficiency Smart - *cumulative generation savings since 2011 (in MWh)* | 18,452 | 54,660 |
| % of 2011-2013 targets | 24.6% | 72.4% |
| EcoSmart Choice *(green energy sales in MWh)* | 7,332 | 6,188 |
| **Health & Safety** | | |
| Employee work-related fatalities | 0 | 0 |
| Reportable incidents or accidents | 3 | 3[1] |
| Lost work-day incidents | 1 | 2[2] |
| **Community** | | |
| Number of CFLs distributed to employees and member communities | 4,662 | 960[3] |
| Number of scholarships awarded | 7 | 8 |
| Value of scholarships awarded | $14,000 | $16,000 |
| AMP employee charitable giving *(payroll deduction in $)* | $1,534 | $6,781 |

| | 2011 | 2012 |
|---|---|---|
| **Environment** | | |
| Permit violations | 0 | 1[4] |
| Fines or penalties | 0 | 0 |
| NPDES permit exceedences | 0 | 0 |
| Total heat input - *all generating units combined (in MmBtu)* | 1,509,792[5] | 37,710,923[5] |
| CO2 emission *(in tons)* | 81,351 | 2,718,532[5] |
| Annual CO2 emisison rate *(in lbs / MmBtu)* | 107.765 | 144.177 |
| SO2 emission (in tons) | 5 | 784[5] |
| Annual SO2 emisison rate *(in lbs / billion Btu)* | 0.006 | 0.042 |
| NOx emissions *(in tons)* | 42 | 612[5] |
| Annual NOx emission rate *(in lbs / billion Btu)* | 0.056 | 0.032 |
| PM emissions *(in tons)* | 5 | 201[5] |
| Annual PM emission rate *(in lbs / billion Btu)* | 0.006 | 0.011 |
| CO emissions *(in tons)* | 13 | 458[5] |
| Annual CO emission rate *(in lbs / billion Btu)* | 0.018 | 0.024 |
| VOC emissions *(in tons)* | 12 | 67[5] |
| Annual VOC emission rate *(in lbs / billion Btu)* | 0.015 | 0.004 |
| Hazardous waste disposed *(manifested from RHGS demolition, in tons)* | n/a | 768 |
| Cooling water usage *(net, in million gallons)* | n/a | 725 |
| Recycled metals *(RHGS demolition, in tons)* | n/a | 3,583 |
| AMP HQ recycled paper and cardboard *(estimate, in pounds)* | 78,000 | 75,100 |
| AMP HQ recycled glass, metal, and plastic *(estimate, in pounds)* | 875 | 790 |
| Forestry carbon projects - *cumulative acres of trees planted* | 25 | 210 |

1 Employee-operated vehicle was struck by animal. Two incidents in Forestry Department.
2 On-the-job injury to Forestry Department employee - two separate incidents.
3 AMP total only. Efficiency Smart distributed/sold more than 88,000 CFLs in 2012.
4 Construction storm water minor violations at Napoleon Solar Facility.
5 Increases attributable to addition of PSEC and AFFEC assets, and additional hours of operation in 2012.

*Financial metrics from AMP Consolidated Statements of Revenues and Expenses*


AMP MEMBERS
Member Baseload Generation
AMP Owned Distributed Generation
JV1 Diesel Generation
JV2 Diesel Generation
JV2 Gas Turbine
Member Peaking or Back-Up Generation
JV5 Diesel Generation
Hydroelectric Generation
AMP Member Without Generation
JV6 Wind Farm
AMP Fremont Energy Center (AFEC)
Delaware Municipal Electric Corp. (DEMEC members: Newark, New Castle, Middletown, Clayton, Smyrna, Dover, Milford, Lewes and Seaford)
AMP Napoleon Solar Facility
Prairie State Energy Canpus
Michigan
Ohio
Kentucky
West Virginia
Marshall
Union City
Coldwater
Wyandotte
Clinton
Hillsdale
Painesville
Pioneer
Toledo
Genoa
Holiday City
Haskins
Elmore
Montpelier
Oak Harbor
Huron
Cleveland
Newton Falls
Bowling Green
Woodville
Amherst
Hudson
Niles
Pemberville
AFEC
Bryan
Clyde
Milan
Oberlin
Grafton
Edgerton
Napoleon
Bradner
Monroeville
Cuyahoga Falls
Hubbard
Wellington
Custar
Cygnet
Republic
Greenwich
Wadsworth
Bloomdale
Seville
Arcadia
Plymouth
Marshallville
Deshler
Lodi
Carey
Shiloh
Wharton
Sycamore
Orrville
Columbiana
Shelby
Lucas
Brewster
Ohio City
Beach City
Mendon
Wapakoneta
Galion
Celina
Waynesfield
Prospect
Lakeview
Dover
St. Marys
New Knoxville
New Bremen
Jackson Center
Minster
Piqua
Westerville
Columbus
St. Clairsville
Versailles
Arcanum
Tipp City
South Vienna
Woodsfield
Eldorado
Yellow Springs
New Martinsville
Glouster
Lebanon
Hamilton
Willow Island Hydroelectric Project (AMP)
Blanchester
Belleville Hydroelectric Plant (OMEGA JV5)
Jackson
Georgetown
Meldahl Hydroelectric Project (Hamilton/AMP)
Greenup Hydroelectric Plant (Hamilton/AMP)
Williamstown
Prairie State Energy Campus, Ill.
Smithland Hydroelectric Project, Ky. (AMP)
Cannelton Hydroelectric Project (AMP)
Princeton
Paducah
Richlands


Girard
Smethport
Blakely
Grove City
New Wilmington
Watsontown
Catawissa
Wampum
Ellwood City
Pennsylvania
Mifflinburg
Weatherly
Lehighton
Zelienople
Saint Clair
Schuylkill Haven
Summerhill
East Conemaugh
Duncannon
Kutztown
Quakertown
Perkasie
Hatfield
Goldsboro
Royalton
Ephrata
Lansdale
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Berlin
DEMEC
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Virginia
Bedford
Martinsville
Danville


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