NEW ISSUE–BOOK ENTRY ONLY

RATINGS: **MOODY'S:** **A1**
STANDARD & POOR'S: **A**
FITCH: **A**

In the opinion of Norton Rose Fulbright US LLP, Federal Tax Counsel, under existing law and assuming compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, interest on the Series 2017A Bonds will not be includable in the gross income of the owners of the Series 2017A Bonds for federal income tax purposes. Interest on the Series 2017A Bonds will not be an item of tax preference for purposes of the federal individual or corporate alternative minimum tax but will be includable in the computation of the federal alternative minimum tax on corporations imposed by the Code. In the opinion of Dinsmore & Shohl LLP, Bond Counsel, interest on the Series 2017A Bonds will be exempt from certain Ohio taxes. See "TAX MATTERS" herein.

$124,385,000
AMERICAN MUNICIPAL POWER, INC.
AMP FREMONT ENERGY CENTER PROJECT REVENUE BONDS
REFUNDING SERIES 2017A

DATED: DATE OF ISSUANCE **DUE: AS SHOWN ON THE INSIDE COVER PAGE**

The AMP Fremont Energy Center Project Revenue Bonds, Refunding Series 2017A (the "Series 2017A Bonds") will be issued by American Municipal Power, Inc. ("AMP") in book-entry only form through The Depository Trust Company, which will act as securities depository. Purchases of the Series 2017A Bonds will be made in book-entry form through DTC participants in denominations of $5,000 or any integral multiple thereof. Payments of principal and interest on the Series 2017A Bonds will be made to beneficial owners by DTC through its participants. See APPENDIX F hereto. The Series 2017A Bonds will bear interest at the rates, and mature on the dates, as described on the inside cover hereof. Interest on the Series 2017A Bonds will accrue from their date of issuance and will be paid each February 15 and August 15, commencing on February 15, 2018 as more fully described herein.

The Series 2017A Bonds are subject to redemption prior to maturity as described herein.

The Series 2017A Bonds are being issued and will be secured under the Master Trust Indenture, dated as of June 1, 2012 (the "Master Trust Indenture"), as supplemented, between AMP and U.S. Bank National Association, as trustee. The Master Trust Indenture, as so supplemented and as heretofore and further supplemented and amended from time to time, is herein called the "Indenture."

The Series 2017A Bonds are being issued to (i) refund a portion of the Outstanding Bonds (as defined herein) issued under the Master Trust Indenture and (ii) pay the costs of issuance of the Series 2017A Bonds.

AMP has entered into a Power Sales Contract dated as of June 15, 2011 (the "Power Sales Contract") with 86 of its members, including The Delaware Municipal Electric Corporation and 85 municipalities in the States of Kentucky, Michigan, Ohio, Pennsylvania, Virginia and West Virginia (the "Participants"). Each Participant owns and operates its own electric system (each, an "Electric System"). Under the terms of the Power Sales Contract, each Participant agrees to pay from the revenues of its Electric System, on a take-or-pay basis, its respective share of electric power and energy from the AMP Entitlement (as defined herein) to the output of AMP Fremont Energy Center ("AFEC").

The Series 2017A Bonds are special and limited obligations of AMP payable from and secured solely by the Trust Estate pledged under the Indenture, which includes payments to be made to AMP by the Participants pursuant to the Power Sales Contract. The payment of the Series 2017A Bonds is not guaranteed by AMP, the Members (as defined herein) or the Participants. Purchases of the Series 2017A Bonds involve certain investment risks as described herein.

THE SERIES 2017A BONDS ARE NOT OBLIGATIONS OF OR GUARANTEED BY THE STATE OF DELAWARE, KENTUCKY, OHIO, MICHIGAN, PENNSYLVANIA, VIRGINIA OR WEST VIRGINIA, THE MEMBERS OF AMP, THE PARTICIPANTS OR ANY POLITICAL SUBDIVISION OR INSTRUMENTALITY THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY SUCH STATE, OR ANY POLITICAL SUBDIVISION, INCLUDING THE MEMBERS OF AMP AND THE PARTICIPANTS, IS PLEDGED FOR THE PAYMENT OF THE SERIES 2017A BONDS. AMP HAS NO TAXING POWER.

The Series 2017A Bonds are offered, subject to prior sale, when, as and if issued and accepted by the Underwriters, subject to the approval of legality by Dinsmore & Shohl LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for AMP by its General Counsel for Corporate Affairs and Taft Stettinius & Hollister LLP, and by its Federal Tax Counsel, Norton Rose Fulbright US LLP, and for the Underwriters by Nixon Peabody LLP. It is expected that delivery of the Series 2017A Bonds will be made on or about December 20, 2017, through the facilities of DTC.

BofA Merrill Lynch

Citigroup **Goldman Sachs & Co. LLC** **Piper Jaffray & Co.**

RBC Capital Markets **Wells Fargo Securities**

This cover page is only a brief and general summary. Investors must read the entire Official Statement to obtain essential information for making an informed investment decision. This Official Statement is dated December 12, 2017 and the information contained herein speaks only as of that date.

MATURITY SCHEDULE, INTEREST RATES, YIELDS, AND CUSIPS

$124,385,000
AMERICAN MUNICIPAL POWER, INC.
AMP FREMONT ENERGY CENTER PROJECT REVENUE BONDS
REFUNDING SERIES 2017A

DUE FEBRUARY 15	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP[1]
2023	$11,640,000	5.00%	2.02%	02765UNJ9
2024	12,225,000	5.00	2.12	02765UNK6
2025	12,835,000	5.00	2.23	02765UNL4
2026	13,480,000	5.00	2.31	02765UNM2
2027	14,150,000	5.00	2.44	02765UNN0
2028	14,860,000	5.00	2.55	02765UNP5
2029	15,605,000	5.00	2.61†	02765UNQ3
•				
2042	29,590,000	4.00	3.44†	02765UNR1

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† Priced at the stated yield to the February 15, 2028 optional redemption date at a redemption price of 100%.

AMERICAN MUNICIPAL POWER, INC.

BOARD OF TRUSTEES

The incumbent municipalities (located in Ohio unless otherwise noted) on the AMP Board of Trustees (the "Board of Trustees") and their representatives to the Board are as follows:

Trustee	Representative	Employment
Bowling Green	Brian O'Connell	Director of Utilities, City of Bowling Green
Bryan	Kevin Maynard, Secretary	Director of Utilities, Bryan Municipal Utilities
Carey	Roy Johnson	Village Administrator, Village of Carey
Cleveland	Ivan Henderson	Commissioner, Cleveland Public Power
Coldwater, MI	Paul Beckhusen	General Manager, Michigan South Central Power Agency
Cuyahoga Falls	Mike Dougherty	Superintendent, Cuyahoga Falls Electric Department
Danville, VA	Jason Grey	Director of Utilities, City of Danville
DEMEC	Patrick McCullar, Treasurer	President/CEO, Delaware Municipal Electric Corporation
Dover	Dave Filippi	Plant Superintendent, Dover Light & Power
Ephrata, PA	Tom Natarian	Director of Operations, Borough of Ephrata
Hamilton	Michael Perry	Director of Utility Operations, City of Hamilton
Montpelier	Kevin Brooks	Village Manager, Village of Montpelier
Napoleon	Joel Mazur	City Manager, City of Napoleon
Paducah, KY	David Carroll	General Manager, Paducah Power System
Philippi, WV	Karen Weaver	City Manager, City of Philippi
Oberlin	Doug McMillan	Director, Oberlin Municipal Light and Power System
Orrville	Jeff Brediger, Vice Chair	Director of Utilities, City of Orrville
Piqua	Robert Bowman	Assistant Director, Piqua Municipal Power System
Wadsworth	Robert Patrick	Public Service Director, City of Wadsworth
Wellington	Steve Dupee, Chair	Village Manager, Village of Wellington
Westerville	Chris Monacelli	Electric Utility Manager, City of Westerville Electric System
Ex-Officio	Marc Gerken, P.E.	President and Chief Executive Officer
Ex-Officio	Rachel Gerrick, Esq.	Senior Vice President and General Counsel for Corporate Affairs

Executive Management

Officer	Office
Marc Gerken, P.E.	President and Chief Executive Officer
Pamala Sullivan	Executive Vice President of Power Supply and Generation
Jolene Thompson	Executive Vice President, Member Services and External Affairs
Chris Easton	Chief Risk Officer
Rachel Gerrick, Esq.	Senior Vice President and General Counsel for Corporate Affairs
Branndon Kelley	Chief Information Officer
Scott Kiesewetter	Senior Vice President of Generation Operations
Lisa McAlister, Esq.	Senior Vice President and General Counsel for Regulatory Affairs
Marcy Steckman	Senior Vice President of Finance and Chief Financial Officer

AMP Counsel
Taft Stettinius & Hollister LLP
Columbus, Ohio

Bond Counsel
Dinsmore & Shohl LLP
Columbus, Ohio

Federal Tax Counsel
Norton Rose Fulbright US LLP
New York, New York

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

Financial Products Advisor
Kensington Capital Advisors LLC
Charlotte, North Carolina

Trustee
U.S. Bank National Association
Columbus, Ohio

The information contained in this Official Statement has been obtained from AMP, DTC and other sources believed to be reliable. This Official Statement is submitted in connection with the sale of the securities described herein and may not be reproduced or used, in whole or in part, for any other purpose. The information contained in this Official Statement is subject to change without notice and neither the delivery of this Official Statement nor any sale made by means of it shall, under any circumstances, create any implication that there have not been changes in the affairs of any party since the date of this Official Statement.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "project," "expect," "anticipate," "intend," "believe," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. AMP does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

The Underwriters have provided the following sentence for inclusion in this Official Statement: They have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but they do not guarantee the accuracy or completeness of such information.

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by AMP or the Underwriters. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The Series 2017A Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other government entity or agency has or will have passed upon the adequacy of this Official Statement or approved the Series 2017A Bonds for sale.

In making an investment decision, investors must rely on their own examination of the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. No commission or authority has confirmed the accuracy or determined the adequacy of this document.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE SERIES 2017A BONDS. SUCH TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$124,385,000
AMERICAN MUNICIPAL POWER, INC.
AMP FREMONT ENERGY CENTER PROJECT REVENUE BONDS, REFUNDING SERIES 2017A

INTRODUCTION

General

This Official Statement, which includes the cover page and appendices attached hereto, contains information concerning (a) American Municipal Power, Inc. ("*AMP*"), an Ohio nonprofit corporation established pursuant to the laws of the State of Ohio, (b) the AMP Fremont Energy Center Project Revenue Bonds, Refunding Series 2017A (the "*Series 2017A Bonds*") and (c) the AMP Fremont Energy Center ("*AFEC*") and AMP's undivided ownership interest in and rights to 90.69% of the available capacity and energy from AFEC (the "*AMP Entitlement*").

The Series 2017A Bonds will be issued and secured under the Master Trust Indenture, dated as of June 1, 2012 (the "*Master Trust Indenture*"), entered into between AMP and U.S. Bank National Association, Columbus, Ohio, as trustee (the "*Trustee*"), as supplemented by the Fourth Supplemental Indenture (the "*Fourth Supplemental Indenture*"), dated as of December 1, 2017, between AMP and the Trustee. The Master Trust Indenture, as supplemented and as further supplemented and amended from time to time, is herein called the "*Indenture.*" The Series 2017A Bonds are the third series of Bonds to be issued under the Master Trust Indenture. The Series 2017A Bonds and any additional bonds issued under the Indenture on a parity with the AMP Fremont Energy Center Project Revenue Bonds, Series 2012B (Tax-Exempt) (the "*Series 2012 Bonds*"[†]) are hereinafter collectively called "*Bonds*" and any Parity Debt are herein called collectively "*Parity Obligations.*" See "THE SERIES 2017A BONDS." In addition, AMP has previously entered into the Third Supplemental Indenture (the "*Third Supplemental Indenture*") that secures the Fuel Hedge Agreements hereinafter mentioned, dated as of June 1, 2012, and between AMP and the Trustee.

The Series 2017A Bonds are being issued by AMP to (i) refund a portion of the Outstanding Bonds issued under the Master Trust Indenture and (ii) pay the costs of issuance of the Series 2017A Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Bonds, including Series 2017A Bonds, are payable primarily from payments owing to AMP by its 86 Members ("*Participants*") that entered into a Power Sales Contract dated as of June 15, 2011 (the "*Power Sales Contract*") with AMP. See APPENDIX A – "THE PARTICIPANTS" for a list of the Participants and their respective shares of the Power Sales Contract Resources (defined below). In the Power Sales Contract, AMP agreed to issue bonds to finance the acquisition, construction, equipping, testing and placing into service of AMP's 90.69% undivided ownership interest in AFEC that is the AMP Entitlement (the "*Project*") and the Participants agree to take or pay for shares of the output associated with the AMP Entitlement and Replacement Power (collectively, "*Power Sales Contract Resources*" or "*PSCR*"). See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2017A BONDS - Power Sales Contract" and APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACT."

[†] The AMP Fremont Energy Center Project Revenue Bonds, Series 2012A (Federally Taxable) were paid at final maturity on February 15, 2016.

As of November 1, 2017, AMP had $511,710,000 aggregate principal amount of Bonds and approximately $12.6 million aggregate principal amount of Subordinate Obligations outstanding under the Indenture. The Subordinate Obligations primarily evidence proceeds of draws made under the Line of Credit (as hereinafter defined) to make certain collateral postings associated with transmission rights. In addition, AMP has entered into Fuel Hedge Agreements (consisting of long- and short-term hedge swaps) with a notional amount of $239,194,590 (based on trade price) secured by the Third Supplemental Indenture.

The Board of Trustees of AMP, by a resolution adopted on November 16, 2017, authorized the issuance and sale of the Series 2017A Bonds and approved the form and authorized the execution and delivery of the Fourth Supplemental Indenture.

AMP

AMP was formed under Ohio Revised Code Chapter 1702 as a nonprofit corporation in 1971. Under applicable law, AMP has perpetual existence and the duration of its existence is not otherwise limited by its certificate of incorporation or by any agreement with its member municipalities (the "Members").

AMP operates on a cooperative nonprofit basis for the mutual benefit of its Members, all of which own and/or operate municipal electric utility systems that include distribution facilities (except in the case of DEMEC (as hereinafter defined)) and in some cases (including DEMEC) generation assets (each, an "Electric System" and collectively, the "Electric Systems"). As of November 1, 2017, AMP had 135 Members – 84 municipalities in Ohio, 29 boroughs in Pennsylvania, six cities in Michigan, five municipalities in Virginia, six cities in Kentucky (three of which are members through their electric plant boards), two cities in West Virginia, one city in Indiana, one town in Maryland and the Delaware Municipal Electric Corporation ("DEMEC"), a political subdivision and joint action agency of the State of Delaware with nine municipal members.

AMP has obtained letters from the Internal Revenue Service (the "IRS") determining that AMP is exempt from federal income tax under Section 501(c)(12) of the Internal Revenue Code of 1986, as amended (the "Code"), provided that at least 85% of AMP's total revenue consists of amounts collected from its Members for the sole purpose of meeting losses and expenses (which includes debt service). AMP believes that it has met the requirements for maintenance of its 501(c)(12) status each year since it received the ruling. AMP intends to retain its 501(c)(12) status. See "AMERICAN MUNICIPAL POWER, INC."

AMP has also obtained letters from the IRS determining that its income is excludable from federal income tax under Section 115 of the Code on the basis that the income of AMP is derived from the exercise of an essential governmental function and will accrue to a state or a political subdivision thereof. See "AMERICAN MUNICIPAL POWER, INC."

AMP has also received private letter rulings to the effect that it may issue on behalf of its Members obligations the interest on which is excludible from the gross income of holders thereof for federal income tax purposes and that it is a wholly owned instrumentality of its Members with the consequence that use of tax-exempt financed facilities by AMP will not result in private use under the Code. See "AMERICAN MUNICIPAL POWER, INC. – Tax Status".

AFEC

On July 28, 2011, AMP, pursuant to the terms of an Asset Purchase Agreement, acquired from FirstEnergy Generation Corporation ("*FirstEnergy*") the Fremont Energy Center (now the "*AMP Fremont Energy Center*" or "*AFEC*"), a combined cycle, natural gas fueled electric generating plant, then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. AFEC has a capacity of 512 MW (unfired)/675 MW (fired) and consists of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser. AFEC's unfired capacity of 512 MW (or 512,000 kW) is referred to in the Official Statement as the "*Base Capacity*". See "AMP FREMONT ENERGY CENTER" herein.

AFEC is part of AMP's comprehensive strategy to replace purchased power contracts with a balanced portfolio of owned generation – base load, intermediate and peaking resources. AFEC, with its intermediate and peaking generating capabilities, complements AMP's diverse portfolio of hydroelectric, coal, gas, diesel, wind, landfill and solar resources developed for the benefit of, subscribed for by, and commensurate with the needs of, its Members. See "AMERICAN MUNICIPAL POWER – Other Projects."

Ownership and Output. In addition to the Power Sales Contract with the Participants, AMP entered into separate agreements with Michigan Public Power Agency ("*MPPA*") and Central Virginia Electric Cooperative ("*CVEC*") under the terms of which the ownership and output of AFEC is allocated.

Participants. AMP and its 86 Member Participants have executed the Power Sales Contract by the terms of which AMP has agreed to sell the Participants the associated output of, and the Participants have subscribed for, 90.69% of the aggregate generating capacity (i.e., 464,369 kW of 512,000 kW of the Base Capacity) and energy of AFEC. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2017A BONDS – The Power Sales Contract."

CVEC. AMP and CVEC entered into a power sales contract dated as of July 26, 2011 (the "*CVEC PSC*") pursuant to which AMP sells, and CVEC purchases on a take-or-pay basis, the output associated with a 4.15% undivided ownership interest in AFEC (the "*4.15% Interest*"). In 2012, AMP entered into a loan agreement (the "*NCSC Term Loan*") with the National Cooperative Services Corporation ("*NCSC*"), an affiliate of the Rural Utilities Cooperative Finance Corporation (commonly known as CFC) currently outstanding in the aggregate principal amount of $21.1 million with a final maturity in 2042. The NCSC Term Loan is secured by the CVEC PSC and a mortgage on and security interest in the 4.15% Interest. AMP's obligations under the security documents for the NCSC Term Loan are non-recourse to AMP except to the extent of AMP's rights under the CVEC PSC and the mortgage on and security interest in the 4.15% Interest. The NCSC Term Loan is further secured by a CVEC payment guaranty given in favor of NCSC.

MPPA. Under the terms of a Purchase, Commissioning and Operating Agreement (the "*PCOA*") between AMP and MPPA, AMP agreed to sell to MPPA, and MPPA agreed to purchase from AMP, a 5.16% undivided ownership interest in AFEC (the "*5.16% Interest*"). MPPA issued revenue bonds secured by take-or-pay power sales contracts between MPPA and 13 of its members to finance the acquisition of the 5.16% Interest.

The following table illustrates the ownership and allocation of the output of AFEC.

	Ownership Interest - %	Base Capacity – MW
AMP's 90.69% Interest (output sold to Participants)	90.69	464.4
AMP's 4.15% Interest (output sold to CVEC)	4.15	21.2
MPPA's 5.16% Interest	5.16	26.4
Total	100.00	512.0

Operation. Joint Management and Operating Committee. AMP operates AFEC pursuant to the terms of the Power Sales Contract, the CVEC PSC and the MPPA PCOA. All three agreements provide for the creation, membership, governance and functions of a "Joint Management and Operating Committee." The Joint Management and Operating Committee includes representatives from the Participants Committee established pursuant to the Power Sales Contract and representatives from MPPA and CVEC. Rights and responsibilities of the Joint Management and Operations Committee include (a) monitoring AFEC operations, (b) approving operating and capital budgets, (c) reviewing and approving Fuel hedging policies and (d) making cost allocations among the fixed and variable expenses of operating AFEC for purposes of establishing the rates payable by the Participants, CVEC and MPPA.

Dispatch. Under an Amended and Restated Resource Management Agreement, dated as of July 29, 2011, AMP has retained The Energy Authority, Inc. ("*TEA*") to dispatch AFEC economically into the PJM market. The Amended and Restated Resource Management Agreement remains in effect until terminated by either party, with two years' notice in the case of a termination by TEA or one year's notice in the case of AMP.

NAES. AMP and NAES Corporation ("*NAES*") entered into a five-year O&M Services Agreement (as amended, the "*Initial O&M Services Agreement*"), effective January 20, 2012, by the terms of which NAES agreed, among other things, to (i) oversee operation and maintenance activities, (ii) manage AFEC operations within adopted budgets, and (iii) prepare operations and maintenance reports, including reports on AFEC environmental compliance. The Initial O&M Services Agreement contract has been renewed for one year, but AMP and NAES have executed a new five-year O&M Services Agreement (the "*New O&M Services* Agreement") that will become effective in January 2018. See "AMP FREMONT ENERGY CENTER – NAES."

PSM. AMP and Power Systems Mfg., LLC ("*PSM*") entered into a Long Term Agreement, dated January 20, 2012 (the "*LTA*"), for PSM to provide operational support and maintenance services for the major equipment, turbines and generators at AFEC. The LTA ends upon the earlier of (i) completion of the second major inspection of both combustion turbine generators ("*CTG*"), which will occur at 96,000 hours of operation and (ii) when 4,000 equivalent starts of each CTG has been experienced, but in no event later than January 2036. There are provisions for AMP to extend the LTA for periods of not less than one year. See "AMP FREMONT ENERGY CENTER – PSM."

Fuel. Under the Power Sales Contract, the CVEC PSC and the MPPA PCOA, AMP is required to present overall Fuel supply strategy for AFEC to the Fuel Subcommittee and the Joint Management and Operating Committee and, in general, for their respective approvals of all purchases for more than one year in duration of reserves, hedges, pipeline capacity or other Fuel related items. AMP presented, and on the recommendation of the Fuel Supply Subcommittee (a subcommittee of the Participants Committee), the AFEC Risk Management Program described hereinafter under " – *AFEC Risk Management Program*," was unanimously approved by the Joint Management and Operating Committee.

TEA also advises AMP in connection with and administers its Fuel procurement and its Fuel hedging strategy, including managing physical gas supply.

AMP has four daily firm transportation contracts on interstate pipelines capable of delivering 80,000 MMBtu of daily firm natural gas (approx. 83% of AFEC's base operating capacity). AMP also has two interruptible contracts on Panhandle and Dominion East Ohio which provides for daily & hourly balancing services for AFEC, respectively. AMP's intrastate pipeline transportation agreement on Dominion East Ohio is capable of delivering 130,000 MMBtu of daily firm natural gas to cover 100% of AFEC's operating capacity. The interstate pipeline agreements are managed through an Asset Management Agreement ("*AMA*") with TEA.

AFEC Risk Management Program. Given the relative importance of the cost of Fuel to the cost of power generated by AFEC, which is typical for combined cycle natural gas-fired plants, AMP, with the advice of TEA, has adopted a Fuel procurement and hedging program for AFEC (the "*AFEC Risk Management Program*"). The AFEC Risk Management Program contemplates that AMP will, subject to market conditions, undertake to secure, at times when AMP deems such advantageous and prudent, contracts with Fuel providers and financial institutions, the effect of which will be to hedge, on a rolling 36-month basis, the price of up to 80% of the natural gas volume that AMP projects will be consumed by AFEC operating at its Base Capacity and includes duct firing natural gas volumes on a rolling six-month basis. See "AMP FREMONT ENERGY CENTER – FUEL – *AFEC Risk Management Program*" herein. AMP, the Fuel Subcommittee and the Joint Management and Operating Committee periodically review the AFEC Risk Management Program to further the goal of reducing AFEC's exposure to volatility in the natural gas market while maintaining sound risk management policies.

OTHER

This Official Statement includes information regarding and descriptions of AMP, AFEC, the Participants and the Series 2017A Bonds, and summaries of certain provisions of the Indenture, the Power Sales Contract, the Deposit Account Control Agreement, the NAES Contract and the PSM Contract. Such descriptions and summaries do not purport to be complete or definitive, and such summaries are qualified by reference to such documents. Copies of the Indenture and the Power Sales Contract may be obtained from AMP, the Trustee or the Underwriters. Descriptions of the Series 2017A Bonds, the Indenture and the Power Sales Contract are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of police and regulatory powers by federal and state authorities.

PLAN OF REFUNDING

A portion of the proceeds of the Series 2017A Bonds, together with other available funds under the Indenture, will be applied to refund the Outstanding Bonds identified in the tables below (the "*Refunded Bonds*").

Series 2012 Bonds

Maturity Date (February 15)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP
2023	$11,940,000	5.00%	February 15, 2022	100%	02765UFC3
2024	12,540,000	5.00	February 15, 2022	100	02765UFD1
2025	13,165,000	5.00	February 15, 2022	100	02765UFE9
2026	13,825,000	5.25	February 15, 2022	100	02765UFF6
2027	14,550,000	5.25	February 15, 2022	100	02765UFG4
2028	15,315,000	5.25	February 15, 2022	100	02765UFH2
2029	16,120,000	5.25	February 15, 2022	100	02765UFJ8
2042*	30,175,000	5.00	February 15, 2022	100	02765UFQ2

To effect the refunding, a sufficient amount of the proceeds of the Series 2017A Bonds and certain other available amounts will be deposited in an escrow account (the "*Escrow Fund*") established by AMP with U.S. Bank National Association (U.S. Bank National Association in such capacity, the "*Escrow Agent*"), and will be invested in certain non-callable direct obligations or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America ("*Defeasance Obligations*") that mature in amounts and pay interest at rates sufficient to pay, when due, the principal, applicable redemption premiums, if any, and interest on the Refunded Bonds through their respective maturity or redemption dates, as applicable. The sufficiency of the Escrow Fund, including Defeasance Obligations and the income thereon, to pay such amounts will be verified by Samuel Klein and Company, Certified Public Accountants. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE REFUNDED BONDS". On the date of issuance of the Series 2017A Bonds, the Escrow Agent will be given irrevocable instructions to call the callable Refunded Bonds for redemption on the applicable redemption dates and at the applicable redemption prices.

* Denotes partially refunded maturity. The refunded portion of the 2042 maturity has been assigned the CUSIP Number 02765UNS9 and the unrefunded portion of the 2042 maturity has been assigned the CUSIP Number 02765UNT7. The Trustee has determined, pursuant to AMP's direction, to credit the principal amount of the such maturity to the sinking fund requirement due on such bonds on February 15, 2042.

ESTIMATED SOURCES AND USES OF PROCEEDS OF THE SERIES 2017A BONDS

The sources and uses of funds in connection with the issuance of the Series 2017A Bonds are estimated to be as follows:

SOURCES:	
Par Amount	$124,385,000
Net Offering Premium	19,636,462
Release from Interest Account in Bond Subfund	2,177,008
Total Sources	$146,198,471
USES:	
Deposit to Escrow Fund	$144,977,972
Costs of Issuance*	1,220,499
Total Uses	$146,198,471

Numbers may not add to totals due to rounding.

* Includes underwriting discount and rating agency, Trustee, consultant and legal fees and other expenses related to the issuance of the Series 2017A Bonds.

SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2017A BONDS

GENERAL

The Series 2017A Bonds are payable from and secured solely by the Trust Estate pledged under the Indenture. The Series 2017A Bonds are equally and ratably secured and are payable solely from the Gross Receipts (subject to the provisions of the Master Trust Indenture which permit AMP to apply such Gross Receipts to the payment of AMP Operating Expenses, including Fuel Expense) and certain amounts held under the Indenture. The Gross Receipts include payments made by the Participants under the Power Sales Contract (excluding amounts paid for transmission service and amounts representing administration fees, which are retained by AMP), and the investment income on moneys and securities held by the Trustee in certain subfunds, accounts and subaccounts established pursuant to the Indenture. The Gross Receipts are to be applied in accordance with the priorities established under the Indenture.

THE SERIES 2017A BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF AMP PAYABLE SOLELY FROM THE REVENUES, MONEYS, SECURITIES AND FUNDS PLEDGED THEREFOR IN THE INDENTURE. THE PAYMENT OF THE SERIES 2017A BONDS IS NOT GUARANTEED BY AMP, ITS MEMBERS OR THE PARTICIPANTS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE MEMBERS, THE PARTICIPANTS, THE STATE OF DELAWARE, KENTUCKY, OHIO, MICHIGAN, PENNSYLVANIA, VIRGINIA OR WEST VIRGINIA OR ANY POLITICAL SUBDIVISION OR INSTRUMENTALITY THEREOF IS PLEDGED FOR THE PAYMENT OF THE SERIES 2017A BONDS. AMP HAS NO TAXING POWER.

THE INDENTURE

The Series 2017A Bonds are secured under the Indenture by the "Trust Estate" which includes the Gross Receipts (except as stated above), AMP's rights under the Power Sales Contract (subject to certain reserved rights), the Trustee's rights under the Deposit Control Agreement (hereinafter mentioned) to the related Construction Account until such proceeds are paid out for the cost of the Project, amounts credited to the Parity Common Reserve Account, and certain other amounts credited to certain subfunds, accounts and subaccounts under the Indenture. For a description of the other subfunds, accounts and subaccounts established pursuant to the Indenture, as well as other provisions of the Indenture, see APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The pledge of the Gross Receipts is subject to the provisions of the Indenture permitting AMP to apply such Gross Receipts first to the payment of AMP Operating Expenses, including Fuel Expense. AMP Operating Expenses generally will include all of AMP's costs and expenses reasonably related to the Fuel for, and operating and maintenance of, the AMP Entitlement and the satisfaction of AMP's related obligations pursuant to the Power Sales Contract. AMP Operating Expenses also include any amounts payable to the Fuel Hedge Agreement Counterparties (except amounts that would be payable on default or acceleration ("close-out amounts"); these amounts are Subordinate Obligations under the Indenture) and posting requirements for AMP's Fuel Hedge Obligations. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions" for the definition of AMP Operating Expenses and "- Fuel Hedge Agreements" for a description of the rights and obligations under the Fuel Hedge Agreements.

FLOW OF FUNDS

The following summary of certain provisions of the Indenture respecting the application of Gross Receipts is subject to the summary of such provisions set forth in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Establishment of AFEC Project Fund and Other Subfunds; Application of Gross Receipts and Net Revenues"

AMP is obligated to transfer to the Trustee under the Master Indenture on or before the last Business Day of each month the sum of the payments AMP received from the Participants under the Power Sales Contract by such date.

On or before the first Business Day of the next month (one Business Day after receipt), the Trustee is from the amounts transferred by AMP and any other Gross Receipts, such as payments to AMP of amounts owed by a counterparty to a Fuel Hedge Agreement, to:

(A) set aside with itself to the credit of certain accounts created under the Indenture the following: (i) to a Fuel Hedge Account in the Revenue Subfund, the amount, if any, estimated by AMP to the Trustee to be due (other than as close-out amounts) to, or to be posted as collateral by AMP to, counterparties to Fuel Hedge Agreements with AMP, (ii) to separate accounts in the Bond Subfund for interest, principal, sinking fund requirements and derivative agreements such as interest rate swaps (but not termination or other accelerated payments) and any deficiency in amounts required to be on deposit in the Parity Common Reserve Account or any Special Reserve Account, (iii) to the Fuel Hedge Subordinated Obligations Account in Subordinated Obligations Subfund, any amounts owed by AMP to a counterparty to a Fuel Hedge Agreement as close-out amounts, and to the Fuel Hedge Reserve Account in the Reserve and Contingency Subfund such amount, if any, shown in the AMP Annual Budget to be deposited into such account in such month, and

(B) return the balance of such funds to the Depository or Depositories of the following described accounts.

AMP shall direct the deposit of the funds returned by the Trustee to the Depositories of the following accounts in the following amounts:

First, to three accounts in the Revenue Subfund: the Operating Account, the Fuel Reserve Account, and the Working Capital Account (AMP would deposit directly to the Derivative Receipts Account in the Revenue Subfund any amounts received pursuant to a derivative agreement); and

Second, to the six accounts in the Reserve and Contingency Subfund: the Renewal and Replacement Account, the Overhaul Account, the Capital Improvement Account, the Rate Stabilization Account, the Environmental Improvement Account and the Self-Insurance Account.

AMP would retain any balance of such funds to the credit of the General Account in the Revenue Subfund.

In the event of a shortfall of Gross Receipts and any other available funds in any month and the amount needed to make the deposits described above and assuming that the Trustee has not accelerated (declared due and payable) the Bonds in an Event of Default, the available funds would be allocated

First, and *pro rata* if insufficient, to the Operating Account, the Fuel Reserve Account, and the Working Capital Account with one or more Depositories and the Fuel Hedge Account with the Trustee;

Second, to the separate accounts in the Bond Subfund for interest, principal and sinking fund requirements, amounts owed on derivative agreements such as interest rate swaps (but not termination or other accelerated payments) and any deficiency in amounts required to be on deposit in the Parity Common Reserve Account or any Special Reserve Account; and

Third, to the accounts, and *pro rata* among such accounts if insufficient, established in the Subordinate Obligations Subfund; and

Fourth, to the various accounts in the Reserve and Contingency Subfund, and pro rata among such accounts if insufficient.

AMP will be owed by CVEC and MPPA under AMP's separate agreements with them for their shares of (i) the operating expenses of AFEC, (ii) any amounts payable by AMP on account of any hedging activities undertaken for their benefit and (iii) reserves and expenditures comparable to those reserved for and made by AMP from the various accounts in the Reserve and Contingency Subfund, except the Rate Stabilization Account. These payments are not Gross Receipts under the Indenture and are not otherwise pledged to the Bonds or to counterparties under Fuel Hedge Agreements. AMP is bound by its agreements with CVEC and MPPA to reserve or to apply such payments to their intended purpose.

THE DEPOSIT ACCOUNT CONTROL AGREEMENT

AMP, The Huntington National Bank ("*HNB*") as "Depositary Bank" and the Trustee have entered into a Deposit Account Control Agreement, dated as of June 1, 2012, (the "*DACA*"), which became effective upon the issuance of the Series 2012 Bonds. By the terms of the DACA, AMP granted to the Trustee, for the benefit of the holders of the Bonds and any Fuel Hedge Agreement Counterparties, a security interest in the payments made monthly by the Participants under the Power Sales Contract when they are received at, and to the extent allocated by the Depositary Bank to special accounts for the Participants in the Project ("*Designated Accounts*") in accordance with instructions provided by AMP to the Depositary Bank. Under the terms of the DACA, the Depository Bank is to remit the entire balance to the credit of the Designated Accounts to the Trustee on the last business day of each calendar month. When received by the Trustee, the moneys comprising such balance become Gross Receipts under the Indenture. See "- General" and "- The Indenture" above.

Under the Indenture, the Trustee is authorized and directed to give to HNB a Notice of Exclusive Control if and for so long as an Event of Default under the Indenture with respect to the Bonds or the Fuel Hedge Agreements has occurred and is continuing. The DACA provides that, not later than two business days after its receipt of a Notice of Exclusive Control, the Depositary Bank will not permit any funds to

be withdrawn by AMP from the Designated Accounts and the Depositary Bank will on each business day transfer electronically to the Trustee all available funds in the Designated Accounts. The Indenture provides that the Trustee shall credit as Gross Receipts to the Revenue Subfund under the Indenture, for application in accordance with the provisions of the Indenture, all such funds so transferred to the Trustee from the Designated Accounts.

PARITY COMMON RESERVE ACCOUNT

Pursuant to the Indenture, the Series 2017A Bonds are secured by amounts on deposit in the Parity Common Reserve Account of the Bond Subfund, including the investments, if any, thereof, which amounts are pledged to the Trustee as additional security for the payment of the principal of, and interest on, and premium, if any, on such Bonds. AMP may elect to secure additional Parity Obligations with amounts held in the Parity Common Reserve Account (the Series 2017A Bonds and any other Parity Obligations having the benefit of the Parity Common Reserve Account, collectively, "*PCRA-Secured Parity Obligations*").

Under the Indenture, AMP is required to deposit and maintain an amount equal to the Parity Common Reserve Requirement in the Parity Common Reserve Account. The Parity Common Reserve Requirement is defined in the Indenture, as of any date of calculation, as an amount in respect of the outstanding PCRA-Secured Parity Obligations, including the Series 2017A Bonds and the Outstanding Bonds, equal to the least of (i) the maximum Debt Service Requirements for such Parity Obligations in any Fiscal Year ("*MADS*"), (ii) 125% of the average annual Debt Service Requirements for such outstanding Parity Obligations, and (iii) 10% of the original principal amount of such Parity Obligations, provided that if a Series of such Tax Exempt Parity Obligations has more than a de minimis amount of original issue discount or original issue premium, as described in Treasury Regulation Section 1-148-1(b), the issue price of such Parity Obligations is substituted for the principal amount of such Parity Obligations. Amounts held in the Parity Common Reserve Account are to be applied to make payment of the principal of, sinking fund redemption price of, or interest on, PCRA-Secured Parity Obligations, including the Series 2017A Bonds, in the event that amounts on deposit in the Bond Subfund are not sufficient therefor.

As of the date of issuance of the Series 2017A Bonds, the Parity Common Reserve Account Requirement is expected to be $34,516,965, which is equal to coincidental maximum annual debt service for the Series 2017A Bonds and the Outstanding Bonds after the refunding of the Refunded Bonds. Amounts on deposit to the credit of the Parity Common Reserve Account will, as of the date of issuance of the Series 2017A Bonds, be equal to or in excess of the Parity Common Reserve Account Requirement. See APPENDIX D – "Summary of Certain Provisions of the Indenture" for a description of the Parity Common Reserve Account and the Parity Common Reserve Account Requirement.

Additional Parity Obligations, including additional Bonds, may be secured by the Parity Common Reserve Account or by a Special Reserve Account or may have no debt service reserve. If AMP undertakes to issue additional PCRA-Secured Obligations, AMP may do so only if the amount to the credit of the Parity Common Reserve Account immediately following their issuance shall be at least equal to the Parity Common Reserve Account Requirement.

THE POWER SALES CONTRACT

General. Under the Power Sales Contract, each Participant is entitled to receive its Power Sales Contract Resource Share (the "*PSCR Share*") of the nominal power and associated energy from the Power Sales Contract Resources, which include the electric power and energy from the AMP Entitlement associated with its 90.69% Interest, Replacement Power and transmission services. In exchange therefor,

each Participant is required to make monthly payments to AMP in amounts equal to such Participant's proportionate share (equal to such Participant's PSCR Share) of AMP's Revenue Requirements, which will include the fixed and variable costs incurred by AMP in connection with the AMP Entitlement, including debt service on the Series 2017A Bonds.

With two exceptions, each Participant's obligation to make payments pursuant to the Power Sales Contract is a limited obligation payable solely out of the revenues, and as an operating expense, of its Electric System. In the case of DEMEC, the primary source of the revenues of its Electric System will be the payments made by its eight participating members under the take-or-pay provisions of their full requirements contracts with DEMEC. See " – *Take or Pay*" below and APPENDIX B – "INFORMATION ON THE LARGE PARTICIPANTS – Section II, The Delaware Municipal Electric Corporation – II. *DEMEC Participation in AFEC*." In the case of the City of Coldwater, Michigan (3.88% PSCR Share) and the City of Marshall, Michigan (1.16% PSCR Share), in certain circumstances as more fully described in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS of the POWER SALES CONTRACT – Rates and Charges; Method of Payment," their respective obligations under the Power Sales Contract may be payable from the revenues of their Electric Systems on a basis subordinate to the payment of the operating expenses of their Electric System and to debt service on their outstanding (but not future) senior Electric System revenue bonds until such revenue bonds are retired.

Take-or-Pay. Each Participant's obligation to make payments pursuant to the Power Sales Contract is a "Take-or-Pay" obligation of such Participant. Therefore, such payments shall not be subject to any reduction, whether by offset, counterclaim, or otherwise, shall not be conditioned upon the performance by AMP or any other Participant of its obligations under the Power Sales Contract, or any other agreement, and such payments shall be made whether or not AFEC or any other Power Sales Contract Resource is completed, operable, operating and notwithstanding the suspension, interruption, interference, reduction or curtailment, in whole or in part, for any reason whatsoever, of the AMP Entitlement or the Participant's PSCR Share, including Step Up Power (as defined herein), if any.

DEMEC has full requirement contracts with eight of its member municipalities ("*DEMEC Participating Members*"). These contracts were amended in the Spring of 2012 to add take-or-pay and step up provisions for shares, which total 100%, of DEMEC's PSCR Share of AFEC (the "*DEMEC Member Contracts*"). DEMEC's take-or-pay obligation under the AFEC Power Sales Contract is payable by its terms as an operating expense of DEMEC's Electric System. The DEMEC Participating Members' take-or-pay obligations under the DEMEC Member Contracts are payable by their terms as an operating expense of their respective electric systems. See APPENDIX B – SECTION II LARGE PARTICIPANTS INFORMATION – "Delaware Municipal Electric Corporation."

Step Up Provisions. The Power Sales Contract contains a "Step Up" provision that requires, in the event of a default by a Participant (the "*Defaulting Participant*"), the non-defaulting Participants (the "*Non-Defaulting Participants*") to purchase a pro rata share, based upon each Non-Defaulting Participant's original PSCR Share, of the Defaulting Participant's entitlement to its PSCR Share which, together with the shares of the other Non-Defaulting Participants, is equal to the Defaulting Participant's PSCR Share ("*Step Up Power*"). Under the terms of the Power Sales Contract, no Non-Defaulting Participant is obligated to accept Step Up Power in excess of 25% of such Non-Defaulting Participant's original PSCR Share. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACT."

DEMEC as a Participant under the Power Sales Contract has a Step Up Power obligation in respect of a Defaulting Participant or Participants. In addition, the DEMEC Participating Members have step up obligations (limited to 25% of such Members' respective shares of DEMEC's PSCR Share) in the event of default by one or more of the DEMEC Participating Members. The DEMEC Participating

Members have no express contractual step up obligation for the default of a Participant under the Power Sales Contract. In the event that DEMEC were to have a Step Up Power obligation under the Power Sales Contract and the additional power and energy added to DEMEC's other power resources were in excess of the total requirements of the DEMEC Participating Members, DEMEC would expect to sell or terminate other power resources such that DEMEC's total power resources were aligned with total requirements of its Participating Members. In the event that DEMEC incurs a loss from the sale of excess power resources, this expense will be passed on to the DEMEC Participating Members pursuant to the DEMEC Member Contracts.

AMP to Control Enforcement. So long as AMP is not in default under the Indenture, AMP will retain the authority to enforce the provisions of the Power Sales Contract against Defaulting Participants. Furthermore, events of default under the Power Sales Contract are not automatically Events of Default under the Indenture.

RATE COVENANT AND COVERAGE

AMP has covenanted under the Indenture that, so long as any Bonds or any other Indebtedness remains outstanding thereunder, it will fix, and if necessary adjust, rates and charges so that the Net Revenues will be sufficient to provide an amount in each Fiscal Year at least equal to the greater of (y) 110% of the Debt Service Requirements for such Fiscal Year on account of the Bonds and any Parity Debt then outstanding and (z) 100% of the sum of the Debt Service Requirements for such fiscal year on account of the Bonds and Parity Debt then outstanding and the amount required to make all other deposits required by the Indenture and to pay all other obligations of AMP related to the Project, including any Subordinate Obligations, as the same become due.

INCURRENCE TEST

Generally, in order to incur Parity Obligations, AMP must be able to comply with the terms of the Incurrence Test set forth in the Indenture. AMP may comply with the Incurrence Test with respect to such additional Parity Obligations by providing the Trustee an Officer's Certificate, which may rely upon certificates or other documentation delivered by an Independent Consultant, certifying that for each Fiscal Year thereafter for which sufficient proceeds of the Parity Obligations and other available funds have not been set aside with the Trustee to pay the interest due in such Fiscal Year, in the signer's good faith estimation, (i) the Debt Service Coverage Ratio will be not less than 1.10x Maximum Annual Debt Service Requirement for all of the Parity Obligations, including the proposed additional Parity Obligations, that will be Outstanding immediately following the issuance of such proposed Parity Obligations and (ii) the Debt Service Coverage Ratio is not less than 1.00x the Maximum Annual Debt Service Requirement for all of the Indebtedness, including the proposed additional Parity Obligations, that will be Outstanding immediately following the issuance of such proposed Parity Obligations.

For a more detailed explanation of the Incurrence Test, including its application to Parity Obligations issued to refund Outstanding Indebtedness, see APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Certain Covenants of AMP.

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Series 2017A Bonds. Principal of and interest on the Series 2017A Bonds is shown in the table below in the year in which the same comes due.

Year Ending December 31,	Series 2017A Bonds Principal	Series 2017A Bonds Interest	Total Debt Service	Debt Service on Outstanding Bonds[1]	Total Debt Service[1]
2018	-	$3,866,631	$ 3,866,631	$27,755,631	$31,622,263
2019	-	5,923,350	5,923,350	27,741,006	33,664,356
2020	-	5,923,350	5,923,350	27,727,506	33,650,856
2021	-	5,923,350	5,923,350	27,713,881	33,637,231
2022	-	5,923,350	5,923,350	27,703,756	33,627,106
2023	$11,640,000	5,632,350	17,272,350	16,044,381	33,316,731
2024	12,225,000	5,035,725	17,260,725	16,044,381	33,305,106
2025	12,835,000	4,409,225	17,244,225	16,044,381	33,288,606
2026	13,480,000	3,751,350	17,231,350	16,044,381	33,275,731
2027	14,150,000	3,060,600	17,210,600	16,044,381	33,254,981
2028	14,860,000	2,335,350	17,195,350	16,044,381	33,239,731
2029	15,605,000	1,573,725	17,178,725	16,044,381	33,223,106
2030	-	1,183,600	1,183,600	32,670,081	33,853,681
2031	-	1,183,600	1,183,600	32,569,656	33,753,256
2032	-	1,183,600	1,183,600	32,545,406	33,729,006
2033	-	1,183,600	1,183,600	32,521,031	33,704,631
2034	-	1,183,600	1,183,600	32,499,156	33,682,756
2035	-	1,183,600	1,183,600	32,472,406	33,656,006
2036	-	1,183,600	1,183,600	32,448,281	33,631,881
2037	-	1,183,600	1,183,600	32,419,156	33,602,756
2038	-	1,183,600	1,183,600	32,387,406	33,571,006
2039	-	1,183,600	1,183,600	32,355,156	33,538,756
2040	-	1,183,600	1,183,600	32,324,281	33,507,881
2041	-	1,183,600	1,183,600	32,291,531	33,475,131
2042	29,590,000	591,800	30,181,800	2,833,031	33,014,831
2043	-	-	-	33,824,922	33,824,922
2044	-	-	-	33,793,406	33,793,406
Total	$124,385,000	$68,153,356	$192,538,356	$710,907,359	$903,445,716

Numbers may not add to totals due to rounding.

[1] Debt service is shown net of debt service on the Refunded Bonds

THE SERIES 2017A BONDS

GENERAL

The Series 2017A Bonds will be dated their date of delivery, will bear interest from that date at the rates per annum set forth on the inside cover page hereof, payable semiannually on February 15 and August 15 of each year, commencing February 15, 2018, and will mature on February 15 in each of the years and in the principal amounts set forth on the inside cover page hereof.

The Series 2017A Bonds will be issuable only in fully registered form in denominations of $5,000 or any integral multiple thereof. Interest on any Series 2017A Bond will be paid to the person in whose name such bond is registered as of the applicable Regular Record Date, which is February 1 for interest due on February 15, and August 1 for interest due on August 15.

REDEMPTION

Optional Redemption. From any available moneys, AMP may, at its option, redeem prior to their respective maturities, in whole or in part, the Series 2017A Bonds stated to mature after February 15, 2028 on any date beginning February 15, 2028, at a Redemption Price of par, together with interest accrued to the date fixed for redemption.

Selection of Bonds to be Redeemed. The Series 2017A Bonds may be redeemed only in the principal amount of $5,000 or any integral multiple thereof. If less than all Series 2017A Bonds shall be called for optional redemption, such Series 2017A Bonds shall be redeemed from the maturity or maturities selected by AMP. If less than all Series 2017A Bonds of any maturity are to be redeemed, the particular Series 2017A Bonds to be redeemed shall be selected by the Trustee by such method as the Trustee in accordance with DTC procedures.

Defeasance. The Series 2017A Bonds may be defeased as described in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Defeasance."

NOTICE OF REDEMPTION

Unless waived by any owner of Series 2017A Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee by certified mail, return receipt requested, at least 30, but not more than 90, days prior to the redemption date to each registered owner of the Series 2017A Bonds to be redeemed at the address shown on the bond register.

With respect to optional redemptions, such notice may be conditioned upon moneys being on deposit with the Trustee on or prior to the redemption date in an amount sufficient to pay the redemption price on the redemption date. If such notice is conditional and moneys are not received, such notice shall be of no force and effect, the Trustee shall not redeem such Series 2017A Bonds and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Series 2017A Bonds will not be redeemed.

The failure of any owner of Series 2017A Bonds to receive such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2017A Bonds. Any notice mailed as provided in this section shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

So long as DTC is effecting book-entry transfers of the Series 2017A Bonds, the Trustee shall provide the notices specified above only to DTC. It is expected that DTC will, in turn, notify the Direct Participants, that the Direct Participants will, in turn, notify the Indirect Participants and that the Direct Participants and the Indirect Participants will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC, a Direct Participant or an Indirect Participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2017A Bond (having been mailed notice from the Trustee, a Direct Participant, an Indirect Participant or otherwise), to notify the Beneficial Owner of the Series 2017A Bond so affected, shall not affect the validity of the redemption of such Series 2017A Bond.

AMP FREMONT ENERGY CENTER

GENERAL

AMP acquired AFEC from FirstEnergy Generation Corporation on July 28, 2011, when AFEC was mechanically complete and continued commissioning, final systems testing and startup procedures. AFEC is a nominal 512 MW natural gas-fired, combined cycle generating station with approximately 163 MW of duct-firing capacity. Under current summer conditions, AFEC is capable of producing up to approximately 677 MW of power. AFEC is located in the City of Fremont in Sandusky County, Ohio (the "*City*") and has been in commercial operation since 2012.

All licenses, permits and regulatory approvals relating to AFEC are held or controlled by AMP.

AFEC is designed to meet best available air pollution control technology. The individual emission control devices and systems installed at AFEC are operating in commercial environments today. The plant design complies with all emissions requirements and permit conditions, including all state and federal regulations. Cooling for the generating station is provided by a multiple cell mechanical draft cooling tower.

AMP and the City have entered into agreements that provide water and wastewater treatment services to AFEC. A 440,000 gallon water storage tank, 205,000 gallons of which are available to support AFEC operations, is located on the site. 190,000 gallons are reserved for fire suppression. The stored water available for operations is capable of supporting AFEC operations at maximum water demand for over 40 minutes in the event that water service from the City is interrupted.

OPERATING RESULTS

AFEC commenced full commercial operation on January 20, 2012. The plant has performed well overall and its operating characteristics are largely consistent with comparable natural-gas fired intermediate load resources. The plant equivalent availability, net capacity factor, equivalent forced outage rate – demand ("*EFORd*") and annual net generation are set forth in the data below:

AFEC Plant Equivalent Availability (expressed as a percentage)

2012	2013	2014	2015	2016	2017 (through September)
79%	84%	89%	88%	69%	90%

AFEC Net Capacity Factor (expressed as a percentage)

2012	2013	2014	2015	2016	2017 (through September)
59%	44%	40%	58%	45%	48%

AFEC EFORd (expressed as a percentage)

2012	2013	2014	2015	2016	2017 (through September)
12%	3%	2%	2%	12%	2%

AFEC Net Generation (expressed in Megawatt Hours)

2012	2013	2014	2015	2016	2017 (through September)
3,525,792	2,708,704	2,351,669	3,429,684	2,683,617	2,156,655

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Source: AMP, Net Capacity Factor data presented on the basis of aggregate net rating of 675 MW.

In 2016, AFEC equivalent availability was lower and EFORd higher than planned as a result of two unplanned forced outages. In April 2016, Unit 2 CTG experienced an extended forced outage resulting from a turbine blade event. During this Unit 2 CTG forced outage, the plant was available to operate in 1x1 combined cycle mode with Unit 1 CTG and the Steam Turbine Generator ("*STG*"). Unit 2 CTG was returned to service in June 2016 following completion of repairs. In September 2016, the STG experienced an extended forced outage following failure of the STG turning gear motor resulting in a total plant outage. The plant returned to service in December 2016 following completion of repairs to the STG.

FUEL

Fuel Subcommittee of Participants Committee. The Power Sales Contract provides that the Chairman of the Participants Committee appoints a special Fuel Subcommittee, consisting of selected Participants' Committee members and, at the Chairman's option, such other Participants, AMP staff and others with expertise in Fuel and its procurement to advise the Participants Committee on Fuel related matters, including those described below.

Fuel Supply Strategy. Under the Power Sales Contract, the CVEC PSC and the MPPA PCOA, AMP is required to present overall Fuel supply strategy for AFEC to the Fuel Subcommittee and the Joint Management and Operation Committee for their respective approvals, and subject to the contract provisions described in the following sentence, all purchases for more than one year in duration of reserves, hedges, pipeline capacity or other Fuel related items are subject to the approval of the Joint Management and Operating Committee upon the recommendation of the Fuel Subcommittee. AMP covenants in the three agreements that (i) prior to entering into any variable rate indebtedness or hedge or swap agreements or Fuel price hedges secured by the Indenture, it shall, in consultation with the Participants Committee, adopt, maintain and revise from time to time a written policy respecting such indebtedness and agreements, including the circumstances and terms under which such indebtedness and agreements may be terminated; (ii) prior to purchasing any gas reserves or entering into any multi-year

prepayments respecting Fuel for the AMP Fremont Energy Center, it shall receive the approval of a Super Majority of the Participants; and (iii) prior to entering into any multi-year Fuel hedges, multi-year prepayments respecting Fuel, or the purchase of Fuel reserves, AMP shall offer each Participant the ability to opt out of any such arrangements. AMP presented, and on recommendation of the Fuel Supply Subcommittee, the AFEC Risk Management Program described hereinafter under " – *AFEC Risk Management Program*" was unanimously approved by the Joint Management and Operating Committee.

AMP has four daily firm transportation contracts on interstate pipelines capable of delivering 80,000 MMBtu of daily firm natural gas (approx. 83% of AFEC's base operating capacity). AMP also has two interruptible contracts on Panhandle and Dominion East Ohio which provides for daily & hourly balancing services for AFEC, respectively. AMP's intrastate pipeline transportation agreement on Dominion East Ohio is capable of delivering 130,000 MMBtu of daily firm natural gas to cover 100% of AFEC's operating capacity. The interstate pipeline agreements are managed through an AMA with TEA.

AFEC Risk Management Program. Given the relative importance of the cost of Fuel to the cost of power generated by AFEC, which is typical for a combined cycle natural gas-fired plants, AMP, with the advice of TEA, has adopted the AFEC Risk Management Program. The Program contemplates that AMP will, subject to market conditions and AMP's Corporate Energy Risk Control Policy described below, undertake to secure, at times when AMP deems such advantageous and prudent, contracts with investment grade rated ("Baa3/BBB-" category or better from at least two of the three major rating agencies) fuel providers and financial institutions, the effect of which contracts 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 and duct firing natural gas volumes on a rolling six month basis. AMP, the Fuel Subcommittee and the Joint Management and Operating Committee periodically review the AFEC Risk Management Program to further the goal of reducing AFEC's exposure to volatility in the natural gas market while maintaining sound risk management policies.

To execute the hedging strategy, AMP has entered into, directly or through TEA, financially-settled commodity swaps the terms of which generally provide that AMP will pay a fixed price (the "*strike price*") for a stated quantity of natural gas on a future date and, depending upon the market price of natural gas on the settlement date, AMP will owe its counterparty if the market price is less than the strike price and conversely the counterparty will owe AMP if the market price is above the strike price. AMP also utilizes financially-settled natural gas options in its hedging program through the purchase of call options and consumer collars. The purchase of call options (long calls) provides AMP "the right, but not the obligation" to purchase natural gas at a predetermined call option strike price for a specified upfront premium cost. The call option will expire in-the-money ("*ITM*") if the underlying natural gas futures contract settles above the call option strike price at expiration. If a long-call option finishes ITM, AMP's counterparty will owe AMP a cash payment equal to the difference between the market price and the call option strike price. Should the underlying futures contract close under the call option strike price, the option is deemed to have expired out-of-the-money ("*OTM*") and AMP is simply out the upfront premium cost. If it desires, AMP can then purchase its physical natural gas at the lower market price. Consumer collars are a combination option strategy that combines the purchase of a call option with the sale of a put option (a short put) to help lower the premium cost of the hedge. Put options provide the purchaser "the right, but not the obligation" to sell natural gas at a predetermined put option strike price for a specified premium cost. A put finishes ITM if the underlying futures contract closes under the put strike price at expiration and it finishes OTM if the underlying futures contract closes above the put strike price at expiration. In the case of put options, the buyer is paid the difference between put strike price and the market price when the put expires ITM while the buyer simply loses the upfront premium cost should the put expire OTM. When purchasing consumer collars, AMP purchases a call option to cap its upside exposure, but limits AMP's downside participation potential because the short put acts as a price floor. The ultimate price of the hedge effectively "collared" between the short put strike and the long call strike.

Under AMP's comprehensive Corporate Energy Risk Control Policy, adopted by the AMP Board of Trustees on September 15, 2011, as amended November 16, 2017, AMP has set credit limits for specific counterparties linked to their external credit ratings. AMP's hedging contracts with its counterparties also effectively require AMP or its counterparties to post collateral, subject to certain thresholds and exceptions, if and to the extent that the market value of the contracts is above or below their strike price. See "SOURCES OF PAYMENT and SECURITY FOR THE SERIES 2017A BONDS – Fuel Hedges" and APPENDIX D - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Establishment of AFEC Project Fund and Other Subfunds; Application of Gross Receipts and Net Revenues."

As of November 20, 2017, AMP has approximately 7,420,000 DTH of fixed priced and option hedges in place for the 36 month rolling timeframe under the AFEC Risk Management Program. This represents approximately 23.8% of the expected gas volume to be burned by AFEC operating at its Base Capacity for the 36 month period plus the expected gas volumes to be burned by AFEC operating with duct firing during the forward rolling six month period excluding the volume of the long-term hedges. In addition, AMP has entered into Long Term Gas Hedges outside the 36 month rolling hedging strategy, with the approval of the AFEC Fuel Subcommittee and AFEC Participants Committee. AMP has approximately 53,110,000 DTH of fixed price Long Term Gas Hedges in place through 2027. The average weighted price of the existing short-term and long-term fixed priced hedges is $4.176/MMBtu.

ELECTRICAL INTERCONNECTION

AFEC is interconnected with the regional transmission system grid through an on-site 138 kV substation owned and operated by ATSI, a wholly-owned subsidiary of FirstEnergy. This substation interconnects the three on-site generators (one for each CTG and one for the STG) to the 138 kV transmission system.

AFEC OPERATION AND MAINTENANCE

O&M Agreement. On July 21, 2011, AMP and NAES Corporation ("*NAES*") entered into an Initial O&M Services Agreement. NAES provides continuous operation and maintenance activities 24 hours a day and 7 days a week to optimize electrical power generation and, in that capacity, NAES has been engaged:

- to implement, in coordination with AMP policies and procedures, various detailed programs including safety and health programs, environmental compliance programs, operations programs, maintenance programs, administrative programs, training/qualification programs and water chemistry programs;
- to perform routine and preventative maintenance actions on all AFEC systems and equipment in accordance with vendor instructions and the maintenance plan for the facility;
- to manage all facility outages (planned, unscheduled, forced) to minimize outage duration and impact on production;
- in connection with the administration of the facility, to prepare annual budgets and submit them to AMP for approval and, following approval, to manage operations in compliance with each budget, and generate budget variance reports, as required;
- to establish and implement effective purchasing systems and to procure, for AMP, all materials, equipment, chemicals, supplies, services, parts, and other miscellaneous items required for routine O&M;

- to implement a cost effective inventory control system, coordinate and manage all payroll and employee relations issues and, in coordination with AMP, conduct a community relations program;
- to assign work to either site personnel or vendors, as cost effective and appropriate, to arrange for janitorial, garbage pick-up and landscape services and maintenance of all access roads and buildings and other structures;
- to prepare and submit O&M reports as requested relative to performance;
- to implement or arrange for implementation of security measures;
- to implement a continuing program of training to orient new site personnel; and
- to maintain and update facility manuals and vendor service manuals and perform periodic internal assessments for plant performance.

The operating and maintenance organization structure for AFEC currently includes two AMP full-time equivalent employees assigned to oversee the Project and 24 NAES full-time equivalent employees assigned to plant operations, maintenance, and administration.

The initial term of the Initial O&M Services Agreement expired on January 20, 2017. AMP and NAES extended the Initial O&M Services Agreement for one year and have executed the New O&M Services Agreement, which has substantially similar provisions to the Initial O&M Services Agreement, that will be effective January 20, 2018. Commencing one year after the January 20, 2018 effective date, AMP may terminate the New O&M Services Agreement for convenience upon ninety (90) days' notice to NAES.

NAES is to be reimbursed for Home Office Costs and Site Costs and is paid an annual fee. Based on actual performance of AFEC compared to performance goals, NAES is to be paid a bonus, or be liable to AMP for liquidated damages, both capped under the O&M Services Agreement.

NAES. According to NAES, it has been operating energy plants for project developers and owners for over two decades and is the world's leading independent plant operations provider with an experience base of over 190 projects and 55 GW. NAES operates a diverse fleet of plants encompassing a multitude of fuels and technologies.

Maintenance Agreement. AMP has executed a Long Term Agreement ("*LTA*") for maintenance of the CTGs and the STG with Power Systems Mfg. LLC ("*PSM*"). The term of the LTA began on the Commercial Operation Date and will end on the earlier of (i) completion of the second major inspection of both combustion turbine generators, which will occur at 96,000 hours of operation, (ii) when 4,000 equivalent starts ("*ES*") of each CTG has been experienced and (iii) 22 years from the effective date of the LTA, which would be January 20, 2034. There are provisions for AMP to extend the LTA for periods of not less than one year.

Under the LTA, PSM is obligated to provide maintenance services on all core equipment for both planned and unplanned outages. Planned maintenance includes annual boroscope inspections for the CTGs, combustion component inspections every 12,000 equivalent operating hours ("*EOH*") or 450 ES for the CTGs, hot gas path component inspections every 24,000 EOH or 900 ES for the CTGs, and the CTG electrical generator minor inspection. In addition, planned maintenance includes major inspections for all components of the CTGs every 48,000 EOH or 1,800 ES, the CTG electrical generator major inspection, STG minor inspection and STG electrical minor inspection when the first CTG is scheduled for its first hot gas path components inspection, STG major inspection and STG electrical generator major inspection when the first CTG has its major inspection (every 48,000 EOH).

Under the LTA, unplanned maintenance for all core equipment includes parts and services for all unplanned maintenance events and term warranty coverage is provided for failures caused by contract parts and/or services. If the unplanned maintenance is not caused by contract parts and/or services, PSM will perform the work at the discount prices in the LTA. The LTA also includes remote monitoring of core equipment, a designated customer service manager (a single point of contact for the LTA), and combustion tuning.

The LTA pricing consists of three components: mobilization fee, fixed fee and variable fee. The variable fees are based on both EOH and ES. The LTA contains an N-Ratio (the ratio of EOH/ES) and gives the fees for the EOH and ES. The variable fee is calculated and billed on a monthly basis. There is a clause for escalation partially tied to an employment index and partially tied to a materials index.

The LTA can be terminated by either party for bankruptcy, breach of material obligations and failure of payments by the other party. AMP can terminate the LTA if the total liquidated damages exceed a threshold during the term of the LTA. There is a *force majeure* clause which is standard for the industry.

PSM. According to PSM, it provides technologically advanced aftermarket gas turbine components, parts reconditioning services and long term agreements to the worldwide power generation industry. PSM was purchased by Ansaldo Energia Group in February 2016 following the acquisition of Alstom, PSM's prior owner, by General Electric.

AMP is evaluating and considering modifying the two CTGs using a gas turbine optimization program ("*GTOP*") which is expected to slightly increase the power output from the CTGs and result in a decreased heat rate (which indicates increased efficiency). The GTOP program would replace certain parts of the CTGs to improve efficiency and to allow additional power output. While a final determination on the potential upgrade to the CTGs has not yet been made, AMP submitted an application in August 2017 to the Ohio Environmental Protection Agency for a Permit-to-Install and Operate. In addition, in August 2017 AMP filed a request with PJM Interconnection, LLC for a Generation Interconnection Feasibility Study for the potential increase in plant output.

AFEC BUDGETING

Operating and Capital Budgets. AMP, in consultation with the Participants Committee and the Joint Management and Operating Committee, prepares, on an annual basis, a budget for AFEC that includes estimated operating and maintenance costs, including Fuel expense, and any anticipated capital expenditures for such year. The operating and maintenance costs will be informed by the operational plan provided by NAES for AFEC. Capital costs include estimated and unpaid capital items necessary to PSM's LTA.

MPPA PCOA Under the PCOA, MPPA is obligated to pay AMP a share commensurate with its 5.16% Interest of the costs of operating AFEC, including operating and maintenance costs, working capital reserves and additional capital improvements. Under the documents securing its revenue bonds issued to finance its 5.16% Interest, MPPA will maintain working capital and other reserves that are available to pay unanticipated costs of AFEC.

CVEC PSC Under the CVEC PSC, CVEC is obligated to pay AMP a share commensurate with the 4.15% Interest of the costs of operating AFEC, including operating and maintenance costs, working capital reserves and additional capital improvements. Pursuant to a separate agreement between AMP and CVEC, CVEC will fund accounts analogous to those maintained by AMP under the Indenture to provide for working capital and reserve and contingency funds.

CAPITAL IMPROVEMENT PLAN

AMP's preliminary Capital Improvement Plan for AFEC calls for the expenditure of between $15 and $30 million over the next five years. The precise capital expenditures included in the Capital Improvement Plan are subject to the approval of the Joint Management and Operating Committee and, therefore, the size of the Capital Improvement Plan is subject to change. AMP expects to pay its share of any such capital improvements through a combination of rates charged to the Participants and draws on its Line of Credit, which will be evidenced as a Subordinate Obligation, and not with the proceeds of additional Bonds.

AMERICAN MUNICIPAL POWER, INC.

NONPROFIT CORPORATION

AMP was formed in 1971 as a nonprofit corporation under Ohio Revised Code Chapter 1702. Under applicable law, AMP has perpetual existence and the duration of its existence is not otherwise limited by its certificate of incorporation or by any agreement with its Members. AMP must file, however, at certain times, Statements of Continued Existence with the Ohio Secretary of State pursuant to Ohio Revised Code § 1702.59. AMP has made all such required filings and is in good standing.

As of November 1, 2017, AMP had 135 Members – 84 municipalities in Ohio, 29 boroughs in Pennsylvania, six cities in Michigan, five municipalities in Virginia, six cities in Kentucky (three of which are Members through their electric utility boards), two cities in West Virginia, one city in Indiana, one town in Maryland and DEMEC.

TAX STATUS

AMP obtained a determination letter from the IRS on July 31, 1980, supplemented by letters dated January 19, 1981 and December 16, 1987, determining that the income of AMP is excludable under Section 501(c)(12) of Code, provided that at least 85% of AMP's total revenue consists of amounts collected from its Members for the sole purpose of meeting losses and expenses (which includes debt service). AMP believes that it has met the requirements for maintenance of Section 501(c)(12) status each year since it received the initial letter. AMP intends to retain its Section 501(c)(12) status.

AMP has also obtained a private letter ruling (the "Section 115 Ruling") from the IRS determining that its income is excludable under Section 115 of the Code because the income of AMP is derived from the exercise of an essential governmental function and will accrue to a state or a political subdivision thereof. The Section 115 Ruling complements AMP's 501(c)(12) status and provides some flexibility in respect of AMP's operations.

AMP has also received private letter rulings to the effect that it may issue, on behalf of its Members, obligations the interest on which is excludible from the gross income of holders of the obligations for federal income tax purposes and that it is a wholly owned instrumentality of its Members with the consequence that use of tax-exempt financed facilities by AMP will not result in private use under the Code. See also "TAX MATTERS".

Under Ohio law, AMP currently pays applicable taxes or makes payments in lieu of taxes, but AMP could challenge the application of those taxes in the future.

AFFILIATES; MEMBER SERVICES

AMP is closely aligned with another Ohio statewide municipal power organization, the Ohio Municipal Electric Association ("*OMEA*"), which is the legislative liaison for the state's municipal electric systems. AMP has also facilitated the formation of a number of municipal joint ventures pursuant to Ohio Revised Code § 715.02 and the Ohio Constitution. In addition to Ohio Municipal Electric Generating Agency ("OMEGA") Joint Ventures 1, 2, 4, 5 and 6 (See "AMERICAN MUNICIPAL POWER, INC. – Other Projects – JVs 1, 2, 4, 5 and 6; Combustion Turbine Project"), the Municipal Energy Services Agency ("MESA") has also been formed. Together with AMP employees, MESA provides management and technical services to AMP and its Members. AMP and MESA combined employ approximately 174 people.

AMP purchases wholesale electric power and energy and resells the same to its Members at rates based on cost and a service fee structured to recover AMP's costs. AMP also develops alternative power resources for its Members to meet their short- and long-term needs, including generation projects owned or operated by AMP. See "AMERICAN MUNICIPAL POWER, INC. – Other Projects" below. In 2016, the total cost of power sold or arranged by AMP for its Members, including wholesale power arranged by AMP and power sold by AMP to Members under the power sales contracts relating to AMP's generation projects, was approximately $1.2 billion, at an average rate of $79.79/MWh, which rate includes capacity, energy and delivery related services.

AMP's Energy Control Center monitors loads and transmission availability, dispatches, buys and sells power and energy for its Members, 24 hours a day, 365 days a year and controls AMP and Member-owned generation. In-house engineering, operations, safety, power supply, rate, legal, financial, risk management and environmental staff is available at AMP's headquarters to assist Member communities in addition to performing AMP duties and providing support to the joint ventures.

RELATIONSHIP WITH THE ENERGY AUTHORITY

AMP is a member of The Energy Authority ("*TEA*"), a nonprofit power marketing corporation that is owned by AMP and other public power entities. TEA assists in wholesale marketing and related responsibilities of its members. TEA's mission is to maximize the value of its members and other public power partners' assets in the wholesale energy markets. TEA also provides its members with natural gas procurement and management services for supplying physical natural gas used in the generation of electricity, services which AMP utilizes in connection with AFEC

AMP is also a member of TEA Solutions, a sister company of TEA ("*TEA Solutions*"). As with TEA, TEA Solutions is owned by AMP and other public power utilities. TEA Solutions was created to bring further economies of scale and market experience to TEA's members by providing portfolio management, RTO trading, bilateral power trading, power supply management, natural gas trading services and risk management services.

AMP'S INTEGRATED RESOURCE STRATEGY AND APPROACH TO SUSTAINABILITY

Wind, run-of-the-river hydroelectric, landfill gas, solar and fossil fuels, collectively, are all part of AMP's power supply resource mix. AMP's integrated resource strategy is consistent with its corporate sustainability commitment, and includes a portfolio consisting of fossil fuel and a variety of renewable generation projects, energy efficiency initiatives and carbon management activities described below. In addition, AMP's actions are guided by a set of Environmental Stewardship Principles approved by the AMP Board of Trustees.

Renewable Energy. As noted above, wind, run-of-the-river hydroelectric, solar and landfill gas are all part of the renewable generation portfolio mix currently owned or contracted for by AMP or its Members. AMP owns, operates, or owns and operates approximately 390 MW of run-of-the-river hydroelectric power generation at existing dams on the Ohio River. See "– Other Projects – Combined Hydroelectric Projects", "– Meldahl Hydroelectric Project" and – Greenup Hydroelectric Project" herein. These hydroelectric projects have brought significant economic benefits to the region. AMP is also evaluating other hydroelectric generating facilities, including the R.C. Byrd hydroelectric project (the "*R.C. Byrd Project*"), which would be a run-of-the-river hydroelectric facility located at the R.C. Byrd Locks and Dam on the Ohio River. The City of Wadsworth, Ohio, an AMP Member, recently received a license from FERC for the R.C. Byrd Project.

In addition, AMP entered into a power purchase agreement for 52 MW of wind generation and has developed a 3.5 MW solar facility in the City of Napoleon, Ohio. See "- Other Projects – Napoleon Solar Project" herein.

Additional solar sites, aggregating approximately 60 MW are being developed to meet Member interest. To facilitate the development of such solar sites, AMP has entered into a power purchase agreement (the "*NextEra PPA*") with a wholly-owned subsidiary of NextEra Energy Resources ("*NextEra*"), pursuant to which AMP will agree to purchase all of the power and energy output from solar facilities designed, built, owned and operated by NextEra and subject to the NextEra PPA. Each such solar facility will be sited within the service area of a Member and interconnected to such Member's transmission or distribution system. Four such sites, which, in the aggregate, provide approximately 23.5 MW, have been completed and six additional sites, which will provide an additional 9 MW, are expected to be completed before the end of calendar year 2017. AMP sells such power and energy to Members pursuant to the terms of a power sales contract between AMP and participating Members. After substantially all of the sites subject to the NextEra PPA are completed, currently expected to be near the end of calendar year 2018, AMP may issue revenue bonds secured by payments made by the participating Members under the power sales contract described above to finance or refinance the prepayment of power and energy to be delivered under the NextEra PPA.

Energy Efficiency. In 2010, partly in connection with a consent decree ("*Consent Decree*") relating to Richard H. Gorsuch Station, a now-retired coal-fired generating facility, AMP executed a 3-year contract with the Vermont Energy Investment Corp. ("*VEIC*") to implement a set of state-of-the-art energy efficiency services for AMP's Members. AMP fulfilled its obligations regarding the Consent Decree in 2013. VEIC is a nationally recognized leader in developing energy efficiency programs. The contract created an Ohio-based turnkey entity – Efficiency Smart – which utilized VEIC's technical expertise and financial incentives for participating Members to provide a portfolio of energy efficiency services to all major retail customer classes (i.e., residential, commercial, and industrial). AMP's contract with VEIC is performance-based, meaning a portion of VEIC's fee is at risk if the contract's performance targets are not met. The savings claims are verified by an independent third party evaluation, measurement and verification team headed by Integral Analytics. Participating Members also receive a performance guarantee from VEIC. The contract with VEIC has been updated and renewed, and currently runs through 2020. The program currently has 22 participating Members and has achieved 197,035 MWh of energy savings since its inception.

Carbon Management. AMP has taken action to report and reduce CO2 and other greenhouse gas ("*GHG*") emissions, while also investing in CO2 offset projects. Through 2016, AMP included an annual fee assessment on all AMP-owned fossil fuel generation to fund various CO2 offset projects, primarily focused on forestry and landfill gas projects that capture or reduce CO2 and methane, throughout its footprint. AMP has coordinated with the Ohio Department of Natural Resources, Appalachian Regional Reforestation Initiative, American Chestnut Foundation, Green Forests Work and local entities to plant

more than 465 acres of seedlings in Ohio, including substantial portions on former strip-mined land. In 2014, after conducting a request for proposals, AMP contracted to purchase over 250,000 tons of verified carbon offsets, investing in forestry and landfill gas projects across Member states, including Virginia, Michigan, Pennsylvania and Kentucky, all of which have been certified by the Climate Action Reserve and the Verified Carbon Standard. As of the date hereof, AMP is maintaining the organization's existing investments while evaluating the future of carbon offset markets.

GOVERNANCE

AMP is governed by a Board of Trustees. The current Member Trustees and their representatives are shown immediately following the inside cover page of this Official Statement. The AMP Board of Trustees consists of 21 members, currently DEMEC and 20 communities, each of which designates a representative to the Board. Thirteen of these Trustee communities are chosen by their fellow public power communities in each of AMP's Member service groups (DEMEC constitutes its own service group), which assures representation by at least one community from each state that has five or more Members. The other eight are elected at large. The officers of AMP are: Chair of the Board, Vice Chair, Secretary, Treasurer, President and General Counsel for Corporate Affairs. The President and General Counsel are appointed by the Board of Trustees and are ex officio members of the Board.

Board of Trustees committees concentrate on vital functions of the organization. Current committees include finance, hydro projects, Prairie State project, AMP Fremont Energy Center project, Efficiency Smart, solar development, joint ventures oversight, legislative, member services, mutual aid, personnel, policy, power supply and generation, risk management and transmission/regional transmission organizations.

AMP EXECUTIVE MANAGEMENT

The principal members of the executive management team of AMP, with information concerning their background and experience, are listed below.

Executive Management

Marc Gerken, P.E., has served as President and Chief Executive Officer since February 2000. Previously, Mr. Gerken served as Vice President of Business and Operations at AMP from January 16, 1998. He is a 1977 graduate of the University of Dayton, beginning his public service career in 1990 with the City of Napoleon, serving as city engineer. In 1995, he was named city manager of Napoleon and served in that capacity until his employment by AMP. Mr. Gerken is a past Chairman of the American Public Power Association ("*APPA*") and a past President of the Board of Directors of the National Hydropower Association. Mr. Gerken also serves on the Board of Directors of TEA. He holds a B.S. in Civil Engineering from the University of Dayton and is a registered professional engineer in the States of Ohio and Florida.

Jolene Thompson serves as Executive Vice President, Member Services and External Affairs. Ms. Thompson has been part of the AMP member relations area since 1990, also serving as Executive Director of OMEA since 1997. She is a registered lobbyist in Ohio and Washington, D.C. She oversees government relations and external affairs, human resources and administrative services, sustainability programs and energy efficiency, environmental compliance, NERC compliance, safety compliance, and technical services. Ms. Thompson currently serves on the boards of directors of APPA and the Transmission Access Policy Study Group and is a member of the executive committees of both boards. She holds a B.A. in Journalism from Otterbein University.

Pamala Sullivan serves as Executive Vice President, Power Supply & Generation. Ms. Sullivan provides oversight to AMP's power supply and generation operations, including the company's energy trading floor, commodity procurement, power supply planning, transmission affairs, generation development and operations. Before joining AMP in 2003, Ms. Sullivan was vice president, director of marketing, for a consulting engineering firm specializing in power generation and distribution, where she was responsible for developing and implementing marketing plans and strategies. She holds a B.S. in Electrical Engineering from the University of Toledo.

Marcy Steckman serves as Senior Vice President, Finance and Chief Financial Officer. Ms. Steckman joined AMP in 2013 and served as Chief Accounting Officer until July 1, 2016. She is responsible for all treasury, cash management, debt management, financial planning and analysis, financial reporting, Member credit and Member billing activities. She held similar financial leadership positions with American Electric Power, Ohio Power Company, Huntington National Bank, and Nationwide Mutual Insurance Company. Ms. Steckman holds a B.S. in Accounting from the University of Akron and is a Certified Public Accountant in the State of Ohio.

Rachel Gerrick serves as Senior Vice President and General Counsel for Corporate Affairs. Ms. Gerrick joined AMP in 2012. Prior to coming to AMP, she served as associate assistant attorney general at the Ohio Attorney General's Office in the Business Counsel Section. Before that, she was an associate in the Columbus office of Squire, Sanders & Dempsey LLP and in the Chicago office of Winston & Strawn LLP. She holds a bachelor's degree in economics and history from Emory University and a J.D. from the University of Virginia School of Law.

Lisa McAlister serves as Senior Vice President and General Counsel for Regulatory Affairs. Ms. McAlister joined AMP in 2012. She previously served as the chair of APPA's Legal Section. As an active participant on PJM committees, she served three years on the PJM Board Nominating Committee as the Electric Distributor Sector representative, and has represented the Electric Distributor Sector on various PJM Board Liaison Committees and Grid 20/20 panels. She was previously Of Counsel at Bricker & Eckler LLP, and represented the Ohio Manufacturers' Association and the OMA Energy Group. Prior to that, she was a senior attorney and partner-elect at McNees Wallace & Nurick LLC, representing industrial customers on energy issues. She holds a bachelor's degree from Elon University and a J.D. from The Ohio State University.

Scott Kiesewetter serves as Senior Vice President, Generation Operations. Mr. Kiesewetter was named senior vice president of generation operations in 2014 and oversees all functions of the Power Generation Group, including all generation resources. He has worked for AMP since 1992 in various positions both at headquarters and generation facilities. His experience with the organization includes engineering and supervisory positions at Gorsuch Station and at headquarters overseeing transmission/distribution design, distributed generation, operations engineering/accounting, new plant engineering and project development. For more than 20 years he has served in several roles within the organization, gaining experience across-the-board from generation to the Energy Control Center. Since 2005, he has served primarily in the area of project development. His efforts have included work on the Prairie State Energy Campus and construction completion and start-up of the AMP Fremont Energy Center. Prior to AMP, Kiesewetter held various positions with the Philadelphia Electric Company both in its corporate offices and at the Peach Bottom Atomic Power Station. He holds a B.S. in electrical engineering from The Ohio State University with a concentration in power engineering.

Branndon Kelley serves as Chief Information Officer. Mr. Kelley has been with AMP since 2009 and has more than 19 years of experience in IT operations, infrastructure, application development, project management, executive leadership, strategy and business development. Mr. Kelley has led a complete IT transformation at AMP and was recently named Intelligent Utility's CIO of the Year. He

oversees all information technology, information security and supervisory control and data acquisition functions, projects and people. He is responsible for setting, facilitating and leading technology strategy and tactical execution. He was the 2012 chair for TechTomorrow and the 2013 chair for the APPA IT Committee. Mr. Kelley has a B.S. in Computer Information Systems from DeVry University and a MBA in Finance and General Management from the Keller School of Management.

Chris Easton serves as Chief Risk Officer. Mr. Easton joined AMP in 2014, bringing 30 years of experience with municipal electric system management. He spent his career with the City of Wadsworth, retiring as director of public service in 2014, and also served 10 years as the Wadsworth representative on the AMP Board of Trustees. He holds a B.S. in geography from Ohio University and a M.A. in Public Administration from the University of Akron.

LIQUIDITY

AMP is party to a Credit Agreement, dated as of May 3, 2017 (the "*Line of Credit*"), with a syndicate of commercial banks led by Royal Bank of Canada, with a total available line of $600 million, which total availability, subject to certain conditions, may be increased to $850 million. The current expiration date of the Line of Credit is May 2, 2022. AMP may, subject to certain limitations, borrow directly on the Line of Credit or request the issuance of letters of credit against the Line of Credit to support its operations, to provide interim financing for its projects and to pay its obligations to TEA and TEA Solutions, including capital contributions and guarantees. As of November 1, 2017, $375,534,000 had been drawn or reserved on the Line of Credit, approximately $338.5 million of which is supported by Member commitments, such as the draws on the Line of Credit used to finance payments made in accordance with the NextEra PPA and those evidenced as Subordinated Obligations and issued from time-to-time under the Indenture and comparable draws on the Line of Credit used to refund obligations or provide working capital for other AMP projects. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2017A BONDS – Subordinated Obligations" and "- Other Projects – *JV 1, 2, 4, 5 and 6; Combustion Turbine Project*", "– *Combined Hydroelectric Projects*", "– *Meldahl Hydroelectric Project*", "– *Napoleon Solar Project*."

OTHER PROJECTS

Several of the studies of alternative power supply and transmission arrangements AMP has made or commissioned have resulted in cooperative undertakings by AMP and one or more of its Members. Included among these projects are the following:

JVs 1, 2, 4, 5 and 6; Combustion Turbine Project. In 1992, AMP began sponsoring the creation and organization of project specific joint ventures (the "*JVs*") among certain of its Members and other AMP owned or controlled projects for the purpose of acquiring certain electric utility assets. Several, described below, remain active.

- *OMEGA JV1* (21 Members): OMEGA JV1 owns 9 MW of distributive generation, located in Cuyahoga Falls, Ohio (the largest participant), consisting of six 1.5 MW Caterpillar diesel units. This project was installed by AMP and later sold to OMEGA JV1 at AMP's net cost. OMEGA JV1 has no debt. The OMEGA JV1 Participants have approved retirement and sale of the assets of OMEGA JV1.

- *OMEGA JV2* (36 Members): OMEGA JV2 owns 138.65 MW of distributed generation, consisting of two 32 MW gas-fired turbines, one 11 MW gas-fired turbine, one 1.6 MW diesel generator and thirty-four 1.825 MW diesel generators. OMEGA JV2 has approved

the sale of the 1.6 MW diesel generator. AMP is responsible for the operation of the JV2 Project. As of November 1, 2017, $2,345,751 principal amount of JV2 Obligations was outstanding and held on the Line of Credit.

- *OMEGA JV4* (4 Members): OMEGA JV4 owns a 69 kV transmission line located in Williams County, Ohio that electrically connects Members Bryan, Montpelier and Pioneer, providing additional reliability to their Electric Systems and the ability to make power sales to one industrial customer. AMP constructed the initial phase of the line in 1995 and then transferred title to the participants in December 1995 at no markup of its cost. OMEGA JV4 has no debt.

- *OMEGA JV5* (42 Members): In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the "Belleville Project," a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps dam near Belleville, Ohio, an associated transmission line in Ohio and backup diesel generation owned by OMEGA JV5. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project has been operational since June 1999. The diesel generation units have been in service since 1995. OMEGA JV5 Participants have approved the retirement and sale of diesel units. The Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039. As of November 1, 2017, $33,749,581 of the 2001 Belleville Beneficial Interest Certificates ("*2001 BICs*") with a final maturity of 2030 was outstanding. The 2001 BICs are capital appreciation bonds with a final aggregate maturity amount of $56,125,000. In addition, on February 15, 2014, AMP redeemed $70,990,000 of the 2004 Belleville Beneficial Interest Certificates with the proceeds of a draw on the Line of Credit, which draw was evidenced by the proceeds of a note (the "*JV5 Note*"). On January 29, 2016, OMEGA JV5 caused the issuance of $49,745,000 Belleville Beneficial Interest Refunding Certificates, Series 2016 (the "*2016 BICs*") to pay a portion of the outstanding balance of the JV5 Note and to pay costs of issuance. The balance of the JV5 Note has since been retired. The 2016 BICs bear interest at a variable rate, mature on February 1, 2024 and are subject to redemption and mandatory tender at the option of the holder commencing February 15, 2021. As of November 1, 2017, $39,900,000 aggregate principal amount of the 2016 BICs was outstanding. The 2001 BICs and 2016 BICs are non-recourse to AMP.

- *OMEGA JV6* (10 Members): OMEGA JV6 owns four 1.8 MW wind turbines located in Bowling Green, Ohio. AMP is responsible for the operation of the JV6 assets. OMEGA JV6 has no debt outstanding.

- *Combustion Turbine Project* (33 Members – AMP-owned, not a JV): In August 2003, AMP financed, with a draw on its Line of Credit, the acquisition of three gas turbine installations, located in Bowling Green, Galion and Napoleon, Ohio (each of which is an AMP Member), plus an inventory of spare parts. Each installation consists of two gas-fired turbine generators, one 32 MW and one 16.5 MW, with an aggregate nameplate capacity for all three installations of 145.5 MW. On December 13, 2006, AMP refinanced its obligations on the Line of Credit attributable to the purchase with the issuance of its $13,120,000 Multi-Mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006 (the "*CT Bonds*"). On December 1, 2013, the outstanding CT Bonds were redeemed with the proceeds of a draw on the Line of Credit. Amounts drawn on the Line of Credit have since been repaid.

AMPGS (81 Members). Until November 2009, AMP had been developing a 960 MW twin unit, supercritical boiler, coal-fired, steam and electric generating facility, to be known as the American Municipal Power Generating Station ("*AMPGS*"), in Meigs County, in southeastern Ohio, on the Ohio River. AMP had planned for AMPGS to enter commercial operation in 2014 at a total capital cost of approximately $3 billion. In the fourth quarter of 2009, however, the estimated capital costs increased by 37% and Bechtel Power Corporation ("*Bechtel*"), the EPC (engineer, procure and construct) contractor, would not guarantee that the costs would not continue to escalate. As a result of the estimated cost increases and prior to the commencement of major construction at the project site, the 81 AMP Members that had subscribed for capacity from AMPGS ("*AMPGS Participants*") voted to cease development of AMPGS as a coal fired project.

In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the AMPGS Project. Following the mediation, AMP and Bechtel reached a comprehensive settlement which resolved all claims. The terms of such settlement are confidential.

As of November 1, 2017, $23,022,218 on AMP's Line of Credit was allocable to the stranded costs recoverable from the AMPGS Participants and $35,753,800 on AMP's Line of Credit was allocable to plant held for future use.

Prairie State Energy Campus (68 Members): On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the "*PSEC Ownership Interest*") in the Prairie State Energy Campus ("*PSEC*"), a two-unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company ("*AMP 368 LLC*"). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the "*Initial Prairie State Bonds*") to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of $1,696,800,000. On January 14, 2015 and November 30, 2017, AMP issued bonds (the "*Prairie State Refunding Bonds*" and, together with the Initial Prairie State Bonds, the "*Prairie State Bonds*") to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. As of November 30, 2017, AMP had $1,552,270,000 aggregate principal amount of Prairie State Bonds.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the "*Prairie State Power Sales Contract*") with 68 Members (the "*Prairie State Participants*"). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

Combined Hydroelectric Projects (79 Members). AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the "*Combined Hydroelectric Projects*"), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the "*Combined Hydroelectric Bonds*"), in an original aggregate principal amount of $2,254,955,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of November 1, 2017, $2,151,954,706 aggregate principal amount of the Combined Hydroelectric Bonds and approximately $119.8 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds

Meldahl Hydroelectric Project (48 Members). AMP owns and, together with the City of Hamilton, Ohio, an AMP Member, developed and constructed a 108.8 MW, three-unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing Army Corps dam on the Ohio River, and related equipment and associated transmission facilities (the "*Meldahl Project*"). The Meldahl Project is operated by the City of Hamilton.

In order to finance the construction of the Meldahl Project and related costs, AMP issued seven series of its Meldahl Hydroelectric Project Revenue Bonds ("*Meldahl Bonds*") in an original aggregate principal amount of $820,185,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of November 1, 2017, $694,280,000 aggregate principal amount of the Meldahl Bonds and approximately $15 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Meldahl Bonds.

Greenup Hydroelectric Project (47 Members). In connection with the development of the Meldahl Project, Hamilton agreed to sell and AMP agreed to purchase a 48.6% undivided ownership interest (the "*AMP Interest*") in the Greenup Hydroelectric Facility. On May 11, 2016, AMP issued $125,630,000 aggregate principal amount of its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the "*2016 Greenup Bonds*") and, with a portion of the proceeds thereof, acquired the AMP Interest. The 2016 Greenup Bonds are secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which retained title to a 51.4% ownership interest in the Greenup Hydroelectric Facility) that executed the Meldahl Power Sales Contract. As of November 1, 2017, $125,630,000 aggregate principal amount of the 2016 Greenup Bonds and approximately $2.6 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the 2016 Greenup Bonds.

Napoleon Solar Project (3 Members). AMP owns the Napoleon Solar Project, a 3.54 MW solar installation, located in Napoleon, Ohio. The Napoleon Solar Project entered commercial operation in August 2012. The output of the Napoleon Solar Project is sold pursuant to the terms of a take-or-pay power sales contract with three of AMP's Members. The cost of the Napoleon Solar Project was financed with the proceeds of a draw on the Line of Credit. As of November 1, 2017, $6,843,221 on AMP's Line of Credit was allocable to the financing or refinancing of costs related to the Napoleon Solar Project.

THE PARTICIPANTS

GENERAL

Each of the Participants is a Member of AMP. The Participants, together with their respective PSCR Shares, are listed in APPENDIX A hereto. The Electric Systems owned by the Participants and the DEMEC Participating Members provide, among other things, electric utility service primarily to retail consumers located in their respective service areas.

Of the 86 Participants, the six with the largest PSCR Shares aggregating 51.44% of all the PSCR Shares are DEMEC, Cleveland, Ohio, Danville, Virginia, and Hamilton, Cuyahoga Falls and Niles, Ohio. (collectively, the "*Large Participants*"). DEMEC supplies electricity to the DEMEC Participating Members, which are the only authorized suppliers of electricity within their respective corporate limits. With the exception of Cleveland and Danville, each municipal Participant is the only authorized supplier of electricity in the corporate limits of the municipality. Cleveland is in direct competition with Cleveland Electric & Illuminating ("*CEI*"), an operating company of FirstEnergy Corp. An investor-owned utility provides service to small areas within the city limits of Danville. APPENDIX B to this Official Statement contains certain financial and other information about the Large Participants.

TRANSFERABILITY OF PSCR SHARES

Certain Participants have, from time to time, indicated an interest in realigning certain portions of their power supply portfolio, including their respective PSCR Shares in the AMP Entitlement, as part of their broader power supply planning process. AMP has facilitated the realignment process by creating a procedure whereby AMP solicits non-binding indications of interests from the Members, including the Participants, seeking their interest in increasing or reducing their project shares in various AMP-owned or AMP-operated generating projects. While AMP, at the request of its Members, initiates this process, the non-binding indications of interest are forwarded to TEA, which in the past has investigated potential arrangements between prospective sellers and prospective buyers among AMP Members and, if there were no paired buyers and sellers, solicited outside interest in the project shares which Members were seeking to sell. The realignment process detailed in this paragraph is undertaken periodically and one such iteration is ongoing. As in past instances, certain Participants, including Large Participants, have indicated an interest of selling all or a portion of their PSCR Share in the Project. To date, only one transfer of a project share relating to an AMP-owned or AMP-operated generating project has been completed. On June 1, 2016, Yellow Springs, Ohio assigned a 0.09% project share in the AMP Entitlement to Coldwater, Michigan. Given the restrictions on the transferability of project shares, including those discussed in the following paragraph, if any Participant were to increase or reduce its PSCR Share in the Project, the most likely assignee in any such scenario would be another Participant or AMP Member that is not currently a Participant.

Under the terms of the Power Sales Contract, the Participants may only assign their rights under the Power Sales Contract in accordance with the terms and conditions set forth therein, including evidence that the proposed assignee does not materially adversely affect the security for the Bonds and receipt of an opinion of counsel of recognized standing that such assignment will not affect the regulatory or tax status of AMP or any Bonds. In addition, the Participants are granted a right-of-first refusal, allowing the Participants to match any bona fide offer for assignment. See Appendix C – "Summary of Certain Provisions of the Power Sales Contract – Additional Covenants of the Participants."

ENFORCEABILITY OF CONTRACTS AND BANKRUPTCY

The enforceability of the various legal agreements relating to the Project and the Series 2017A Bonds may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the rights of creditors or secured parties generally and by the exercise of judicial discretion in accordance with general principles of equity. The Power Sales Contract and other agreements relating to the Project are executory contracts. If AMP or any of the parties with which AMP has contracted under such agreements (including the Power Sales Contract) is involved as a debtor in a bankruptcy proceeding, the relevant agreement could be rejected resulting in a claim for damages against the party's estate with uncertain value. Such a damage claim could then be discharged. In such an event, the Gross Receipts could be materially and adversely affected. Similarly, in the event that AMP is involved in a bankruptcy proceeding, the exercise of the remedies afforded to the Trustee under the Indenture may be stayed.

AMP. In the event of a bankruptcy of AMP, a party in interest might take the position that the remittance to the Trustee by AMP of the payments received from the Participants pursuant to the Power Sale Contract constitutes a preference under bankruptcy law if such remittance were deemed to be paid on account of a preexisting debt, subject to the availability of certain exceptions and defenses. If a court were to hold that the remittance of funds constitutes a preference, any such remittance within 90 days of the filing of the bankruptcy petition could be avoidable, and funds could be required to be returned to the bankruptcy estate of AMP.

Municipal Bankruptcy. Chapter 9 of the Federal Bankruptcy Code (the "*Bankruptcy Code*") contains provisions relating to the adjustment of debts of a state's political subdivisions, public agencies and instrumentalities (each an "eligible entity"), such as the Participants. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in a material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes. In a Chapter 9 proceeding, an eligible entity may be able to reject its existing executory contracts, relieving the eligible entity of any further obligation to perform thereunder.

In almost all cases, political subdivisions, public agencies and instrumentalities must have specific statutory authorization under state law to constitute an eligible entity. Moreover, prior to initiating any Chapter 9 proceedings certain otherwise eligible entities must first participate in a state-sponsored rehabilitation process before filing a Chapter 9 petition. See "- *Michigan*" and "- *Ohio"* herein. In Pennsylvania, authorization is only provided upon the occurrence of one or more specific conditions. See "- *Pennsylvania*" herein.

Michigan. Local governments in Michigan are prohibited from voluntarily becoming debtors under Chapter 9 of the U.S. Bankruptcy Code without first complying with applicable State law requirements. Pursuant to the Local Financial Stability and Choice Act, Act 436, Public Acts of Michigan, 2012, as amended ("*Act 436*"), the State Treasurer is charged with monitoring the fiscal health of Michigan political subdivisions. Under Act 436, upon the occurrence of one or more financial triggers, the State Treasurer may conduct a preliminary review of a local government. If the State Treasurer conducts a preliminary review upon the occurrence of a triggering event, and makes a finding of probable financial stress, and that finding is confirmed by the local emergency financial assistance loan board, the Governor is required to appoint a review team to undertake a local financial management review. Upon receipt of a report from the review team, the Governor is required to determine whether or not a financial emergency exists in the local government. If the Governor determines that a financial emergency exists, the Governor shall provide the governing body and chief administrative officer of the local government with a written notification of the determination. The chief administrative officer or the governing body of the local government has seven days after the date of the notification to request a hearing conducted by

the State Treasurer. Following the hearing, or if no hearing is requested, the Governor shall either confirm or revoke the determination of the existence of a financial emergency. A local government for which a financial emergency determination has been confirmed to exist may, by resolution adopted by a vote of 2/3 of the members of its governing body elected and serving, appeal this determination within ten business days to the Michigan court of claims.

If the Governor confirms that a financial emergency exists, the governing body of the local government has seven days to select one of the following: (1) a consent agreement with the State to address the financial emergency, (2) the appointment of an emergency manager with broad powers to address the financial emergency and operations of the local government, (3) a neutral mediation process with creditors and other interested parties, or (4) Chapter 9 bankruptcy, with the Governor's approval. If the governing body of the local government does not make a choice within seven days, the local government will be placed in neutral mediation.

In addition to the option available to a Michigan local government upon a finding of a financial emergency to request the Governor's approval for a Chapter 9 bankruptcy filing, a Chapter 9 bankruptcy filing may also be initiated by an emergency manager appointed to a local government upon a determination that no alternative exists to address the financial emergency, or if the neutral mediation process fails to result in an agreement. The Governor's approval is required for a bankruptcy filing in either scenario.

Ohio Participants. The State Auditor is charged with monitoring the fiscal health of Ohio municipal corporations. On the request of a municipal corporation, or upon the occurrence of certain triggering events, such as casual general fund deficits exceeding a certain threshold, the State Auditor may place any municipal corporation in fiscal watch (*"Fiscal Watch*"). If a municipal corporation is placed on Fiscal Watch, the State Auditor will provide various administrative and technical expertise, at the state's expense, in an effort to alleviate the conditions which led to the Fiscal Watch.

Again, on the request of a municipal corporation, or upon the occurrence of certain more onerous triggering events, such as large general fund deficits or a default on debt obligations, the State Auditor may place a municipal corporation in fiscal emergency ("*Fiscal Emergency*"). If a Fiscal Emergency is determined to exist, the municipality is subjected to state oversight through a seven-member Financial Planning and Supervision Commission (the "*Commission*"). The Commission is assisted by certified public accountants designated as the Financial Supervisor to be engaged by the Commission. The State Auditor may also be required to assist the Commission.

The Commission or, when authorized by the Commission, the Financial Supervisor, among other powers, shall require the municipal corporation to establish monthly levels of expenditures and encumbrances consistent with the financial plan and shall monitor such monthly levels and require justification to substantiate any departure from an approved level. Expenditures may not be made contrary to an approved financial plan. Moreover, the Commission must approve the issuance of additional cashflow or long-term borrowing and may require the use of certain credit enhancements, such as the use of a fiscal agent to handle debt service payments, in connection with the issuance of such indebtedness.

A municipality must develop and submit a detailed financial plan for the approval or rejection of the Commission; develop an effective financial accounting and reporting system; prepare budgets, appropriations and expenditures that are consistent with the purposes of the financial plan; and may only issue debt on a limited basis, the purpose and principal amount of which must be approved by the Commission.

As of November 1, 2017, Niles, Ohio and Galion, Ohio, which are Participants with aggregate PSCR Shares of 5.23%, have been determined by the State Auditor to be in Fiscal Emergency. In each case, the findings of the State Auditor that led to the determination that such cities were in Fiscal Emergency did not identify the electric funds as funds running a deficit. Pursuant to Section 118.02(C) and Section 5705.14(D) of the Ohio Revised Code, electric utility revenues in a municipality's electric fund are not available to be transferred to other funds to remedy deficits therein, absent specific court approval. As of the date hereof, Galion and Niles are each current on all of their obligations payable to AMP, including their obligations under the Power Sales Contract.

The Ohio Revised Code permits a political subdivision, such as any of the Ohio Participants, upon approval of the State Tax Commissioner, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision. The taxing authority of such subdivision may, upon like approval of the State Tax Commissioner, refund its outstanding securities, whether matured or unmatured, and exchange bonds for the securities being refunded. In its order approving such refunding, the State Tax Commissioner shall fix the maturities of the bonds to be issued, which shall not exceed thirty years. No taxing subdivision is permitted, in availing itself of the provisions of the Bankruptcy Code, to scale down, cut down or reduce the principal sum of its securities except that interest thereon may be reduced in whole or in part.

Pennsylvania. Pennsylvania law authorizes certain municipalities, including boroughs, to file municipal debt adjustment actions pursuant to the Bankruptcy Code upon the occurrence and continuation of certain conditions. These conditions are contained in Pennsylvania's Financially Distressed Municipalities Act, Act 47 of 1987, as amended ("*Act 47*"). Act 47 empowers the Secretary of the Pennsylvania Department of Community and Economic Development ("*DCED*") to declare certain municipalities as financially distressed in order to assist those municipalities with short and long-term financial difficulties. Generally, Act 47 provides for the appointment of a recovery plan coordinator that prepares and administers a recovery plan to address the financial problems of the municipality.

Once the recovery plan is prepared, Act 47 requires adoption or rejection of the plan by the governing body of the municipality. If the coordinator's plan is rejected, an alternate plan must be developed by the municipality. If neither the coordinator's plan or the municipality's plan is adopted, or a municipality has failed to implement an adopted plan, Act 47 provides that the municipality shall not receive any grants, loans, entitlements or payments from the Commonwealth of Pennsylvania or its agencies (subject to certain exceptions), with the withheld funds to be held in escrow by the Commonwealth.

The Governor may declare that a "fiscal emergency" exists within a municipality if the municipality (a) is insolvent or is projected to be insolvent within 180 days or less and is unable to ensure the continued provision of vital and necessary services, or (b) has failed to adopt or implement the coordinator's plan or the municipality's alternate plan. The Governor then may exercise extraordinary powers over the officials of the municipality. The Governor may also request the Pennsylvania Commonwealth Court to appoint a receiver named by the DCED Secretary. The receiver also may exercise extraordinary powers over the officials of the municipality, and the receiver will develop a recovery plan subject to the approval of the Commonwealth Court.

Act 47 provides that, prior to the declaration of a "fiscal emergency" by the Governor, a municipality, including a borough, is authorized to apply to DCED to file an adjustment action under the Bankruptcy Code, by the vote of a majority of the municipality's governing body, regardless of whether

the municipality has been declared "distressed" under Act 47, in the event one of the following conditions is present:

- imminent jeopardy of an action by a creditor, claimant or supplier which is likely to substantially interrupt or restrict the continued ability of the municipality to provide health or safety services to its citizens;

- one or more creditors have rejected the proposed or adopted plan, and efforts to negotiate resolution of their claims have been unsuccessful for a ten-day period; or

- a condition substantially affecting the municipality's financial distress is potentially solvable only by utilizing a remedy exclusively available to the municipality through the Federal Municipal Debt Readjustment Act.

The DCED Secretary has 30 days to determine whether to approve or deny the application.

A municipality that the Governor has declared to be in a state of "fiscal emergency" is not authorized to apply to the DCED Secretary to file an adjustment action under the Bankruptcy Code.

If a receiver has been appointed under Act 47, the receiver may file an adjustment action under the Bankruptcy Code on behalf of the municipality provided the DCED Secretary has given approval for such filing.

Delaware, Virginia and West Virginia. The existing law of Delaware, Virginia and West Virginia does not specifically authorize, as required by the Bankruptcy Code, their municipalities or other public entities to file for bankruptcy under the Bankruptcy Code. None of these three states has provisions similar to those of Michigan, Ohio and Pennsylvania law, discussed above, respecting fiscal emergencies of municipalities or their public utilities.

Kentucky. Section 66.400 of the Kentucky Revised Statutes permits municipalities, for the purpose of enabling such municipality to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, to file a petition stating that the municipality is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such municipality.

CERTAIN FACTORS AFFECTING AMP, THE PARTICIPANTS AND THE ELECTRIC UTILITY INDUSTRY

GENERAL

Various factors will affect the operations of AMP and the electric utility systems operated by the Participants, as well as the sellers and transmitters of electric power. They include, for example: (a) conditions affecting the retention of existing retail customers by Participants, (b) local, regional and national economic conditions, (c) the market price of electricity and the market price of alternate forms of energy, (d) the availability and price of various fuels, other commodities and equipment used in electric generating facilities, (e) energy conservation measures, (f) the price of natural gas, (g) the availability of alternate energy sources, (h) state and federal environmental policies and regulations, (i) climatic conditions, (j) government regulation and deregulation of the energy industries, (k) the price and availability of transmission service, and (l) technological advances in fuel economy and energy generation devices.

AMP is unable to predict the impact of the foregoing factors, and other factors, on the Participants and their electric operations. However, the electricity supply and services to be provided by AMP are intended to maintain and improve the competitive position of the Participants by providing them with services and with competitive prices for all or a portion of their required electricity supply.

FEDERAL ENERGY LEGISLATION

The Energy Policy Act of 1992. The Energy Policy Act of 1992 ("*EPACT 1992*") made fundamental changes in the federal regulation of the electric utility industry, particularly in the area of transmission access under Sections 211, 212 and 213 of the Federal Power Act. The purpose of these changes, in part, was to bring about increased competition in the electric utility industry. As amended by EPACT 1992, Sections 211, 212 and 213 of the Federal Power Act provide FERC authority, upon application by any electric utility, federal power marketing agency or other person or entity generating electric energy for sale or resale, to require a transmitting utility to provide transmission services (including any enlargement of transmission capacity necessary to provide such services) to the applicant at rates, charges, terms and conditions set by FERC based on standards and provisions in the Federal Power Act. Under EPACT 1992, electric utilities owned by municipalities and other public agencies which own or operate electric power transmission facilities that are used for the sale of electric energy at wholesale are "transmitting utilities" subject to the requirements of Sections 211, 212 and 213.

The Energy Policy Act of 2005. The Energy Policy Act of 2005 ("*EPACT 2005*") addressed a wide array of energy matters affecting the entire electric utility industry, including AMP and the electric systems of the Participants. It expanded FERC's jurisdiction to require open access transmission by municipal utilities that sell more than four million megawatt hours of energy annually and to order the payment of refunds under certain circumstances by municipal utilities that sell more than eight million megawatt hours of energy annually. No Participant is able to predict when, if ever, its sales of electricity would reach either four million or eight million megawatt hours, although no Participant now sells more than 1.7 million megawatt hours annually. EPACT 2005 provided for mandatory reliability standards to increase the electric grid's reliability and minimize blackouts, criminal penalties for manipulative energy trading practices and the repeal of the Public Utility Holding Company Act of 1935, which prohibited certain mergers and consolidations involving electric utilities. EPACT 2005 also authorized FERC to issue a permit authorizing the permit holder to obtain transmission rights of way by eminent domain if FERC determines that a state or locality has unreasonably withheld approval and if the facilities for which the permit is sought will significantly reduce transmission congestion in interstate commerce and protect or benefit consumers;. EPACT 2005 contained provisions designed to increase imports of liquefied natural gas and incentives to support renewable energy technologies. EPACT 2005 also extended for 20 years the Price-Anderson Act, which concerns nuclear power liability protection, and provides incentives for the construction of new nuclear plants.

Energy Independence and Security Act of 2007: The Energy Independence and Security Act of 2007 ("*EISA 2007*") was designed to boost energy independence and reduce dependence on imported oil. The most prominent features of the legislation were provisions updating the fuel economy standard for automobiles and expanding the renewable fuel standard for ethanol in gasoline. EISA 2007 included several elements impacting the electric utility sector. The legislation updated appliance efficiency standards for a wide array of consumer products. EISA 2007 also set lighting standards, including the discontinuation of incandescent light bulbs. In addition, the legislation began federal involvement in development of the "smart grid," including standard-setting on interoperability, establishment of federal research and development efforts, and creation of an advisory task force.

Consolidated Appropriations Act of 2016. In lieu of passing the 12 separate appropriations bills to fund the various functions of the federal government for its 2016 fiscal year, Congress enacted the

Consolidated Appropriations Act of 2016 (the "*Consolidated Appropriations Act*"). In addition to setting spending levels for federal agencies, the legislation included a number of extensions of expired or expiring tax provisions, including the production tax credit for wind projects (the "*Wind PTC*"), which had expired December 31, 2015. The Consolidated Appropriations Act retroactively extended and phased out the Wind PTC. The Wind PTC is now available to projects that commence construction prior to December 31, 2020, with the credit reduced by 20% for projects commencing construction in 2017; 40% for projects commencing construction in 2018; and 60% for projects commencing construction in 2019. In addition, the Consolidated Appropriations Act extended and phased out the investment tax credit for solar projects (the "*Solar ITC*"), which was set to expire the end of 2016. Under the Consolidated Appropriations Act, the Solar ITC is extended for projects commencing construction prior to January 1, 2022 and gradually phases out the tax credit over five years. For eligible projects that commence construction in 2020, the Solar ITC will be reduced from 30% to 26%; the Solar ITC will be 22% for projects commencing construction in 2021 and the Solar ITC will decrease to 10% for projects commencing construction in 2022 and 2023. In addition, the Consolidated Appropriations Act includes the Cybersecurity Information Sharing Act of 2015, which enables information sharing between federal agencies and business and provides liability protection for information disclosure by businesses complying therewith. The legislation also authorizes municipal utilities to shield sensitive data and information from disclosure under public sunshine laws.

In 2015 and 2016, each of the House of Representatives and the Senate took action on separate energy legislation, none of which passed both chambers. In 2017, the energy oversight committee of the House of Representatives started a series of hearings on issues related to the Federal Power Act. Those hearings are expected to continue into 2018.

OPEN ACCESS TRANSMISSION AND RTOS

In 1996, FERC in Order No. 888 required utilities under its jurisdiction to provide access to their transmission systems for interstate wholesale transactions on terms and at rates comparable to those available to the owning utility for its own use. In 2007, FERC issued another rulemaking order that was meant to fine-tune the Open Access Transmission Tariff setting minimum standards for transmission owners.

In 1999, FERC in Order No. 2000 adopted regulations aimed at promoting the formation of regional transmission organizations ("*RTOs*"), which would be established as the sole providers of electric transmission services in large regions of the country, each of which would encompass the service territory of several (or more) electric utilities. These RTOs would operate and control, but would not own, the transmission facilities, pursuant to contracts with the transmission owners.

The investor-owned electric utilities whose respective transmission systems serve the vast majority of AMP's Members are participants in the PJM RTO, which coordinates the movement of wholesale electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. FirstEnergy (Cleveland Electric Illuminating, Toledo Edison, Ohio Edison and American Transmission Systems, Inc.) and Duke Energy-Ohio, Inc. initially participated in Midcontinent Independent System Operator, Inc. ("*MISO*") but left that organization and joined PJM in 2011 and 2012 respectively.

Although AMP and the Participants are not for most purposes subject to the jurisdiction of FERC, they have been and will continue to be significantly affected by the establishment of RTOs in Ohio and the region.

RTO-OPERATED MARKETS

In addition to coordinating wholesale transmission operations and services, RTOs operate centralized markets for wholesale electricity products such as capacity, energy and ancillary services. By virtue of having members and generating resources located in MISO and PJM, AMP is subject to the tariff provisions and business practices governing the operation of wholesale electricity markets in each of those RTOs. As a result, AMP's costs of securing power to meet its members' needs are affected by the market and administrative mechanisms approved by FERC for use in setting prices for energy, capacity and ancillary services (as well as transmission service) in MISO and PJM.

The nature and operations of RTOs and RTO markets continue to evolve, and AMP cannot predict whether their existence will meet FERC's goal of reducing transmission congestion and costs and creating a competitive power market.

CLIMATE CHANGE AND REGULATION OF GREENHOUSE GASES

This section provides a brief summary of certain actions taken or under consideration regarding the regulation and control of greenhouse gases ("*GHGs*") that have the potential to impact the Project.

Limitations on emissions of GHGs, including CO_2, create significant exposure for electric fossil-fuel-fired generation facilities. The United States Environmental Protection Agency ("*EPA*") issued final rules regulating CO_2 emissions from various classes of electric generating units ("*EGUs*") in October 2015. The rules for existing generation, known as the Clean Power Plan (the "*CPP*"), would not directly regulate GHG emissions by specific EGUs, but instead would impose state-by-state caps on aggregate GHG emissions, allowing respective states to develop their own method to comply with their emissions cap.

EPA issued its final rules for the CPP on October 23, 2015. These rules were aimed at reducing CO_2 emissions from existing power plants under the Clean Air Act ("*CAA*") Section 111(d). The CPP would reduce emissions by 32 percent from 2005 levels by 2030. Under the rule, states were required to design and implement compliance plans that could include increases in efficiency and clean energy. In addition to recognizing hydropower as a renewable, the final rule allowed for new hydropower projects and incremental uprates to existing facilities to be eligible to create Emission Rate Credits under rate-based compliance scenarios.

The final rule required states to submit compliance plans by June 30, 2016, similar to traditional state implementation plans ("*SIP*") which demonstrate how they will achieve state-specific emission rate targets during the compliance period of 2022 through 2030. The February 9, 2016 stay of the final rule, as discussed later, has suspended all submittal deadlines and compliance dates until legal clarity is restored.

The statutory interpretation and other legal grounds on which EPA has relied in proposing GHG limitations affecting existing, reconstructed and new power plants were controversial, and legal challenges and legislative proposals to EPA's final GHG rules were initiated. Twenty-nine states, along with coal companies and coal-dependent utilities, sued to block the CPP, arguing that it exceeds EPA's authority under the CAA. But 18 other states, plus seven municipalities, more than a dozen environmental organizations, and an assortment of utilities and industry groups, have intervened to support EPA. In late January 2016, the U.S. Court of Appeals for the D.C. Circuit (the "*D.C. Circuit*") denied motions to stay the CPP. However, on February 9, 2016, the Supreme Court of the United States voted 5-4 to intervene and overrule the D.C. Circuit to place a stay on the final EPA action not only for the period of consideration of the rule at the D.C. Circuit level but also through the final judgement by the Supreme Court. Oral arguments originally scheduled for a traditional three judge panel on June 2, 2016, were

rescheduled for September 27, 2016, before the D.C. Circuit sitting *en banc*. At the request of EPA, the D.C. Circuit has placed the case in abeyance contingent on submission of periodic status reports, recognizing that the CPP is under review by the Trump Administration.

The Trump Administration has approached the need for carbon regulation with a degree of skepticism, rescinding many previously enacted policies targeting climate change. On October 16, 2017, EPA published a proposed repeal of the CPP. In such proposal, EPA proposes to change the legal interpretation of Section 111(d) in a manner it perceives to be more consistent with historical understandings of the CAA and the intended statutory authority granted EPA therein. EPA also stated its intention to release a separate Advance Notice of Proposed Rulemaking , which it will use as a vehicle to solicit suggestions on the need, legality, nature and scope of a Section 111(d) replacement.

AMP is unable to predict at this time whether mandatory GHG emissions limitations will be imposed, the impact on AFEC or, more broadly, the impacts of any such limitations on the costs and reliability of wholesale electricity supplies. Although AMP is unable to predict the outcome of these matters, the potential impacts of mandatory GHG emissions limitations on AMP and/or the Participants could be material.

IMPACTS OF OTHER ENVIRONMENTAL REGULATIONS

Cross-State Air Pollution Rule ("CSAPR") EPA finalized its CSAPR rule (formerly known as the Clean Air Transport Rule) on July 7, 2011. CSAPR was intended to replace the 2008 Clean Air Interstate Rule ("*CAIR*") to control cross-state transport of primarily SO_2 and NO_X emissions from coal-fired power plants and other industrial sources. Under CSAPR, areas that have historically been subject to nonattainment restrictions would have been most likely to see those continue, but these areas were also expected to expand. Implementation of the rule was stayed in December 2011, and on August 21, 2012, a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit vacated CSAPR, returning the rule to EPA to be rewritten. The court found that EPA exceeded its authority under the CAA in both its determination of upwind states' reduction obligations and its premature imposition of federal implementation plans ("*FIPs*"); the court directed EPA to continue administering the previously vacated CAIR rule until a new rule could be issued. The court's decision called into question the agency's redesignation of certain areas from nonattainment to attainment, based on use of CSAPR's emission-trading program, as well as ongoing agency efforts to tighten the fine PM and ozone National Ambient Air Quality Standards ("*NAAQS*").

On April 29, 2014, the Supreme Court reversed the appeals court decision that overturned CSAPR. While upholding EPA's methodology for allocating emissions among contributing "upwind" states in certain respects, the Supreme Court also remanded the CSAPR rule back to the appeals court "for further proceedings consistent with this opinion," including whether the specific application of CSAPR in certain states would violate the Clean Air Act. On October 23, 2014, the U.S. Court of Appeals for the D.C. Circuit lifted the stay on CSAPR, but the timing on implementation remains in question, pending additional clarification from the court and EPA. In requesting the lifting of the stay, EPA noted that CSAPR phase I implementation should start at the beginning of 2015.

On December 3, 2015, EPA proposed updates to the CSAPR rule to address the impact of emissions on the ability of downwind states to attain NAAQS. The proposed rule updated the CSAPR NOx ozone-season budgets for 23 states that affect downwind states' ability to comply with the 2008 ozone standard. On September 7, 2016, EPA released its final CSAPR rule for the 2008 ozone standard. The revised allowance budgets outlined in the final rule are effective for the 2017 ozone season which began on May 1, 2017. AFEC was allocated sufficient allowances minimizing the possibility that AFEC will have to purchase allowances on the market.

On September 7, 2016, EPA released its final CSAPR rule for the 2008 ozone standard. The revised allowance budgets outlined in the final rule are effective for the 2017 ozone season which began on May 1, 2017.

Ozone NAAQS. In September 2011, the Administration withdrew its previously proposed rule to tighten the current (from 2008) 0.075 ppm ozone NAAQS. In withdrawing the rule, the Administration announced that the ozone standard would be reconsidered in 2013 (which was later revised to 2015). Opposed to this delay, in May 2013, several "downwind" states (Connecticut, Delaware, and Maryland) sued EPA over its approval of state implementation plans for Kentucky and Tennessee to implement the 2008 8-hour ozone standard, which remains in place until a new standard is issued. The U.S. Court of Appeals for the D.C. Circuit upheld the 2008 primary standard on July 23, 2013, while remanding the secondary standard to EPA for more work.

The American Lung Association filed suit on January 21, 2014 in the U.S. District Court for the District of Columbia asking the court to direct the EPA to complete a review of the ozone NAAQS as required by the CAA. EPA announced in February 2014 that it planned to propose a new ozone standard by January 15, 2015, with a final rule by November 15, 2015. On April 29, 2014, a federal district judge announced that these dates would be moved up – with a proposed rule due by December 1, 2014, and a final rule by October 1, 2015. EPA staff and the Clean Air Scientific Advisory Committee recommended a 0.060 – 0.070 ppm ozone standard. Impacts from a lowering of the ozone NAAQS were predicted to impact development in areas newly designated as nonattainment for ozone.

On October 1, 2015 the EPA revised the NAAQS for ground level ozone from 0.075 ppm to 70 ppm. This final revised level was within the range that the Clean Air Scientific Advisory Committee had recommended to EPA. As a result of mild summers in 2013-2015, the projected non-attainment areas for the new 0.070 ppm standard will likely be less severe than initial projections.

On June 6, 2017, the EPA informed state governors that initial area designations for the 2015 ozone NAAQS would be postponed until October 2018. However, on August 3, 2017, EPA abandoned the one-year delay and reverted to the statutory deadline of October 1, 2017 to determine which areas of the country meet the 2015 standard. While EPA did not meet the October 1, 2017 deadline, EPA released area designations for attainment areas and is still reviewing the appropriateness and technical justification for areas that are potentially classified as non-attainment.

ELECTRIC SYSTEM RELIABILITY

In response to the August 14, 2003 blackout that affected much of northeastern United States, Congress enacted a new Section 215 of the Federal Power Act as part of the EPACT 2005. Section 215 provides for mandatory compliance by electric utilities with reliability standards promulgated by an "electric reliability organization" (currently, the North American Electricity Reliability Corporation ("*NERC*")). Pursuant to FERC authorization, NERC delegates authority for enforcing the mandatory reliability standards to eight regional entities. One of these regional entities, ReliabilityFirst Corporation ("*RFC*"), is charged with enforcing the mandatory reliability standards in much of the Midwest, including Ohio. NERC has the authority to impose (subject to FERC review) substantial financial penalties on entities that fail to comply with applicable reliability standards.

AMP and some of its Members are subject to NERC registration requirements and compliance obligations with respect to specific reliability standards. AMP is registered with NERC as, and is responsible for compliance with reliability standards applicable to, a Generation Owner, Generation Operator, and Resource Planner. Entities registered with NERC are subject to periodic audit for their

compliance with applicable reliability standards. AMP is audited for compliance on a six-year cycle with the most recent audited performed by RFC in 2010 for the period of June 18, 2007 to October 1, 2010. The audit evaluated AMP for compliance with fifty (50) requirements. Ten (10) requirements were determined to be inapplicable; AMP was found to be compliant with thirty-seven (37) applicable requirements; and three (3) Possible Violation(s) were identified. The Possible Violations were resolved through the payment of $25,000 by AMP and the agreement to implement certain remedial measures. AMP is scheduled to be audited by RFC in 2018.

STATE ENERGY LEGISLATION

Because of the number and diversity of prior and possible future proposed bills on this issue, AMP is not able to predict the final forms and possible effects of all such legislation which ultimately may be introduced in the current or future sessions of state legislatures within AMP's footprint. AMP is also not able to predict whether any such legislation, after introduction, will be enacted into law, with or without amendment. Further, AMP is unable to predict the extent to which any such electric utility restructuring legislation may have a material, adverse effect on the financial operations of the Participants.

DELAWARE LEGISLATION

General. Delaware municipalities are permitted under Delaware law to own and operate municipal electric utilities. In addition, Chapter 13 of Title 22 of the Delaware Code permits the creation of joint action municipal electric companies by any combination of local municipalities. This section of the Delaware Code also allows municipalities to enter into purchase agreements with joint action municipal electric companies containing provisions obligating the municipality to pay for power irrespective of whether energy is produced or delivered to the municipality or whether any project contemplated by any such agreement is completed, operable or operating and to be obligated for and entitled to the use of, proportionately, the power and energy to be purchased by a defaulting municipality.

The Delaware electric industry is comprised of one investor-owned utility (Delmarva Power & Light), one rural electric cooperative (the Delaware Electric Cooperative) and one joint action municipal electric company (DEMEC). The Delaware Public Service Commission (the "*DEPSC*") has regulatory authority over the investor-owned utility, but the DEPSC has no supervision over the rates of DEMEC, the Delaware Electric Cooperative, or the municipal electric utilities. Within their established service areas, the municipal electric utilities (which comprise DEMEC) and the Delaware Electric Cooperative have exclusive jurisdiction to establish electric rates.

Deregulation. In 1999, the Delaware General Assembly passed legislation restructuring the electric industry in Delaware. Prior to restructuring, the generation, transmission, and distribution of electric power by investor-owned utilities were fully regulated by the DEPSC. With restructuring, the generation of electric power became deregulated, leaving only distribution services under the regulatory control of the DEPSC. The pricing of electric transmission is regulated by FERC.

In 2006, the Delaware General Assembly passed a revision to the restructuring legislation entitled The Electric Utilities Retail Supply Act of 2006 (the "*Retail Supply Act*"). The Retail Supply Act provides that all electric distribution companies subject to the jurisdiction of the DEPSC would be designated as the standard offer service supplier and returning customer service supplier in their respective territories. The municipal electric utilities and the electric cooperative utility were exempted from the retail choice provisions contained in such Act unless they chose to open their service territories to retail choice. Currently, none of municipal electric utilities has chosen to open their service territories to retail choice.

Renewable Energy. In 2005, the Delaware General Assembly passed a Renewable Portfolio Standard ("*RPS*") which required an increasing percentage of power supply to come from qualifying resources. The original RPS goals started at 1% in 2007 and increased to 10% by 2019. The municipal electric utilities were exempted from the RPS requirement. In 2007, the RPS goals were revised upward to 20% by 2019, and a solar carve-out of 2% was added. In 2010, the RPS was revised upward again to 25% by 2025, the solar carve-out was increased to 3.5% and, for the first time, the municipal utilities were required to comply with the RPS requirement. The revised law allows municipal electric utilities to design their own programs to meet the 25% requirement. In 2016, the RPS cost cap provision was implemented giving the Director of the Division of Energy and Climate the authority to freeze implementation of the RPS if the cost of renewable energy compliance exceeds 3% of total retail costs of electricity for the compliance year or if the solar energy cost of compliance exceeds 1% of total retail costs for the compliance year. However, this regulation was repealed in 2017 to comply with a commitment to Delaware Superior Court Judge Abigail LeGrow in the matter of *DPA v. DNREC.*

In addition to the RPS, the Delaware General Assembly enacted an Energy Efficiency Resource Standard (the "*EERS*") mandating a 15% reduction in demand and consumption of electricity state-wide by 2015. This mandate applies to electric distribution companies, rural electric cooperatives and municipal electric companies.

In 2014, to help meet the requirements of the EERS, the General Assembly enacted legislation that enables Delaware electric and gas utilities to provide cost-effective energy efficiency programs to their customers by directing utilities to implement energy efficiency, energy conservation, and peak demand reduction programs under the direction of the State of Delaware's Energy Efficiency Advisory Council ("*EECA*"). To outline methods of evaluating projects and measuring their effectiveness, in 2017, the General Assembly passed a revision to the Evaluation, Measurement & Verification ("*EM&V*") regulations.

Recent Developments. On May 9, 2012, the Governor of Delaware and DEMEC, on behalf of its member municipalities, entered into a Memorandum of Understanding. The Memorandum of Understanding provides that each of the member municipalities, among other things, will (i) reduce its electric rates by ten percent (10%) by January 1, 2015, (ii) provide for an economic development rate to incentivize job creation and (iii) limit the annual transfer of revenues from the municipal electric utility to the municipality's general fund to the amount transferred in 2012 for the five-year period beginning in fiscal year 2012. In exchange, the Governor of Delaware agreed to actively oppose any legislative initiative providing for retail choice for customers within the boundaries of the municipalities. The Memorandum of Understanding has recently terminated in accordance with its terms.

On August 18, 2017, Governor John Carney of Delaware signed Executive Order 13 establishing the Offshore Wind Power Working Group (the "*Working Group*"). The Working Group will study and identify ways that Delaware can participate in developing and benefitting from offshore wind power and make recommendations for Delaware to move forward in offshore wind power development.

In 2016, Direct Energy was named the "Electric Retail Supplier Exclusively Contracted by the State of Delaware" following a competitive process and selection by the Delaware Electricity Affordability Committee. Direct Energy Services, LLC is the only electric supplier contracted with the State of Delaware to provide a fixed rate offer and services to residential and small commercial customers for two years.

KENTUCKY LEGISLATION

General. Kentucky has a historical patchwork of statutory schemes that generally permit municipalities to furnish utility services. Today, in most cases, those statutory schemes are historical relics and have been superseded by Sections 96.550 to 96.900 of the Kentucky Revised Statutes (the "*TVA Act*"). Enacted in 1942, the TVA Act is intended to be the "complete law" of Kentucky with respect to municipalities acquiring electric plants after June 1, 1942, and with respect to the operation of electric plants acquired by any municipality after June 1, 1942. All laws that conflict with the TVA Act have been expressly repealed.

The TVA Act vests all Kentucky municipalities, regardless of class, with the power and authority to establish, acquire, own and operate "electric plants." The TVA Act broadly defines "electric plant" as "any plant, works, systems, facilities, and properties (including poles, wires, stations, transformers, and any and all equipment and machinery), together with all parts thereof and appurtenances thereto, used or useful in the generation, production, transmission, or distribution of energy."

Kentucky municipalities that operate an electric plant under the TVA Act are managed by a board consisting of four (4) residents of the municipality appointed by the mayor or chief executive. The board has the power and capacity to perform any act not repugnant to law and has the express power and capacity to do any act or thing necessary or convenient for carrying out its statutory purpose.

A municipality providing electric service is generally (with limited exceptions) not subject to direct competition and has the right to determine how electricity will be sold within its borders. A municipality operating an electric plant under the TVA Act is forbidden from entering into competition with rural electric cooperative corporations or electric plants operated by another municipality, but may enter into cooperative agreements and/or seek franchises to provide electric service in other municipalities under certain circumstances.

The Kentucky Public Service Commission (the "*Kentucky Commissio*n") regulates the intrastate rates and services of investor-owned electric utilities and customer-owned electric cooperatives. The Kentucky Commission has regulatory responsibility for rate increases or reductions, expansion or reduction of utility service boundaries, construction and operation of utility facilities and compliance with service and safety regulations, amongst other things. Generally, retail electric suppliers have the exclusive right to furnish retail electric service to all electric-consuming facilities located within its certified territory and are forbidden from furnishing its retail electric service to a consumer located within the certified territory of another retail electric supplier. Municipally owned or operated electric utilities are generally not subject to the authority or regulation of the Kentucky Commission except in limited circumstances.

Recent Legislation.

Renewable Portfolio Standards ("RPS") RPS regulations require or incentivize renewable energy products in order to increase a state's overall share of energy created by renewable sources. In 2009, Kentucky legislators introduced a bill, HB 3, which would have enacted RPS, but it did not become law. Since 2009, the Kentucky legislature has held informational hearings on RPS in 2012, 2013, 2014, and 2015. The legislation was once again introduced in 2016, however did not receive a committee hearing.

In February 2017, HB 338 was introduced. HB 338 would require retail electric suppliers to use increasing amounts of renewable energy as well as other energy-efficiency measures and programs. HB 338 was never given a hearing by a committee during the last legislative session, which adjourned March

30th, 2017, and did not become law. If and when Kentucky enacts energy legislation in the future, the particular effect on electric utilities, including municipally owned electric utilities, is not clear.

Joint Action Agency. In 2017, HB 181 was introduced to, among other things, create a new process for the creation of a joint action agency. This legislation was pursued by the City of Owensboro and the Kentucky Municipal Utilities Association. The bill did not have any legislative hearings or activity, and did not become law prior to the end of the regular session of the legislature. In October, during the interim legislative session (no official action can be taken on legislation), the Natural Resources committee held an informational hearing.

Net Metering. During the 2017 legislation session, Net Metering legislation was introduced in the Senate (SB 214). The bill would have changed the rules on how solar panel consumers are compensated for the energy produced and how quickly the consumers can recover the cost of investment via energy bills. Solar advocates contended the bill would stymie their fledging industry in the state. The bill was pulled by the sponsor after continual push back from the solar industry. The legislation did not mandate net metering for municipal systems.

Smart Metering. SB 121 was filed in February 2017. The legislation would require investor-owned utilities and municipal utilities that seek to replace existing meters with smart meters to give notice to affected customers and the right to opt out from the smart meter. This legislation was never given a committee hearing.

The Kentucky General Assembly adjourned for the year in March following their regular session schedule. Any legislation introduced but not enacted will need to be reintroduced in 2018 for further consideration.

MICHIGAN LEGISLATION

General. In 2000, the Michigan legislature enacted a package of bills intended to provide the framework for re-structuring and partially de-regulating a portion of the electricity market in Michigan. This legislation introduced customer choice programs and froze rates for investor owned utilities for a period of time. Except as described below, however, this legislation did not directly impact municipal-owned utilities.

Under Michigan law, Michigan municipalities are authorized to establish electric systems to provide service within the boundaries of the municipality and in a limited amount of territory outside those boundaries. Michigan municipal utility electric rates are not subject to approval by the Michigan Public Service Commission or any other entity, except for the governing bodies of the utility and the municipality.

With respect to service within the borders of a municipality providing electric service, the municipality is generally (with limited exceptions) not subject to direct competition, since under the Michigan constitution, utilities may not operate within any city, village or township without the consent of and receiving a franchise from, that municipality.

Utilities may compete with a municipality for new (not presently being served) customers located outside of the borders of a municipality if the utility has or can acquire a necessary franchise and any required certificate of convenience and necessity from the Michigan Public Service Commission. With respect to services provided by alternative electric suppliers, no person shall provide delivery service or customer account service to a customer of a municipal electric utility without the written consent of the

municipal utility, so long as the municipal utility allows all customers living outside its boundaries the option of choosing an alternative electric supplier.

Other Legislation. In March 2008, Michigan enacted into law amendments to the act under which joint power agencies in Michigan are organized. These amendments provided for, among other things, the power of municipalities which are members of a joint agency, and the joint agencies themselves, to enter into power acquisition contracts with "take or pay" and "step up" provisions, as are provided in the Power Sales Contracts.

Effective October 6, 2008, Michigan enacted Renewable Energy Portfolio Standards and Energy Optimization requirements, which apply to, among other entities, municipally-owned utilities. Pursuant to the statute and Michigan Public Service Commission orders, municipally-owned utilities file Energy Optimization plans and Renewable Energy Plans every two years. Regarding Renewable Energy Portfolio requirements, the 2008 legislation requires, subject to certain conditions, limitations and rate caps, municipally-owned electric utilities to serve by 2015 10% of their energy requirements with qualified renewable energy resources. Regarding Energy Optimization, the new statute requires utilities to either: (a) file and implement a plan which produces incremental energy savings each year up to a maximum requirement of 1% of retail sales in a prior year; or alternatively (b) pay up to 2.0% of revenues for the 2 years preceding to an independent energy optimization program administer selected by the Michigan Public Service Commission.

In 2009, Michigan enacted legislation which applied certain limitations on shut-off remedies to municipally owned utilities, with civil penalties for failure to comply. These limitations are similar to those imposed on investor owned utilities.

In 2013, Michigan created a new low-income energy assistance fund. The Michigan Public Service Commission has jurisdiction to annually approve a low-income energy assistance funding factor, and funds collected from customers are remitted to the state treasurer. A municipally owned electric utility may elect, but is not required, to collect a low-income energy assistance funding factor. A municipally owned electric utility that opts out is prohibited from shutting off service to any residential customer from November 1 to April 15 for nonpayment of a delinquent account. A municipally owned electric utility that does not opt out must annually provide to the Michigan Public Service Commission by July 1 the number of retail billing meters it serves that are subject to the funding factor.

Pursuant to Act 408, Public Acts of Michigan, 2014, a city, village, or township, all or some of whose residents are served by a municipal electric utility, may adopt a residential clean energy program to promote the use of renewable energy systems and energy efficiency improvements by owners of certain real property in certain districts. The legislation provides for the financing of those programs through commercial lending, loans by a nonprofit corporation, utility bill charges, and other means, and it authorizes municipalities to issue bonds, notes, and other evidences of indebtedness and to pay the cost of renewable energy systems and energy efficiency improvements.

Effective October 1, 2015, Michigan increased the annual air quality fees imposed on municipal electric generating facilities and delayed the sunset of these fees until October 1, 2019 (Act 60, Public Acts of Michigan, 2015).

Effective August 17, 2016, 2016 Public Acts 119 through 123 amended existing law to provide additional financing methods for cities, villages, townships, and counties for energy conservation ("*EC*") projects. The new legislation authorized lease-purchase agreements as new financing method. During the term of the lease-purchase agreement, the legislative body would be the vested owner of the EC improvements, and local officials could grant a security interest in the improvements to the provider of

the lease-purchase agreement. Upon termination of the lease-purchase agreement (and the satisfaction of the obligations of the legislative body), the provider of the lease-purchase agreement would be required to release its security interest. The lease-purchase agreement would terminate immediately, and without further obligation, at the close of the fiscal year in which it was executed or renewed, or at such time as appropriations (and otherwise unobligated funds) were no longer available to satisfy the obligations.

The amendments increased the maximum financing period for EC projects to 20 years (from 10 years) from the date of final completion of the EC improvements or their useful life, whichever is less. The amendments expanded the permissible types of EC improvement projects to include ventilating, air conditioning, information technology, and municipal utility improvements. Prior to entering into a contract for EC improvements, the city, village, township or county must make certain required determinations, including (but not limited to) project costs and expenditures, and estimated energy savings.

In 2016, the Michigan Legislature passed 2016 PA 341 and 2016 PA 342, both of which became effective April 20, 2017. Among other things, 2016 PA 341 amended Michigan law regarding regulated utility rate cases and ratemaking, consumer representation funding, certificates of necessity, integrated resource planning, and resource adequacy. The resource adequacy requirements of 2016 PA 341 require a municipally owned electric utility to own or have contractual rights to sufficient capacity to meet its capacity obligations. If the Michigan Public Service Commission finds that a municipal electric provider has failed to demonstrate it can meet a portion or all of its capacity obligation, the Michigan Public Service Commission is required to recommend to the Michigan Attorney General ("*MAG*") that suit be brought to require that procurement, and require any audits and reporting as the Michigan Public Service Commission considers necessary to determine if sufficient capacity is procured. The MAG or any customer of a municipally owned electric utility may commence a civil action for injunctive relief against a municipally owned electric utility if the municipally owned electric utility fails to meet the resource adequacy requirements. No action can be filed unless the MAG or customer gives the municipally owned electric utility at least 60 days' written notice of the intent to sue, the basis for the suit, and the relief sought. Within 30 days of receiving the written notice, the municipally owned electric utility and the MAG or customer must meet and make a good-faith attempt to determine if there is a credible basis for the action, and the municipally owned electric utility must take all reasonable and prudent steps necessary to comply with the adequacy resource requirements within 90 days after the meeting if there is a credible basis for the action. If the parties do not agree as to whether there is a credible basis for the action, the MAG or customer may proceed to file the suit.

2016 PA 342 among other things, established a renewable portfolio standards goal of 35% by 2025 (with lower targets during intervening years), and generally maintains the 10% choice cap (with exceptions) but requires alternative electric providers to prove their ability to serve customers. 2016 PA 342 also made changes to the customer choice program and energy waste reduction plans. Utilities, including municipally-owned electric utilities must file voluntary green pricing programs. 2016 PA 342 also makes Energy Optimization plans effective as Energy Waste Reduction ("*EWR*") plans, which are subject to review every two years and are subject to reporting requirements. The amended law allows municipally owned electric utilities to design and administer EWR plans in a manner consistent with the administrative changes approved in prior Michigan Public Service Commission orders. The MAG and any customer of a municipally owned electric utility may commence a civil action for injunctive relief against the municipally owned electric utility if the municipally owned electric utility or cooperative electric utility fails to meet the applicable EWR requirements. No action can be filed unless the MAG or customer has given the municipally owned electric utility at least 60 days' written notice of the intent to sue, the basis for the suit, and the relief sought. Within 30 days of receiving the notice, the municipally owned electric utility and the MAG or customer must meet and make a good-faith attempt to determine if there is a credible basis for the action. The municipally owned electric utility must take all reasonable

and prudent steps necessary to comply with the applicable requirements within 90 days after the meeting if there is a credible basis for the action. If the parties do not agree as to whether there is a credible basis for the action, the MAG or customer may proceed to file the suit.

OHIO LEGISLATION

General. Article XVIII, Section 4, of the Ohio Constitution provides in part that "any municipality may acquire, construct, own, lease and operate within or without its corporate limits any public utility the product or service of which is or is to be supplied to the municipality or its inhabitants, and may contract with others for any such product or service".

Ohio's current energy policy is based largely on several landmark restructuring bills signed into law in recent years. In these cases, the bills primarily impact the state's for-profit, investor-owned electric utilities (IOUs), which serve approximately 88% of customers and are subject to oversight from the Public Utilities Commission of Ohio. Non-profit municipal electric and rural cooperative electric utilities, which serve the remaining approximately 12% of customers in the state, are governed and regulated at the local level, were not directly impacted by the changes in the Ohio Revised Code, and maintain local decision making authority.

Senate Bill 3, enacted in 1999, opened Ohio's retail electric utility industry to competition, allowing customers of the state's IOUs to shop for competitive electric supply. This "customer choice" was effective in January 2001. However, customer choice for municipal electric systems is not mandated under the bill. Unless federal regulations are adopted requiring municipalities to implement customer choice, the decision of whether an Ohio municipality remains the only authorized supplier of electricity within its corporate limits remains a decision of the municipality.

In 2008, the Governor signed into law Senate Bill 221, comprehensive legislation to update the laws governing the electric industry and implement an alternative energy portfolio standard and energy efficiency standard. The major provisions of the legislation apply directly to the state's four IOUs. Ohio's municipal electric systems and rural electric cooperatives maintain local decision-making authority. Staff and counsel to the OMEA (legislative liaison to 80 Ohio municipal electric systems and to AMP) were successful in including favorable language regarding customer switches and treatment of hydroelectric facilities in the legislation.

In 2014, lawmakers adopted Senate Bill 310, legislation to modify the alternative energy portfolio standard. Among other things, the legislation imposes a two-year freeze (at 2014 levels) on annual renewable and energy efficiency increases applicable to Ohio's investor-owned utilities, creates the Energy Mandates Study Committee to review possible future changes to the law, and eliminates the in-state requirement that half of renewables need to come from resources located in Ohio. Staff and counsel to the OMEA were successful in securing favorable language for the Greenup hydroelectric generating facility – it was included by definition as a renewable energy resource and is now eligible to generate Renewable Energy Certificates. The legislation otherwise had no direct impact on Ohio municipal electric systems. Ohio municipal electric systems and rural electric cooperatives maintain local decision making authority.

In 2015, the Energy Mandates Study Committee issued their final report. The report makes several recommendations, none of which have a direct impact on AMP or municipal electric members.

On June 28, 2016, HB 390 was signed into law. The legislation, among other things, repeals the authority of counties to levy a utility services tax. The tax, first enacted in 1967 but never adopted by any

county, had permitted counties to levy a tax up to 2% on utility services, including utility service provided by a municipality.

In 2017, legislation was introduced to, in effect, eliminate the renewable portfolio standard and the energy efficiency standard (HB 114). The legislation passed the Ohio House of Representatives and is currently pending in the Ohio Senate. The bill does not have a direct impact on AMP or municipal electric members.

Also in 2017, HB 49 was signed into law to, among other things, include small hydro facilities as an eligible renewable energy resource and to establish a process for the dissolution of a village. The small hydro provision permits the three Ohio municipal electric utilities that own small hydro facilities to generate renewable energy certificates.

PENNSYLVANIA LEGISLATION

General. Certain Pennsylvania municipalities are permitted under state law to establish electric systems and provide electric service. Electric rates established by these municipal utilities are not subject to regulation by the Pennsylvania Public Utility Commission ("*PUC*") except for rates charged for services rendered outside of the corporate boundaries of the municipality.

In 1996, Pennsylvania enacted the "Electricity Generation Customer Choice and Competition Act," which restructured the electric industry in Pennsylvania and allowed for retail choice of electric generation supplier for certain customers. Municipal electric utilities were insulated from this competition. Under current law, a municipality may prohibit electric generation suppliers from serving customers within its municipal limits. As a trade-off, the municipality loses the right to provide generation service to customers outside of its corporate limits that it did not serve prior to the effective date of the law.

In 2010, legislation amended the Pennsylvania Borough Code to allow boroughs that own and operate electric generation or distribution facilities to enter into power acquisition contracts with "take-or-pay" and "step-up" provisions, subject to various restrictions. Permission to enter such contracts is only granted to municipalities that are members of a non-profit membership corporation and that owned or operated electric generation or distribution facilities on the October 27, 2010 effective date of the legislation. There have been no material modifications to the aforementioned provisions of the Pennsylvania Borough Code since 2010.

All of the Pennsylvania Participants are organized as boroughs under Pennsylvania law, and all owned or operated electric generation distribution facilities on October 27, 2010.

Proposed Legislation. There is currently proposed legislation at the Pennsylvania General Assembly, referred to as HB 99, that would expand municipalities' authority to enter contracts or make purchases without advertising, bidding or price quotations under emergency conditions as well for utility service for borough purposes, including, but not limited to, those made for natural gas or telecommunications services and electricity. The last action on this proposed legislation was an amendment dated February 8, 2017.

Renewable Energy. Pennsylvania's Alternative Energy Portfolio Standards Act was enacted in 2004 and amended in 2008. The law requires electric distribution companies and electric generation suppliers to supply a portion of the electricity sold in Pennsylvania with renewable and alternative energy sources. By 2020, subject to certain exceptions, 18% of the electric energy sold must come from certain renewable or alternative energy sources. Municipal utilities providing service only within their municipal limits are

exempt from compliance with this requirement. In October 2017, the provisions of HB 118 amended several provisions of Pennsylvania's Alternative Energy Portfolio Standards, including the introduction of a geographic eligibility requirement for solar renewable energy certificates. Effective October 30, 2017, solar renewable energy certificates must originate from solar projects located in Pennsylvania.

VIRGINIA LEGISLATION

General. Virginia municipal corporations are authorized by statute, and in some instances by charter, to acquire, establish, and operate public utilities for the generation and distribution of electricity. The operation of such public utilities by cities and towns (with a minor exception relating to service areas) and the rates charged to customers are not generally regulated by Virginia's State Corporation Commission ("*SCC*").

In 1999, the Virginia General Assembly adopted the Virginia Electric Utility Restructuring Act ("*Restructuring Act*"), which was comprehensive legislation that provided for the deregulation of the generation component of electric service while retaining transmission and distribution as regulated services. *The Restructuring Act specifically exempted municipal power systems from retail competition and other Restructuring Act provisions unless a municipality (a) elected to become subject to such provisions or (b) competed for certain electric customers outside the geographic area served by its system as of 1999, subject to certain exceptions (Va. Code §56-580 F).*

In 2007 and 2008, the Virginia General Assembly adopted legislation that amended the Restructuring Act and renamed it the Virginia Electric Utility Regulation Act ("Re-Regulation Act"). To a large degree, the Re-Regulation Act ended Virginia's experiment with deregulation. It restored full cost-of-service regulation by the SCC and provided incentives for utilities to build new generation to meet growing demand and to add environmental equipment at their power stations. It also provided incentives for utilities to invest in renewable forms of energy and demand-side management and conservation programs. *The Re-Regulation Act maintained the Restructuring Act's exemption for municipal power systems.*

Customer Choice. Retail choice of generation providers generally was eliminated under the Re-Regulation Act for all retail customers except those with an individual demand of more than 5 megawatts and non-residential customers who obtain SCC approval to aggregate their load to reach the 5-megawatt threshold, subject to a cap of 1% of the peak load of the customers' electric utility (Va. Code §§ 56-577A3 and 56-577A4). In addition, individual retail customers are permitted to purchase renewable energy from competitive suppliers if the incumbent electric utility does not offer a tariff approved by the SCC for the sale of electric energy provided entirely from renewable energy (Va. Code § 56-577A5). *These provisions have no direct impact on Virginia municipal power systems.*

Renewable Energy. The Re-Regulation Act in Virginia also established a voluntary renewable portfolio standard ("RPS") program with the goal of meeting 12% of base year electric energy sales from renewable sources by 2022 and 15% from renewable sources by 2025. "Renewable energy" generally means energy derived from sunlight, wind, falling water, biomass, waste, landfill gas, municipal solid waste, wave motion, tides, and geothermal power, and does not include energy derived from coal, oil, natural gas, or nuclear power. The Re-Regulation Act provided for an enhanced rate of return for utility investments in certain generating facilities using renewable energy (Va. Code §§ 56-585.1 and 56-585.2). *These provisions have no direct impact on Virginia municipal power systems.*

Energy Conservation. The Re-Regulation Act provided that Virginia shall have a stated goal of reducing the consumption of electric energy by retail customers through the implementation of demand side management, conservation, energy efficiency, and load management programs, including consumer

education, by the year 2022, by an amount equal to 10 percent of the amount of electric energy consumed by retail customers in 2006. *These provisions have no direct impact on Virginia municipal power systems.*

Authority for Purchase of Electric Power. In 2007, the Virginia General Assembly also adopted a bill that expanded the authority for municipalities to enter into long-term contracts for the purchase of electric power. Specifically, the legislation authorized cities and towns to enter into power purchase contracts with any other entity, including among others any investor-owned utility or not-for-profit corporation organized under the laws of Virginia or another state. The contract could include a "take-or-pay" requirement by which the municipality is obligated to make payments whether or not a project is completed, operable, or operating, and by which such payments shall not be subject to reduction or conditioned upon the performance or nonperformance by any party (Va. Code § 15.2-1133). A municipality is also required to set rates and charges sufficient to provide revenues adequate to meet its obligations under any such contract.

2017 Legislation. The following are summaries of certain energy-related bills that were enacted at the 2017 session of the Virginia General Assembly and approved by the Governor. *These bills have no direct impact on Virginia municipal power systems.*

House Bill 1760 and Senate Bill 1418 (2017 Acts of Assembly, Chapters 246, 820). These bills authorized any investor-owned electric utility to petition the SCC for approval of a rate adjustment clause for the recovery of the costs of one or more pumped hydroelectricity generation and storage facilities that utilize associated on-site or off-site renewable energy resources. Such facilities and energy resources must be located in the coalfield region of Virginia. The legislation also provided that, in seeking SCC approval for such facilities, the electric utility need not demonstrate that it had considered and weighed alternative options. Instead, the construction of such generation and storage facilities was declared to be in the public interest and the SCC was directed to construe liberally all applicable statutory provisions.

House Bill HB 1766 (2017 Acts of Assembly, Chapter 728). This bill provided that the issuance of a certificate of public convenience and necessity by the SCC for construction of an electrical transmission line of 138 kilovolts and any associated facilities would satisfy all local zoning ordinances and other planning requirements as to those facilities. The legislation also defined "associated facilities" as including any station, substation, transition station, and switchyard facilities associated with such a transmission line, except those facilities located in one specified locality.

House Bill 2291 (2017 Acts of Assembly, Chapter 564). This bill authorized an investor-owned electric utility to petition the SCC for approval of a rate adjustment clause for recovery of certain costs incurred in connection with nuclear generation facilities. The costs that can be recovered include the expenses of a system or equipment upgrade or replacement and other costs reasonably appropriate to extend the combined operating license for, or the operating life of, nuclear generation facilities. The measure placed certain restrictions on when a utility can recover such costs.

House Bill 2303/Senate Bill 1394 (2017 Acts of Assembly, Chapters 565, 581). This bill established a program under which a "small agricultural generator" may sell electricity generated on its premises to its utility supplier. A small agricultural generator was defined as a customer who operates a generating facility as part of an agricultural business, which generating facility, among other conditions, has a capacity of not more than 1.5 megawatts, uses renewable energy as its total source of fuel, and has a capacity that does not exceed 150 percent of the customer's expected annual energy consumption based on the previous 12 months of billing history. The program requires that the generator enter into a power purchase agreement with its utility supplier to sell all of the electricity generated at a rate not less than the supplier's SCC-approved avoided cost tariff for energy and capacity.

House Bill HB 2390 (2017 Acts of Assembly, Chapter 803). This bill expanded to Appalachian Power's service territory a pilot program for renewable energy power purchase agreements previously authorized only within Dominion Power's service territory under legislation enacted in 2013. The pilot program permits the owner or operator of a solar or wind-powered generation facility located on the premises of an eligible "customer-generator" to sell the power generated by the facility to the customer-generator. The measure provided that any nonprofit, private institution of higher education not being served under a specific renewable generation tariff provision is deemed to be a customer-generator eligible to participate in the pilot program. Such an educational institution would not have to participate in the utility's net energy metering program. The aggregated capacity of all generation facilities participating in Appalachian Power's pilot program was capped at seven megawatts.

Senate Bill 990 (2017 Acts of Assembly, Chapter 568). This bill directed the Virginia Department of Mines, Minerals and Energy, in consultation with the staff of the SCC, to report annually on the progress the Commonwealth is making toward meeting a goal of reducing the consumption of electric energy by retail customers by the year 2022 by an amount equal to 10 percent of the amount of electric energy consumed by retail customers in 2006.

Senate Bill 1282 (2017 Acts of Assembly, Chapter 835). This bill established a uniform procedure for the approval of "small cell" wireless communication facilities mounted on structures in public rights-of-way, including electric utility poles. Municipal electric utilities, however, were specifically exempted from the pole attachment provisions of the bill.

Senate Bill 1393 (2017 Acts of Assembly, Chapter 580). This bill required Dominion Virginia Power and Appalachian Power to conduct a "community solar pilot program" for retail customers. The pilot program authorizes the participating utility to sell electric power to subscribing customers under a special rate schedule. The utility will generate or purchase the electric power from eligible generation facilities selected for inclusion in the pilot program. An eligible generation facility is an electrical generation facility that (i) exclusively uses energy derived from sunlight; (ii) is placed in service on or after July 1, 2017; (iii) is not constructed by an investor-owned utility but is acquired by an investor-owned utility through an asset purchase agreement or is subject to a power purchase agreement under which the utility purchases the facility's output from a third party; and (iv) usually has a generating capacity not exceeding two megawatts. The minimum generating capacity of the total eligible generating facilities in Appalachian Power's pilot program is 0.5 megawatts and in Dominion's pilot program is 10 megawatts. The maximum generating capacity of the total eligible generating facilities in Appalachian Power's pilot program is 10 megawatts and in Dominion's pilot program is 40 megawatts.

Senate Bill 1395 (2017 Acts of Assembly, Chapter 368). This bill modified the requirements for certain "small renewable energy projects." It increased the maximum rated capacity of solar and wind facilities that qualify as small renewable energy projects from 100 megawatts to 150 megawatts. Among other things, the measure provided that certain small renewable energy projects undertaken by a public utility are eligible for a permit by rule and are exempt from environmental review and permitting by the SCC. It also specified that a small renewable energy project shall be eligible for permit by rule if it is proposed by an entity that is not a regulated utility.

Senate Bill 1473 (2017 Acts of Assembly, Chapter 583). This bill declared that the replacement by an investor-owned electric utility of a group of existing overhead distribution lines with underground facilities, for the purpose of improving service reliability, shall be in the public interest if the lines have, in the aggregate, an average of nine or more total unplanned outage events-per-mile over a preceding 10-year period. The measure also provided that, when the SCC reviews a petition for a rate adjustment to recover such costs, there shall be a rebuttable presumption that (i) the conversion of such facilities will

provide local and system-wide benefits, (ii) the new underground facilities are cost beneficial, and (iii) the costs associated with the new underground facilities are reasonably and prudently incurred.

WEST VIRGINIA LEGISLATION

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

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

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

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

A municipal electric utility also still may petition the WVPSC to allow an interim or emergency rate to take effect, subject to refund or future modification, if the WVPSC determines it is necessary to protect the municipality or the utility from financial hardship attributable to the purchase of the electricity or financial distress, respectively. In such cases, the WVPSC must waive the 45-day waiting period and the 120-day suspension period mentioned above.

In 2015, the Legislature further amended W. Va. Code § 24-2-4b with the passage of S.B. 234 (2015 Reg). Among changes related to rate-setting was the inclusion of a requirement that "[a]ll rates and charges shall be based upon the measured or reasonably estimated cost of service and the equitable sharing of those costs between customers based upon the cost of providing the service received by the customer, including a reasonable plant-in-service depreciation expense." Additionally, S.B. 234 authorized municipally operated public utilities to waive the requirement that they wait 45-days before making new rates effective if, upon a publicly noticed vote of its governing board, the utility found and declared that the waiver is necessary because the entity is in "financial distress" and that the 45-day waiting period would be detrimental to its ability to continue providing its services.

Sale of municipally owned utilities. S.B. 234 (2015 Reg.) also removed the requirement that the sale or lease of any municipal utility asset must be voted on and approved by municipal voters. In the place of this election requirement, S.B. 234 allowed that such transactions may be approved by a 60% vote of the municipality's governing body, after a public hearing. Approval of the transaction by the WVPSC, however, is still required.

Competition. West Virginia has not deregulated its electric utility industry. West Virginia currently does not have statutes similar to those in Ohio concerning electric utility competition.

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

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

In 2014, the Legislature passed H.B. 4346, establishing a list of factors the West Virginia Department of Environmental Protection ("*WVDEP*") must consider in developing any State Implementation Plan (SIP) in connection with the CPP. H.B. 4346 called for WVDEP to propose requirements that avoid moving away from coal and natural gas and that allow maximum flexibility in how reductions may be achieved. In addition, in 2015, the Legislature passed H.B. 2004, establishing an approval process by which any SIP would have to be approved by the Legislature before being submitted to the EPA. Under the new process, prior to even preparing a draft SIP, WVDEP was first required to study the feasibility of a state 111(d) plan and submit its findings to the Legislature. If the WVDEP found a state plan was feasible, it was then required to submit a draft SIP to the Legislature for its consideration and a vote before submission to the EPA. While, on April 20, 2016, the WVDEP submitted an initial feasibility study to the Legislature finding that a state plan was feasible, the WVDEP has indicated that

will not begin to develop a SIP unless the United States Supreme Court's stay of the Clean Power Plan rule is lifted.

2017 Enactment of Air Quality Rules by the WVDEP. During the 2017 Legislative Session, the Legislature approved several new and amended air quality rules issued by the WVDEP. 45 CSR 1 creates a procedure for seeking alternative emission limitations where a source may have excess emissions during periods of startup, shutdown, or maintenance. This procedure is unavailable to sources of hazardous air pollutants or new stationary sources. The WVDEP developed this rule in response to the EPA's June 2015 SSM SIP Call, which concluded that certain SIP provisions in 36 states, including West Virginia, were substantially inadequate to meet the CAA's requirements concerning emissions during periods of startup, shutdown, and malfunction.

The WVDEP also amended 45 CSR 13, which sets forth in part the criteria for obtaining a permit to construct, operate, modify, or relocate non-major stationary sources. The WVDEP amended the definitions of "modification" and "stationary source" to clarify that the discharge of greenhouse gases of more than 6 pounds per hour and 10 tons per year, or 144 pounds per calendar day will not trigger a permitting event. The WVDEP also removed the requirement that a permit application be noticed in a newspaper, and instead opted for publication on the WVDEP's website.

Alternative and Renewable Energy Portfolio Standard & Credit Trading. During the 2015 Regular Session, the Legislature repealed nearly all of the "Alternative and Renewable Energy Portfolio Act" (H.B.103 and for purposes of this section, the "*Act*"), including all of the renewable source requirements and credit-trading system that were approved originally in 2009 and 2010.

The Act also established a tradable credit system under which a utility would receive one credit for each megawatt hour of alternative energy generated or purchased and two credits for each megawatt hour of renewable energy generated or purchased. In 2012, the Supreme Court of Appeals of West Virginia ruled that purchasing utilities, and not generators (such as AMP member New Martinsville, West Virginia), own the credits associated with electricity bought under Public Utility Regulatory Policies Act (PURPA) electricity energy purchase agreements (EEPA) that were entered into before the creation of West Virginia's credit trading system. *See City of New Martinsville v. Public Service Com'n of West Virginia*, 229 W.Va. 353, 729 S.E.2d 188 (2012).

Net Metering. Notably, the only portion of the Act the Legislature left intact when it passed H.B. 2001 was W. Va. Code § 24-2F-8, which authorizes net metering for Customer-generators. *See also* H.B. 2201 (2015 Reg.) (amending and reenacting net metering provisions of W. Va. Code § 24-2F-8). The legislative rule establishing procedures for net metering arrangements and the interconnection of eligible electric generating facilities was adopted by the WVPSC, pursuant to the Act, on June 30, 2010.(the "*Net Metering Rule*"). Among other things, the Net Metering Rule limits the maximum nameplate capacity that may be contributed by residential Customer-generators, commercial Customer-generators, and industrial Customer-generators to 25 kilowatts, 500 kilowatts and 2 megawatts, respectively. Significantly, the rule defines West Virginia municipally-owned electric facilities, rural electric cooperatives, and utilities serving less than 30,000 residential customers as "electric utilities," thereby requiring that they must offer net metering to Customer-generators. However, such entities are not obligated to offer net metering to Customer-generators with nameplate capacity exceeding 50 kilowatts. In reauthorizing net metering with the passage of H.B. 2201 (2015 Reg.), the Legislature directed the WVPSC to promulgate a new net-metering rule and conduct a general investigation for the purposes of developing that rule. To date, no new rule has been promulgated, and the WVPSC's general investigation has remained open and unchanged since May, 2015.

Enforceability of solar energy covenants. On March 10, 2012, the West Virginia Legislature passed legislation (H.B. 2740) declaring that, with certain exceptions, any covenant in a housing association governing document that prohibits or restricts installation of solar energy systems and has not been approved by a vote of the housing association members will be void and unenforceable.

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

Special rates for energy intensive industrial consumers. In an effort to retain and attract certain energy–intensive industries to the State, the West Virginia Legislature passed S.B. 656 on March 9, 2010. The legislation authorized the WVPSC to establish special rates for energy-intensive industrial consumers of electric power. Qualifying industrial consumers must first attempt to negotiate with their utility a joint filing requesting such rates. If agreement is not reached, then the consumer may submit a petition to the WVPSC for the special rate. To qualify for a special rate, a consumer must, among other things, have a contract demand of at least 50,000 kW of electric power under normal operating conditions; create or retain at least 25 full-time jobs in the State; invest at least $500,000 in fixed assets in the State; and demonstrate that without the special rate, the facility is not economically viable. The legislation tasks the WVPSC with determining whether the excess revenue or revenue shortfall caused by the special rate should be allocated among the utility's other customers.

Expedited cost recovery for coal-fired boiler maintenance. In an effort to encourage modernization and improvement of coal-fired boilers owned by electric utilities in the State, the West Virginia Legislature passed H.B. 4435 in the 2016 Regular Session. Pursuant to this bill, codified at W. Va. Code § 24-2-1*l*, electric utilities can establish a multiyear plan for modernization and improvement of coal-fired boilers located within the State, file an application to the WVPSC, and if approved, receive expedited cost recovery through increased rates.

TAX LEGISLATION

Bills have been introduced, including tax legislation recently introduced in the House of Representatives and Senate, that could impact the issuance of tax-exempt bonds and the payment of federal subsidies payable on AMP's bonds issued as Build America Bonds and New Clean Renewable Energy Bonds in 2009 and 2010. AMP is unable to predict whether any of these bills or any similar federal bills proposed in the future will become law or, if they become law, what their final form or effect would be. Such effect, however, could be material to the Participants.

LITIGATION

GENERAL

AMP reports that there are no proceedings or transactions relating to the issuance, sale or delivery of the Series 2017A Bonds. AMP reports that there is no litigation pending or, to the knowledge of AMP, threatened against or affecting AMP, in any way questioning or in any manner affecting the validity or enforceability of the Series 2017A Bonds, the Power Sales Contract or the Indenture.

AMP is a party from time to time to litigation typical for electric utilities of its size and type. In the opinion of AMP's General Counsel for Corporate Affairs, no such litigation is pending or, to her knowledge threatened, against AMP is material to the Project. Further, the General Counsel for Corporate Affairs is of the opinion that, except as described in this Official Statement, no such litigation is pending or, to her knowledge threatened, that would be material to the financial condition of AMP taken as a whole.

RELATING TO COMBINED HYDROELECTRIC PROJECTS AND MELDAHL PROJECT

On August 14, 2017, AMP filed a lawsuit in the U.S. District Court for the Southern District of Ohio against Voith Hydro, Inc. ("*Voith*"), which was the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Projects and the Meldahl Project. In the lawsuit, AMP alleges, among other things that Voith failed to deliver equipment on a timely basis and that certain of the equipment delivered was materially defective, causing significant delays. AMP has alleged proven damages of at least $40 million. On October 16, 2017, Voith filed its answer, denying each of AMP's claims, and asserting two counterclaims seeking the payment of amounts it claims are due under the contract, amounts currently held by AMP as purported liquidated damages, and an unspecified amount under a claim of for unjust enrichment. At this point, no schedule has been established for the lawsuit and AMP cannot predict the outcome of the litigation.

CONTINUING DISCLOSURE UNDERTAKING

Pursuant to a Continuing Disclosure Agreement to be entered into by AMP simultaneously with the delivery of the Series 2017A Bonds (the "*Continuing Disclosure Agreement*"), AMP will covenant for the benefit of the Bondowners and the "Beneficial Owners" (as defined in the Continuing Disclosure Agreement) of the Series 2017A Bonds to provide, on an annual basis, by November 30 of each year, commencing with the report for AMP fiscal year ending December 31, 2017, certain financial information and operating data relating to the Large Participants (the "*Annual Disclosure Report*"), and to provide notices of the occurrence of certain enumerated events with respect to the Series 2017A Bonds. Pursuant to Securities and Exchange Commission Rule 15c2-12 (as the same may be amended from time to time, "*Rule 15c2-12*"), the Annual Disclosure Report will be filed by or on behalf of AMP with the Municipal Securities Rulemaking Board ("*MSRB*"), through its Electronic Municipal Market Access ("*EMMA*") system, in the electronic format prescribed by the MSRB. The notices of such events will be filed by or on behalf of AMP with the MSRB. The specific nature of the information to be contained in the Annual Disclosure Report or the notices of events is set forth in the form of the Continuing Disclosure Agreement attached hereto as APPENDIX G. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

In connection with two redemptions undertaken in 2014, AMP delivered a timely notice of redemption to the related trustee but failed to file a copy of such notice on EMMA on a timely basis. In connection with the issuance of AMP's Prairie State Energy Campus Project Revenue Bonds, Series 2015 (the "*Prairie State 2015 Bonds*"), certain portions of the maturities of the Prairie State Energy Campus Project Revenue Bonds, Series 2008 refunded with a portion of the proceeds the Prairie State 2015 Bonds were left Outstanding and assigned new CUSIP numbers. Filings made with EMMA after the date of the issuance of the Series 2015 Bonds pursuant to the continuing disclosure undertaking given by AMP in connection with the Series 2008 Bonds inadvertently omitted such new CUSIP numbers. The information not previously filed under such CUSIPs was filed with EMMA by AMP on October 19, 2017. In connection with the issuance of ratings for AMP's Combined Hydroelectric Project Revenue Bonds, Series 2016A (Green Bonds) (the "*2016 Combined Hydroelectric Projects Bonds*"), the ratings on all AMP's Combined Hydroelectric Revenue Bonds were upgraded by Moody's and downgraded by Fitch. While such ratings were accurately reflected in the official statement relating to the 2016 Combined

Hydroelectric Projects Bonds, no listed event filing was made in connection with the ratings actions. Notice of such rating actions was filed with EMMA by AMP on October 20, 2017. Other than as set forth in this paragraph, in the five years preceding the date of this Official Statement, AMP has materially complied with its other continuing disclosure undertakings under Rule 15c2-12.

As will be provided in the Continuing Disclosure Agreement, if AMP fails to comply with any provision of the Continuing Disclosure Agreement, any Bondowner or "Beneficial Owner" of the Series 2017A Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause AMP to comply with its obligations under the Continuing Disclosure Agreement. "Beneficial Owner" will be defined in the Continuing Disclosure Agreement to mean any person holding a beneficial ownership interest in Series 2017A Bonds through nominees or depositories (including any person holding such interest through the book-entry only system of DTC). IF ANY PERSON SEEKS TO CAUSE AMP TO COMPLY WITH ITS OBLIGATIONS UNDER THE CONTINUING DISCLOSURE AGREEMENT, IT IS THE RESPONSIBILITY OF SUCH PERSON TO DEMONSTRATE THAT IT IS A "BENEFICIAL OWNER" WITHIN THE MEANING OF THE CONTINUING DISCLOSURE AGREEMENT.

As described under APPENDIX F – "Book-Entry System" herein, upon initial issuance, the Series 2017A Bonds will be issued in book-entry-only form through the facilities of DTC, and the ownership of one fully registered Series 2017A Bond for each maturity, in the aggregate principal amount thereof, will be registered in the name of Cede & Co., as nominee for DTC. For a description of DTC's current procedures with respect to the enforcement of bondowners' rights, see APPENDIX F – "Book-Entry System" herein.

UNDERWRITING

The Series 2017A Bonds are being purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, Piper Jaffray & Co., RBC Capital Markets, LLC and Wells Fargo Bank, National Association (collectively, the "Underwriters") pursuant to a Purchase Contract (the "*Purchase Contract*") between AMP and Merrill, Lynch, Pierce Fenner & Smith, Incorporated, as representative of the Underwriters. The Purchase Contract sets forth the Underwriters' obligation to purchase the Series 2017A Bonds at a purchase price reflecting an aggregate underwriters' discount of $590,955.54 from the initial public offering price on the cover of this Official Statement, subject to certain terms and conditions, including the approval of certain matters by counsel. The Purchase Contract provides that the Underwriters will purchase all of the Series 2017A Bonds if any are purchased.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of AMP (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with AMP. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("*WFBNA*"), one of the underwriters of the Series 2017A Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("*WFA*"), for the distribution of certain municipal securities offerings, including the Series 2017A Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2017A Bonds with WFA. WFBNA has also entered into an agreement (the "*WFSLLC Distribution Agreement*") with its affiliate Wells Fargo Securities; LLC ("*WFSLLC*"), for the distribution of municipal securities offerings, including the Series 2017A Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

RATINGS

The Series 2017A Bonds have been rated "A" by Fitch Inc., "A1" by Moody's Investors Service, Inc. and "A" by Standard & Poor's Global Ratings.

Certain information and materials not included in this Official Statement were furnished to the rating agencies. A securities rating is not a recommendation to buy, sell or hold securities. There is no assurance that a rating, once obtained, will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the opinion of the rating agency, circumstances so warrant. Any such downward revision or withdrawal could have an adverse effect on the marketability or market price of the Series 2017A Bonds. AMP has not undertaken any responsibility after issuance of the Series 2017A Bonds to assure the maintenance of the ratings applicable thereto or to oppose any revision or withdrawal of such ratings.

TAX MATTERS

GENERAL

The Code includes requirements regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, which must continue to be satisfied by AMP and the Participants after the issuance of the Series 2017A Bonds in order that interest on the Series 2017A Bonds not be includable in gross income for federal income tax purposes. The failure to meet these requirements by AMP or the Participants may cause interest on the Series 2017A Bonds to be includable in gross income for federal income tax purposes retroactive the date of issuance of the Series 2017A Bonds. AMP and each Participant has covenanted that it will comply,

with the requirements of the Code in order to maintain the exclusion from gross income of interest on the Series 2017A Bonds for federal income tax purposes.

In the opinion of Norton Rose Fulbright US LLP, Federal Tax Counsel ("*Federal Tax Counsel*"), subject to continuing compliance by AMP and the Participants with the tax covenants referred to above, under existing law, interest on the Series 2017A Bonds will not be includable in the gross income of the owners of the Series 2017A Bonds for federal income tax purposes. No opinion is expressed as to the effect of any change to any document pertaining to the Series 2017A Bonds or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Federal Tax Counsel or in reliance upon the advice of counsel other than Federal Tax Counsel with respect to the exclusion from gross income of the interest on the Series 2017A Bonds for federal income tax purposes.

Interest on the Series 2017A Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations. Such interest, however, will be includable in the computation of the federal alternative minimum tax on corporations imposed by the Code. The Code contains other provisions that could result in tax consequences, as to which Federal Tax Counsel renders no opinion, as a result of ownership of the Series 2017A Bonds or the inclusion in certain computations (including, without limitation, those related to the corporate alternative minimum tax) of interest that is excluded from gross income.

DISCOUNT BONDS

The excess, if any, of the amount payable at maturity of any maturity of the Series 2017A Bonds over the issue price thereof constitutes original issue discount. The amount of original issue discount that has accrued and is properly allocable to an owner of any maturity of the Series 2017A Bonds with original issue discount (a "*Discount Bond*") will be excludable from gross income for federal income tax purposes to the same extent as interest on the Series 2017A Bonds. In general, the issue price of a maturity of the Series 2017A Bonds is the first price at which a substantial amount of Series 2017A Bonds of that maturity was sold (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers), which may not be the same as the price shown on the cover of this official statement, and the amount of original issue discount accrues in accordance with a constant yield method based on the compounding of interest. A purchaser's adjusted basis in a Discount Bond will be increased by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale, redemption or other disposition of such Discount Bond for federal income tax purposes.

Original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed herein. Consequently, an owner of a Discount Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

The accrual of original issue discount and its effect on the redemption, sale or other disposition of any maturity of a Discount Bond that is not purchased in the initial offering at the first price at which a substantial amount of Discount Bond of that maturity is sold to the public may be determined according to rules that differ from those described above. An owner of a Discount Bond should consult his tax advisor with respect to the determination for federal income tax purposes of the amount of original issue discount with respect to such Discount Bond and with respect to state and local tax consequences of owning and disposing of such Discount Bond.

PREMIUM BONDS

The excess of the tax basis of a Series 2017A Bond to a purchaser (other than a purchaser who holds such Bond as inventory, stock in trade, or for sale to customers in the ordinary course of business) who purchases such Bond as part of the initial offering and at an issue price greater than the amount payable at maturity of such Bond is "Bond Premium." Bond Premium is amortized over the term of such Bond for federal income tax purposes. No deduction is allowed for such amortization of Bond Premium; however, United States Treasury regulations provide that Bond Premium is treated as an offset to qualified stated interest received on the Bond. An owner of such Bond is required to decrease his adjusted basis in such Bond by the amount of amortizable Bond Premium attributable to each taxable year such Bond is held. An owner of such Bond should consult his tax advisor with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon sale, redemption or other disposition of such Bond.

OTHER

Ownership of tax-exempt obligations such as the Series 2017A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations, certain S Corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit.

Prospective purchasers of the Series 2017A Bonds should consult their tax advisors as to the applicability and impact of any collateral consequences.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. While this reporting requirement does not, by itself, affect the excludability of interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Series 2017A Bonds to be subject to backup withholding if such interest is paid to beneficial owners that (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner's federal income tax liability so long as the required information is furnished to the IRS.

FUTURE DEVELOPMENTS

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Series 2017A Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Series 2017A Bonds. For example, legislation has been introduced in Congress which, if enacted, would significantly change the income tax rates for individuals and corporations and would repeal or modify the alternative minimum tax for tax years beginning after December 31, 2017. It is uncertain

whether this legislation will be enacted and, if so, whether it will be enacted in its current form. Prospective purchasers of the Series 2017A Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

OHIO TAX CONSIDERATIONS

In the opinion of Dinsmore & Shohl LLP, Bond Counsel, interest on the Series 2017A Bonds will be exempt from taxes levied by the State of Ohio and its subdivisions, including the Ohio personal income tax, and will also be excludable from the net income base used in calculating the Ohio corporate franchise tax.

ADVISORS

AMP has retained Ramirez & Co., Inc. as financial advisor (the "*Financial Advisor*") and Kensington Capital Advisors, LLC as Financial Products Advisor (the "*Financial Products Advisor*") in connection with the issuance of the Series 2017A Bonds. Neither the Financial Advisor nor the Financial Products Advisor is obligated to undertake, and neither has undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE REFUNDED BONDS

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

APPROVAL OF LEGAL MATTERS

GENERAL

Certain legal matters incident to the authorization, issuance and delivery of the Series 2017A Bonds by AMP are subject to the approving opinion of Dinsmore & Shohl LLP, Bond Counsel. The approving opinion of Bond Counsel, in substantially the form set forth as APPENDIX E-1 to this Official Statement, will be delivered with the Series 2017A Bonds.

Certain federal tax matters regarding the Series 2017A Bonds will be passed upon for AMP by Norton Rose Fulbright US LLP, Federal Tax Counsel. The form of its opinion regarding the Series 2017A Bonds is set forth as APPENDIX E-2 to this Official Statement.

Certain legal matters will be passed upon for AMP by its General Counsel for Corporate Affairs and its counsel, Taft Stettinius & Hollister LLP. The form of its opinion with respect to the consumption of energy generated by AFEC and allocable to the AMP Entitlement in the qualified service areas and qualified annexed areas of the Participants is set forth as APPENDIX E-3 to this Official Statement. Certain legal matters will be passed upon for the Underwriters by Nixon Peabody LLP.

POWER SALES CONTRACT

In connection with the issuance of the Series 2012 Bonds, counsel for DEMEC and each of the other Participants ("*Participants' Counsel*") delivered to AMP their opinions to the effect that such Participant duly authorized and executed the Power Sales Contract. In reliance on the opinions of Participants' Counsel for the Participants located in their states, Kentucky, Michigan, Ohio, Pennsylvania, Virginia and West Virginia counsel for AMP ("*State Counsel*") delivered in connection with the issuance of the Series 2012 Bonds their opinions as to the validity and enforceability of the Power Sales Contract as to the Participants located therein.

In 2007, the legislatures of Virginia and West Virginia enacted similar statutes expressly authorizing municipalities therein to enter into long-term take-or-pay contracts, including step up provisions, with out-of-state corporations, including non-profit corporations. In 2008 and 2010, the legislatures of Michigan and Pennsylvania, respectively, enacted amendments to existing statutes expressly authorizing municipalities therein to enter into long-term take-or-pay contracts, including step up provisions, with out-of-state persons. DEMEC's enabling legislation expressly provides that DEMEC may enter into long-term take-or-pay contracts, including step up provisions, with out-of-state persons. DEMEC's enabling legislation further authorizes its members to enter into long-term take-or-pay contracts, including step up provisions, with DEMEC.

On December 7, 2007, the Franklin County, Ohio, Court of Common Pleas, issued an order validating the power sales contract relating to the Combined Hydroelectric Project between AMP and the Ohio participants in the Combined Hydroelectric Project, including the Take-or-Pay and Step Up provisions included therein. Ohio State Counsel will reference such order in its opinion as to the validity of the Power Sales Contract.

Kentucky State Counsel advises that although there is no Kentucky statute that specifically authorizes cities such as the City of Williamstown or their electric plant boards to enter into long-term take-or-pay contracts with private, out-of-state corporations or with step up provisions with out-of-state municipalities, such counsel is of the opinion that Kentucky statutes generally and in particular the provisions of Chapter 96 of the Kentucky Revised Statutes grant electric plant boards such as the City of Williamstown Electric Plant Board sufficient power and authority to enter into and comply with the material provisions of the Power Sales Contract.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, estimates or forecasts, whether or not expressly so stated, are intended as such and not as representations of fact. The Appendices attached hereto are an integral part of this Official Statement and must be read in conjunction with the foregoing material. This Official Statement is not to be construed as a contract or agreement between AMP and the purchasers or owners of the Series 2017A Bonds.

The delivery of this Official Statement has been duly authorized by the AMP Board of Trustees.

AMERICAN MUNICIPAL POWER, INC.

By /s/ Marc S. Gerken, P.E.
President and Chief Executive Officer

By /s/ Marcy J. Steckman
Senior Vice President of Finance and
Chief Financial Officer

APPENDIX A

THE PARTICIPANTS

Participant	PSCR Shares (MW)†	PSCR Share in %‡
DEMEC	70.000	15.07%
Cleveland, Ohio	60.000	12.92%
Danville, Virginia	37.300	8.03%
Hamilton, Ohio	26.420	5.69%
Cuyahoga Falls, Ohio	23.120	4.98%
Niles, Ohio	22.015	4.74%
Coldwater, Michigan	18.055	3.88%
Orrville, Ohio	17.615	3.79%
Lebanon, Ohio	13.210	2.84%
Wadsworth, Ohio	12.770	2.75%
Dover, Ohio	11.000	2.37%
Piqua, Ohio	9.935	2.14%
Hillsdale, Michigan	7.220	1.55%
St. Marys, Ohio	7.045	1.52%
Jackson, Ohio	7.000	1.51%
Napoleon, Ohio	6.650	1.43%
Celina, Ohio	6.605	1.42%
Bedford, Virginia	6.430	1.38%
Marshall, Michigan	5.370	1.16%
Bryan, Ohio	5.285	1.14%
Front Royal, Virginia	4.930	1.06%
Martinsville, Virginia	4.579	0.99%
Hubbard, Ohio	4.405	0.95%
Columbiana, Ohio	4.180	0.90%
Williamstown, Kentucky	4.115	0.89%
Tipp City, Ohio	3.975	0.86%
New Martinsville, West Virginia	3.790	0.82%
Hudson, Ohio	3.525	0.76%
Ephrata, Pennsylvania	3.435	0.74%
Philippi, West Virginia	3.175	0.68%
Wellington, Ohio	3.145	0.68%
Brewster, Ohio	3.140	0.68%
Clyde, Ohio	2.640	0.57%
Versailles, Ohio	2.640	0.57%
Wapakoneta, Ohio	2.640	0.57%
New Bremen, Ohio	2.300	0.50%
Galion, Ohio	2.256	0.49%

Participant	PSCR Shares (MW)†	PSCR Share in %‡
Girard, Pennsylvania	2.250	0.48%
Newton Falls, Ohio	2.080	0.45%
Woodsfield, Ohio	1.875	0.40%
Richlands, Virginia	1.675	0.36%
Seville, Ohio	1.410	0.30%
Grafton, Ohio	1.365	0.29%
Montpelier, Ohio	1.320	0.28%
Carey, Ohio	1.235	0.27%
Clinton, Michigan	1.235	0.27%
Union City, Michigan	1.145	0.25%
Smethport, Pennsylvania	1.120	0.24%
Lodi, Ohio	1.055	0.23%
Genoa, Ohio	0.925	0.20%
Amherst, Ohio	0.880	0.19%
Monroeville, Ohio	0.880	0.19%
St. Clairsville, Ohio	0.880	0.19%
Berlin, Pennsylvania	0.870	0.19%
Lakeview, Ohio	0.710	0.15%
Holiday City, Ohio	0.660	0.14%
Minster, Ohio	0.660	0.14%
Haskins, Ohio	0.625	0.13%
Prospect, Ohio	0.540	0.12%
Arcanum, Ohio	0.530	0.11%
Edgerton, Ohio	0.530	0.11%
Pioneer, Ohio	0.530	0.11%
Beach City, Ohio	0.510	0.11%
Oak Harbor, Ohio	0.440	0.09%
Hatfield, Pennsylvania	0.400	0.09%
Waynesfield, Ohio	0.400	0.09%
Jackson Center , Ohio	0.330	0.07%
Greenwich, Ohio	0.310	0.07%
Hooversville, Pennsylvania	0.300	0.06%
Plymouth, Ohio	0.300	0.06%
South Vienna, Ohio	0.300	0.06%
Elmore, Ohio	0.265	0.06%
New Knoxville, Ohio	0.265	0.06%
Pemberville, Ohio	0.265	0.06%
Summerhill, Pennsylvania	0.240	0.05%
Bradner, Ohio	0.130	0.03%
Mendon, Ohio	0.130	0.03%
Lewisberry, Pennsylvania	0.115	0.02%

Participant	PSCR Shares (MW)†	PSCR Share in %‡
Ohio City, Ohio	0.115	0.02%
Lucas, Ohio	0.100	0.02%
Arcadia, Ohio	0.090	0.02%
Eldorado, Ohio	0.090	0.02%
Huron, Ohio	0.090	0.02%
Republic, Ohio	0.090	0.02%
Shiloh, Ohio	0.090	0.02%
Woodville, Ohio	0.090	0.02%
TOTAL	464.355	100.00%

† Based upon PSCR Share determined in accordance with Power Sales Contract, but does not include duct-firing capacity.

‡ Does not include potential Step-Up Power for which Participants are obligated, upon the occurrence of certain events, under the Power Sales Contract.

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APPENDIX B

AMERICAN MUNICIPAL POWER FREMONT ENERGY CENTER

INFORMATION ON LARGE PARTICIPANTS

Presented in this Appendix B is selected financial information concerning the six largest Participants (the "*Large Participants*") in terms of their PSCR Shares of AMP's Entitlement to the output of AFEC.

DEMEC's financial statements are currently available online at www.demcinc.net/financial-statements. Each of the Ohio Large Participants – Cleveland, Hamilton, Cuyahoga Falls, and Niles - is required by law to file its annual audited financial statements with the Ohio Auditor of State and reference is made to their annual audits on line at www.auditor.state.oh.us. Danville, Virginia has posted its recent annual audits online at www.danville-va.gov. None of the Large Participants is contractually obligated to AMP to continue to make available audits of its Electric System on its website or otherwise and none of the information that may be found on the websites referenced in this paragraph are included by specific reference in this Official Statement.

DEMEC and its members' fiscal years and those of the Ohio Large Participants end on December 31. The fiscal years of Virginia local governments end on June 30, and Danville's data are for the most part presented as of June 30, 2016.

Differences in the presentation of assessed valuation for the Large Participants should be noted. Pursuant to Virginia law, the assessed valuation information for Danville is based on 100 percent of appraised value of real property. For the Ohio Large Participants, the assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. Tangible personal property taxes on (i) manufacturing equipment, (ii) furniture and fixtures and (iii) inventory was phased-out over a four-year period, ending in 2009. The assessed valuation presented for DEMEC is the total assessed value of property of the eight DEMEC Participating Members. Three of the DEMEC Participating Members (the New Castle Municipal Services Commission, the City of Newark and the Town of Middletown) report assessed value as 100 percent of the 1983 market value. As for the remaining DEMEC Participating Members, the City of Lewes reports assessed value as 50 percent of current market value, the City of Milford reports assessed value as 100 percent of 2002 market value, the City of Seaford reports assessed value as 100 percent of 2008 market value, the Town of Clayton reports assessed value as 60 percent of 1987 market value and the Town of Smyrna reports assessed value as 100 percent of 2006 market value.

With the exception of DEMEC, the Large Participants are participants in several of the other AMP sponsored projects. See *"*AMERICAN MUNICIPAL POWER, INC. – Other Projects*"* in the forepart of this Official Statement for brief descriptions of the projects and related financings.

Pursuant to the AMP's Continuing Disclosure Agreement, AMP will undertake to update the financial information and operating data provided in this Appendix B with respect to such Large Participants. See APPENDIX G - "PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT."

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SECTION I

LARGE PARTICIPANTS' PEAK DEMAND AND PROJECT SHARES

PARTICIPANT	2016 PEAK DEMAND (Kilowatts)	PSCR SHARES (Kilowatts)	PSCR SHARES (Percent)	CUMULATIVE OWNERSHIP (Percent)
1. DEMEC	293,406	70,000	15.07%	15.07%
2. Cleveland, OH	311,082	60,000	12.92	28.00
3. Danville, VA	217,835	37,300	8.03	36.03
4. Hamilton, OH	132,593	26,420	5.69	41.72
5. Cuyahoga Falls, OH	107,214	23,120	4.98	46.70
6. Niles, OH	62,563	22,015	4.74	51.44*
TOTAL	1,124,693	238,855	51.44*	

*May not add to totals due to rounding.

SECTION II

LARGE PARTICIPANTS' INFORMATION

THE DELAWARE MUNICIPAL ELECTRIC CORPORATION

Project Rank	1
PSCR Share	15.07%
Date of Incorporation	1979
Basis of Accounting	Accrual
2016 Peak Demand (kW)	293,406*

I. General

The Delaware Municipal Electric Corporation ("DEMEC") is a public corporation constituted as a joint action agency and a wholesale electric utility that represents nine municipal electric distribution utilities located in the State of Delaware. The creation of DEMEC was made possible by an act of the Delaware General Assembly on June 6, 1978, and the entity was incorporated on July 12, 1979. The members of DEMEC include all the major municipalities in Delaware except Wilmington. The DEMEC members are: Newark, New Castle, Middletown, Dover, Smyrna, Seaford, Lewes, Clayton and Milford.

The mission of DEMEC is to advance the principles of public power community ownership and provide competitive, reliable energy supply and services to its members' stakeholders and customers. The nine DEMEC member utilities combined serve about 69,000 end-use meters and a population of about 129,000, with a combined peak demand of 465.6 MW in 2016. The DEMEC member distribution systems vary in size and character. The largest is Dover, with 23,380 meters, while the smallest, Clayton, has only 1,350 meters. Over the past ten years, all of the member systems have experienced annual growth rates well above the national average. The members are primarily distribution utilities, but Dover owns some generation assets. Dover's total peak demand was 170.7 MW in 2016 and its generating capacity was about 181 MW. Eight of the nine members receive 100% of their power requirements from DEMEC ("Full Requirements Members" or "FRMs") and the other member, Dover, receives partial requirements service ("Partial Requirements Member"). DEMEC supplies these requirements from a portfolio of owned generation assets and bilateral contracts with third-party suppliers, and through participation in the PJM regional markets. In addition to power supply, DEMEC provides legal and technical consulting services to its members, as well as representation in the federal and regional arenas regarding electric industry regulation and operation. DEMEC provides its members with the benefits of joint and combined buying power. DEMEC also assists member utilities in customer retention, economic development, customer education, capital finance, system improvements and technical information sharing efforts for improved operating efficiency in their individual systems.

* The 2016 coincidental peak of DEMEC's eight Full Requirements Members ("FRMs")

Statutory Authority

DEMEC was created under Title 22, Chapter 13 of the Delaware Code (the "Enabling Act") that authorizes Delaware municipalities, which own or operate electric utility systems, by joint action, to form "municipal electric companies" to effect joint development of electric energy resources or production, distribution and transmission of electric power and energy in whole or in part for the benefit of the contracting municipalities. Such electric companies constitute political subdivisions of Delaware, having the duties, privileges, immunities, rights, liabilities and disabilities of a body politic and corporate but do not have taxing power. The general powers of such an electric company include the powers to incur debt, exercise the power of eminent domain and fix and charge rates for its services.

The Enabling Act also specifically authorizes DEMEC and its members to enter into "take or pay" power purchase agreements, to "step-up" their purchase obligations and to pay such obligations as operating expenses of their electric systems.

Organization and Governance

DEMEC is governed by a nine-member Board of Directors with one director from each of the nine member municipal electric utilities and nine alternate directors currently appointed. Each member has one vote. Additional votes are divided among the members that have entered into power purchase contracts and calculated according to the member's committed minimum annual power purchase. Additional votes may be fractional and will be adjusted from time to time as the membership changes or power purchase contracts change. The responsibility for day-to-day operations of DEMEC resides with a President and Chief Executive Officer appointed by the Board. The President and CEO direct the efforts of the staff members and manages various contractual relationships in place to meet the service requirements of the members.

The members of DEMEC have a preferential right to purchase all electric capacity and energy generated by, contracted for or owned by DEMEC. The amount of electric capacity and energy entitled to each member is computed in accordance with plans or formulae adopted by two-thirds of the total authorized vote. Any Delaware municipality may join DEMEC if its governing body authorizes membership and a majority of the DEMEC Board of Directors approves its admission. Membership in DEMEC may be terminated by any municipality acting through its governing body by providing DEMEC with one year's written notice, but, under the terms of the contracts between DEMEC and the FRMs, such contract shall terminate only upon the expiration of any forward contract or contracts for capacity and energy between DEMEC and a third party that are in effect on the date such written notice is received. The contracts between DEMEC and the FRMs specifically provide that the AFEC Power Sales Contract between AMP and its Members shall be considered a forward contract for capacity and energy.

FRMs Energy Requirements and Peak Demand

For the year ended December 31, 2016, the FRMs' total energy requirements amounted to approximately 1,360 GWh. See the table below for each FRM's energy requirements from fiscal year 2013 through 2016.

Full Requirements Members
Annual Energy Requirements
For Fiscal Years 2013-2016*
(GWh)

Participant	2013	2014	2015	2016	2016 % of Total Requirements
Newark	435.3	439.6	457.8	453.5	33.4%
Middletown	219.2	233.1	252.2	253.0	18.6%
Milford	223.9	228.7	233.6	229.3	16.9%
Seaford	121.2	121.0	123.0	120.7	8.9%
Smyrna	109.2	109.0	113.8	116.4	8.6%
Lewes*	81.7	83.5	84.9	82.7	6.1%
New Castle	83.4	82.6	82.5	82.8	6.1%
Clayton	18.2	18.7	20.4	21.0	1.5%
Totals	1,292.1	1,316.2	1,368.0	1,359.4	100.0%
Annual Growth	4.9%	1.9%	3.9%	-0.6%	

Source: DEMEC

*Lewes became a FRM 6/1/2012

For the fiscal year ended December 31, 2016, the FRMs' coincidental peak demand amounted to approximately 293.4 MW. For the ten years ended December 31, 2016, the FRMs' coincidental peak demand grew at an average annual rate of 1.05%, which is higher than the national average. For the next three years (2017-2019), DEMEC projects that the FRM's coincidental peak demand will grow at an average annual rate of 0.5%.

FRMs' Ten Largest Customers for Fiscal Year 2016

The ten largest customers of DEMEC's Full Requirements Members represent approximately 28.7% of the total revenues of the DEMEC members. A majority of the customers listed below have been customers of the FRMs for 30 years or more. The largest customers in 2016 were as follows:

Name	Member	Industry	2016 Energy Sales (MWh)	% of Total DEMEC Sales to Members
University of Delaware	Newark	Education	163,082	12.0%
Johnson Controls	Middletown	Manufacturing	46,835	3.4%
Milford Memorial Hospital	Milford	Health Care	34,816	2.6%
Perdue Farms	Milford	Food	32,606	2.4%
Amazon	Middletown	Industrial	29,207	2.1%
Dow (formerly Rohm & Haas)	Newark	Manufacturing	27,574	2.0%
Beebe Medical Center	Lewes	Health Care	15,847	1.2%
Wal-Mart Distribution Center	Smyrna	Commercial	31,882	1.0%
US Cold Storage	Milford	Warehousing	13,687	1.0%
Nanticoke Memorial Hospital	Seaford	Health Care	12,327	0.9%

Source: Delaware Municipal Electric Corporation

The FRMs' retail customers are diverse, with modest and stable industrial customer class concentration. In 2016, 42.4% of the FRMs' revenues were derived from industrial users, with approximately 36.5% of revenues from residential users and 21.1% from commercial users.

Power Supply - General

DEMEC strives to manage its power supply portfolio in order to create a reliable, stable and economic wholesale power system for its members. DEMEC provides power to its members through short, medium and long term forward purchase contracts, spot purchases and generation of power through a diverse fleet of generating assets.

Power Resources

Purchased power is provided primarily by independent power producers and power marketers. DEMEC utilizes a third party service provider, ACES Power Marketing, to efficiently manage contracts and credit exposure, evaluate counterparties and execute short and intermediate transactions. DEMEC currently sources power from eighteen diverse and creditworthy entities capable of providing dependable physical supply resources. In 2016, DEMEC met approximately 49% of its load obligation with owned generation and self-supply resources. 19% of the load obligation was obtained through forward purchase contracts of at least three years, 6% was met through two-year forward purchase contracts, and 26% was obtained through forward purchase contracts of one year or less.

DEMEC's fleet of generation assets is made up of the following:

- The Warren F. "Sam" Beasley Power Station (the "Beasley Power Station"). The Beasley Power Station was designed to accommodate two simple-cycle combustion turbine generation units fired

primarily by natural gas with a liquid fuel back up capability and supporting equipment. The first unit, a General Electric LM6000PC combustion turbine and generator producing 45 MW nameplate of capacity, was commissioned in 2002. In 2011, DEMEC determined to install a second General Electric LM6000PC combustion turbine unit capable of producing 45 MW nameplate of capacity at the Beasley Power Station. This second unit was commissioned on June 7, 2012. The units at the Beasley Power Station were designed to operate during periods of high electric demand to provide DEMEC members with economic power supply during peak periods when the market price of electricity is very high.

- AFEC. DEMEC has the largest PSCR Share of the AMP Entitlement in AFEC.

- The Laurel Hill Wind Farm ("Laurel Hill"). Laurel Hill is a 69MW nameplate wind generation facility located in Lycoming County, Pennsylvania. The facility is made up of 30 Siemens wind turbines, each capable of generating 2.3 MW. The facility is owned and operated by Duke Energy Renewables under contract to DEMEC. DEMEC receives 100% of the energy and renewable attributes from the facility for 25 years. Laurel Hill achieved commercial operation in September 2012.

- The Milford Solar Generating Station ("Milford Solar"). Milford Solar is a 13 MW utility-scale solar facility, located in Milford, Delaware. It is the state's largest solar power generator. The 80-acre generating station uses approximately 62,000 crystalline-silicon solar panels to generate 13MWac. The facility is owned and operated by PSEG Solar under contract to DEMEC. DEMEC receives 100% of the energy and a schedule of environmental attributes from the facility for 20 years.

Wholesale Rates

DEMEC sets its wholesale rates for services, and its rates are not subject to review by the Delaware Public Service Commission or any other Delaware authority. DEMEC staff and the Board review rates annually and adjust rates when appropriate, consistent with the provisions of the full requirements contracts and its power sales contracts. The Board sets an annual wholesale billing rate to the FRMs based on a full requirements power supply budget and a generation operations and maintenance budget proposed by staff. The wholesale billing rate is set at an amount sufficient to recover operations and maintenance costs, debt service costs, and all administrative costs for the budget year. DEMEC bills the FRMs at the approved billing rate for all MWh delivered to their systems on a monthly basis. The monthly billing rate is reviewed on a monthly basis by the Board to assure that all costs are being recovered. The DEMEC Board may change wholesale rates to its FRMs monthly at its discretion if required due to changes in the wholesale market costs and/or PJM market costs. At the end of each budget year, a true-up is performed between amounts collected under the annual billing rate and the actual cost of providing full requirements service for that year. Any resulting over-collection is either distributed to FRMs based on their pro-rata billed consumption or rolled into the annual billing rate for the following budget year. DEMEC, pursuant to its current billing policy with its members, can also issue an interim bill to access liquidity on three days' notice.

The chart below shows the recent annual DEMEC rates.

Fiscal Year	$/MWh
2016	$80.84
2015	82.72
2014	83.38
2013	80.53
2012	85.54
2011	92.44
2010	93.17

FRMs' Retail Rates

The retail rates of each of the eight FRMs are set by its city or town council or an electric board or commission. The Delaware municipal electric utilities are not subject to Delaware Public Service Commission regulation in any way. Retail rates of the FRMs contain a Purchased Power Adjustment Clause that allows retail rates to be changed monthly to adjust to a change in the cost of wholesale power supply due to market conditions. The FRMs' retail rates are generally competitive with the local investor-owned utility and the region.

Risk Management

DEMEC manages its power supply risk through guidelines in its Risk Management and Trading Authority Policy, most recently revised on April 19, 2016. As part of its risk management policies, DEMEC contracts with counterparties that have a current credit rating of "BBB" or better and who post collateral consistent with anticipated default limits agreed to by both DEMEC and the counterparty. DEMEC establishes credit limits for each of its counterparties and as a matter of practice reviews mark to market exposures on a daily basis. As part of its risk management strategy, DEMEC uses a diversity of suppliers (currently 23) and maintains staggered terms for power purchases, from one month to up to thirty years, in order to moderate the effects of short- or long-term price fluctuations. DEMEC's price certainty goal is to achieve 95% price certainty for three years forward. DEMEC has established - credit facilities of $30 million to meet its potential collateral posting requirements.

Historical Consolidated Operating Results

The following table presents certain financial data respecting DEMEC for the fiscal years shown on an accrual basis.

	DEMEC ($000)		
	2014	**2015**	**2016**
Total Revenue	166,192	163,966	153,695
Cost of Revenue			
Power Purchase	108,008	90,022	71,614
Ancillary Services	2,484	1,599	1,344
Capacity	20,907	27,948	29,723
RPS Compliance	2,287	2,265	2,405
Transmission	8,107	9,414	8,164
Plant fuel costs	3,487	1,944	2,938
O&M Expense	1,455	1,922	2,344
Total Cost of Revenue	146,735	135,114	118,532
Gross Profit from Revenue	19,457	28,852	35,163
General and Administrative Expenses	2,925	2,897	3,017
Operating Income	16,532	25,954	32,147
Net Non-Operating Revenue	(2,646)	(2,929)	(2,432)
Net Income	13,886	23,025	29,714
Revenue Debt Service	4,324	4,322	4,611
Net Assets 1/1	(11,190)	(8,342)	6,962
Distribution to Members	(11,038)	(7,720)	(7,935)
Net Assets 12/31	(8,342)	6,962	28,741
Year End Balance			
Revenue Bonds	58,035	56,256	54,488

Outstanding Debt

As of December 31, 2016, long-term debt consisted primarily of DEMEC's $50,775,000 Electric Revenue Bonds, Series 2011 (the "DEMEC 2011 Bonds") and DEMEC's $3,713,196 2015 Electric Revenue Bonds described below. Proceeds of the DEMEC 2011 Bonds (i) were used to refund all of DEMEC's Series 2001 Bonds and 2008-A Bonds and (ii) were used to pay the costs of a second combustion turbine and related faculties for installation in DEMEC's Beasley Power Station. Proceeds of the 2015 Bonds were used to refund all of DEMEC's fixed rate Electric Revenue Bond, Series 2008-B (the "2008-B Bond"), which was issued in the aggregate principal amount of $7,000,000 in 2008 to finance a new electric substation and improvements to the existing substation in New Castle, Delaware. The 2015 Bond is a special and limited obligation of DEMEC, payable solely from the amounts received from the Municipal Services Commission for the City of New Castle, Delaware.

Other long-term debt outstanding as of December 31, 2016 includes a loan payable to the Delaware Sustainable Energy Utility ("SEU"), which was issued in the amount of $378,149 in 2015 to finance an

LED Streetlight Project on behalf of the City of Newark, Delaware ("Newark"). The 2015 loan represents a special and limited obligation of DEMEC, payable solely from the amounts received from Newark.

II. DEMEC Participation in AFEC

DEMEC is the largest participant in AFEC with a 15.07% share of the AMP Entitlement to AFEC (approximately 70MW). DEMEC has full requirement contracts with its eight FRMs that were each amended in the spring of 2012 to add take-or-pay and step-up provisions for the FRMs' shares, which total 100% of DEMEC's share of AFEC. The allocation of DEMEC's PSCR Share of the AMP Entitlement to AFEC among the FRMs is as follows (Dover, a Partial Requirements Member, is not participating):

Full Requirements Member	% Share of DEMEC's AFEC Share
City of Newark	35.6%
City of Milford	17.9
Town of Middletown	13.3
City of Seaford	9.7
Town of Smyrna	8.7
City of New Castle	6.8
City of Lewes	6.6
Town of Clayton	1.4
	100.0%

DEMEC's take-or-pay obligation under the AFEC Power Sales Contract is payable by its terms as an operating expense of DEMEC's Electric System. The FRMs' take-or-pay obligations under the full requirements contracts with DEMEC are payable by their terms as an operating expense of their respective electric systems.

While DEMEC as a Participant under the AFEC Power Sales Contract has a step up obligation (limited to 25% of its PSCR Share) in respect of a defaulting Participant or Participants and the DEMEC Full Requirements Members have step up obligations (limited to 25% of such FRMs' respective shares of DEMEC's AFEC Share) in the event of default by one or more of the DEMEC Full Requirements Members, the FRMs have no express contractual step up obligation for the default of a participant under the AFEC Power Sales Contract. In the event that DEMEC were to have a step up obligation under the AFEC Power Sales Contract and the additional power and energy added to DEMEC's other power resources were in excess of the total requirements of the Full Requirements Members, DEMEC would expect to sell or terminate other power resources such that DEMEC's total power resources were aligned with the total requirements of Full Requirements Members.

Newark's share of DEMEC's AFEC PSCR Share amounts to a 5.36% share (approximately 24.92 MW) of the total AMP Entitlement to the output of AFEC. Were Newark a direct Participant under the AFEC Power Sales Contract, Newark would rank between Hamilton (5.69%) and Cuyahoga Falls (4.98%) on the list of Large Participants.

Accordingly, a brief description of Newark and its electric system is set forth below.

City of Newark

Location, Population and Government:

The City of Newark is comprised of an area of 9.3 square miles within New Castle County just east of the Maryland-Delaware border.

Newark has a Council-City Manager form of government with a non-partisan elected Mayor and six members of Council. The Council members are elected from separate districts for staggered two-year terms. The City Council has responsibility for all legislative matters, including the enactment of all ordinances and resolutions. Administrative responsibilities are vested in a City Manager, who is charged with overseeing the day-to-day operations of the municipal government. Major public services include general administration, police protection, parks and recreation, land use, building code enforcement, sewer, water, and electric utilities, refuse collection, residential street repair, snow removal, parking, judiciary, parks and recreation, street and storm water maintenance and improvements.

Policy is formulated by the City Council and Mayor, with input from the professional staff, as well as resident volunteers who serve on Newark's 16 boards, committees and authorities. The table below sets forth historical population figures for Newark since 1990.

Year	Population
1990	25,098
2000	28,547
2010	31,454

Source: U.S. Census Bureau

Economic Base:

Newark is one of Delaware's principal economic, industrial and academic centers. The main campus of the University of Delaware is located within the City. The University is a leading scientific and research institution with a special focus on bio-technology, chemical engineering and composite materials. Approximately 23,000 full and part-time undergraduate and graduate students attend the University in Newark.

Newark's largest manufacturer had been the East Coast assembly plant for the Chrysler Corporation, which produced a line of sport utility vehicles. However, Chrysler closed the plant in 2008 due to the well-publicized financial difficulties that crippled US auto makers at the time. The plant site has since been purchased by the University of Delaware, which has extensive plans for development of the site as a science and technology center in connection with Thomas Jefferson University, Christiana Care and Nemours through the Delaware Health Sciences Alliance (DHSA), the U.S. Army's Aberdeen Proving Grounds, Bloom Energy, E.I. DuPont de Nemours and Company (agricultural research), Dow Chemical (silicone wafer polishing compounds), Gore (Gore-Tex), FMC (biopolymers) and other major international firms maintain large facilities in and around the City.

Electric System:

Newark's electric system supplies electric power to approximately 12,700 residential, commercial and industrial customers. Newark purchases wholesale electricity from DEMEC under a long-term, full

requirements supply contract and distributes this power through its own distribution system. Newark's electric utility includes nine power substations and a distribution system with approximately 175 miles of lines.

Below is a list of the top 10 users of electricity for Newark in calendar year 2016.

Electric User	Business Type	Annual Energy Consumption (kWh)
University of Delaware	Higher Education	165,418,382
Rohm & Haas	Manufacturing	27,573,784
Power Systems Composites	Research and Development	11,249,616
A&P Food Stores	Retail – Groceries	6,151,800
E I Dupont De Nemours	Chemicals and Synthetics	5,650,680
Fraunhofer USA, Inc	Biotechnology Research	4,260,960
CHF – Del LLC	Rental Apartments	3,847,377
Christina School District	Public Education	3,587,262
Quest Pharmaceutical Services	Pharmaceutical Research	3,398,480
BPG Hotel Partners, IV	Hospitality	2,912,880
Total		**234,051,221**

Source: City of Newark.

The following table presents certain financial data respecting the City's Electric System for the fiscal years shown on an accrual basis. The presentation is generally consistent with the flow of revenues of the electric system.

Newark, Delaware
($000)

Revenue	2014	2015	2016
Power Sales	50,110	52,797	52,737
Other Income	376	225	465
Total Revenue	50,486	53,022	53,202
Operating Expense*			
Power Costs	34,492	35,737	35,141
O&M Expense	3,905	4,644	4,230
Total Operating Expense	38,397	40,382	39,371
Net Revenue Available for Debt Service	12,089	12,641	13,832
General Obligation Debt Service	-	-	-
Interest Expense	125	115	104
Depreciation	1,225	1,271	1,279
Net Non-Operating Revenue	230	188	86
Net Transfers	(9,945)	(10,016)	(10,016)
Net Assets 1/1	21,945	21,191#	22,619
Net Assets 12/31	22,968	22,619	25,137

*Excluding Depreciation.
**As Restated 1/1/2015.

CLEVELAND, OHIO

PSCR Rank	2
PSCR Percentage	12.92%
Municipality Established	1796
Electric System Established	1906
County	Cuyahoga
Basis of Accounting	Accrual
2016 Peak Demand (kW)	311,082

Location, Population and Government: The City of Cleveland is located in the northeast quadrant of Ohio on Lake Erie. The City operates under and is governed by the Charter, which was first adopted by the voters in 1913 and has been and may be further amended by the voters from time to time. The City is also subject to certain general State laws that are applicable to all cities in the State. In addition, under Article XVIII, Section 3, of the Ohio Constitution, the City may exercise all powers of local self-government and may exercise police powers to the extent not in conflict with applicable general State laws. The Charter provides for a mayor-council form of government.

Legislative authority is vested in a 17-member Council. The terms of Council members and the Mayor are four years. All Council members are elected from wards. The present terms of the Mayor and Council members expire in January 2018. The table below set forth historical population figures for Cleveland since 1990.

YEAR	POPULATION
1990	505,616
2000	478,403
2010	396,815

Source: U.S. Bureau of Census 1990-2010

Economic Base: Cleveland's economy is based on a mix of industrial and commercial development. The City's major industries include health care, retail sales, hospitality, dairy products and light industrials. The following table provides a summary of certain economic indicators for the City of Cleveland.

BUILDING PERMITS

2013	2014	2015	2016
$181,110,000	$166,310,000	$99,592,000	$115,901,000

Source: Cuyahoga County Budget Commission

ASSESSED VALUATION ($000)

2013	2014	2015	2016
$4,899,952	$4,948,569	$4,589,532	$4,628,326

Source: Ohio Municipal Advisory Council website

UNEMPLOYMENT

2013	2014	2015	2016
8.8%	7.8%	6.3%	7.6%

Source: Ohio Labor Market Information, http://lmi.state.oh.us/ for 2013; City of Cleveland for 2014-2016

MEDIAN FAMILY INCOME

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

Source: U.S. Bureau of Census

Electric System. Cleveland's Department of Public Utilities operates the Division of Cleveland Public Power ("Cleveland Public Power") for the purpose of supplying electric energy to customers located primarily in Cleveland. Under the Constitution of the State and the Charter of Cleveland, Cleveland has authority to own, operate and regulate Cleveland Public Power, and in connection therewith, to acquire property, construct facilities, provide electric energy throughout the service area and perform other necessary functions to operate and maintain Cleveland Public Power. Cleveland Public Power's electric rates are fixed by the Board of Control subject to the approval of City Council. The Board of Control consists of the Mayor and 12 directors of Cleveland's departments.

The Cleveland Public Power system is located within the service area of the Cleveland Electric Illuminating Company ("CEI"), an operating company of First Energy Corp. In 2016, Cleveland Public Power purchased approximately 95% of its power from AMP based on kWh. Cleveland utility owns and maintains 50 miles of transmission and 900 miles of distribution lines and has 33 distribution substations. Cleveland owns three 16.2 MW combustion turbine units and leases six 1.825 MW diesel generators, all of which are used for peak load and emergency purposes. City of Cleveland municipal customers accounted for 17.45% of Cleveland Public Power's revenue in 2016.

In the early 1990s Cleveland Public Power initiated a system expansion program that included the construction of over 30 miles of 138-kV transmission lines, six new distribution substations, and a new 138-kV interconnection with CEI. This program increased Cleveland Public Power's geographical coverage of Cleveland from about 35% to approximately 60% and added over 26,000 new customers.

In addition to the power it purchased from AMP in 2016, Cleveland Public Power obtained its remaining power and energy requirements (approximately 5%) through short- and long-term agreements with various regional utilities and other power suppliers for power delivered through CEI interconnections, from Cleveland Public Power's three combustion turbine generating units and various arrangements for the exchange of short-term power and energy.

Unlike other Participants, Cleveland Public Power competes head-to-head for customers with CEI. Because of the overlapping service areas of Cleveland Public Power and CEI, Cleveland Public Power's potential customers are either new customers for electric service or existing customers of CEI. Accordingly, Cleveland Public Power's ability to attract new customers is heavily dependent on its ability to compete directly with CEI based on rates, system reliability, power restoration times, and customer service. Head-to-head competition with CEI for existing large commercial and industrial customers services by CEI or Cleveland Public Power generally occurs at the time those customers' contractual arrangements expire.

Recent additions to Cleveland Public Power's large commercial and industrial customer base include the East Bank of the Flats Development, Haus Malts LLC and, most recently, Drury Cleveland LLC and Landmark Aviation. Cleveland Public Power believes that it has been successful in competing head-to-head with CEI for large commercial and industrial customer accounts within Cleveland Public Power's service area because of better customer service and increased reliability of its service.

Cleveland Public Power's rates have historically been lower than CEI's rates. Cleveland Public Power places great emphasis on reliability and customer service. In terms of service restoration after storms, Cleveland Public Power's customer service program and response time to customer inquiries are superior to those of CEI. Based on comparative information developed by Cleveland Public Power, Cleveland Public Power's average time to reconnect customers following power outages is substantially below that of CEI.

Participation in Projects. Cleveland Public Power is the second largest Participant in the Project, obligated under the Power Sales Contract to purchase from AMP a 12.92% Project Share (approximately 60.0 MW). In addition to the Project, Cleveland Public Power is a participant in the following projects described in the body of the Official Statement under the heading "AMERICAN MUNICIPAL POWER, INC. –

OTHER PROJECTS" (see the descriptions thereof for detail relating the indebtedness relating to such projects and the obligations of the participants under the related power sales contract)::

Project	Cleveland Public Power Share[(1)]
Combined Hydroelectric Projects	16.83% (approximately 35.00 MW)
Prairie State Energy Campus	6.76% (approximately 24.88 MW)
Meldahl Hydroelectric Project	8.57% (approximately 9.00 MW)
Greenup Hydroelectric Project	17.60% (approximately 6.00 MW)

(1) In each case, the share relates to the AMP's entitlement to project output.

In 2016, Cleveland electric system served 71,905 residential, commercial and industrial customers. In addition to Cleveland municipal customers accounting for 17.45% of Cleveland Public Power's revenue, the following table lists Cleveland's five largest customers by energy purchased in 2016 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (2016)	% of Total System Revenues
1. The Medical Center Co.	Consortium of Various Facilities	244,583,980	9.26
2. Cargill, Inc	Salt Mining	30,766,708	1.83
3. NEORSD – Easterly	Sewage Facility	26,062,448	1.25
4. Cleveland Browns Stadium	Professional Football	18,523,536	1.19
5. Cleveland Thermal-Lakeside Ave.	Commercial Heating and Air Conditioning	16,198,061	.99

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

Cleveland
($000)

	2014	2015*	2016
Revenue			
Power Sales	181,843	192,861	192,967
Other Income	37	73	246
Total Revenue	181,880	192,934	193,213
Operating Expense**			
Power Costs	115,923	123,799	124,909
O&M Expense	38,192	42,351	41,682
Total Operating Expense	154,115	166,150	166,591
Net Revenue Available for Debt Service	27,765	26,784	26,622
Revenue Debt Service	18,844	17,910	17,914
Depreciation	18,354	18,511	18,319
Net Non-Operating Revenue (Excl. Interest Exp.)	3,899	1,155	6,566
Net Transfers	-	-	-
Net Assets 1/1	208,402	198,384	197,277
Net Assets 12/31	212,390	197,277	197,764
Year End Balance			
Revenue Bonds	229,773	222,273	210,958

* In 2015, CPP adopted GASB 68 resulting in a restatement of net position at 12/31/14.
** Excluding depreciation.

On October 30, 2014, Cleveland issued $76,885,000 Public Power System Taxable Revenue Refunding Bonds, Series 2014, to refund $68,745,000 of outstanding Public Power System Bonds.

On December 14, 2016, Cleveland issued $42,025,000 of Public Power System Revenue Refunding Bonds, Series 2016, to refund $45,285,000 of outstanding Public Power System Refunding Bonds, Series 2006A-1.

DANVILLE, VIRGINIA

PSCR Rank	3
PSCR Share	8.03%
Municipality Established	1793
Electric System Established	1886
County	N/A
Basis of Accounting	Accrual
2016 Peak Demand (kW)	217,835

Location, Population and Government: The City of Danville, Virginia is located in the south central region of Virginia near the North Carolina state line, surrounded by Pittsylvania County (Virginia cities and counties are mutually exclusive and do not overlap). The City has a Council-Manager form of government. The Council is comprised of nine persons, elected at-large for four-year staggered terms. The City Council elects a Mayor and a Vice-Mayor from its membership and these officials serve two year terms. The table below sets forth historical population figures for Danville since 1990.

YEAR	POPULATION
1990	53,056
2000	48,411
2010	43,055

Source: U.S. Bureau of Census 1990-2010

Economic Base: Danville's economy is based on a mix of industrial and commercial development. The City's major industries include retail sales, auto aftermarket supply, wood products and by-products and light industrials.

The following table provides a summary of certain economic indicators for the City of Danville:

BUILDING PERMITS

2013	2014	2015	2016
$45,793,991	$36,033,950	$49,652,233	$53,620,006

Source: City of Danville

ASSESSED VALUATION ($000)

2013	2014	2015	2016
$2,675,917	$2,689,712	$2,692,401	$2,710,763

Source: City of Danville

UNEMPLOYMENT

2013	2014	2015	2016
9.5%	8.7%	7.3%	4.7%

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

MEDIAN FAMILY INCOME

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

Source: U.S. Bureau of Census

Electric System: Authority over the Danville Electric System is vested in the City of Danville. The Power & Light Director, who reports to the Utilities Director, manages the Electric System. The Electric System serves a community covering approximately 500 square miles, which includes the City of Danville, and portions of Pittsylvania County, Henry County, and Halifax County. Danville exercises its right to serve exclusively within its service territory. There are a few commercial and industrial customers within the service territory that are served by American Electric Power ("*AEP*"). AEP has served these customers since 1970.

Since 2007, Danville has purchased the majority of its power from AMP. The City utility owns and maintains 118 miles of transmission and distribution lines and has 17 substations. The City of Danville owns and operates a three-unit hydroelectric generating plant with a maximum capacity of 10.5 MW and a 750 kW unit at the Talbott Dam site. The City utility also has two generators, a 200 kW back-up diesel generator at its water treatment plant and a 150 kW mobile generator for the pump stations. In fiscal year 2016, the Danville electric system employed 100 people.

Participation in Projects. Danville is the third largest Participant in the Project, obligated under the Power Sales Contract to purchase from AMP a 8.03% Project Share (approximately 37.3 MW). In addition to the Project, Danville is a participant in the following projects described in the body of the Official Statement under the heading "AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS" (see the descriptions thereof for detail relating the indebtedness relating to such projects and the obligations of the participants under the related power sales contract)::

Project	Danville Share[(1)]
Combined Hydroelectric Projects	10.62% (approximately 22.08 MW)
Prairie State Energy Campus	13.52% (approximately 49.76 MW)
Meldahl Hydroelectric Project	4.80% (approximately 5.04 MW)
Greenup Hydroelectric Project	9.67% (approximately 3.30 MW)

(1) In each case, the share relates to the AMP's entitlement to project output.

In 2016, the Danville Electric System served 42,023 customers. (As of February 2008, Danville changed its definition of customer count to reflect the consolidation of meters under one payor and such change is reflected in Section IV of this Appendix B). The following table lists the City's five largest customers by energy purchased in 2016 and as a percentage of total system revenues during that year.

1.	Intertape	Tape Manufacturing	55,760,400	4.50%
2.	Nestle	Food Manufacturing	28,080,000	2.60%
3.	Swedwood	Furniture Manufacturing	23,625,482	2.07%
4.	Danville Regional	Health Care	22,240,800	1.67%
5.	Essel Propack	Tube Manufacturing	13,997,064	1.00%

In 2016 the electric system also provided the City of Danville with 23,991,282 kWh for general municipal purposes.

The following table presents certain financial data respecting the City's Electric System for the fiscal years shown on an accrual basis. The presentation is generally consistent with the flow of revenues of the Electric System.

	Danville ($000) 2014	2015	2016
Revenue			
Power Sales	125,670	116,039	109,239
Other Income	-	-	-
Total Revenue	125,670	116,039	109,239
Operating Expense*			
Purchased Power Costs	92,407	84,079	81,847
O&M Expense	12,920	11,891	10,500
Total Operating Expense	105,327	95,970	92,347
Net Revenue Available for Debt Service	20,343	20,069	16,892
General Obligation Debt Service	3,554(1)	1,386(2)	2,830(4)
Depreciation	7,354	7,867	7,687
Net Non-Operating Revenue (Excl. Interest Exp.)	2,592	1,807	2,843
Net Transfers	(9,897)	(9,897)	(9,897)
Net Assets 7/1	168,171	185,030(3)	188,483
Net Assets 6/30	180,052	188,483	190,042
Year End Balance			
General Obligation Bonds	38,608(1)	42,385(2)	43,022(4)

* Excluding Depreciation.

(1) The City of Danville issued $2.275 million in GO Bonds to fund capital expenditures to its Electric System in fiscal year 2013-2014.

(2) The City of Danville issued $8,632,000 in GO Bonds. $2,953,000 of new debt was issued to fund various capital expenditures and $5,679,000 of existing debt was refunded.

(3) For FY 2015, the City adopted GASB 68. The adoption of the new accounting standard resulted in a restatement of net position at 7/1//2014.

(4) On August 24, 2016, Danville issued $19.83 million in general obligation bonds to fund various capital improvements, refund certain outstanding bonds and to pay the cost of issuing such bonds.

HAMILTON, OHIO

PSCR Rank	4
PSCR Share	5.69%
Municipality Established	1791
Electric System Established	1893
County	Butler
Basis of Accounting	Accrual
2016 Peak Demand (kW)	132,593

Location, Population and Government: The City of Hamilton is a charter city located in Butler County, approximately 25 miles northwest of Cincinnati, in the southwest quadrant of the state, with a City Manager form of government. A Mayor, who is elected to a 4-year term, and a city council of six members, which includes a Vice-Mayor, govern the City. The six council members are elected at-large for four-year terms. The table below sets forth historical population figures for Hamilton since 1990.

YEAR	POPULATION
1990	61,368
2000	60,690
2010	62,477
2015	62,407

Source: U.S. Bureau of Census

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

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

BUILDING PERMITS

2013	2014	2015	2016
$15,536,585	$23,700,000	$25,472,000	$25,230,640

Source: City of Hamilton

ASSESSED VALUATION

2013	2014	2015	2016
$810,566,220	$758,138,028	$752,415,568	$749,667,848

Source: City of Hamilton

UNEMPLOYMENT

2013	2014	2015	2016
8.7%	6.2%	5.1%	4.9%

Source: Ohio Labor Market Information, http://lmi.state.oh.us/ for 2013-2016

MEDIAN FAMILY INCOME

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

Source: U.S. Bureau of Census

Electric System: The Electric System is headed by the Director of Utility Operations who reports directly to the Executive Director of Infrastructure. The Electric System has approximately 95 full time employees. Certain administrative functions such as finance, legal and billing are shared by the Electric System and other City departments. The Electric System operates thermal, hydroelectric, and combustion turbine generation facilities and supplemental resources. Operation of the Electric System's transmission and distribution facilities and the generation facilities is under the direction of the Director of Utility Operations.

The Electric System has a diverse power supply portfolio with a mix of coal, natural gas, diesel and hydroelectric generation and is capable of providing for all of its capacity and energy needs. The thermal and natural gas generating facilities located at the Hamilton Power Plant have an aggregate summer capability of approximately 115 MW. The City is also in involved in OMEGA JV2. The City also owns a 51.4% undivided ownership interest in the Greenup Hydroelectric Facility. The City's license granted by FERC to operate the Greenup Hydroelectric Plant expires in 2026. The City also operates the Hamilton Hydro Plant, also a run-of-the-river hydroelectric facility, with a capacity rating of 1.94 MW. The City's license granted by the FERC for operating the Hamilton Hydro Plant expires in 2031. The City has a share of Niagara hydroelectric power as provided in allocation of headwater benefits of 4 MW.

Participation in Projects. Hamilton is the fourth largest Participant in the Project, obligated under the Power Sales Contract to purchase from AMP a 5.69% Project Share (approximately 26.42 MW). In addition to the Project, Hamilton is a participant in the following projects described in the body of the Official Statement under the heading "AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS" (see the descriptions thereof for detail relating the indebtedness relating to such projects and the obligations of the participants under the related power sales contract):

Project	Hamilton Share[(1)]
Meldahl Hydroelectric Project	51.43% (approximately 54.0 MW)
Prairie State Energy Campus	9.51% (approximately 35.00 MW)
OMEGA JV2[(2)]	23.87% (approximately 32.00 MW)

(1) Share relates to the AMP's entitlement to project output.
(2) Share reflects Hamilton's undivided ownership interest.

In 2016, the Hamilton Electric System served 29,273 residential, commercial and industrial customers. The following table lists the City's five largest customers by energy purchased in 2016 and as a percentage of total system revenues during that year

Customer	Type of Business	kWh Purchased (2016)	% of Total System Revenues
1. CyrusOne	Data Center	21,523,600	2.33
2. Fort Hamilton Hospital	Health Care	13,093,500	1.56
3. Interstate Warehousing	Warehouse	10,725,400	1.23
4. Thyssen Krupp Bilstein	Manufacturing	10,189,200	1.21
5. Valeo Climate Control	Manufacturing	9,414,300	1.10

In 2016, the City waste water reclamation facility purchased 5,264,000 kWh representing 0.68% of the total system revenues.

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

Hamilton
($000)

	Restated 2014	2015	2016
Revenue			
Power Sales	61,343	64,506	66,153
Other Income	235	114	167
Total Revenue	61,578	61,578	66,320
Operating Expense*			
Power Costs	29,921	27,474	42,212
O&M Expense	18,699	19,112	19,839
Total Operating Expense	48,620	46,586	62,051
Net Revenue Available for Debt Service	12,958	14,992	4,269
General Obligation Debt Service	-	-	-
Revenue Debt Service	15,104(1)	15,006(2)	2,786
Depreciation	8,485	8,622	8,861
Net Non-Operating Revenue (Excl. Interest Exp.)	481	(482)	(446)
Net Transfers and Special Items	-	16	-
Net Assets 1/1	15,505	7,581(3)	6,157
Net Assets 12/31	13,449	6,157	139,161(4)
Year End Balance			
General Obligation Bonds and Notes	4,000(1)	103,695(2)	-(5)
Revenue Bonds	137,642	30,925(2)	30,112

* Excluding depreciation.

(1) The City renewed $4 million of Electric System General Obligation Bond Anticipation Notes in 2014. This financing was used for capital improvements for the conversion of Unit 8 at the Hamilton Power Plant from coal to natural gas as its fuel source.

(2) In September 2015, the City refunded its $4 million Electric System General Obligation Bond Anticipation Notes and certain of its outstanding Electric System Revenue Refunding Bonds, Series 2002A and 2002B through the issuance of its $103,695,000 Revenue Refunding Notes, Series 2015 (the "*Series 2015 Notes*").

(3) The 2015, the City adopted GASB 68 resulting in a restatement of net position as of December 31, 2014.

(4) In 2016, the City's Electric System sold a 48.6% ownership interest in the Greenup Hydroelectric Facility to AMP and reported such amount as a special item.

(5) In 2016, the City retired the Series 2015 Notes with the proceeds from the sale of a 48.6% ownership interest in the Greenup Hydroelectric Facility to AMP.

CUYAHOGA FALLS, OHIO

PSCR Rank	5
PSCR Percentage	4.98%
Municipality Established	1812
Electric System Established	1888
County	Summit
Basis of Accounting	Accrual
2016 Peak Demand (kW)	107,214

Location, Population and Government: The City of Cuyahoga Falls is a charter city located in Summit County. The City is located north east of Akron and south east of Cleveland and is accessible by major interstates including I-271, I-480, I-80 (Ohio Turnpike), I-76, I-77, and State Route 8. City Council conducts the legislative or law-making business of the City. Cuyahoga Falls is served by a total of 11 Council members, with eight individuals representing eight wards and three at large seats. The City has a strong mayoral form of government, with the Mayor elected by a city wide election. The Mayor serves a 4 year term. The table below sets forth historical population figures for Cuyahoga Falls since 1990.

YEAR	POPULATION
1990	48,950
2000	50,272[(1)]
2010	49,652[(2)]

Source: U.S. Bureau of Census.

(1) Originally reported by the U.S. Census Bureau as 49,374. On July 1, 2002, an appeal was granted by the U.S. Census Bureau. Adjusting the number to that shown above.
(2) Cuyahoga Falls is appealing U.S. Census Bureau 2010 population determination.

Economic Base: Cuyahoga Falls' economy is based on a mix of industrial, commercial and residential development. The City's major industries include various manufacturing facilities including hand cleaners, process additives for the rubber industry, plastic production, as well as the medical care industry.

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

BUILDING PERMITS

2013	2014	2015	2016
$27,827,404	$64,300,191	$33,455,901	$23,393,411

Source: City of Cuyahoga Falls

ASSESSED VALUATION

2013	2014	2015	2016
$959,407,162	$945,616,832	$961,025,562	$964,326,232

Source: City of Cuyahoga Falls

UNEMPLOYMENT

2013	2014	2015	2016
7.0%	5.4%	4.5%	4.6%

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

MEDIAN FAMILY INCOME

1990	2000	2010
$36,740	$52,372	$60,115

Source: U.S. Bureau of Census

Electric System: Cuyahoga Falls purchases all of its power through AMP. The City's Electric System operates two 138KV substations, which interconnect with FirstEnergy and provide Cuyahoga Falls with a peak capacity of 240MW. With 12 distribution substations and over 339 miles of overhead and underground distribution lines, this power is then distributed through over 3,780 transformers to more than 25,371 electric customers. 39 Electric System employees work to maintain the distribution system and provide quick response to emergencies and power outages.

Participation in Projects. Cuyahoga Falls is the fifth largest Participant in the Project, obligated under the Power Sales Contract to purchase from AMP a 4.98% Project Share (approximately 23.12 MW). In addition to the Project, Cuyahoga Falls is a participant in the following projects described in the body of the Official Statement under the heading "AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS" (see the descriptions thereof for detail relating the indebtedness relating to such projects and the obligations of the participants under the related power sales contract):

Project	Cuyahoga Falls Share[(1)]
Prairie State Energy Campus	2.70% (approximately 9.95 MW)
OMEGA JV5	16.67% (approximately 7.00 MW)
OMEGA JV2	7.46%[(2)] (approximately 10.00 MW)
OMEGA JV6	25% (approximately 1.80 MW)
Combustion Turbine Project	18.73% (approximately 26.60 MW)
Combined Hydroelectric Projects	3.51% (approximately 7.29 MW)

(1) In each case, the share relates to the AMP's entitlement to project output, except in the case of the OMEGA joint ventures, in which case the share reflects Cuyahoga Falls' undivided ownership interest.

(2) As a financing participant, Cuyahoga Falls is responsible for 9.52% of debt service.

In 2016 Cuyahoga Falls electric system served approximately 25,371 residential, commercial and industrial customers. The following table lists the City's five largest customers by energy purchased in 2016 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (2016)	% of Total System Revenues
1. GoJo Industries	Hand Cleaners	15,617,200	3.21
3. Pilot Plastics	Plastic Product Industry	11,734,780	2.52
3. Struktol International	Process Additives for Rubber and Plastic Industry	11,244,084	2.52
4. Summa Western Reserve Hospital	Medical Care	10,533,408	2.26
5. Associated Materials	Vinyl Windows and Garage Doors	9,505,539	2.08

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

Cuyahoga Falls
($000)

	2014	2015	2016
Revenue			
Power Sales	42,376	42,008	46,623
Other Income(a)	237	298	427
Total Revenue	46,613	42,306	47,050
Operating Expense*			
Power Costs	26,860	30,146	34,181
O&M Expense	12,437	11,927	10,728
Total Operating Expense	39,297	42,073	44,909
Net Revenue Available for Debt Service	7,316	233	2,141
General Obligation Debt Service	1,031	1,031	1,031
OMEGA JV5 Debt Service [(1)]	1,755	1,413	1,482
OMEGA JV2 Debt Service[(1)]	380	380	380
OMEGA JV6 Debt Service[(1)]	254	169	-
Depreciation	1,563	1,656	1,744
Net Non-Operating Revenue (Excl. Interest Exp.)	(2)	57	19
Net Transfers	77	1,769	1,834
Net Assets 1/1	39,678	39,157[(2)]	39,363
Net Assets 12/31	41,313	39,363	41,451
Year End Balance			
General Obligation Bonds	0	0	0

* Excluding depreciation.

(1) All OMEGA JV debt service is included in Purchased Power and recovered through the City's Power Cost Adjustment. Principal payments are not shown as debt service within Cuyahoga Falls' audits.

(2) The city restated the 2015 beginning balance for the electric fund due to the implementation of GASB No. 68.

NILES, OHIO

Project Rank	6
PSCR Share	4.74%
Municipality Established	1806
Electric System Established	1901
County	Trumbull
Basis of Accounting	Accrual
2016 Peak Demand (kW)	62,563

Location, Population and Government: The City of Niles, a statutory city, is located in Trumbull County, in the north-east quadrant of Ohio, near the Ohio-Pennsylvania border. The City is approximately 8 miles north of Youngstown and 53 miles southeast of Cleveland. The City operates under and is governed by the Mayor-council form of government. Legislative authority is vested in an eight member Council, three of whom are elected at large and four are elected from wards, each for two-year terms. The City's chief executive and administrative officer is the Mayor, who is elected by the voters specifically to that office for a four-year term. The Mayor appoints the directors of the City departments, including the Safety Director and the Service Director. The Mayor may veto any legislation passed by the Council, which veto may be overridden by a 2/3 vote of all Council Members. The table below sets forth historical population figures for Niles since 1990.

YEAR	POPULATION
1990	21,128
2000	20,930
2010	19,266

Source: U.S. Bureau of Census

Recent Developments: On October 7, 2014, the Ohio Auditor of State (the "Auditor of State") placed the City of Niles in fiscal emergency due to deficit fund balances. Specifically, the Auditor of State determined that Niles had deficit fund balances of $487,973 and $61,093 at December 31, 2013 and July 31, 2014, respectively. It should be noted that the City's electric fund was not one of the funds running a deficit and that, pursuant to Section 118.02(C) and Section 5705.14(D) of the Ohio Revised Code, electric utility revenues in the electric fund are not available to be transferred to other funds to remedy deficits therein. This information was filed by AMP with EMMA on October 21, 2014.

Rate History: As with all of Northeast Ohio, the City has experienced many economic challenges during the recent recession. Anticipating the need to change rates to meet challenges brought about by the local economy, the City hired a third party consultant, Utility Financial Solutions (UFS), to conduct a cost of service study. That study was completed in late 2009, but, due to the difficult economic conditions, the City elected to defer action on the study's recommendations at that time. The City then attempted to improve electric fund performance through cost containment in 2009. As part of the cost containment effort, in a period of rising costs, the City made a conscious decision to utilize cash reserves rather than raise rates and drew upon electric fund cash reserves.

The City raised rates during the spring of 2010 for its commercial and industrial customer classes in order to improve electric fund performance and begin to rebuild cash reserves. The electric fund performance improved with the rate changes, but Niles recognized there was still a need to increase rates based on the cost to serve its electric customers.

As a result, in late 2010, the City sought assistance from AMP to serve in an advisory capacity and provide expertise in electric system operations, services which AMP has provided at no cost to the City. The City also asked the consulting firm, UFS, to update the previously completed cost of service study.

UFS completed the update to the cost of service study during 2011. The City enacted the retail rate recommendations of the cost study, effective December 1, 2011. Implementation of the updated study integrated the current Fuel Cost Adjustment (FCA) of $0.06/kW (which will now show $0.00 unless it is necessary for a six month adjustment for increased power costs) with a 6 month rolling average FCA. The FCA was fully implemented on October 7, 2013. Also, in order to mitigate the expected volatility of power costs, AMP offered to assist the City by providing a rate stabilization program in the near term. This program is currently in effect with the City in order to stabilize power costs.

With the implementation of the new rate structure and new FCA, combined with the AMP rate stabilization program, Niles is expected to demonstrate a stronger balance sheet and income statement going forward.

Economic Base: Niles's economy is based on a mix of industrial and commercial development. The City's major industries include both heavy and light industrial manufacturing and a strong presence in retail.

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

BUILDING PERMITS

2013	2014	2015	2016
$18,584,467	$11,404,348	$27,156,545	$26,212,870

Source: City of Niles 2013-2016

ASSESSED VALUATION

2013	2014	2015	2016
$261,249,690	$249,084,027	$249,963,018	$250,028,257

Source: Ohio Municipal Advisory Council: http://www.ohiomac.com

UNEMPLOYMENT

2012	2014	2015	2016
9.3%	7.2 %	6.5%	6.7%

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

MEDIAN FAMILY INCOME

1990	2000	2010
$31,739	$42,704	$48,268

Source: U.S. Bureau of Census

Electric System: Authority over the Niles Electric System is vested in the Mayor. A superintendent, who reports to the mayor, manages the Electric System. The Electric System serves a community covering approximately 8.6 square miles with approximately 285 miles of distribution lines. The City currently purchases all of its electric power from AMP or AMP-sponsored projects, and then distributes the electricity through power lines owned and maintained by the City. Niles is in the FirstEnergy Transmission Service area.

Participation in Projects. Niles is the sixth largest Participant in the Project, obligated under the Power Sales Contract to purchase from AMP a 4.74% Project Share (approximately 22.015 MW). In addition to the Project, Niles is a participant in the following projects described in the body of the Official Statement under the heading "AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS" (see the descriptions thereof for detail relating the indebtedness relating to such projects and the obligations of the participants under the related power sales contract):

Project	Niles Share[(1)]
OMEGA JV5	10.63% (approximately 4.46 MW)
OMEGA JV2*	11.49%[(2)] (approximately 15.40 MW)
Combustion Turbine Project	11.48% (approximately 16.30 MW)
Combined Hydroelectric Projects	0.87% (approximately 1.80 MW)
Meldahl Hydroelectric Project	0.05% (approximately 0.05 MW)
Greenup Hydroelectric Project	1.41% (approximately 0.48 MW)

(1) In each case, the share relates to the AMP's entitlement to project output, except in the case of the OMEGA joint ventures, in which case the share reflects Niles' undivided ownership interest.

(2) As a financing participant, Niles is responsible for 14.65% of debt service.

In 2016, the Niles Electric System served 13,037 residential, commercial and industrial customers. The following table lists the City's five largest customers by energy purchased in 2016 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (2016)	% of Total System Revenues
1. Dinesol Plastics	Plastics	31,331,088	10.51%
2. BRT Extrusions	Manufacturing	11,307,858	2.80
3. Sharon Tube	Manufacturing	4,790,400	1.35
4. Super K Mart	Retail Distribution	3,668,400	1.51
5. West	Telecommunications	3,381,888	4.06

The following table presents certain financial data respecting the City's Electric System for the fiscal years shown, on an accrual basis. The presentation is generally consistent with the flow of revenues of the Electric System (Data presented is the most current available).

	Niles, Ohio ($000) 2014	2015	2016
Revenue			
Power Sales	27,225	29,377	28,720
Other Income	263	-	109
Total Revenue	27,488	29,377	28,829
Operating Expense*			
Power Costs	22,124	21,284	21,198
O&M Expense	3,862	3,744	3,739
Total Operating Expense	25,986	25,028	24,937
Net Revenue/(Loss) Available for Debt Service	1,502	4,349	3,892
OMEGA JV5 Debt Service [(a)]	1,119	901	945
OMEGA JV2 Debt Service [(a)]	586	586	586
Depreciation	565	554	497
Net Non-Operating Income (Excluding Interest Exp.)	(517)	(114)	(376)
Net Transfers	2	-	-
Net Assets 1/1	12,466[(b)]	9,593[(c)]	13,275
Net Assets 12/31	12,886	13,275	16,294

* Excluding Depreciation.

(a) All OMEGA JV debt service is included in Purchased Power and recovered through Niles' Power Cost Adjustment. Principal payments are not shown as debt service within Niles' audits.

(b) The City of Niles was required to restate the balance of the electric fund.

(c) In 2015, the City adopted GASB 68 and GASB 71 requiring a restatement of net position.

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

Participant	County	Area (Sq. Miles)[1]	Population[2]			Property Tax Base Assessed Valuation ($000)[3]			Unemployment Averages[4]			
			1990	2000	2010	2014	2015	2016	2013	2014	2015	2016
DEMEC	N/A[5]	50.1	54,187	62,885	87,785	$6,110,024	$6,233,550	$6,389,701	7.0%	5.7%	4.9%	4.4%
Cleveland, Ohio	Cuyahoga	82.5	505,616	478,403	396,815	4,948,569	4,589,532	4,628,326	8.8	7.9	6.6	6.9
Danville, Virginia	N/A	43.9	53,056	48,411	43,055	2,689,712	2,692,401	2,710,763	9.5	8.7	7.3	4.7
Hamilton, Ohio	Butler	22.1	61,368	60,690	62,477	758,138	752,416	749,668	8.7	6.2	5.1	4.9
Cuyahoga Falls, Ohio	Wayne	25.8	48,950	50,272	49,652	945,617	961,026	964,326	7.0	5.4	4.5	4.6
Niles, Ohio	Trumbull	8.6	21,128	20,930	19,266	249,084	249,963	250,028	9.3	7.2	6.5	6.7

(1) Source: Wikipedia website for Participant.

(2) Source: U.S. Census Bureau. Appeal of Cuyahoga Falls population in 2000 was granted by the U.S. Census Bureau revising to the figure shown, and for 2010 currently under appeal.

(3) Source: Ohio Participants- Ohio Municipal Advisory Council; DEMEC figures adjusted from prior disclosure to reflect all of DEMEC's membership; Danville, Virginia - City CAFR.

(4) Source: Ohio Participants per Labor Market Information website; Danville, Virginia Workforce Connection website. For Niles, with a population of less than 25,000, unemployment averages reflect those for the county.

(5) DEMEC operates in the Delaware Counties of New Castle, Kent and Sussex.

SECTION IV

LARGE PARTICIPANTS' RESIDENTIAL, INDUSTRIAL AND COMMERCIAL INFORMATION

Large Participants' Information
Residential, Industrial, and Commercial [1]

	2014			2015			2016		
	Customers	**kWh Sales (x 1,000)**	**Revenue (x $1,000)**	**Customers**	**kWh Sales (x 1,000)**	**Revenue (x $1,000)**	**Customers**	**kWh Sales (x 1,000)**	**Revenue (x $1,000)**
DEMEC									
Residential	37,214	378,189	54,239	38,571	397,896	57,627	35,759	358,355	52,747
Commercial	5,652	237,812	31,144	5,350	243,543	32,479	4,672	230,186	30,485
Industrial	614	597,725	62,597	626	616,166	64,554	620	582,607	61,310
Total:	43,480	1,213,726	148,070	44,547	1,257,605	154,660	41,051	1,171,148	144,542
Cleveland									
Residential	64,336	399,023	50,557	64,046	388,539	51,427	63,590	395,439	52,795
Commercial	6,962	535,883	65,196	7,028	549,682	69,610	7,130	547,031	68,590
Industrial	24	604,415	49,937	23	599,711	54,097	23	591,867	53,516
Other	1,170	78,760	15,353	1,162	78,566	15,877	1,162	78,569	15,718
Total:	72,492	1,618,081	181,043	72,259	1,616,498	191,011	71,905	1,612,906	190,619
Danville, Virginia[2]									
Residential	37,115	476,288	58,115	37,039	467,970	59,752	37,029	457,365	59,284
Commercial	4,653	279,427	32,143	4,676	282,871	34,118	4,671	278,731	34,191
Industrial	39	181,869	17,272	38	181,702	17,958	35	186,691	16,732
Municipal	275	22,601	2,546	279	23,586	2,790	278	23,991	2,848
Lighting	-	15,007	2,146	-	14,960	1,981	-	14,874	1,982
Total:	42,082	975,192	112,222	42,032	971,089	116,599	42,023	961,652	115,037
Hamilton									
Residential	25,897	257,180	27,304	26,345	249,774	28,995	26,378	255,821	32,027
Commercial	2,896	145,836	20,895	2,860	188,102	50,257	2,886	225,256	24,910
Industrial	51	133,319	14,652	50	101,509	11,068	9	90,134	6,986
Total:	28,844	536,335	62,851	29,255	539,385	60,591	29,273	571,211	63,923
Cuyahoga Falls, Ohio									
Residential	22,855	173,568	13,888	22,964	175,366	18,335	23,305	169,137	19,872
Commercial	1,739	43,896	4,570	1,819	20,215	6,260	1,875	57,793	6,571
Industrial	181	187,467	12,538	186	194,331	17,053	191	196,865	19,025
Total:	24,775	404,931	30,996	24,969	429,912	41,648	25,371	423,795	45,468
Niles, Ohio[2]									
Residential	11,761	95,841	9,046	11,842	95,043	7,643	12,103	97,894	7,686
Commercial	920	98,364	9,582	914	109,974	8,959	920	113,273	9,227
Industrial	14	57,666	5,175	16	50,448	4,094	14	51,961	4,216
Total:	12,824	251,871	23,803	12,772	255,465	20,696	13,037	263,128	21,129

[1] Source: Participant
[2] 2014-2016 revised per the City of Danville

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACT

The following is a summary of certain provisions of the Power Sales Contract. The following summary is not to be considered a full statement of the terms of the Power Sales Contract and, accordingly, is qualified by reference thereto and is subject to the full text thereof. Summaries of certain provisions of the Power Sales Contract also appear in the body of the Official Statement. Capitalized terms not otherwise previously defined in this Official Statement or defined below have the meaning set forth in the Power Sales Contract. Copies of the Power Sales Contract are available from AMP and the Trustee.

Definitions and Explanations of Terms.

AMP Entitlement shall mean AMP's undivided 90.69% ownership interest in and contractual rights to the available capacity of and energy from the AMP Fremont Energy Center and any other Power Sales Contract Resources.

AMP Fremont Energy Center shall mean a natural gas-fired combined cycle power generating plant located in the City of Fremont, Sandusky County, Ohio in the PJM transmission area. The plant has a total capacity of a nominal 512 MW(unfired)/ 675 MW (Summer), consisting of two Siemens Westinghouse 501FD2 combustion turbines; 2 Nooter-Eriksen heat recovery steam generators and 1 Siemens Westinghouse steam turbine and condenser including the site and all related permits, licenses, easements and other real and personal property rights and interests, together with all additions, improvements, renewals and replacements to the electric generating facilities necessary to keep such facilities in good operating condition or to prevent a loss of revenues therefrom or as required by any governmental agency having jurisdiction.

Asset Purchase Agreement shall mean the agreement of that name dated March 11, 2011 for the purchase by AMP, and the sale by FirstEnergy of the AMP Fremont Energy Center, and any amendments or modifications thereto as permitted by the terms thereof, that is a Related Agreement hereto.

Base Capacity shall mean five hundred twelve MW (512 MW), the expected summer unfired rating of the AMP Fremont Energy Center, or such lesser amount of Base Capacity representing the AMP Entitlement, and is the basis upon which Participants' PSCR Shares in percent are determined.

Bonds shall mean revenue bonds, notes, bank loans, commercial paper or any other evidences of indebtedness, without regard to the term thereof, whether or not certificated, whether or not any issue thereof shall be subordinated as to payment to any other issue thereof, from time to time issued by AMP (including any legal successor thereto) to finance or refinance any cost, expense or liability paid or incurred or to be paid or incurred by AMP with respect to the AMP Entitlement, including, without limitation, payment or prepayment for natural gas or natural gas pipeline capacity or storage, or the purchase of tangible or contractual natural gas reserves, in connection with the planning, investigating, engineering, permitting, licensing, financing, acquiring, construction and commissioning of any and all real or personal property, facilities, rights, licenses, permits that comprise the AMP Fremont Energy Center and the refurbishing, operating, maintaining, Fuel procurement, improving, repairing, replacing, retiring, decommissioning or disposing of the AMP Entitlement or otherwise paid or incurred or to be paid or incurred by AMP in connection with the performance of its obligations under the Power Sales

Contract or any Related Agreement. Bonds shall also include any financial or commodity hedge, swap instrument and the effect thereof, where the context is appropriate.

Commercial Operation Date shall mean January 20, 2012.

Contract or Power Sales Contract shall mean the Power Sales Contract dated as of June 15, 2011 between AMP and the 86 Participants.

Demand Charge shall mean the rate or charge to the Participants principally designed to recover fixed costs of the AMP Entitlement.

Developmental Costs shall mean the development costs incurred by AMP in furtherance of the planning, engineering, permitting, acquisition and related activities in connection with the AMP Fremont Energy Center, as well as certain alternative natural gas combined cycle facilities and a development fee to AMP, all to be paid to AMP from the proceeds of its first issuance of Bonds.

Energy Charge shall mean the rate or charge to the Participants, principally designed to recover variable costs of the AMP Entitlement.

Environmental Fund shall mean the sub-fund of the Reserve and Contingency Fund that may be used from time to time to mitigate AMP Fremont Energy Center environmental impacts or to moderate volatility in the costs of environmental compliance, including but not limited to the funding of reserves for, or the purchase and/or sale of, allowances or offsets from Participants, AMP or others.

Force Majeure shall mean any cause beyond the control of AMP or a Participant, including, but not limited to, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, pestilence, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court or public authority, which by due diligence and foresight AMP or such Participant, as the case may be, could not reasonably have been expected to avoid.

Fuel shall mean natural gas, natural gas reserves, pipeline capacity, natural gas storage or related rights, contracts or assets, and any hedges or other financial devices to mitigate prices or risks of the same, as are necessary or convenient to operate the AMP Fremont Energy Center.

Fuel Subcommittee shall mean the committee appointed by the Chairman of the Participants Committee to advise the Participants Committee on Fuel related matters.

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

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

O&M Expenses of a Participant shall mean (i) the ordinary and usual operating expenses of its Electric System, including purchased power expense, and all amounts payable by the Participant to or for the account of AMP under the Power Sales Contract, including its obligations for Step Up Power; and (ii) to the extent not included in (i), all other items included in operating expenses under generally accepted accounting principles as adopted by the Governmental Accounting Standards Board or other applicable authority; provided, however, that if any amount payable by the Participant under the Power Sales

Contract is prohibited by applicable law or by a contract existing on the Effective Date of the Power Sales Contract from being paid as an O&M Expense of the Participant's Electric System, such amount shall be payable from any available funds of the Participant's Electric System and shall constitute an O&M Expense of the Participant's Electric System at such time as such law or contract shall permit or terminate.

Operating Agreement shall mean any agreement between AMP and any other joint owner of the AMP Fremont Energy Center for the ownership, operation, Fuel procurement and maintenance, including repairs and replacements, thereof or other operating protocols and cost allocations as approved by AMP and the Participants Committee between the AMP Entitlement and other AMP ownership of the AMP Fremont Energy Center.

PJM or PJM RTO shall mean the PJM Interconnection LLC RTO or its successor organization.

Participants Committee shall mean a committee of AMP's Board of Trustees consisting of Participants, the members of which, in the aggregate, have not less than a majority of the PSCR Shares, organized and operating in accordance with the terms of the Power Sales Contract.

Peaking Capacity shall mean the nominal approximate one hundred sixty-three (163) MW (Summer) of capacity from the duct-firing capability of the AMP Fremont Energy Center or such lesser amount of Peaking Capacity representing the AMP Entitlement.

Point of Delivery shall mean, in the case of (i) capacity or energy from the AMP Entitlement, the point set forth in the Power Sales Contract, at which AMP shall be required to deliver or make available capacity or energy to or for the benefit of each of the Participants pursuant to the Power Sales Contract and (ii) Replacement Power, the point or points at which capacity or energy is received by or made available to AMP for delivery to the Participants, and, in the case of (i) and (ii), at the Project Rate.

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

Project shall mean the acquisition, construction, equipping, testing and placing into service of AMP's undivided ownership interest in the AMP Fremont Energy Center and in any other assets acquired in connection therewith as provided hereunder, including but not limited to emission allowances and Fuel.

Project Costs shall mean that portion allocable to the AMP Entitlement of all costs incurred in connection with the planning, investigating, licensing, permitting, engineering, financing, equipping, construction and acquisition of the Project including, without limitation, the costs of any necessary transmission facilities or upgrades required to interconnect the AMP Fremont Energy Center with the PJM RTO, MISO RTO or any other transmission provider and transmit or make available capacity and energy to the Participants, any payments or prepayments for acquisition of and arrangements for Fuel, any Developmental Costs, all permit or license costs, payments respecting interest during construction of the Project, initial inventories, including the purchase of any inventories of emission allowances or other environmental rights, working capital, spares and other start up related costs, related environmental compliance costs, legal, engineering, accounting, advisory and other financing costs relating thereto and the refurbishing, improving, repairing, replacement, retiring, decommissioning or disposing of the Project, or otherwise paid or incurred or to be paid or incurred by or on behalf of the Participants or AMP

in connection with its performance of its obligations under the Power Sales Contract, any Trust Indenture or any Related Agreement relating to the AMP Entitlement.

Project Rate means the total delivered charges to Participants for Demand Charges and Energy Charges, to the Point of Delivery, as specified in the Rate Schedule attached to the Power Sales Contract.

Prudent Utility Practice shall mean any of the practices, methods and acts which, in the exercise of reasonable judgment, in the light of the facts, including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the United States electrical utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. It includes a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition.

PSCR Share for any Participant expressed in kilowatts (kW) shall mean such Participant's nominal entitlement to Base Capacity and associated energy from the Power Sales Contract Resources such that the sum of all PSCR Shares (in kW) equals the AMP Entitlement to Base Capacity (in kW) in the AMP Fremont Energy Center, subject to adjustment as set forth in the Power Sales Contract. PSCR Share for any Participant expressed as a percentage (%), rounded to the nearest one-hundredth of one percent, shall mean the result derived by dividing such Participant's PSCR Share of Base Capacity in kW by the total of all of the Participants' PSCR Shares (including such Participant's PSCR Share) of Base Capacity in kW, such that the sum of all such PSCR shares expressed as a percentage (%) is at all times one hundred percent (100%). While the Participants' PSCR Shares in kW of the Base Capacity may change on account of the rerating of such Base Capacity, the Participants' PSCR Shares expressed in percentage (%) will not change on account of any rerating.

Rate Schedule(s) shall mean the schedule(s) of rates and charges attached to the Power Sales Contract, as the same may be revised from time to time in accordance with the provisions of said Contract.

Rate Stabilization Fund shall mean the sub-fund of the Reserve and Contingency Fund that may be used from time to time to moderate volatility of the Project Rate.

Regulations shall mean the bylaws for Participants and Participants Committee meetings and actions, as the same may be amended from time to time.

Related Agreements shall mean the Asset Purchase Agreement, any Operating Agreement, agreements for interconnection of the AMP Fremont Energy Center or other Power Sales Contract Resources to the appropriate transmission system and the PJM RTO or MISO RTO transmission systems, including any agreements with the City of Fremont, Ohio relating to the AMP Fremont Energy Center, any agreements for the purchase of Replacement Power, agreements for Supplemental Transmission Service to enable AMP to deliver or make available electric capacity and energy to the Participants at their respective Secondary Points of Delivery pursuant to the Power Sales Contract, and all other agreements of greater than one (1) year in length entered into by AMP for the acquisition of Fuel or Replacement Power, all as the same may be amended from time to time.

Replacement Power shall mean capacity and energy purchased or sold by AMP to be made available or for delivery on or after the Commercial Operation Date of the AMP Fremont Energy Center (i) to account for the difference between scheduled output of the Project's generation facilities and actual output of the Project's generation facilities; or (ii) to replace all or any portion of the Project's installed

capacity through a PJM incremental reliability pricing model or RPM auction (or successor) or from a bilateral capacity purchase during periods in which one or both of the generating units of the AMP Fremont Energy Center are expected, for any reason, to be derated or otherwise incapable of generating their full nominal capability; or (iii) when, with the approval of a Super Majority of the Participants, the purchase from or sale to the market of capacity or the entry into reserve sharing arrangements or like transactions, will lower the expected Project Rate or is consistent with Prudent Utility Practice.

Reserve and Contingency Fund shall have the meaning set forth in a Trust Indenture and refers to a special fund, including any sub-funds, established by AMP to accumulate funds sufficient to provide an immediately available source of funds for the extraordinary maintenance, repair, overhaul and replacement of the AMP Fremont Energy Center to mitigate environmental impacts, achieve environmental compliance or purchase allowances (Environmental Fund) to stabilize or mitigate rate volatility or rate increases to the Participants (Rate Stabilization Fund) and to meet other requirements of the Trust Indenture for which other funds are not, by the terms of the Trust Indenture, immediately available.

RTO shall mean any one of the regional transmission organizations approved by the FERC or its successors or assigns, the territory of which includes the transmission systems to which the Point of Delivery or any Secondary Point of Delivery is connected.

Secondary Point(s) of Delivery shall mean the receipt point(s) for each Participant which is either (i) a metered point of interconnection with the transmission or distribution system of the Participant or (ii) any other metered point of interconnection designated by a Participant for ultimate delivery of, or for there to be made available, capacity and energy from the Point of Delivery to such Secondary Delivery Point(s) under the Power Sales Contract; provided; however, that the Secondary Point(s) of Delivery with respect to any Participant may, with AMP's written approval (which approval shall not be unreasonably withheld), be changed by such Participant.

Service Fee shall mean AMP's Service Fee B charge of up to one mill ($0.001) per kWh for all energy delivered pursuant to the Power Sales Contract to the respective Participants at the Point of Delivery under the Power Sales Contract. Said charge may be prospectively increased or decreased at the sole option of AMP's Board of Trustees at any time; provided, however, that except as provided below, such fee shall not exceed one mill ($0.001) per kWh. Service Fee B may be increased above $0.001 per kWh with the approval of both the AMP Board of Trustees and the Participants Committee.

Step Up Power Costs shall mean that portion of Revenue Requirements that is allocable to a defaulting Participant's payment obligations under the Power Sales Contract.

Super Majority shall mean a majority of not less than seventy-five percent (75%) of the weighted vote, based upon PSCR Shares, of all the Participants.

Supplemental Transmission Service shall mean the delivery service including congestion costs and other RTO charges, under any agreements, tariffs and rate schedules necessary or convenient to transmit or make available capacity and energy to or for the benefit of any Participant for delivery from the Point of Delivery to its Secondary Point(s) of Delivery.

Transmission Service shall mean all transmission arrangements, together with all related or ancillary services rights and facilities, to the extent the same are necessary or prudent to provide for delivery of or to make available capacity and energy hereunder to the Point of Delivery.

Trust Indenture shall mean any one or more trust indentures, trust agreements, loan agreements, security agreements, pledge agreements, other collateral documents, resolutions or other similar instruments, documents or agreements providing for the issuance and securing of Bonds, in whatever form.

Sale and Purchase. (A) AMP agrees to sell to each Participant, and each Participant agrees to buy from AMP, such Participant's PSCR Share (in %) of the Power Sales Contract Resources as set forth in the Power Sales Contract subject to increase in an event of default of a Participant.

(B) Subject to the absolute payment obligations of the Participants, AMP shall borrow, and, unless otherwise authorized by a Super Majority of the Participants Committee, capitalize from the proceeds of such borrowing, all or a portion of the amounts otherwise payable by the Participants in respect of AMP's Revenue Requirements prior to the Commercial Operation Date of the AMP Fremont Energy Center and for a reasonable time thereafter.

(C) If at any time any Participant has capacity and/or energy in excess of its needs, it may request that AMP sell and make available or deliver any or all of said Participant's PSCR Share of capacity and/or energy available under the Power Sales Contract, and AMP shall use commercially reasonable efforts in consultation with such Participant to attempt to sell such surplus for such Participant at not less than a minimum price approved by the Participant.

AMP Undertakings. (A) AMP, in good faith and in accordance with the provisions of the Power Sales Contract and Prudent Utility Practice:

(i) shall undertake, or cause to be undertaken, the planning, developing, engineering, acquisition, construction and equipping of the Project and its Fuel supply; the financing of costs of the same (including financing costs, legal, engineering, accounting and financial advisory fees and expenses and the Developmental Costs), and the operating, maintaining, refurbishing, replacing, retiring, decommissioning and disposing of the Project including without limitation acquisition of and arrangements for Fuel; and to obtain, or cause to be obtained, all Federal, state and local permits, licenses and other rights and regulatory approvals as are necessary or convenient to accomplish the same; and

(ii) shall utilize, to the extent available and in the best interests of the Participants, the AMP Fremont Energy Center as the primary Power Sales Contract Resource to fulfill its obligations to make available or deliver capacity and energy to the Participants at the Point of Delivery and respective Secondary Points of Delivery and utilize Replacement Power, when prudent and appropriate, as a secondary Power Sales Contract Resource; and

(iii) may undertake, or cause to be undertaken, the acquisition of Replacement Power, as AMP deems necessary or desirable to enable AMP to make available or deliver scheduled electric capacity and energy to the Participants at their respective Secondary Points of Delivery in such amounts and on such terms as are set forth in the Power Sales Contract; provided, however, that any obligations for any such Replacement Power shall be subject to approval of the Participants Committee if such obligations are for periods longer than one (1) year;

(iv) may, at the direction of the Participants Committee, utilize funds from the Reserve and Contingency Fund, to the extent not inconsistent with any Trust Indenture, to defray the costs of Replacement Power to the Participants during any prolonged outage or derating of the AMP Fremont Energy Center; and

(v) shall inform the Participants Committee on a regular basis, not less often than quarterly in conjunction with the regular meetings of the AMP Board of Trustees, of its actions, plans and efforts undertaken in furtherance of provisions of the Power Sales Contract including review of the Project's proposed annual operating and capital budgets prior to their adoption and to receive and give due consideration to any recommendations of the Participants Committee regarding the same; and

(vi) shall present the Project's overall Fuel supply strategy to the Fuel Subcommittee and Participants Committee and for their respective approvals, and subject to the provisions of the Power Sales Contract, all purchases of reserves, hedges, pipeline capacity or other Fuel related items with a term of greater than one (1) year shall be subject to the Participants Committee's approval upon the recommendation of the Fuel Subcommittee.

(B) In the event that, notwithstanding its efforts undertaken in accordance with the Power Sales Contract, AMP is unable to supply all of the capacity and energy contracted for by the Participants, it shall allocate the capacity and energy available from the Power Sales Contract Resources among the Participants *pro rata,* on the basis of their respective PSCR Share percentages.

(C) All capacity and energy available from the AMP Entitlement, including that portion above Base Capacity, and other Power Sales Contract Resources shall be available to the Participants *pro rata* in proportion to their PSCR Share percentage.

(D) In the event that at any time the AMP Entitlement or other Power Sales Contract Resources acquired by AMP to supply capacity and energy to the Participants at the Point of Delivery and their respective Secondary Points of Delivery pursuant to the Power Sales Contract result in surplus capacity, surplus energy, surplus Transmission Service or Supplemental Transmission Service capacity, or other surplus rights, products or services that AMP believes may be salable to another entity in light of prevailing market conditions and the characteristics of any such surplus, or which due to prevailing market conditions make it desirable and in the best interests of AMP, the holders of the Bonds or the Participants to sell all or any portion of the capacity and energy associated with the Project or other Power Sales Contract Resource and utilize Replacement Power, to the extent required, to replace the same, AMP shall use commercially reasonable efforts to attempt to sell such surplus capacity, surplus energy, surplus transmission capacity, or other surplus product or service or such capacity and energy for such Participant at not less than a minimum price approved by the Participant or if not specified by such Participant by a methodology approved by the Participants Committee or if not determined by the Participants Committee, by AMP in accordance with Prudent Utility Practice, on such terms and for such period as AMP deems appropriate and as AMP deems not adverse to the tax or regulatory status or other interests of AMP, the Participants or any Bonds. All net revenues received by AMP from surplus sales shall be utilized by AMP to reduce the Revenue Requirements that otherwise must be paid by the Participants and thereby offset rates and charges to the Participants under the Power Sales Contract. Any such sales for periods of greater than one (1) year shall be subject to approval by the Participants Committee.

(E) In addition to sales of capacity and energy to any entity permitted by the Power Sales Contract, AMP may (i) sell, on a temporary or permanent basis, or otherwise dispose of Fuel, emission allowances or other inventory or spare parts for or byproducts from the AMP Fremont Energy Center or any other Power Sales Contract Resource or sell, lease or rent any excess land or land rights, including mineral or other subsurface rights and facilities associated with any such property or rights not required for operation of the AMP Fremont Energy Center or any other Power Sales Contract Resource or (ii) sell, lease or otherwise dispose of on a temporary or permanent basis any other rights or interests associated with any Power Sales Contract Resource; provided, however, that prior to entering into any such

agreement on a permanent basis, or for any term of five (5) years or longer, AMP shall have determined that such disposition will not adversely affect the tax or regulatory status of AMP or any Bonds and, for such sales if the rights or interests are valued in excess of $500,000 in 2011 dollars, shall have obtained the approval of the Participants Committee and a report or certificate of an independent engineer or engineering firm having a national reputation for experience in such work to the effect that such permanent sale, lease or other disposition should not, in the ordinary course of operation of the AMP Fremont Energy Center, materially adversely affect the operation of the AMP Fremont Energy Center or AMP's ability to perform its obligations under the Power Sales Contract.

(F) All capacity sold or made available under the Power Sales Contract shall include the associated installed capacity (or similar designation), in kilowatts, and AMP, upon written request of a Participant, shall provide such Participant with any appropriate certifications reasonably necessary for the Participant to confirm its rights to such capacity for any purpose, including any requirements of the MISO RTO or the PJM RTO.

(G) AMP covenants that, (i) prior to entering into any variable rate indebtedness or hedge or swap agreements or Fuel price hedges hereunder, it shall, in consultation with the Participants Committee, adopt, maintain and revise from time to time a written policy respecting such indebtedness and agreements, including the circumstances and terms under which such indebtedness and agreements may be terminated; (ii) prior to purchasing any gas reserves or entering into any prepayments respecting Fuel for the AMP Fremont Energy Center with a term of greater than one (1) year, it shall receive the approval of a Super Majority of the Participants; and, (iii) prior to entering into any Fuel hedges, prepayments respecting Fuel, or the purchase of Fuel reserves with a term of greater than one (1) year, AMP shall offer each Participant the ability to opt out of any such arrangements.

(H) Other than for sales of twelve (12) months or less, AMP shall be obligated to provide the Participants a right of first refusal with respect to Power Sales Contract Resources, it is understood by the Participants that it may be in the best interests of the Participants for AMP to resell such Power Sales Contract Resources immediately and that it may be impracticable for AMP to effectively communicate a *bona fide* offer to all the Participants of such Power Sales Contract Resources under the circumstances.

(I) AMP and the Participants recognize that there may be certain environmental attributes such as green tags, renewable energy credits, carbon credits or the like associated with the AMP Entitlement's generation. Each Participant shall be entitled to a share of the benefits associated with all such environmental attributes in proportion to its PSCR Share. AMP shall adopt, from time to time, with the approval of the Participants Committee, protocols for utilizing or distributing such environmental attributes to, or for the benefit of, the Participants.

Rates and Charges; Method of Payment. (A) After consultation with the Participants Committee, the AMP Board of Trustees shall establish, maintain and adjust rates or charges, or any combination thereof, as set forth in the Rate Schedule, for the capability and output of the Power Sales Contract Resources sold to the Participants under the Power Sales Contract that result in Project Rates and other rates and charges hereunder, adjusted as set forth in the Power Sales Contract, at levels that will provide revenues to or for the account of AMP sufficient, but only sufficient, to meet the Revenue Requirements of AMP, which Revenue Requirements shall consist of the sum of the following without duplication:

(i) all costs incurred by AMP under the Related Agreements, including, without limitation, all costs to AMP of any Replacement Power, including Transmission Service therefor,

as well as any costs incurred in the event AMP defaults on its obligations and a third party is brought in to perform whatever duties or obligations are not being performed by AMP;

(ii) all costs incurred by AMP for the operation and maintenance of all Power Sales Contract Resources, including but not limited to, the costs of acquisition of or arrangements regarding Fuel, equipment leases and other leases, an appropriate allocation of AMP's energy control center charges, metering and other common costs of AMP reasonably allocable to Power Sales Contract Resources and not otherwise recovered by the Service Fee or other fees or charges, that AMP charges the Participants pursuant to other agreements, the cost to AMP of taxes, payments in lieu of taxes, all permits, licenses and related fees, related to any Power Sales Contract Resource, the cost of insurance and damage claims to the extent associated with any Power Sales Contract Resource, any Fuel and Fuel related costs including without limitation costs related to pipeline capacity or natural gas supplies or reserves, pollution control or emissions costs, fees and allowances, cost of any refunds to any Participant pursuant to the provision hereof and (to the extent not paid out of the proceeds of Bonds or related investment income) legal, engineering, accounting and financial advisory fees and expenses;

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

(iv) the cost to establish and maintain, or to obtain the agreement of third parties to provide, to the extent not included in Project Costs, an allowance for working capital, inventories and spares, including emission fees, allowances, credits or other environmental rights, and reasonable reserves for repairs, refurbishments, renewals, replacements and other contingencies deemed necessary by the AMP Board of Trustees in order to carry out its obligations under the Power Sales Contract and the cost to AMP of renewals and replacements of the AMP Fremont Energy Center to the extent not paid for out of working capital or reserves;

(v) the cost of power and Fuel supply engineering, planning and forecasting incurred by AMP in connection with the performance of its obligations under the Power Sales Contract or in attempting to comply with laws or regulations requiring the same to the extent such laws or regulations are applicable to Power Sales Contract Resources;

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

(vii) the costs of Supplemental Transmission Services furnished or procured and paid by AMP for the respective Participants as set forth in the Rate Schedule, such costs to be reimbursed to AMP by the respective Participants receiving such services and not through the Project Rate;

(viii) payments of principal of and premium, if any, and interest on all Bonds, payments which AMP is required to make into any fund or account during any period to be set aside for the payment of such principal, premium or interest when due from time to time under the terms of any Trust Indenture (whether, in the case of principal of any Bond, upon the stated maturity or upon prior redemption, including any mandatory sinking fund redemption, under such Trust Indenture), and payments which AMP is required to make into any fund or account to establish or maintain a reserve for the payment of such principal, premium or interest under the terms of any Trust Indenture, provided, however, that the amounts required to be included in Revenue Requirements pursuant to this clause (viii) shall not include payments in respect of the principal of any Bonds payable solely as a result of acceleration of maturity of such Bonds and

not otherwise scheduled to mature or to be redeemed by application of mandatory sinking fund payments; provided further, however, that the amounts required to be included in Revenue Requirements pursuant to this clause (viii) may include payments in respect of a termination of an investment agreement, hedge or swap agreement;

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

(x) the cost to establish and maintain additional reserves, or to obtain the agreement of third parties to provide, for contingencies including (a) reserves against losses established in connection with any program of self-insurance, (b) the making up of any deficiencies in any funds or accounts as may be required by the terms of any Trust Indenture and (c) contributions to any Rate Stabilization Fund or Environmental Fund, subject, to the extent not otherwise required to be paid as a part of Revenue Requirements or required by any Trust Indenture, to approval by the Participants Committee;

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

(xii) additional amounts, if any, that must be realized by AMP in order to meet the requirements of any rate covenant with respect to coverage of debt service on Bonds under the terms of any Trust Indenture, and such additional amounts as may be deemed by AMP desirable to facilitate marketing Bonds on favorable terms; and

(xiii) any cost or expenditure associated with the AMP Fremont Energy Center's compliance with any applicable reliability standards,

less amounts arising from any Operating Agreement and amounts available as a result of any appropriate refunds, rebates, miscellaneous revenues or other distributions relating to the AMP Fremont Energy Center and any sales of surplus power or any Power Sales Contract Resource (after payment of all associated costs and expenses incurred by AMP in connection therewith) or otherwise required by the MISO RTO or PJM RTO, or their respective successors, and less any Bond proceeds or related investment income applied by AMP, in the exercise of its discretion, to pay any costs referred to in clauses (i) through (xiii) above, provided, however that in the event that any Trust Indenture requires another application of such funds or AMP determines that any amount of such proceeds or income must be applied in accordance with the provisions of clause (i) of subsection (J) below, then and to such extent such other application shall be required, such funds shall be so applied.

(B) The Revenue Requirements of AMP in respect of any month shall be computed as provided above and shall be paid by the respective Participants through rates and charges as set forth in the Rate Schedule. In determining the rates and charges hereunder, estimated amounts may be utilized until actual data becomes available, at which time any necessary adjustments necessary to true-up the estimates to actual shall be made.

(C) The rates and charges to each of the Participants under this Contract, as set forth on the Rate Schedule, shall, except as adjusted as set forth in subsection (K) below, be a uniform Project Rate to the Point of Delivery.

(D) After consultation with the Participants Committee, the AMP Board of Trustees will determine and establish the initial Rate Schedule to be effective, on or about the Commercial Operation Date of the AMP Fremont Energy Center, to meet AMP's Revenue Requirements. At such intervals as the AMP Board of Trustees shall determine appropriate, but in any event not less frequently than at the end of each quarter during each Contract Year, the Participants Committee and the AMP Board of Trustees shall review and, if necessary, the Board of Trustees shall revise prospectively the Rate Schedule to ensure that the rates and charges under the Power Sales Contract continue to cover AMP's estimate of all of the Revenue Requirements and to recognize, to the extent not inconsistent with the Power Sales Contract, other factors and changes in service conditions as it determines appropriate. AMP shall transmit to each Participant a copy of each revised Rate Schedule, setting forth the effective date thereof, for delivery not less than thirty (30) days prior to such effective date. Each Participant agrees that the revised Rate Schedule, as determined from time to time by the AMP Board of Trustees, shall be deemed to be substituted for the Rate Schedule previously in effect and agrees to pay for electric capacity and energy and related Transmission Service and Supplemental Transmission Service made available by AMP to it under the Power Sales Contract after the effective date of any revision of the Rate Schedule in accordance with such revised Rate Schedule. Unless otherwise determined by the AMP Board of Trustees, the Rate Schedule shall be structured so as to consist of: (i) a Demand Charge; (ii) an Energy Charge; (iii) a Power Cost Adjustment Factor designed to adjust either or both the Demand Charge or Energy Charge upward or downward to reflect monthly changes in fuel and environmental costs and Replacement Power costs, any sales of capacity or energy to third parties hereunder and any changes in the cost of Transmission Service; (iv) the Service Fee; and (v) a Participant specific rate for Supplemental Transmission Service for each Secondary Point of Delivery to the extent AMP incurs costs related thereto. The determination of the Power Cost Adjustment Factor each month shall be made by appropriate representatives designated by AMP according to methodology approved by the Participants Committee and by the AMP Board of Trustees, and no specific action by the Participants Committee or the AMP Board of Trustees to approve the Power Cost Adjustment Factor so determined each month shall be required.

(E) Unless some other time period is otherwise approved by the AMP Board of Trustees and the Participants Committee, in each month after the establishment of the initial Rate Schedule, AMP shall render to each Participant a monthly invoice showing the amount payable by such Participant under the Power Sales Contract with respect to capacity and energy, Transmission Service, Supplemental Transmission Service or other charges, credits, adjustments or true-ups, applicable to such Participant with respect to the immediately preceding month. Prior to the Commercial Operation of the AMP Fremont Energy Center, such invoice may include payments with respect to any Bonds issued as well as Replacement Power. Such Participant shall pay such amounts to AMP at its principal office, or to such other person at such other address as shall be designated by AMP by written notice to such Participant, at such time and in such manner as shall provide to AMP (or such other person so designated by AMP) funds available for use by AMP (or its designee, including a lender or agent thereof or trustee under any Trust Indenture) on the first banking day not more than the fifteenth (15^{th}) day after the date of the issuance of the monthly invoice.

(F) If any Participant does not make a required payment in full in funds available for use by AMP (or its designee) on or before the close of business on the due date thereof, a delayed-payment charge on the unpaid amount due for each day over-due will be imposed at a rate per annum equal to the lesser of (i) the maximum rate permitted by law, and (ii) two percent (2%) per annum above the rate

available to AMP through its short-term credit facilities as the same may be adjusted from time to time, together with any damages or losses incurred by AMP, or through AMP, or any other Participant, as a result of such failure to make timely payment which is not compensated by such delayed-payment charge.

(G) In the event of any dispute by any Participant as to any portion of any invoice, such Participant shall nevertheless pay the full amount of the disputed charges when due and shall give written notice of the dispute to AMP not later than one hundred eighty (180) days from the date such payment is due; provided, however, that AMP shall not be required to refund any disputed amounts relating to third-party charges if such notice, although timely, does not afford AMP a reasonable opportunity to pursue a claim against such third-party due to the requirements of a Related Agreement, RTO, Transmission Service or Supplemental Transmission Service provider dispute resolution procedures. Such notice shall identify the disputed invoice, state the amount in dispute and set forth a full statement of the grounds on which such dispute is based. Billing disputes and any subsequent adjustments shall be limited to the two (2) year period prior to the date timely notice was given; provided, however, that to the extent AMP may reasonably pursue a third-party on account of such dispute for a period longer than such two (2) year period, AMP shall do so and adjustments may, to such extent, relate to such longer period.

(H) In the event that at any time AMP shall determine that it has rendered an invoice containing a billing error, AMP shall furnish promptly to each Participant whose invoice was in error a revised invoice, clearly marked as such, with the error corrected. If the revised invoice indicates that the Participant has been undercharged, the difference between the amount paid by the Participant and the correct amount, together with interest (from the date of payment by the Participant of the incorrect amount to the due date of the invoice next submitted to the Participant after AMP has furnished the revised invoice) at the rate which would apply under the Power Sales Contract to overdue amounts owing by such Participant, less two percent (2%), but not less than zero, shall be paid by the Participant to AMP (or such other person designated by AMP at such time and in such manner as shall provide to AMP (or such other person so designated) funds available for use by AMP (or its designee) on the due date of such next invoice. If the revised invoice indicates that the Participant has been overcharged, the difference between the correct amount and the amount paid by the Participant, together with interest (from the date of payment by the Participant of the incorrect amount to the due date of the invoice next submitted to the Participant after AMP has furnished the revised invoice) at the rate which would apply under the Power Sales Contract to overdue amounts owing by such Participant, less two percent (2%), but not less than zero, shall be subtracted by AMP from the invoice next submitted to such Participant (and paid by AMP to the Participant in funds available for use by the Participant on the due date of such next invoice if, but only to the extent by which, the amount so due to the Participant exceeds the amount of the next invoice). The date of payment by the Participant shall mean the date on which funds in the amount so paid first become available for use by AMP (or its designee).

(I) The obligations of each Participant to make its payments shall constitute obligations of such Participant payable as an O&M Expense of its Electric System. No Participant shall be required to make payments under the Power Sales Contract except from the revenues of its Electric System and from other funds of such system legally available therefor. In no event shall any Participant be required to make payments under the Power Sales Contract from tax revenues, or any other source of funds other than its Electric System's funds, but it may elect, in its sole discretion, to do so. The obligations of each Participant to make payments described under this heading in respect of any Month or other billing period shall be on a "take-or-pay" basis and, therefore, shall not be subject to any reduction, whether by offset, counterclaim, or otherwise, such payment obligations of such Participant shall not be conditioned upon the performance by AMP or any other Participant of its obligations under the Power Sales Contract or any other agreement, and such payments shall be made whether or not any generating unit of the AMP

Fremont Energy Center, any other component thereof or any other Power Sales Contract Resource is completed, operable, operating or capable of providing capacity or energy and, as long as Bonds remain outstanding, notwithstanding the suspension, interruption, interference, reduction or curtailment, in whole or in part, for any reason whatsoever, of the AMP Entitlement or the Participant's PSCR Share, including Step Up Power, if any; provided, however, that nothing contained herein shall be construed to prevent or restrict such Participant from asserting any rights which it may have against AMP under this Contract or under any provision of law, including institution of legal proceedings.

For purposes of paragraph (I) above, it should be noted that the City of Coldwater, Michigan and the City of Marshall, Michigan (each a "Michigan Participant") each have one or more bond issues outstanding that limit the payments from each under the Power Sales Contract from being considered an O&M Expense of their respective Electric Systems. Therefore, as long as a Michigan Participant's current bond issues remain outstanding, the Michigan Participant's obligations to make payments under the Power Sales Contract (i) shall constitute obligations of such Michigan Participant payable as an O&M Expense of its Electric System so long as such obligations are "take and pay" obligations and (ii) shall constitute obligations payable from any revenues or other moneys of the Michigan Participant's Electric System legally available for the purpose if and to the extent such obligations are payable on a "take-or-pay" basis. However, once the currently outstanding bonds of a Michigan Participant are no longer outstanding under the terms of their applicable ordinance, all of the Michigan Participant's obligations to make payments under the Power Sales Contract shall constitute obligations of such Michigan Participant payable as an O&M Expense of its Electric System on a "take-or-pay" basis.

(J) Proceeds from the sale of Bonds in excess of the amount required for the purposes for which such Bonds were issued and investment income earned on any investments held under the Trust Indenture shall be applied, subject to the provisions of any Trust Indenture, by AMP, as approved by the Participants Committee (i)(a) to pay principal or interest on the Bonds, (b) to the purchase or redemption of Bonds prior to their stated maturity, (c) to the payment of costs of renewals and replacements of any property constituting a part of the Power Sales Contract Resources, or as a reserve therefor and (ii) as a credit against the Revenue Requirements. Insurance proceeds, condemnation awards and damages received by AMP in connection with any Power Sales Contract Resource and not required to be applied to the restoration, renewal or replacement of facilities, and proceeds from the sale or disposition of surplus property constituting a part of the Power Sales Contract Resources, shall be applied by AMP, subject to approval by the Participants Committee, (a) to the purchase or redemption of Bonds prior to their stated maturity, (b) to the payment of costs of renewals and replacements of any property constituting a part of the Power Sales Contract Resources, or as a reserve therefor by deposit to the Reserve and Contingency Fund, or (c) as a credit against Revenue Requirements. If any Trust Indenture, any instrument of a similar nature relating to borrowings by AMP to finance Power Sales Contract Resources or any Related Agreement shall require the application of any amount referred to in the foregoing provisions to any specific purpose, AMP shall apply such amount to such purpose as so required.

(K) AMP shall, utilizing procedures and methodologies approved by the Participants Committee from time to time, allocate Fuel costs among the Participants to reflect all cost differences, including credit and credit risk related costs, respecting any Participants' decision to opt out as specified in the Power Sales Contract.

Force Majeure. Neither AMP nor any Participant shall be considered to be in default in respect to any obligation under the Power Sales Contract (other than the obligation of each Participant to make payments) if prevented from fulfilling such obligation by reason of *Force Majeure*. A Party rendered unable to fulfill any such obligation by reason of *Force Majeure* shall exercise due diligence to remove

such inability with all reasonable dispatch and such Party shall promptly communicate with the other regarding such *Force Majeure*, its expected length and the actions being taken to remove the same

Insurance. AMP shall maintain, or cause to be maintained, in force, and is authorized to procure insurance with responsible insurers with policies payable to the parties as their interests shall appear, against risk of direct physical loss, damage or destruction, at least to the extent that similar insurance is mandated by law or usually carried by utilities constructing and operating facilities of the nature of the facilities of the AMP Fremont Energy Center and other properties or rights associated therewith, including liability insurance, workers' compensation and employers' liability, all to the extent available at reasonable cost and subject to reasonable deductible provisions, but in no case less than will satisfy all applicable regulatory requirements, including any applicable permit or license requirements, and conform to Prudent Utility Practice. AMP may procure additional insurance subject to the approval of the Participants Committee. Notwithstanding the foregoing, AMP may, to the extent permitted by the Related Agreements, the Trust Indentures and the similar instruments relating to Bonds and, subject to the approval of the Participants Committee, self-insure or participate in a program of self-insurance or group insurance to the extent it receives a written opinion of a qualified insurance consultant that such self-insurance, after consideration of any existing or required reserve deposits, is reasonable in light of existing programs of comparable utilities constructing and operating facilities of the nature of the AMP Fremont Energy Center.

Bonds; Trust Indenture; Power Sales Contract. AMP shall issue Bonds for the purpose of paying Project Costs as well as all or any part of the costs of planning, engineering, siting, permitting, acquiring, constructing, improving, repairing, restoring, renewing or refurbishing Power Sales Contract Resources, including, without limitation, acquisition of and arrangements for Fuel, reimbursement of all Developmental Costs or refunding any outstanding Bonds, all upon such terms and pursuant to one or more Trust Indentures having such terms as AMP, in its sole discretion and exclusive judgment, deems necessary or desirable to enable AMP to fulfill satisfactorily its obligations under the Power Sales Contract; provided, however, that AMP shall not issue Bonds having a final maturity date extending beyond the earlier of December 31, 2047 or the useful life of the Project, as estimated, in a report or certificate of an independent engineer or engineering firm or corporation having a national reputation for experience in electric utility matters. All Bonds, any Trust Indenture, and all revenues and other funds of AMP allocable to the Participants and to the Power Sales Contract, other than the Service Fee, shall be separate and apart from all other borrowings, indentures, revenues, and funds of AMP. AMP shall not pledge or assign any of its right, title or interest in, to or under any of the foregoing, this Power Sales Contract or any Power Sales Contract Resources, or otherwise make available any thereof, to secure or pay any indebtedness or obligation of AMP other than as expressly permitted by the Power Sales Contract.

Disposition or Termination of the AMP Fremont Energy Center or other Power Sales Contract Resources. For so long as any Bonds are outstanding, except as otherwise permitted in the Power Sales Contract, AMP shall not sell or otherwise dispose of, in whole or in part, the AMP Entitlement without the consent of a Super Majority of the Participants. The Power Sales Contract shall not prohibit (i) a merger or consolidation or sale of all or substantially all of the property of AMP, (ii) any sale, lease or other disposition or arrangement permitted by the Power Sales Contract or (iii) the mortgaging, pledging or encumbering of all or any portion of AMP's ownership interest in the AMP Fremont Energy Center or any other Power Sales Contract Resources pursuant to any Trust Indenture to secure any Bonds. Subject to the provisions of the Related Agreements, any facilities of the AMP Fremont Energy Center shall be terminated and AMP shall cause such facilities to be salvaged, discontinued, decommissioned, and disposed of or sold in whole or in part on such terms as both the

AMP Board of Trustees and the Participants Committee determine to be reasonable and appropriate when:

(i) so required pursuant to the applicable Related Agreement; or

(ii) both the AMP Board of Trustees and the Participants Committee determine that AMP is unable to operate such facilities due to licensing or operating conditions or other similar causes; or

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

Additional Covenants of the Participants. (A) Each Participant covenants and agrees to establish and maintain rates for electric capacity and energy and related services to its consumers which shall provide to such Participant revenues at least sufficient, together with other available funds, to meet its obligations to AMP under the Power Sales Contract; to pay all other O&M Expenses; to pay all obligations, whether now outstanding or incurred in the future, payable from, or constituting a charge or lien on, the revenues of its Electric System; and to make any other payments required by law.

(B) Each Participant covenants and agrees that, unless the Power Sales Contract has been assigned, it shall not sell, lease or otherwise dispose of all or substantially all of its Electric System except on 180 days' prior written notice to AMP and, in any event, shall not so sell, lease or otherwise dispose of the same unless AMP shall reasonably determine that all of the following conditions are met: (i) such Participant shall assign the Power Sales Contract and its rights thereunder (except as otherwise provided in the last sentence of this paragraph) in writing to the purchaser or lessee of the Electric System and such purchaser or lessee, as assignee of rights and obligations of such Participant under the Power Sales Contract, shall assume in writing all obligations (except to the extent theretofore accrued) of such Participant under the Power Sales Contract or such Participant shall post a bond or other security, in either case reasonably acceptable to AMP, to assure its obligations hereunder are fulfilled and clauses (iv) (a), (b) and (c) below are satisfied; (ii) if and to the extent necessary to reflect such assignment and assumption, AMP and such assignee shall enter into an agreement supplemental to the Power Sales Contract to clarify the terms on which capacity and energy are to be sold hereunder by AMP to such assignee; (iii) the senior debt of such assignee shall be rated in one of the four highest whole rating categories, without regard to sub-categories represented by + or – or similar designations, by at least one nationally recognized bond rating agency or if such entity is not rated, AMP and lender or agent thereof or any trustee under any Trust Indenture shall receive an opinion from a nationally recognized financial expert that the assignment does not materially adversely affect the security for any Bonds; and (iv) AMP shall have received an opinion or opinions of counsel of recognized standing selected by AMP stating that such assignment (a) will not adversely affect any pledge and assignment by AMP of this Contract or the revenues derived by AMP thereunder (other than the Service Fee) as security for the payment of Bonds and the interest thereon, (b) is lawfully permitted under applicable law, and (c) will not adversely affect the regulatory or tax status of AMP or any Bonds. Notwithstanding the foregoing, if AMP reasonably determines that the assignment of the Power Sales Contract, pursuant to the immediately preceding sentence in connection with the sale, lease or other disposition of a Participant's Electric System, could reasonably be expected to result in any increase in the rates and charges to any of the remaining Participants for capacity and energy and associated Transmission Service made available under the Power Sales Contract, AMP may, by delivery of written notice thereof sent no later than 120 days following receipt by AMP of notice pursuant to the immediately preceding sentence, refuse to approve such sale, lease or other disposition and, should the Participant nonetheless and in contravention of the provisions of

the Power Sales Contract proceed with such sale, lease or other disposition, terminate, effective upon such sale, lease or other disposition, all of such Participant's rights under the Power Sales Contract (except to the extent of any rights theretofore accrued); provided, however, that prior to the effective date of any such termination, AMP shall have arranged for the assignment of such Participant's rights (except as otherwise provided in the last sentence of this subsection) and obligations (except to the extent theretofore accrued) under the Power Sales Contract to another entity which assumes in writing all obligations of such Participant (except to the extent theretofore accrued) and which satisfies each of the conditions set forth in clauses (ii) through (iv) of the immediately preceding sentence; provided, further, that nothing contained in this paragraph shall be construed to prevent or restrict any Participant from issuing mortgage revenue bonds (subject to the provisions of subsection (E) below) secured by a mortgage of the property and revenues of such Participant's Electric System, including a franchise. Each Participant agrees to cooperate in effecting any assignment pursuant to the immediately preceding sentence.

(C) Each Participant covenants and agrees that it shall take no action the effect of which would be to prevent, hinder or delay AMP from the timely fulfillment of its obligations under the Power Sales Contract, any Related Agreement, any then outstanding Bonds or any Trust Indenture; provided, however, that nothing contained herein shall be construed to prevent or restrict such Participant from asserting any rights which it may have against AMP under any provision of law, including institution of legal proceedings for specific performance or recovery of damages.

(D) Each Participant covenants and agrees that it shall, in accordance with Prudent Utility Practice, (i) operate the properties of its Electric System and the business in connection therewith in an efficient manner, (ii) maintain its Electric System in good repair, working order and condition, and (iii) make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to its Electric System; provided, however, that this subsection (D) shall not be construed as requiring such Participant to expend any funds which are derived from sources other than the operation of its Electric System, although nothing herein shall be construed as preventing such Participant from doing so.

(E) Each Participant covenants and agrees that it shall not issue bonds, notes or other evidences of indebtedness or incur lease or contractual obligations which are payable from the revenues derived from its Electric System superior to the payment of the O&M Expenses of its Electric System; provided, however, that nothing shall limit such Participant's present or future rights (i) to incur lease or contractual obligations that, under generally accepted accounting principles, are operating expenses of its Electric System and that are payable on a parity with O&M Expenses or (ii) to issue bonds, notes or other evidences of indebtedness payable from revenues of its Electric System subject to the prior payment or provision for the payment of the O&M Expenses, including amounts payable under the Power Sales Contract, of its Electric System.

(F) Each Participant covenants and agrees that, not later than the date on which it issues bonds, notes or other evidences of indebtedness or incurs capital lease or take-or-pay contractual obligations which are payable from the revenues of its Electric System on a parity with O&M Expenses, it will provide to AMP, with a copy to the Participants Committee, of an independent engineer's estimation that such issuance or incurrence will not result in total O&M Expenses and debt service in excess of the revenues of the Participant's Electric System, adjusted for any rate increases enacted by the Governing Body prior to such issuance or incurrence, in the fiscal year immediately preceding the issuance of such obligations.

(G) Each Participant agrees to use all commercially reasonable efforts to take all actions necessary or convenient to fulfill all of its obligations under the Power Sales Contract.

(H) Each Participant agrees that, prior to any assignment of its rights under the Power Sales Contract it shall grant to AMP, for the benefit of the remaining Participants, a right of first refusal for a period of not less than one hundred twenty (120) days to match any *bona fide* offer for such assignment.

(I) Each Participant that has some contractual or other legal impediment, to its payment obligation to AMP under the Power Sales Contract being classified under applicable law or any trust indenture securing bonds payable from the revenues of its Electric System as O&M Expenses, covenants and agrees that it will in good faith endeavor to remove any such contractual or other legal impediments at the earliest possible time.

Default. (A) In the event any payment due from any Participant under the Power Sales Contract remains unpaid subsequent to the due date thereof, such event shall constitute a default under the Power Sales Contract and AMP may, upon fifteen (15) days prior written notice to and at the cost and expense of such defaulting Participant (i) withhold any payments otherwise due such Participant and suspend deliveries or availability of such defaulting Participant's PSCR Share to or on behalf of the defaulting Participant, (ii) bring any suit, action or proceeding at law or in equity as may be necessary or appropriate to enforce any covenant, agreement or obligation against the defaulting Participant, and (iii) take any other action permitted by law to enforce the Power Sales Contract. Upon suspension of the rights of the defaulting Participant as provided in the immediately preceding sentence, AMP shall be entitled to and may sell or make available, from time to time, to any other person or persons any capacity or energy associated with the defaulting Participant's PSCR Share, and any such sale may be on such terms and for such period deemed necessary or convenient in AMP's judgment, which shall not be exercised unreasonably, to make such sale under then existing market conditions; provided, however, that no such sale shall be made for a period exceeding two (2) months. Any such sale of such PSCR Share contracted for by AMP shall not relieve the defaulting Participant from any liability under the Power Sales Contract, except that the net proceeds of such sale shall be applied in reduction of the liability (but not below zero) of such defaulting Participant. If any default giving rise to the suspension of the rights, including the availability or delivery of capacity and energy of the defaulting Participant, has been cured in less than sixty (60) days subsequent to such default and payment has been made by the defaulting Participant to AMP of all costs and expenses incurred as a result of such default, the Participant which had been in default shall be entitled to the restoration of its rights, including a resumption of its rights to its PSCR Share or other service, subject to any sale to others of its PSCR Share by AMP. AMP shall promptly notify all Participants in writing of any default by any other Participant, which remains uncured for thirty (30) days or more.

(B) (i) If any Participant shall fail to pay any amounts due under the Power Sales Contract, or to perform any other obligation hereunder, which failure constitutes a default under the Power Sales Contract and such default continues for sixty (60) days or more, AMP may, in addition to any other remedy available at law or equity, terminate the provisions of the Power Sales Contract insofar as the same entitle the Participant to a PSCR Share and during such default, the defaulting Participant shall not be entitled to any vote on the Participants Committee or any matter which requires a vote of the Participants; but the obligations of the Participant under the Power Sales Contract shall continue in full force and effect. AMP shall forthwith notify such Participant of such termination.

(ii) Upon the termination of entitlement to a PSCR Share as provided in the preceding paragraph, AMP shall attempt to sell the defaulting Participant's PSCR share first to other Participants, then to Members who are not Participants and then to other persons, and, to the extent such defaulting Participant's obligations are not thereby fulfilled, each non-defaulting Participant shall purchase, for so long as such default remains uncured, a *pro rata* share of the defaulting Participant's entitlement to its PSCR Share which, together with the shares of the other non-defaulting Participants, is equal to the

defaulting Participant's PSCR Share, in percentage (%), as set forth in the Power Sales Contract ("Step Up Power"); provided; however, that no such termination shall reduce the defaulting Participant's obligations under the succeeding paragraph; and provided further, however, that the sum of all such increases for each non-defaulting Participant pursuant to this paragraph shall not exceed, without consent of the non-defaulting Participant, an accumulated maximum kilowatts equal to twenty-five percent (25%), or such lesser percentage as set forth in any Trust Indenture, of such non-defaulting Participant's initial PSCR Share in percentage (%) prior to any such increases. AMP shall mail written notice, and may, at its option, also transmit the same by electronic means, to each non-defaulting Participant of the amount of any Step Up Power as soon as practicable. All Step Up Power Costs shall be determined consistent with and be treated as a part of Revenue Requirements and shall be paid by the non-defaulting Participant in accordance with the Power Sales Contract. Within twenty (20) days after the notice of default by a Participant, any non-defaulting Participant may notify AMP in writing of its election to purchase voluntarily Step Up Power under the terms and conditions described under this heading in any amount more than that which would otherwise be its *pro rata* share and up to the amount of the defaulting Participant's PSCR Share. Such purchase shall continue for so long as the default is not cured. To the extent the sum of such voluntary elections is greater than the amount of Step Up Power to be distributed, the same shall be distributed among the Participants so electing in proportion to the amounts requested. To the extent the sum of such voluntary elections is less than the defaulting Participant's PSCR Share, the remainder shall be distributed *pro rata* among the balance of the Participants as Step Up Power otherwise set forth herein. Non-defaulting Participants assuming Step Up Power shall be entitled to exercise all voting rights associated with all amounts of Step Up Power taken or assigned.

(iii) The fact that other Participants have assumed their obligations for Step Up Power Costs shall not relieve the defaulting Participant of its liability for payments owing with respect thereto and all Participants assuming such obligation (voluntarily or otherwise), either individually or as a member of a group, shall have a right of recovery from the defaulting Participant of all damages occasioned thereby. AMP, in consultation with the Participants Committee, may commence such suits, actions or proceedings, at law or in equity, including suits for specific performance, as may be necessary or appropriate to enforce the obligations of the Power Sales Contract against the defaulting Participant.

(C) In the event of default by a Participant in the payment of any of the sum or sums secured by the Power Sales Contract, or in the performance of any of the covenants and conditions of the Power Sales Contract; or in the event Participant shall for any reason be rendered incapable of fulfilling its obligations thereunder; or final judgment for payment of money shall be rendered against Participant which adversely affects its ability to fulfill its obligations, and any such judgment shall not be discharged within 60 days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which, or pursuant to which, such judgment shall have been granted, or entered, in such manner as to stay the execution of, or levy under, such judgment, order, decree, or process or the enforcement thereof, or any proceeding shall be instituted with the consent or acquiescence of Participant for the purpose of effecting a compromise between Participant and its creditors, or for the purpose of adjusting the claims of such creditors pursuant to any Federal or State statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Participant's rights under the Power Sales Contract; or if (a) Participant is adjudged insolvent by a court of competent jurisdiction which assumes jurisdiction of Participant's Electric System, or (b) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of Participant, a receiver or trustee of Participant or of the whole or any part of Participant's Electric System and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof; or if Participant shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United

States of America or any state thereof, which would place jurisdiction of Participant's Electric System in other than Participant; then, in addition to all other remedies, including the remedy of specific performance, AMP shall have the right and power to, and may, at its sole option, by notice in writing to the Participant, apply for the appointment of a receiver of rents, income and profits of the Participant's Electric System received or receivable by Participant as a matter of right and as security for the amounts due AMP without consideration of the value of Participant's Electric System, or the solvency of any person or persons liable for the payment of such amounts, the rents, income and profits of the Participant's Electric System received or receivable by Participant being hereby assigned by Participant to AMP as security for payment of the sum or sums now or hereafter secured by the Power Sales Contract.

(D) If at any time before the entry of final judgment or decree in any suit, action or proceeding instituted by AMP on account of default as defined above, or before the completion of the enforcement of any other remedy under the Power Sales Contract or law, a defaulting Participant shall pay all sums then payable by their stated terms, and all arrears of interest, if any, upon said sums then outstanding and the charges, compensation, expenses, disbursements, advances and liabilities of AMP, and all other amounts then payable by Participant under the Power Sales Contract, and every other default of which AMP has notice shall have been remedied to the satisfaction of AMP, then AMP shall, unless such default continues for a period greater than one (1) year in which case AMP may, with the approval of its Board of Trustees and the Participants Committee, and to the extent a non-defaulting Participant has voluntarily "stepped up" for all or a portion of such defaulting Participant's entitlement to its PSCR share, with the approval of such non-defaulting Participant, rescind and annul the declaration of default and its consequences, provided, however, that if any Participant has defaulted and all or any portion of such Participant's PSCR Share has become Step Up Power, such Participant shall cure such default by paying all arrearages and all liabilities otherwise owing due to such default, net of the proceeds of any sales and of the recovery of Step Up Power Costs, and such defaulting Participant shall also pay, as liquidated damages and not as a penalty in recognition of the difficulty in precisely measuring damages to the non-defaulting Participants caused by the defaulting Participant, an amount equal to the product of one hundred twenty-five percent (125%) of the defaulting Participant's PSCR Share of the Demand Charges paid by the non-defaulting Participants as Step Up Power Costs, multiplied by the "Prime Rate" as published in "Money Rates" in the *Wall Street Journal*, or, if in determination of AMP, the Prime Rate is no longer publicly available, then the prime rate values published in the Federal Reserve Bulletin, plus, in any case, two percent (2%). Such amount shall then be paid to the non-defaulting Participants in proportion to their respective payments of Step Up Power Costs. However, no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(E) AMP shall provide timely reports to the Participants Committee of any Participant defaults and actions taken by AMP.

(F) Should AMP default of any of its obligations under the Power Sales Contract and such default continues for a period of thirty (30) days, any Participant or the Participants Committee may give AMP written notice of such default. Subject to the provisions of any Trust Indenture, should AMP not cure such default, or provide the Participants Committee with a satisfactory plan to cure such default within sixty (60) days of such written notice, then by the affirmative vote of a Super Majority of the Participants, AMP may be directed to contract with a third party to perform whatever duties or obligations which are in default. The costs of such contract shall be included in Revenue Requirements.

Modification or Amendment. The Power Sales Contract shall not be amended, modified or otherwise changed except by written instrument executed and delivered by AMP and each of the Participants; provided, however that the Power Sales Contract shall not in any event be amended, modified or otherwise changed in any manner that will materially adversely affect the security afforded

by the provisions of the Power Sales Contract for the payment of the principal, interest, and premium, if any, on the Bonds, except as, and to the extent, permitted by any Trust Indenture.

Dispute Resolution. The Parties agree to negotiate in good faith to settle any and all disputes arising hereunder. Representatives of the Participants Committee and AMP Board of Trustees shall participate in any such negotiations. Good faith mediation shall be a condition precedent to the filing of any litigation in law or equity by any party against any other party, except injunctive litigation necessary solely to restrain or cure an imminent threat to the public or employee safety.

The Parties may mutually agree to waive mediation or subsequent to mediation waive their right to litigate in court and, in either case, submit any dispute hereunder to binding arbitration, if permitted by law, before one or more arbitrators pursuant to the Commercial Arbitration Rules of the American Arbitration Association or such other arbitration procedures to which they may agree. Such agreement shall be in writing and may otherwise modify the procedures set forth in this section for resolving any particular dispute.

Term of Contract. The Power Sales Contract shall remain in effect until December 31, 2047, and thereafter, unless otherwise required by law, until (i) the date the principal of, premium, if any, and interest on all Bonds have been paid or deemed paid in accordance with any applicable Trust Indenture; and (ii) a Super Majority of the Participants recommends the Power Sales Contract be terminated; provided, however, that each Participant shall remain obligated to pay to AMP its respective share of the costs of terminating, discontinuing, disposing of, and decommissioning the AMP Fremont Energy Center. In the event that a Super Majority of the Participants does not elect to terminate the Power Sales Contract, each Participant that so elects may continue to receive or have available its PSCR Share of the capacity and energy available to AMP from the AMP Fremont Energy Center at rates which reflect the lack of payments with respect to Bonds and any Participant that does not so elect may discontinue taking or having available any capacity and energy under the Power Sales Contract and shall have no other liability except as specified in the Power Sales Contract.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST INDENTURE

The following is a summary of certain provisions of the Master Trust Indenture (the "Master Indenture"). The following summary is not to be considered a full statement of the terms of the Master Indenture and, accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not otherwise previously defined in this Official Statement or defined below have the meaning set forth in the Master Indenture. Copies of the Master Indenture may be obtained from AMP or the Trustee.

Definitions

"AMP Operating Expenses" means for any period AMP's Service Fee (as defined in the Power Sales Contract) and AMP's reasonable and necessary current expenses for the operation, repair and maintenance of the AMP Ownership Interest, as determined in accordance with generally accepted accounting principles except as modified by this definition, and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance, repair and operation, which may include expenses not annually recurring, administrative expenses, any reasonable payments to pension or retirement funds properly chargeable to the AFEC Project Fund, insurance premiums, engineering expenses relating to maintenance, repair and operation, fees and expenses of the Trustee, Depositories, Paying Agents and the Bond Registrar, legal expenses (including the costs of any actions to defend AMP's rights under any Project Agreement), fees of consultants, any taxes which may be lawfully imposed on AMP with respect to the AMP Ownership Interest, or payments in lieu of such taxes, or the income therefrom, operating lease payments, amounts payable under any Fuel Hedge Agreement (excluding any amounts due on account of acceleration in an event of default thereunder or on account of termination thereof), the Operating Component of the Cost of Contracted Services, and the cost of Replacement Power (as defined in the Power Sales Contract and all other payments, not chargeable to the capital account of the AMP Fremont Energy Center, to be made by AMP under the Power Sales Contract and any other expenses required or permitted to be paid by AMP under the provisions of the Master Indenture or by law, but shall not include any reserves or expenses for extraordinary maintenance or repair or any allowance for depreciation, but AMP Operating Expenses shall not include (i) depreciation or amortization, (ii) any deposit to any fund, subfund, account and subaccount established under the Master Indenture or any Supplemental Indenture for any payment of principal, redemption premium, if any, and interest on any Bonds from any such fund, subfund, account and subaccount or (iii) any debt service payment in respect of Parity Debt or Subordinate Obligations.

"AMP Ownership Interest" means AMP's 90.69% undivided ownership interest in the AMP Fremont Energy Center.

"Annual Budget" means the budget, adopted by the Board of AMP, of Gross Receipts and AMP Operating Expenses including, as separate line items, Fuel Expense, extraordinary expenses for repairs, renewals, rehabilitation and improvement of the Project and capital expenditures for the Project for a Fiscal Year, as the same may be amended from time to time, all in accordance with the provisions of the Master Indenture.

"Bond" or "Bonds" means the bonds or notes issued under the provisions of the Master Indenture and secured on parity with each other and any Parity Debt by the Master Indenture.

"Commercial Operation Date" means the earliest date, confirmed by a certificate delivered by an independent engineer or firm of engineers, which may be the Consulting Engineer, that the AMP Fremont Energy Center is determined to be in service after physical completion, completion of all testing and release to AMP for all commercial operating purposes without material restrictions.

"Contracted Services" means services rendered or Fuel, Fuel Hedge Agreements or facilities provided to AMP in respect of the Project, or for the performance for or on behalf of AMP of functions similar to those provided by the facilities of the Project, from a specific project, projects or systems, pursuant to a contract, whether a financing lease, a service agreement or other arrangement.

"Costs of the Project" includes, without intending to limit or restrict any proper definition of such cost and without duplication, the following:

1. all amounts owed by AMP under the terms of the Asset Purchase Agreement;

2. the cost of acquiring by purchase, and the amount of any deposit in court or award or final judgment in, or any settlement or compromise of any, proceeding to acquire by eminent domain, such lands, property, property rights, rights of way, easements, franchises and other interests as may be deemed necessary or convenient for, options and partial payments thereon, the cost of demolishing or removing or relocating any buildings or structures or land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, and the amount of any damages incident to or consequent upon, the construction, renovation, improvement and operation of the Project;

3. the costs of preparation of surveys, cost estimates, appraisals, plans and specifications for, and fees for architectural, engineering, supervisory and consulting services and planning, including any Developmental Costs, the costs of obtaining governmental or regulatory permits, licenses, franchises and approvals for the Project, and estimates of Gross Revenues and AMP Operating Expenses and any other fees or expenses necessary or incidental to determining the feasibility or practicability of the Project;

4. all costs incurred in connection with the planning, investigating, licensing, siting, permitting, engineering, financing, equipping, construction and acquisition of the Project including the costs of any necessary transmission facilities or upgrades required to interconnect the generation facilities of the AMP Fremont Energy Center with the MISO RTO, PJM RTO or any other transmission provider and transmit power and energy to the Participants, initial inventories, including the purchase of any inventories of emission allowances or other environmental rights, working capital, spare and other start-up related costs, related environmental compliance costs, legal, engineering, accounting, advisory and other financing costs relating thereto and the refurbishing, improving, repairing, replacement, retiring, decommissioning or disposing of the Project, or otherwise paid or incurred or to be paid or incurred by or on behalf of the Participants or AMP in connection with its performance of its obligations under the Contract, the Master Indenture or any Related Agreement, all costs related to the acquisition and construction of the Project, including, without limitation, contractors' fees and charges, the cost of labor, services, materials and supplies used or furnished in site improvement and construction, and the purchase of machinery, equipment, facilities, rolling stock and ancillary items and the cost of utility services;

5. all administrative services and overheads necessary or incidental to the Project, including salaries, wages and benefits of employees and agents, of AMP and a reasonable

allowance for working capital related to the acquisition, construction and operation of the Project and any payments owing under Derivative Agreements, Fuel Hedge Agreements or agreements relating to Investment Obligations or Credit Facilities prior to the Commercial Operation Date and for a reasonable period after the Commercial Operation Date;

6. Costs of Issuance for which funds are not available in the Costs of Issuance Subfund;

7. interest to accrue on the Bonds for such period after the Commercial Operation Date as AMP deems reasonable;

8. any amount required to make or maintain the amount on deposit to the credit of the Parity Common Reserve Account up to an amount equal to the Parity Common Reserve Account Requirement or any Special Reserve Account for the related Series of Bonds up to an amount equal to any Special Reserve Account Requirement or the Fuel Hedge Reserve Account to the extent required to make the balance to such Account equal to an amount up to the amount contemplated by the current Annual Budget;

9. to the extent they shall not be paid by a contractor, premiums of all insurance policies and letters of credit, surety and performance bonds and the like (and their related reimbursement obligations), required to be maintained in connection with the acquisition and construction of the Project and all costs and expenses relating to injury, and damage claims arising from the acquisition and construction of the Project and casualty and liability insurance premiums in connection with insurance against loss from such claims;

10. all costs and expenses incurred in connection with the operation and maintenance and repair facilities, equipment and furnishings necessary or useful to AMP in connection with the Project; and

11. repayment of all temporary borrowings and advances, whether advanced as Developmental Costs, to finance the costs of the acquisition of the AMP Fremont Energy Center from FirstEnergy, or otherwise, by AMP in connection with the Project.

"Credit Facility" means a line of credit, letter of credit, standby bond purchase agreement, bond insurance policy or similar liquidity or credit facility established or obtained in connection with the issuance of any Bonds, incurrence of any other Parity Debt or incurrence of any Subordinate Obligations.

"Credit Provider" means the Person providing a Credit Facility, as designated in the Supplemental Indenture authorizing the issuance of a Series of Bonds or in the Parity Debt Indenture authorizing the incurrence of Parity Debt or in the Subordinate Obligations Indenture authorizing the incurrence of Subordinate Obligations.

"Debt Service Coverage Ratio" means, for any period of time, the ratio determined by dividing the Net Revenues by the Maximum Annual Debt Service Requirement for such period.

"Debt Service Requirement" means, for any period for which such determination is made, the sum, on an accrual basis, of the Principal Requirement and the Interest Requirement (and to the extent not otherwise included, any Debt Service Component of the Cost of Contracted Services) for such period (whether or not separately stated) on Outstanding Indebtedness during such period, taking into account:

(i) with respect to Balloon Indebtedness, the amount of principal which would be payable in such period if such principal were amortized from the date of incurrence thereof over a period of thirty (30) years on a level debt service basis, at an interest rate equal to the current market rate for a fixed rate, 30-year obligation, set forth in an opinion, delivered to the Trustee, of a banking institution or an investment banking institution, selected by AMP and knowledgeable in municipal finance, as the interest rate at which the Person that incurred such Indebtedness could reasonably expect to borrow the same by incurring Indebtedness with the same term as assumed above; provided, however, that if the date of calculation is within twelve (12) calendar months of the actual final maturity of such Indebtedness, the full amount of principal payable at maturity shall be included in such calculation;

(ii) with respect to Parity Obligations which are Variable Rate Indebtedness, the interest on such Indebtedness shall be calculated at the rate which is equal to the average of the actual interest rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect) for the most recent twelve-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve-month period), except that with respect to new Variable Rate Indebtedness, the interest rate on such Indebtedness on the date of its incurrence shall be calculated at the lesser of (a) the initial rate at which such Indebtedness is incurred and (b) the rate certified by a banking institution or an investment banking institution, selected by AMP and knowledgeable in municipal finance, as being the average rate such Indebtedness would have borne for the most recent twelve-month period immediately preceding the date of calculation if such Indebtedness had been outstanding for such period, and thereafter shall be calculated as set forth above; provided, however, that if AMP enters into a Derivative Agreement with respect to such Indebtedness, the interest on such Indebtedness shall be calculated as set forth in clause (iv) below;

(iii) with respect to any Credit Facility, (a) to the extent that such Credit Facility has not been used or drawn upon, the principal and interest relating to the reimbursement obligation for such Credit Facility shall not be included in the Debt Service Requirement and (b) to the extent that such Credit Facility shall have been drawn upon, the payment provisions of such Credit Facility with respect to repayment of principal and interest thereon shall be included in the Debt Service Requirement;

(iv) with respect to Derivative Obligations, the interest on such Indebtedness during any Derivative Period thereunder shall be calculated by adding (a) the amount of interest payable by AMP pursuant to its terms and (b) the amount payable by AMP under the Derivative Agreement and subtracting (c) the amount payable by the Derivative Agreement Counterparty at the rate specified in the Derivative Agreement, except that to the extent that the Derivative Agreement Counterparty has defaulted on its payment obligations under the Derivative Agreement, the amount of interest payable by AMP from the date of default shall be the interest calculated as if such Derivative Agreement had not been executed;

(v) subject to the provisions of clause (iv) above, to the extent that any Parity Obligation incurred pursuant to the Master Indenture requires that AMP pay the principal of or interest on such Indebtedness in any currency or currencies other than United States dollars, in calculating the amount of the Debt Service Requirement, the currency or currencies in which AMP is required to pay shall be converted to United States dollars using a conversion rate equal to the applicable conversion rate in effect on a date that is not more than thirty (30) days prior to the date on which such Indebtedness is incurred;

(vi) in the case of Optional Tender Indebtedness, the options of such Owners or Holders shall be ignored, provided that such Optional Tender Indebtedness shall have the benefit of a Credit Facility and the Credit Provider or a guarantor of its obligations shall have ratings from at least two of the Rating

Agencies in not less than one of the two highest short-term rating categories (without gradations such as plus or minus); and

(vii) in the case of Parity Obligations, having the benefit of a Credit Facility that provides for a term loan facility that requires the payment of the Principal of such Indebtedness in one (1) year or more, such Indebtedness shall be considered Balloon Indebtedness and shall be assumed to have the maturity schedule provided clause (i) of this definition;

provided, however, that (i) interest shall be excluded from the determination of Debt Service Requirement to the extent that provision for payment of the same is made from the proceeds of the Indebtedness or otherwise provided so as to be available for deposit into the Capitalized Interest Account or similar account not later than the date of delivery of and payment for such Indebtedness; (ii) all or a portion of interest in respect of one or more Series of Tax-Advantaged Bonds shall be excluded from the determination of Debt Service Requirement if, and to the extent, that Bonds, or the interest thereon, of such Series is payable from Federal Subsidies or credits, and (iii) notwithstanding the foregoing, the aggregate of the payments to be made with respect to principal of and interest on Outstanding Parity Obligations shall not include principal and/or interest payable from Qualified Escrow Funds.

"Defeasance Obligations" means, unless modified by the terms of a Supplemental Indenture or a Parity Debt Indenture, (i) noncallable, nonprepayable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable, nonprepayable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state or territory thereof in the capacity of custodian, (iii) Defeased Municipal Obligations and (iv) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state or territory thereof in the capacity of custodian.

"Deposit Account Control Agreement" means the Deposit Account Control Agreement by and among AMP, The Huntington National Bank and the Trustee, as the same may be amended from time to time.

"Deposit Day" means the last Business Day of each month and/or any other day of any month on which Gross Receipts are to be deposited to or withdrawn from the Revenue Subfund in accordance with the provisions the Master Indenture and as described herein.

"Derivative Agreement" means (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls or to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk; and (v) any other type of contract or arrangement that AMP determines is to be used, or is intended to be used, to manage or reduce the cost of Indebtedness, to convert any element of Indebtedness from one form to another, to maximize or increase investment return, to minimize investment return risk or to protect against any type of financial risk or uncertainty. A Fuel Hedge Agreement is not a Derivative Agreement for purposes of the Master Indenture.

"Derivative Agreement Counterparty" means, with respect to a Derivative Agreement, the Person that is identified in such agreement as the counterparty to, or contracting party with, AMP.

"Derivative Obligations" means payments, or any portion thereof, for which AMP is obligated to a Derivative Agreement Counterparty under a Derivative Agreement.

"Federal Subsidy" means a payment made by the Secretary of the Department of Treasury or other Federal official, department or instrumentality to or for the account of AMP pursuant to the Code in connection with the issuance of a Series of Tax-Advantaged Bonds. Any Federal Subsidy to be received by AMP in connection with the issuance of a Series of Tax-Advantaged Bonds shall be identified as such in the Supplemental Indenture authorizing the issuance of such Series.

"Fuel" means natural gas, natural gas reserves, pipeline capacity, natural gas storage or related rights, contracts or assets, and any hedges or other financial devices to mitigate prices or risks of the same, as are necessary or convenient to operate the AMP Fremont Energy Center.

"Fuel Expense" means the costs to AMP, in connection with the operation of the AMP Ownership Interest, of any natural gas, other fossil or other fuel, including any contractual rights to the supply thereof, any natural gas production field, including any land, material or equipment therefor and restoration of lands in connection therewith, any pipeline, including any rights relating the use thereof, together with any associated and related property and property rights and other costs incident to the exploration, acquisition, production, processing, storage and transportation of such natural gas, other fossil or other fuel.

"Fuel Hedge Agreement" means with respect to Fuel and Fuel Expense (i) any contract known as or referred to or which performs the function of forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, related indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, price floors or caps, options, puts or calls or to hedge or minimize any type of financial risk, including, without limitation, price volatility or other financial risk; and (v) any other type of contract or arrangement that AMP determines is to be used, or is intended to be used, to manage or reduce the cost of Fuel or Fuel Expense or to protect against any type of financial risk or uncertainty. A Derivative Agreement is not a Fuel Hedge Agreement for purposes of the Master Indenture.

"Fuel Hedge Agreement Counterparty" means, with respect to a Fuel Hedge Agreement, the Person that is identified in such agreement as the counterparty to, or contracting party with, AMP.

"Fuel Hedge Obligations" means payments, or any portion thereof, for which AMP is obligated to a Fuel Hedge Agreement Counterparty under a Fuel Hedge Agreement.

"Gross Receipts" means all revenues, income, receipts and money (other than proceeds of borrowing) received in any period by or on behalf of AMP for the use of and for the output, services and facilities furnished by or from the Power Sales Contract Resources, including, without limitation, (a) payments made by the Participants to or for the account of AMP pursuant to the Power Sales Contract, (b) proceeds derived from contract rights and other rights and assets now or hereafter owned, held or possessed by AMP and (c) interest or investment income on all investments excluding investments of proceeds of Indebtedness (unless credited and transferred to the Revenue Subfund) incurred by AMP and on deposits to Qualified Escrow Funds.

"Gross Revenues" means revenues, as determined in accordance with generally accepted accounting principles, from (a) all payments, proceeds, rates, fees, charges, rents all other income derived by or for AMP for the use of and for the output, services and facilities furnished by or from the Power Sales Contract Resources, and all rights to receive the same, whether in the form of accounts receivable, contract rights, credits or other rights, and the proceeds of such rights whether now owned or held or hereafter coming into existence, including payments received pursuant to the Power Sales Contract and for capacity, energy and other products of the AMP Ownership Interest and any portion thereof, (b) any proceeds of use and occupancy or business interruption insurance, and (c) the income from the investment under the provisions of the Master Indenture of the moneys held for the credit of the various fund, subfunds, accounts and subaccounts created under the Master Indenture excluding (i) investments of proceeds of Indebtedness (unless credited and transferred to the Revenue Subfund) incurred by AMP and on deposits to Qualified Escrow Funds, (ii) the proceeds of any insurance, other than as mentioned above, (iii) any gifts, grants, donations or contributions or borrowed funds and (iv) Federal Subsidies (to the extent not credited against the Debt Service Requirements).

"Incurrence Test" means the test for the incurrence for Parity Obligations established by the Master Trust Indenture and described herein.

"Indebtedness" means (a) Parity Obligations, (b) Subordinate Obligations, (c) the Debt Service Components of the Cost of Contracted Services, (d) all other indebtedness of AMP relating to the Project and payable from Gross Revenues and (e) all installment sales and capital lease obligations relating to the Project, payable from Gross Revenues and incurred or assumed by AMP. Obligations to reimburse Credit Providers for amounts drawn under Credit Facilities to pay the Purchase Price of Optional Tender Indebtedness shall not constitute Indebtedness, except to the extent such obligations exceed the Debt Service Requirements on Bonds or Parity Debt held by or pledged to or for the account of a Credit Provider that shall have paid the Purchase Price of Optional Tender Indebtedness.

"Interest Requirement" for any Fiscal Year or any Interest Period, as the context may require, as applied to Bonds of any Series then Outstanding, means the total of the sums that would be deemed to accrue on such Bonds during such Fiscal Year or Interest Period if the interest on the Current Interest Bonds of such Series were deemed to accrue daily in equal amounts during such Year or Interest Period, employing the applicable methods of calculation set forth in the definition of Debt Service Requirement; provided, however, that interest expense shall be excluded from the determination of Interest Requirement to the extent that any interest is to be paid from the proceeds of Bonds or other available moneys or from investment (but not reinvestment) earnings thereon if such proceeds or other moneys shall have been invested in Defeasance Obligations and to the extent such earnings may be determined precisely. Interest expense on Credit Facilities drawn upon to purchase but not to retire Bonds, to the extent such interest exceeds the interest otherwise payable on such Bonds (herein called "excess interest"), shall not be included in the determination of Interest Requirement. AMP may in a Supplemental Indenture provide that such excess interest be included in the calculation of Interest Requirement for all provisions of the Master Indenture except those relating to the Incurrence Test.

"Investment Obligations" means Government Obligations and, to the extent from time to time permitted by the laws of the State of Ohio,

(A) the obligations of (i) Export Import Bank, (ii) Government National Mortgage Association, (iii) Federal Housing Administration, (iv) U. S. Department of Agriculture – Rural Development, (v) United States Postal Service and (vi) any other agency or instrumentality of the United States of America now or hereafter created, which obligations are backed by the full faith and credit of the United States of America,

(B) the obligations of (i) Federal National Mortgage Association, (ii) Federal Intermediate Credit Banks, (iii) Federal Banks for Cooperatives, (iv) Federal Home Loan Mortgage Corporation, (v) Federal Land Banks, and (vi) Federal Home Loan Banks,

(C) Defeased Municipal Obligations,

(D) negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of least A-1 by S&P and P-1 by Moody's for maturities of one year or less, and a rating of at least AA by S&P and Aa by Moody's for maturities over one year and not exceeding five years,

(E) any overnight, term or open repurchase agreement for Government Obligations or obligations described in clauses (A) and (B) above that is with (i) a bank or trust company (including the Trustee, any Depository and their affiliates) that has a combined capital, surplus and undivided profits not less than $100,000,000, or (ii) a subsidiary trust company whose combined capital, surplus and undivided profits, together with that of its parent state bank or bank, holding company, as the case may be, is not less than $100,000,000, or (iii) a financial institution (including, but not limited to, banks, insurance companies, investment banks, broker dealers, bank holding companies, insurance holding companies, affiliates of any of the foregoing, and other similar entities) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York and a member of the Security Investors Protection Corporation ("SIPC") or with a dealer or parent holding company that is rated in one of the three highest rating categories by Moody's and S&P (without regard to gradations such as "plus" or "minus") and as to which the fair market value of such agreements, together with the fair market value of the repurchase agreement securities, exclusive of accrued interest, shall be valued daily and maintained at an amount at least equal to the amount invested in the repurchase agreements, provided, however, that (1) such obligations purchased must be transferred to the Trustee or Depository (who shall not be the provider of the collateral) or a third party agent by physical delivery or by an entry made on the records of the issuer of such obligations, (2) as to which failure to maintain the requisite collateral levels will require the Trustee or Depository, as the case may be, or its agent to liquidate the securities immediately, (3) as to which the Trustee or Depository, as the case may be, has a perfected, first priority security interest in the securities, and (4) as to which the securities are free and clear of third-party liens, and in the case of an SIPC broker, were not acquired pursuant to a repurchase or reverse repurchase agreement,

(F) any investment agreement that is with or is unconditionally guaranteed as to payment by (i) a bank or trust company (including the Trustee, any Depository and their affiliates) that has a combined capital, surplus and undivided profits not less than $100,000,000, or (ii) a subsidiary trust company whose combined capital, surplus and undivided profits, together with that of its parent state bank or bank, holding company, as the case may be, is not less than $100,000,000, or (iii) a financial institution that, in the case of (i), (ii) or (iii), is rated in one of the two highest rating categories by Moody's and S&P (without regard to gradations such as "plus" or "minus"),

(G) commercial paper rated at the time of acquisition by the Trustee or a Depository in the highest rating category by Moody's and S&P (without regard to any gradations or refinements such as "plus" or "minus"),

(H) obligations of state or local government municipal bond issuers, the principal of and interest on which, when due and payable, have been insured to their maturities by an insurer the bonds insured by which are rated at the time of acquisition by the Trustee or a Depository by Moody's and S&P in one of the two highest rating categories (without regard to any numerical or other gradations or refinements such as "plus" or "minus"),

(I) obligations of state or local government municipal bond issuers that are rated by Moody's and S&P in one of the two highest rating categories (without regard to any numerical or other gradations or refinements such as "plus" or "minus"),

(J) open-end investment funds registered under the Investment Companies Act of 1940, as amended, the authorized investments by which are permitted by the terms of the Master Indenture. Any investment in a repurchase agreement shall be considered to mature on the date the party providing the repurchase agreement is obligated to repurchase the Investment Obligations. Any investment in obligations described above may be made in the form of an entry made on the records of the issuer of or the securities depository with respect to the particular obligation, and

(K) bankers' acceptances drawn on and accepted by commercial banks (which may include the Trustee, any Co-Trustee, any Depository, any Bond Registrar and their affiliates).

"Maximum Annual Debt Service Requirement" means at the date of calculation the greatest Debt Service Requirement for the current or any succeeding Fiscal Year.

"Notional Value" means with respect to a Fuel Hedge Agreement Counterparty, as of the date of determination, an amount equal to the remaining notional quantity of AMP's Fuel Hedge Obligations to such Fuel Hedge Agreement Counterparty multiplied by the gross underlying dollar value of such Fuel Hedge Agreement. By way of example, the value of a fixed-for-floating swap where AMP was the fixed payor would be determined by multiplying the notional quantity times the fixed price.

"Notional Value Voting Method" means the relative voting interests of each Fuel Hedge Agreement Counterparty, as of the date of determination, based on the remaining Notional Value of AMP's Fuel Hedge Obligations to such Fuel Hedge Agreement Counterparty.

"Optional Tender Indebtedness" means any portion of Indebtedness incurred under the Master Indenture a feature of which is an option on the part of the holders of such Indebtedness to tender to AMP or the Trustee or a Depository, Paying Agent or other fiduciary for such holders, or an agent of any of the foregoing, all or a portion of such Indebtedness for payment or purchase; provided, however, any such Bonds subject to such a tender option that is contingent on circumstances not within the control of the holders of such Indebtedness shall not be "Optional Tender Bonds" for purposes of the Master Indenture.

"[O]utstanding" means all Bonds, which have been authenticated and delivered by the Bond Registrar under the Master Indenture, except:

(i) Bonds paid or redeemed or delivered to or acquired by the Trustee or the Bond Registrar for cancellation;

(ii) Bonds deemed to have been paid in accordance with Article XIII of the Master Indenture;

(iii) Bonds in exchange for or in lieu of which other Parity Obligations have been authenticated and delivered under the Master Indenture; and

(iv) Bonds constituting Optional Tender Indebtedness deemed to have been purchased in accordance with the provisions of the applicable Supplemental Indenture in lieu of which other Parity Obligations have been authenticated and delivered under such Supplemental Indenture;

provided, however, that in determining whether the Holders of the requisite principal amount of outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Parity Obligations owned by AMP or any other obligor upon the Parity Obligations or the Power Sales Contract shall be disregarded and deemed not to be outstanding, except that the term "obligor upon the Parity Obligations" shall not include any Credit Provider or Insurer unless otherwise provided in a Supplemental Indenture, and except that, in determining whether the Trustee, any Paying Agent, any Depository or the Bond Registrar shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Parity Obligations which the Trustee, any Paying Agent, any Depository or the Bond Registrar, as the case may be, knows to be so owned shall be so disregarded. Parity Obligations so owned which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Trustee, a Depository, a Paying Agent or the Bond Registrar the pledgee's right so to act with respect to such Parity Obligations and that the pledgee is not AMP or any other obligor upon the Parity Obligations except a Credit Provider or an Insurer.

AMP may provide in a supplemental resolution permitted by the Master Indenture as to when any Parity Debt shall be outstanding.

"Parity Common Reserve Account Requirement" means, with respect to all Parity Obligations secured by the Parity Common Reserve Account, the amount provided in a Supplemental Indenture. The Parity Common Reserve Account Requirement may be satisfied with cash, Investment Obligations or Reserve Alternative Instruments, or any combination of the foregoing, as AMP may determine from time to time.

"Parity Debt" means all Parity Obligations incurred or assumed by AMP, including Parity Debt Service Components, and not evidenced by Bonds which (a) are designated as Parity Debt in the documents pursuant to which it was incurred, (b) are incurred in compliance with the provisions of the Master Indenture or are a reimbursement obligation for a Credit Facility supporting Parity Obligations incurred in compliance with the provisions of the Master Indenture, and (c) may be accelerated only in compliance with the procedures set forth in the Master Indenture.

"Parity Obligations" means Bonds and Parity Debt.

"Power Sales Contract Resources" means, to the extent acquired or utilized by AMP to meet its obligations to deliver capacity and energy to the Participants pursuant to the Power Sales Contract, (i) the AMP Entitlement and (ii) all sources of Replacement Power, whether real or personal property or contract rights.

"Principal Requirement" for any Fiscal Year or any other period, as the context may require, as applied to Bonds of any Series then Outstanding, means the total of the sums that would be deemed to accrue on such Bonds during such Fiscal Year or other period if the principal of the Current Interest Bonds of such Series were deemed to accrue daily in equal amounts during such Year or period, employing the applicable methods of calculation set forth in the definition of Debt Service Requirement; provided, however, that principal shall be excluded from the determination of Principal Requirement to the extent that any principal is to be paid from the proceeds of Bonds or other available moneys or from investment (but not reinvestment) earnings thereon if such proceeds or other moneys shall have been invested in Defeasance Obligations and to the extent such earnings may be determined precisely.

"Reserve Alternative Instrument" means an irrevocable insurance policy or surety bond or an irrevocable letter of credit, guaranty or other facility deposited in the Parity Common Reserve Account or

a Special Reserve Account in lieu of or in partial substitution for the deposit of cash and Investment Obligations in satisfaction of the Parity Common Reserve Account Requirement or a Special Reserve Account Requirement.

"Revenue Available For Debt Service" means the pro forma amount, indicated in an Officer's Certificate delivered to the Trustee, that is certified by such Officer, to be his good faith estimate of the excess, of the Gross Revenues in any 12 consecutive months of the last 18 calendar months preceding the date of such Certificate over the AMP Operating Expenses for the same 12 months, taking into consideration and adjusted for any rate increases adopted by the Board of AMP that will take effect subsequent to the applicable 12-month period and in the current or following Fiscal Year, as shall be set forth in such Officer's Certificate.

"Short-Term Indebtedness" means all Indebtedness incurred for borrowed money, other than the current portion of Indebtedness and other than Short-Term Indebtedness excluded from this definition as provided in the definition of Indebtedness, for any of the following:

(i) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one year or less;

(ii) leases which are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and

(iii) installment sale or conditional sale contracts having an original term of one year or less.

"Special Reserve Account" means a special debt service reserve account created by a Supplemental Indenture or a Parity Debt Indenture as a debt service reserve account only for the particular Parity Obligations authorized by such Supplemental Indenture or Parity Debt Indenture.

"Special Reserve Account Requirement" means the amount to be deposited or maintained in a Special Reserve Account pursuant to a Supplemental Indenture or a Parity Debt Indenture creating such Special Reserve Account. The Special Reserve Account Requirement may be satisfied with cash, Investment Obligations, a Reserve Alternative Instrument or any combination of the foregoing, as AMP may determine from time to time.

"Subordinate Obligations" means Indebtedness and other payment obligations, such as the Remaining Component of the Cost of Contracted Services, the terms of which shall provide that they shall be subordinate and junior in right of payment, or provision for payment, to the prior payment in full of Parity Obligations to the extent and in the manner set forth in the Master Indenture.

"Subordinate Obligations Indenture" means the resolution and any other documents, instruments or agreements adopted or executed by AMP providing for the incurrence of Subordinate Obligations. If the Subordinate Obligations shall have the benefit of a Credit Facility, the reimbursement obligation for such Credit Facility shall provide for repayments on a subordinated basis (as compared to Parity Obligations) and the term Subordinate Obligations Indenture shall include any reimbursement agreement or similar repayment agreement executed and delivered by AMP in connection with the provision of such Credit Facility for such Subordinate Obligations. AMP may also create contingent Subordinate Obligations under Supplemental Indentures which, to such extent, shall be construed to be Subordinate Obligations Indentures.

"Tax-Advantaged Bonds" means all Bonds so identified in the Supplemental Indenture authorizing the issuance of such Bonds.

"Tax-Advantaged Parity Debt" means all Parity Debt so identified in the Parity Debt Indenture authorizing the incurrence of such Parity Debt.

"Tax-Advantaged Parity Obligations" means collectively all Tax- Advantaged Bonds and all Tax-Advantaged Parity Debt.

"Variable Rate Indebtedness" means any portion of Indebtedness the interest rate on which is not established at the time of incurrence at a fixed or constant rate until maturity.

Acquisition and Construction Subfund

Any money received by AMP from any source for the Project shall be deposited in the Acquisition and Construction Subfund, a special subfund of the AFEC Project Fund. Moneys in the Acquisition and Construction Subfund shall be held by a Depository or Depositories in trust and applied to the payment of the Cost of the Project or to the retirement of Bonds issued under the provisions of the Master Indenture or Parity Debt Indenture. Pending such application, such moneys shall be subject to a lien in charge of the Holders.

The Depository or Depositories may only disburse moneys from the Acquisition and Construction Subfund upon the receipt of a requisition signed by an AMP Representative, stating to whom the payment is to be made, the general purpose for which the obligation was incurred and that each charge is a proper charge against the Cost of the Project and, if the payment is made to someone other than AMP, the obligation has not been the basis for a prior requisition.

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

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

(i) with a Depository, the Costs of Issuance Subfund, in which there shall be established for each Series of Bonds a special account identified by such Series; and

(ii) with the Trustee, the Revenue Subfund in which there shall be established with a Depository five accounts, to be known as the Operating Account, the Fuel Reserve Account, the Working Capital Account, the Derivative Receipts Account and the General Account and in which there shall be established with the Trustee one account, to be known as the Fuel Hedge Account; and

(iii) with the Trustee, the Bond Subfund, in which there are established seven or more special accounts to be known as the Capitalized Interest Account, the Interest Account, the Derivatives Payments Account, the Principal Account, the Sinking Account, the Redemption Account, the Parity Common Reserve Account and any Special Reserve Accounts identified by Series or otherwise; and

(iv) the Subordinate Obligations Subfund, in which AMP may create one or more accounts by one or more Subordinate Obligations Indentures; and

(v) a Reserve and Contingency Subfund, in which there are hereby established six special accounts to be held by a Depositary and to be known as the Renewal and Replacement Account, the Overhaul Account, the Capital Improvement Account, the Rate Stabilization Account, the Environmental Improvement Account and the Self-Insurance Account and another special account to be held by the Trustee and to be known as the Fuel Hedge Reserve Account.

Money in the Bond Subfund and all of the accounts and subaccounts therein established shall be held in trust and applied as provided in the Master Indenture. Pending such application, such money shall be subject to a pledge, charge and lien in favor of the Owners of the respective Series of Bonds issued and Outstanding under the Master Indenture.

The money in the Fuel Hedge Account in the Revenue Subfund and any subaccounts therein established pursuant to the Master Indenture shall be held in trust and applied as hereinafter and in any applicable Supplemental Indenture provided and, pending such application, the money in the Fuel Hedge Account and any subaccounts therein shall be subject to a pledge, charge and lien in favor of the Fuel Hedge Agreement Counterparties under their respective Fuel Hedge Agreements and the Master Indenture.

Each Supplemental Indenture providing for the issuance of a Series of Tax-Advantaged Bonds the issuance of which will entitle AMP to receive a Federal Subsidy shall identify the Federal Subsidy and may provide that such Series of Tax-Advantaged Bonds shall be additionally secured by the Federal Subsidy identified therein.

Application of Moneys Received

Except as otherwise provided in a Parity Debt Indenture, on each Deposit Day, AMP shall transfer or caused to be transferred to the Trustee all Gross Receipts for the period subsequent to the prior Deposit Day, including all proceeds of any Derivative Agreement received by AMP or the Trustee for the account of AMP, for credit to the Revenue Subfund. Proceeds of any Derivative Agreement shall be deposited to the credit of the Derivative Receipts Account in the Revenue Subfund.

Not less than monthly, on or before the first Business Day of each month, the Trustee shall withdraw from the Revenue Subfund any legally available moneys then held to the credit of such Subfund and set aside with itself or transfer to a Depository the moneys so withdrawn, or otherwise dispose of such moneys for the following purposes in the following order in amounts sufficient in the aggregate to satisfy the following requirements, subject to credits as provided in the Master Indenture:

(i) transfer to the Depository for the Operating Account an amount that together with funds then held to the credit of such account will make the total amount then to the credit of such account equal to the sum of the AMP Operating Expenses (exclusive of the amount described in clause (iii) below) budgeted for such month in the Annual Budget;

(ii) transfer to the Depository for the Working Capital Account an amount that together with funds then held to the credit of such account will make the total amount then to the credit of such account equal to ten percent (10%) the amount of the AMP Operating Expenses provided for the current Fiscal Year in the Annual Budget and to the Depository for the Fuel Reserve Account an amount that together with funds then held to the credit of such account will make the total amount then to the credit of such account equal to such amount as AMP shall have provided as an additional reserve for Fuel Expense for the current Fiscal Year in the Annual Budget;

(iii) set aside with itself for deposit to the Fuel Hedge Account, the sum of the amounts (other than amounts due on account of acceleration or termination of any Fuel Hedge Agreement), as estimated by AMP taking into account the terms of each Fuel Hedge Agreement, to be due and payable under any Fuel Hedge Agreements (such amounts to include amounts due on account of scheduled settlements and, unless and to the extent otherwise provided in a Supplemental Indenture, the required posting of collateral);

(iv) set aside with itself for deposit into the Bond Subfund, the sum of

(1) to the credit of the Interest Account, after first taking into account any accrued interest deposited from the proceeds of any Bonds and the advice of AMP contained in an Officer's Certificate respecting any transfers from Capitalized Interest Account and, subject to the requirements of the Master Indenture, from the Acquisition and Construction Subfund by deducting the sum of such amounts from the amount of interest otherwise payable, such amount as is required to make the amount to the credit of the Interest Account equal to so much of the Interest Requirement that shall have accrued during the then current Interest Period between the first Deposit Day in such Period and such Deposit Day; provided, however, that except as specified above, the amount so deposited on account of the then current Interest Requirement on each Deposit Day after the delivery of the Bonds of any Series under the provisions of the Master Indenture up to and including the Deposit Day immediately preceding the first Interest Payment Date thereafter of the Bonds of such Series shall be that amount which when multiplied by the number of such deposits will be equal to the amount of such current Interest Requirement respecting such Bonds during such first Interest Period; and provided, further, that in making such deposits, the Trustee shall take into account any excess moneys to the credit of the Parity Common Reserve Account and any Special Reserve Account that are to be transferred to the Interest Account or any subaccount thereof prior to any Interest Payment Date, should moneys held therein exceed the Parity Common Reserve Account Requirement and/or Special Reserve Account Requirement, as applicable;

(2) to the credit of the Derivatives Payments Account, the amount, if any, of any Derivative Obligations due under the terms of a Derivative Agreement to be paid to a Derivative Agreement Counterparty, on a parity with interest on Bonds, prior to the next Deposit Day;

(3) to credit of the Principal Account, beginning on the Deposit Day specified in the applicable Supplemental Indenture that is prior to the first month in which any Serial Bond matures, such amount as is required to make the amount to the credit of the Principal Account equal to so much of the Principal Requirement that shall have accrued during the then current period between the date specified in the Supplemental Indenture or the prior Principal Payment Date and such Deposit Day or the next Principal Payment Date if it shall occur before the next scheduled Deposit Day;

(4) to credit of the Sinking Fund Account, beginning on the Deposit Day specified in the applicable Supplemental Indenture that is prior to the first month in which any Term Bond matures, such amount as is required to make the amount to the credit of the Sinking Fund Account equal to so much of the Sinking Fund Requirement that shall have accrued during the then current period between the date specified in the Supplemental Indenture or the prior Principal Payment Date and such Deposit Day or the next mandatory Sinking Fund redemption date if it shall occur before the next scheduled Deposit Day; and

(5) at such time or times as provided in a Supplemental Indenture or a Parity Debt Indenture, (I) to the credit of the Parity Common Reserve Account, if the amount in the Parity Common Reserve Account is less than the Parity Common Reserve Account Requirement, the amounts required by the Master Indenture to make up such deficiency in the Parity Common Reserve Account plus any other amounts required to reinstate fully any Reserve Alternative Instrument then held to the credit of the Parity Common Reserve Account and (II) to the credit of any Special Reserve Account, if the amount in any Special Reserve Account is less than the applicable Special Reserve Account Requirement, and deposit, or deliver to the appropriate Depository for deposit, the amounts required by any Supplemental Indenture or Parity Debt Indenture to make up any deficiency in any Special Reserve Account, provided that if there shall not be sufficient Net Receipts to satisfy all such deposits, such deposits shall be made among the Parity Common Reserve Account and each Special Reserve Account ratably according to the amounts so required to be deposited.

(v) pay to a Depository for credit to, or set aside with itself for credit to a special account in, the Subordinate Obligations Subfund in any Supplemental Indenture and in any Subordinate Obligations Indenture, an amount which together with funds then held to the credit of the Subordinate Obligations Subfund (and any special accounts therein) will make the total amount then to the credit of the Subordinate Obligations Subfund equal to the entire aggregate amount of Subordinate Obligations that shall have accrued subsequent to the prior Deposit Day and the current Deposit Day or be payable prior to the next Deposit Day; and

(vi) pay to a Depository for deposit into the various accounts, or set aside with itself in the case of the Fuel Hedge Reserve Account, in the Reserve and Contingency Subfund the amounts, if any, provided in the Annual Budget.

The balance, if any, remaining after making the transfers provided in clauses (i), (ii), (iii), (iv), (v) and (vi) above, shall be credited to the General Account in the Revenue Subfund.

If the amount deposited in any month to the credit of the Revenue Subfund or any account or subaccount therein (excluding the Derivative Receipts Account) shall be less than the amount required to be deposited under the foregoing provisions of this Section, (I) the Trustee shall allocate such amount so deposited in any month to the credit of the Revenue Subfund, first, pro rata with the requirements of the Operating Account and the Fuel Hedge Account, with any balance to be credited to the other accounts in the Revenue Subfund as directed by AMP and (II) the requirement therefor shall nevertheless be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited on the next Deposit Day.

If any Series of Bonds is secured by a Credit Facility, the Trustee shall establish a separate subaccount within the Interest Account, the Principal Account and the Sinking Fund Account corresponding to the source of moneys for each deposit made into either of such accounts so that the Trustee may at all times ascertain the source and date of deposit of the funds in each such account or subaccount.

If a Series of Tax-Advantaged Bonds, or the interest thereon, is payable from or secured by a Federal Subsidy, the Trustee shall, as directed by AMP Representative, credit such Federal Subsidy to the subaccount, established for such Series of Bonds, within the Interest or Principal Account as so directed.

Use of Money Held in Certain Accounts in the Revenue Subfund

Operating Account. AMP may withdraw funds to the credit of the Operating Account, and in the event the funds to the credit thereof are insufficient for the purpose, first from the Working Capital Account or the Fuel Reserve Account as AMP shall deem appropriate and then from the Rate Stabilization Account, to pay AMP Operating Expenses as the same shall become due and payable.

Working Capital Account. Amounts on deposit in the Working Capital Account shall be available to pay AMP Operating Expenses. To the extent moneys on deposit in the Bond Subfund or Subordinate Obligations Subfund and the General Account and the Reserve and Contingency Subfund are insufficient to make required interest and principal payments, moneys in the Working Capital Account shall be used prior to any withdrawal from the Parity Common Reserve Account or Special Account Reserve, if any, to satisfy any deficiency.

Fuel Reserve Account. Amounts on deposit in the Fuel Reserve Account shall be available to pay items of Fuel Expense over and above amounts budgeted therefor in the Annual Budget.

Derivatives Receipts Account. Moneys credited to the Derivative Receipt Account shall be transferred as provided in the applicable Supplemental Indenture.

Fuel Hedge Account. Moneys to be credited to or to be paid from the Fuel Hedge Account shall be transferred as provided in the applicable Supplemental Indenture.

General Account. Moneys credited to the General Account may be used by AMP for any lawful purpose related to the Project, including the transfer to any Subfund. To the extent moneys on deposit in the Fuel Hedge Account, the Bond Subfund or Subordinate Obligations Subfund are insufficient to make the required payments from such Accounts or Subfunds, moneys in the General Account shall be used prior to any withdrawal from the Reserve and Contingency Subfund, Working Capital Account, Parity Common Reserve Account or Special Account Reserve, if any, to satisfy any deficiency.

Deposit and Application of Money in the Parity Common Reserve Account and Any Special Reserve Account; Replenishment of Deficiencies

(a) If a Supplemental Indenture or a Parity Debt Indenture provides that the Parity Obligations issued or incurred thereunder are to be additionally secured by the Parity Common Reserve Account, AMP shall deposit, from the proceeds of such Parity Obligations or from any other available sources, concurrently with the delivery of and payment for such Parity Obligations, to the Parity Common Reserve Account such amount as is required to make the balance to the credit of such Account equal to the Parity Common Reserve Account Requirement. If a Supplemental Indenture or a Parity Debt Indenture provides that the Parity Obligations issued thereunder are to be secured by a Special Reserve Account, AMP shall fund, from the proceeds of such Parity Obligations or from any other available sources, at the time or times and in the manner specified in the applicable Supplemental Indenture or Parity Debt Indenture, such Special Reserve Account in an amount equal to the Special Reserve Account Requirement for such Parity Obligations.

(b) Unless the applicable Supplemental Indenture or a Parity Debt Indenture shall otherwise provide or modify the following, AMP may deposit with the Trustee a Reserve Alternative Instrument in satisfaction of all or any portion of the Parity Common Reserve Account Requirement or may substitute a Reserve Alternative Instrument for all or any portion of the cash or another Reserve Alternative

Instrument credited to the Parity Common Reserve Account, provided that the following minimum provisions have been fulfilled:

(i) The Reserve Alternative Instrument shall be payable (upon the giving of notice as required thereunder) to remedy any deficiency in the appropriate subaccounts in the Interest Account, the Principal Account and the Sinking Account, or in an account for the payment of interest, or in an account or accounts for the payment of principal, in order to provide for the timely payment of the principal (whether at maturity or pursuant to a Sinking Fund Requirement or an amortization requirement therefor) of and interest on the Parity Obligations secured thereby.

(ii) The provider of a Reserve Alternative Instrument shall be (A) an insurance company or other financial institution that has been assigned, for obligations insured by the provider of the Reserve Alternative Instrument, a rating by at least two Rating Agencies in one of the two highest rating categories (without regard to gradations by numerical modifier or otherwise) or (B) a commercial bank, insurance company or other financial institution the obligations payable or guaranteed by which have been assigned a rating by at least two Rating Agencies in one of the two highest rating categories (without regard to gradations by numerical modifier or otherwise). Unless otherwise provided in a Supplemental Indenture, the subsequent withdrawal or reduction in the rating of such provider of a Reserve Alternative Instrument or its guarantor subsequent to the deposit or substitution for cash of a Reserve Alternative Instrument shall not ipso facto disqualify such Reserve Alternative Instrument as a qualifying Reserve Alternative Instrument.

(iii) If the Reserve Alternative Instrument is an unconditional irrevocable letter of credit issued to the Trustee, the letter of credit shall be payable in one or more draws upon presentation by the beneficiary of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Parity Obligations having the benefit of the Parity Common Reserve Account. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify AMP and the Trustee, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date. The Trustee is directed to draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Parity Common Reserve Account is fully funded to the Parity Common Reserve Account Requirement.

(iv) The Trustee shall ascertain the necessity for a claim or draw upon the Reserve Alternative Instrument and shall provide notice to the issuer of the Reserve Alternative Instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the Reserve Alternative Instrument) prior to each Interest Payment Date.

(v) Except as otherwise provided in a Supplemental Indenture or Parity Debt Indenture, cash on deposit in the Parity Common Reserve Account shall be used (or Investment Obligations purchased with such cash shall be liquidated and the proceeds applied as required) *pro rata* with any drawing on any Reserve Alternative Instrument. If and to the extent that more than one Reserve Alternative Instrument is deposited in the Parity Common Reserve Account, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder and the total amount then required to be to the credit of the Parity Common Reserve Account.

(c) The Trustee shall use amounts in the Parity Common Reserve Account to make transfers, or use moneys provided under a Reserve Alternative Instrument to make deposits, in the following order, in respect of all Parity Obligations additionally secured by the Parity Common Reserve Account, to the appropriate subaccounts in the Interest Account, the Principal Account and the Sinking Account to remedy any deficiency therein as of any Interest Payment Date, principal payment date or sinking fund payment date (or any earlier date as set forth in a Parity Debt Indenture), or to pay the interest on or the principal of or amortization requirements in respect of any Parity Debt when due, whenever and to the extent the money on deposit for such purposes is insufficient.

(d) The Trustee shall use amounts in any Special Reserve Account held by it to make transfers, or use moneys provided under a Reserve Alternative Instrument to make deposits, in the following order, in respect of the particular Parity Obligations secured by such Special Reserve Account, to the appropriate subaccounts in the Interest Account, the Principal Account and the Sinking Account to remedy any deficiency therein as of any Interest Payment Date, principal payment date or sinking fund payment date (or any earlier date as set forth in a Supplemental Indenture or a Parity Debt Indenture) or to pay the interest on or the principal of or amortization requirement in respect thereof on Parity Debt when due, whenever and to the extent the money on deposit for such purposes is insufficient.

(e) Any deficiency in the Parity Common Reserve Account resulting from the withdrawal of moneys therein shall be made up by depositing to the credit of such Account the amount of such deficiency within one year following the date on which such withdrawal is made. Any deficiency in the Parity Common Reserve Account resulting from a draw on a Reserve Alternative Instrument shall be made up as provided in such Reserve Alternative Instrument or documentation relating thereto, but any such deficiency must be made up by not later than the final date when such deficiency would have been required to be made up if there had been a withdrawal of moneys from the Parity Common Reserve Account rather than a draw on a Reserve Alternative Instrument. Deficiencies, whether resulting from withdrawals or draws, may be satisfied through the deposit of additional cash, the delivery of an additional Reserve Alternative Instrument or an increase in the amount available to be drawn under a Reserve Alternative Instrument. Unless otherwise provided in a Supplemental Trust Indenture or a Parity Debt Indenture, cash or Investment Obligations on deposit to the credit of the Parity Common Reserve Account shall be used *pro rata* with draws on any Reserve Alternative Instrument to satisfy deficiencies, as provided above.

(f) Unless a Reserve Alternative Instrument shall be in effect, if on any date of valuation, the amount on deposit in the Parity Common Reserve Account is less than ninety percent (90%) of the Parity Common Reserve Account Requirement, AMP shall deposit into the Parity Common Reserve Account within one year following such date the amount required as of such date to cause the amount then on deposit in the Parity Common Reserve Account to be equal to the Parity Common Reserve Account Requirement. Any such deficiency may be satisfied through the deposit of additional cash, the delivery of an additional Reserve Alternative Instrument or an increase in the amount available to be drawn under a Reserve Alternative Instrument.

(g) Any deficiency in a Special Reserve Account resulting from the withdrawal of moneys therein or a draw on a Reserve Alternative Instrument or resulting from a valuation of the Investment Obligations therein shall be made up as provided in the Supplemental Indenture or the Parity Debt Indenture establishing such Special Reserve Account. The Supplemental Indenture or Parity Debt Indenture providing for the deposit of or the substitution in lieu of cash of a Reserve Alternative Instrument may provide that AMP may be required to post collateral or deposit cash or obtain a substitute Reserve Alternative Instrument in the event that the provider of the Reserve Alternative Instrument is

downgraded or its rating is withdrawn or suspended with the result that the Reserve Alternative Instrument no longer meets all of the rating criteria set forth in (b)(ii) above.

(h) If at any time, the amount of moneys held for the credit of the Parity Common Reserve Account or any Special Reserve Account shall exceed the amount then required to be on deposit to the credit of such Account, the excess may be withdrawn and transferred as directed by AMP in accordance with any Supplemental Indenture and any Parity Debt Indenture.

Application of Money in the Redemption Account. Subject to the terms and priorities established in the Master Indenture, the Trustee shall apply money in the Redemption Account to the purchase or redemption of Bonds.

Application of Moneys in the Reserve and Contingency Subfund. Moneys held in the various Accounts of the Reserve and Contingency Subfund may be disbursed by AMP , or in the case of the Fuel Hedge Reserve Account, by the Trustee, as follows: (a) money held in the Overhaul Account may be used to pay the costs of unusual or extraordinary (as determined by AMP) repairs or maintenance, not occurring annually; (b) money held in the Renewal and Replacement Account may be used to pay the costs of renewals, replacements and repairs to the Project resulting from any emergency, engineering and architectural fees and premiums on insurance carried under the terms of the Master Indenture; (c) money in the Capital Improvement Account may be used for paying the costs of fixtures, machinery, equipment, furniture, real property and additions to, or improvements, extensions or enlargements of, the Project; (d) money held in the Rate Stabilization Account may be, at AMP's direction, transferred to any other account or subfund, including the payment of interest, principal or redemption of Indebtedness or the payment of obligations payable under any Fuel Hedge Agreement or Derivative Agreement; (e) money held in the Environmental Improvements Account may be used for the mitigation of environmental impacts resulting from the operation of AFEC or other Power Sales Contract Resources, (f) money in the Self-Insurance Account may be used to pay any losses or liabilities, including reimbursement obligations, for which AMP was self-insured or uninsured or obligated for reimbursement on letters of credit or surety bonds or the like, and (g) money in the Fuel Hedge Reserve Account may be used by the Trustee to pay AMP's obligations under a Fuel Hedge Agreement if, at any time, the Trustee shall hall notify AMP that amounts available in the Fuel Hedge Account in the Revenue Subfund or in the Subordinate Obligations Subfund shall be less than the amounts due to the Fuel Hedge Agreement Counterparties under the Fuel Hedge Agreements.

Notwithstanding any provision of the Master Indenture to the contrary, if at any time the Trustee, or a Separate Trustee appointed pursuant to the provisions of the Master Indenture, shall notify AMP that amounts available in the Fuel Hedge Account in the Revenue Subfund, the Subordinate Obligations Subfund and the Fuel Hedge Reserve Account shall be less than the amounts due to the Fuel Hedge Agreement Counterparties under the Fuel Hedge Agreements, AMP shall transfer to the Trustee or the Separate Trustee, as the case may be, from unencumbered amounts to the credit of first the General Account in the Revenue Subfund and second from one or more of the accounts in the Reserve and Contingency Subfund an amount sufficient to remedy the deficiency or the entire balance to the credit of such all such accounts if less than required for the purpose. AMP may, but shall have no obligation to, transfer to the Trustee or the Special Trustee other funds, not constituting Gross Receipts or otherwise pledged hereunder, in lieu of or in addition to the transfers from the General Account in the Revenue Subfund and from the accounts in the Revenue and Contingency Subfund.

Depositories and Investment of Funds

Security for Deposits. All money received by AMP pursuant to the provisions of the Master Indenture shall be deposited with the Trustee or one or more Depositories and, in the case of deposits with the Trustee, be trust funds under the Master Indenture, and shall not be subject to the lien of any creditor of AMP.

All money deposited with and held by the Trustee or any Depository in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured, for the benefit of AMP and the Owners, either (a) by lodging with a bank or trust company chosen by the Trustee or Depository or, if then permitted by law, by setting aside under control of the trust department of the bank or trust company holding such deposit, as collateral security, Government Obligations or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States or applicable state law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the furnishing of security as provided in clause (a) above is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Trustee or any Depository to give security for the deposit of any money with it for the payment of the principal of or the redemption premium, if any, or the interest on any Parity Obligations or Subordinate Obligations, or for the Trustee or any Depository to give security for any money that shall be represented by Investment Obligations purchased under the provisions of this Article as an investment of such money.

Investment of Money. Money held for the credit of all funds, accounts and subaccounts established under the Master Indenture and held by the Trustee shall, in accordance with the written directions of AMP, be continuously invested and reinvested by the Trustee or the Depositories, whichever is applicable, in Investment Obligations to the extent practicable.

No Investment Obligations pertaining to any Series of Bonds in any fund, account or subaccount held by the Trustee or any Depository shall mature on a date beyond the latest maturity date of the Bonds of such Series Outstanding at the time such Investment Obligations are deposited.

AMP shall either enter into agreements with the Trustee or any Depository for the investment of any money required or permitted to be invested under the Master Indenture or give the Trustee or any Depository written directions respecting the investment of such money, subject, however, to the provisions of the Master Indenture, and the Trustee or such Depository shall then invest such money in accordance with such agreements or directions.

Except as provided in the Master Indenture with respect to the Parity Common Reserve Account, Investment Obligations shall mature or be redeemable at the option of the holder thereof not later than the respective dates when the money held for the credit of such funds, accounts and subaccounts will be required for the purposes intended.

Investment Obligations in the Parity Common Reserve Account shall mature or be redeemable at the option of the Trustee not later than the final maturity date of the Parity Obligations to which such Parity Common Reserve Account is pledged.

Money held for the credit of all funds, accounts and subaccounts established under the Master Indenture and held by the Trustee shall, in accordance with the written directions of AMP, be

continuously invested and reinvested by the Trustee or the Depositaries, whichever is applicable, in Investment Obligations to the extent practicable. Except as provided in the Master Indenture with respect to the disposition of investment income, the particular investments to be made and other related matters in respect of investments shall, as to each Series of Bonds, be provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Valuation. For the purpose of determining the amount on deposit in any fund, account or subaccount established under the Master Indenture, Investment Obligations in which money in such fund, account or subaccount is invested shall, so long as no Event of Default shall have occurred and continue, be valued at Amortized Cost. During the pendency of any Event of Default, Investment Obligations in which money in such fund, account or subaccount is invested shall be valued at the lower of Amortized Cost or market.

All Investment Obligations in all of the subfunds, accounts and subaccounts established under the Master Indenture shall be valued as of the Business Day immediately preceding each Principal Payment Date and, at the written request of an AMP Representative, each or any Interest Payment Date.

Certain Covenants of AMP

Covenants to Construct and Maintain the Project. AMP represents that it caused the AMP Fremont Energy Center to be completed and placed into Commercial Operation substantially as contemplated by the Master Indenture and by the Power Sales Contract, and in conformity with law and all requirements of any Governmental Authority and of the Master Indenture.

AMP shall require adequate performance and payment bonds, or their legal equivalent, in connection with contracts for the construction of and improvements to the AMP Fremont Energy Center and will cause each contractor to carry such worker's compensation or employers' liability insurance as may be required by law and such public liability and property damage insurance, including provisions to indemnify and save AMP harmless, and such builders' risk insurance, if any, as AMP may deem appropriate. AMP further covenants that it will in the event of any default under any such contract and the failure of the surety to complete the contract, deposit the proceeds of such surety bonds, upon receipt of such proceeds, to the credit of the Acquisition and Construction Subfund or the appropriate account in the Reserve and Contingency Subfund, and to apply such proceeds toward the completion of the contract in connection with which such surety bonds shall have been furnished.

Use and Operation of the Project. AMP covenants that it will establish and enforce reasonable rules and regulations governing the use of the Project and the operation thereof, that all conditions of employment and all compensation, salaries, fees and wages paid by it in connection with the maintenance, repair and operation of the Project will be reasonable, that no more persons will be employed by it than are necessary, that all persons employed by it will be qualified for their respective positions, that it will maintain and operate the Project in an efficient and economical manner, that, from Gross Revenues and from any other available moneys, it will at all times maintain the same in good repair and in sound operating condition and will make all necessary repairs, renewals and replacements, and that it will, in a manner not inconsistent with the Master Indenture, comply, subject to the right to contest, with all valid acts, rules, regulations, orders and directives of any Governmental Authority applicable to the Project.

Insurance. AMP covenants that it will maintain a practical insurance program, with reasonable terms, conditions, provisions and costs, which AMP determines (i) will afford adequate protection against loss caused by damage to or destruction of the AMP Fremont Energy Center or any part thereof and (ii) will include reasonable liability insurance on all of the AMP Fremont Energy Center for bodily injury and

property damage resulting from the operation of the AMP Fremont Energy Center. All such insurance policies shall be carried in a responsible insurance company or companies authorized and qualified to assume the risks thereof, provided that AMP may self insure against public liability for bodily injury and property damage, loss of Gross Revenues or other revenues normally covered by use and occupancy insurance and other risks not enumerated the Master Indenture in accordance with and as permitted by law and up to such levels as may be recommended in writing by an Independent Consultant having a favorable reputation for skill and experience in the insurance consulting field, who is qualified to survey risks and to recommend insurance coverage for public entities engaged in operating facilities similar to the AMP Fremont Energy Center.

All such policies shall be for the benefit of AMP and the AFEC Project Fund as their interests shall appear, and the policies described in clause (i) above shall be made payable to AMP for the benefit of the AFEC Project Fund, and AMP shall have the sole right to receive, receipt for and allocate the proceeds of such insurance. The proceeds of any and all such insurance payable to AMP shall be held by AMP for the benefit of the AFEC Project Fund until applied or paid out as provided in the Master Indenture.

AMP further covenants that, immediately after any substantial damage to or destruction of any part of the AMP Fremont Energy Center, it will cause plans and specifications for repairing, replacing or reconstructing the damaged or destroyed property (either in accordance with the original or a different design) and an estimate of the cost thereof to be prepared.

Incurrence Test. Subsequent to the effective date of the Master Indenture and prior to the date that is one year after the Commercial Operation Date, AMP may issue or incur Parity Obligations at one time or from time to time in any form or combination of forms permitted by the Master Indenture for the purpose of providing funds, with any other available funds, to pay Costs of the Project without complying with the Incurrence Tests established by paragraph (a) below.

(a) AMP may issue or incur Parity Obligations at one time or from time to time in any form or combination of forms permitted by the Master Indenture for the purpose of providing funds, with any other available funds, to pay additional Costs of the Project if, prior to the issuance or incurrence of such Parity Obligations, AMP shall file or cause to be filed with the Trustee an Officer's Certificate (which may rely upon certificates or other documentation delivered by an Independent Consultant) certifying that, for each Fiscal Year thereafter for which sufficient proceeds of the Parity Obligations and other available funds have not been set aside with the Trustee to pay the interest due in such Fiscal Year, in the signer’s good faith estimation, (i) the Debt Service Coverage Ratio will be not less than 1.10x Maximum Annual Debt Service Requirement for all of the Parity Obligations, including the proposed additional Parity Obligations, that will be Outstanding immediately following the issuance of such proposed Parity Obligations and (ii) the Debt Service Coverage Ratio is not less than 1.00x of the Maximum Annual Debt Service Requirement for all of the Indebtedness, including the proposed additional Parity Obligations, that will be Outstanding immediately following the issuance of such proposed Parity Obligations.

(b) In the event of damage or destruction to the AMP Fremont Energy Center that materially adversely affects its generating capability and for which insurance proceeds are inadequate to pay the cost of repairs or for which AMP does not expect to receive adequate insurance proceeds in a timely manner to expedite the necessary repairs or reconstruction, AMP may issue or incur Parity Obligations for the sole purpose of paying the cost of repairs required for AMP to return such Project to Commercial Operation (“Emergency Bonds”); provided, that the issuance of any such Emergency Bonds shall be contingent on the receipt by the Trustee of a favorable report of the Consulting Engineer to the effect that the net proceeds of the Emergency Bonds then to be issued and any other available funds of AMP paid into the

Construction Subfund for the purpose shall be sufficient for AMP to pay the balance of the cost, as estimated by the Consulting Engineer, of the repairs required for AMP to return the AMP Fremont Energy Center to Commercial Operation.

(c) AMP may incur Parity Obligations for the purpose of refunding or reissuing any Outstanding Indebtedness if, prior to the incurrence of such Parity Obligations, either (i) the Trustee receives from AMP an Officer's Certificate (which may rely upon certificates or other documentation delivered by an Independent Consultant) stating that, taking into account the Parity Obligations proposed to be incurred, the Parity Obligations to remain Outstanding after the refunding and the refunding of the Outstanding Indebtedness proposed to be refunded, the Maximum Debt Service Requirement will not be increased by more than five percent (5%), or (ii) AMP files or causes to be filed with the Trustee an Officer's Certificate (which may rely upon certificates or other documentation delivered by an Independent Consultant) certifying that in the signer's good faith estimation the Debt Service Coverage Ratio for each Fiscal Year thereafter for which sufficient proceeds of the Parity Obligations and other available funds have not been set aside with the Trustee to pay the interest due in such Fiscal Year, taking into account the Parity Obligations proposed to be incurred, the refunding of the Outstanding Indebtedness proposed to be refunded and the Parity Obligations to remain Outstanding after the refunding, will be not less than 1.10x, and (iii) the Trustee receives a report by an Independent Consultant verifying the computations supporting the determination in (i) or (ii) above.

(d) AMP may incur Parity Obligations for the purpose of prepaying an item or items of Fuel Expense if the Trustee received a favorable report of the Consulting Engineer or an Independent Consultant to the effect that such prepayment will, based on the current market rates for natural gas, have the effect of reducing the amount otherwise payable by AMP for fuel during the term of such prepayment.

(e) For purposes of demonstrating compliance with the Incurrence Tests set forth in paragraphs (a) or (c) above, AMP may (but is not required to) elect in the applicable Supplemental Indenture to treat all Parity Obligations supported by a Credit Facility (including, for example and without limitation, a line of credit or a liquidity facility supporting a commercial paper program), but not immediately issued or incurred under such Credit Facility, as subject to such Incurrence Tests as of a single date, notwithstanding that none, or less than all, of the authorized principal amount of such Parity Obligations shall have been issued or incurred as of such date.

(f) Short-Term Indebtedness may be incurred under the Master Indenture as a Parity Obligation only in compliance with the Incurrence Tests described above. In addition, AMP may incur Short-Term Indebtedness as Subordinate Obligations under the Master Indenture.

(g) Nothing in the Master Indenture shall preclude AMP from incurring any obligation under a Credit Facility.

(h) Notwithstanding the foregoing provisions, the Incurrence Tests described above shall not preclude AMP from entering into a Fuel Hedge Agreement or a Derivative Agreement, whether in connection with Indebtedness or otherwise.

Rate Covenant. AMP covenants that it will at all times fix, charge and collect reasonable rates and charges for the use of, and for the services and facilities furnished by, the Project and that from time to time, and as often as it shall appear necessary, it will adjust such rates and charges so that the Net Revenues will be sufficient to provide an amount in each Fiscal Year at least equal to greater of (A) one hundred ten per centum (110%) of the Debt Service Requirements for such Fiscal Year on account of all the Bonds and Parity Debt then outstanding and (B) one hundred per centum (100%) of the sum of the

Debt Service Requirements for such Fiscal Year on account of all Bonds and Parity Debt then outstanding and the amount required to make all other deposits required by the Master Indenture and to pay all other obligations of AMP related to the Project, including Subordinate Obligations, as the same become due.

AMP further covenants that if the moneys available for the payment of the sum of the amounts set forth in the preceding paragraph shall not equal or exceed the amount required above for any Fiscal Year, it will revise the rates and charges for the services and facilities furnished by the Project and, if necessary, it will revise its plan of operation in relation to the collection of bills for such services and facilities, so that such deficiency will be made up before the end of the Fiscal Year following that Fiscal Year in which such deficiency occurred. Should any deficiency not be made up in such following Fiscal Year, the requirement therefor shall be cumulative and AMP shall continue to revise such rates until such deficiency shall have been completely made up.

Power Sales Contract; Project Agreements; Other Contracts. AMP covenants and agrees that it will not suffer, permit or take any action or do anything or fail to take any action or fail to do anything which may result in the termination of the Power Sales Contract so long as any Fuel Hedge Agreements or Derivative Agreements remain in effect or any Parity Obligations are outstanding; that it will fulfill its obligations and will require the Participants to perform punctually their duties and obligations under the Power Sales Contract and will otherwise administer the Power Sales Contract in accordance with their respective terms to assure the timely payment of all amounts payable by the Participants thereunder, all in accordance with the terms of the Power Sales Contract; that it will not execute or agree to any change, amendment or modification of or supplement to any Power Sales Contract except by supplemental contract as provided in the Power Sales Contract, duly executed by the applicable Participants and AMP, and upon the further terms and conditions set forth in the Master Indenture; and that, except as provided the Master Indenture, it will not agree to any abatement, reduction, abrogation, waiver, diminution or other modification in any manner or to any extent whatsoever of the obligation of any Participant under its Power Sales Contract to meet its obligations as provided in such Contract.

So long as any Parity Obligations are outstanding, AMP shall (i) perform, or cause to be performed, all of its obligations under any Related Agreement and take such actions and proceedings from time to time as shall be necessary to protect and safeguard the security for the payment of the Bonds afforded by the provisions of such Project Agreement and (ii) not voluntarily consent to or permit any rescission or consent to any amendment to or otherwise take any action under or in connection with any Related Agreement which will limit or reduce the obligation of the other parties thereto to make payments provided therein or which will have a material adverse effect on the security for the payment of Parity Obligations.

Covenant Against Sale or Encumbrances; Exceptions. AMP covenants that, except as provided below, it will not, subject to the provisions of the Power Sales Contract, sell, exchange or otherwise dispose of or encumber the AMP Ownership Interest in the AMP Fremont Energy Center or any part thereof.

AMP shall provide to the Trustee an Opinion of Counsel that the sale to any buyer will not adversely impact the Tax-Advantaged status of any of the Tax-Advantaged Parity Obligations outstanding immediately prior to the date of the closing.

AMP may from time to time sell, exchange or otherwise dispose of any equipment, motor vehicles, machinery, fixtures, apparatus, tools, instruments or other movable property if it determines that such articles are no longer needed or are no longer useful in connection with the Project, and the proceeds thereof shall be applied to the replacement of the properties so sold, exchanged or disposed of or shall be

transferred first to the Parity Common Reserve Account and any Special Reserve Account pro rata to the extent of any deficiency therein, then to the Reserve and Contingency Subfund to the extent of any deficiency therein, and then to the Acquisition and Construction Subfund or the Bond Subfund for the purchase or redemption of Parity Obligations in accordance with the provisions of the Master Indenture, all as directed in an Officer's Certificate.

Annual Budget. AMP covenants that, on or before the 45th day preceding the first day of each Fiscal Year, it will prepare with respect to the AMP Fremont Energy Center a preliminary budget of Gross Revenues and AMP Operating Expenses, a preliminary budget of capital expenditures for the ensuing Fiscal Year and a preliminary budget for any deposits to the Fuel Hedge Reserve Account in the Reserve and Contingency Subfund.

AMP further covenants that on or before the last day in such Fiscal Year it will finally adopt the budget of Gross Revenues and AMP Operating Expenses, the budget of capital expenditures and the budget for additional deposits, if any, to the Fuel Hedge Reserve Account for the ensuing Fiscal Year (which budgets together with any amendments thereof or supplements thereto as hereinafter permitted being herein sometimes collectively called the "Annual Budget").

If for any reason AMP shall not have adopted the Annual Budget before the first day of any Fiscal Year, the preliminary budget for such Fiscal Year or, if there is none, the budget for the preceding Fiscal Year, shall, until the adoption of the Annual Budget, be deemed to be in force and shall be treated as the Annual Budget under the provisions of the Master Indenture.

AMP may at any time adopt an amended or supplemented Annual Budget for the remainder of the then current Fiscal Year, and when so adopted the Annual Budget as so amended or supplemented shall be treated as the Annual Budget under the provisions of the Master Indenture.

AMP further covenants that moneys in the Operating Account will be used for the payment of AMP Operating Expenses (including Fuel Expense but excluding amounts payable from the Fuel Hedge Account in the Revenue Subfund), that such expenses will not exceed an amount which is reasonable and necessary for maintaining, repairing and operating the Project in an efficient and economical manner, and that the total amount of AMP Operating Expenses in any Fiscal Year will not exceed the amount provided therefor in the Annual Budget for such Fiscal Year or any amendment thereof or supplement thereto (except for amounts that may be paid from the Reserve and Contingency Subfund), unless such expenses shall be required by conditions beyond the control of AMP happening during such Fiscal Year and which could not reasonably have been contemplated at the time of the adoption of the Annual Budget or unless the amount of such excess is provided for some source other than Gross Revenues. Gross Revenues shall not be used to reimburse any such source unless the Annual Budget is amended to provide for such reimbursement.

Defaults and Remedies

Events of Default. Under the Master Indenture, the following events constitute an Event of Default: (a) failure to make any payment of the principal of and the redemption premium, if any, on any of the Bonds or any Parity Debt when and as the same shall be due and payable, either at maturity or by redemption or otherwise; (b) failure to make any payment of the interest on any of the Bonds or any Parity Debt when and as the same shall be due and payable; (c) an event of default shall have occurred under any Supplemental Indenture or the Trustee shall have received written notice from any Holder of an event of default under any Parity Debt Indenture; (d) AMP's failure perform, observe or comply with any covenant or agreement on its part under the Master Indenture for a period of thirty (30) days after the date

on which written notice of such failure, requiring the same to be remedied, shall have been given to AMP by the Trustee; provided, however, that if such failure be such that it cannot be corrected within thirty (30) days after the receipt of such notice, it shall not constitute an Event of Default if corrective action is instituted within such 30-day period and diligently pursued until the Event of Default is corrected; (e) AMP shall fail to make any required payment with respect to any Subordinate Obligations or other Indebtedness (other than any Bond, Parity Debt or Subordinate Obligations), whether such Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or an event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Indebtedness, whether such Indebtedness now exists or shall hereafter be created, shall occur, which event of default shall not have been waived by the holder of such mortgage, indenture or instrument or a trustee acting on its behalf, and as a result of such failure to pay or other event of default such Indebtedness shall have been accelerated and such acceleration, in the opinion of the Trustee, does or could materially adversely affect the Owners of Bonds and the Holders of Parity Debt; or (f) certain events relating to bankruptcy, insolvency, reorganization or other related proceedings.

Upon the occurrence of an Event of Default, the Trustee shall give prompt written notice to AMP specifying the nature of the Event of Default. AMP shall give the Trustee notice of all events of which it is aware that either constitute Events of Default under the Master Indenture or, upon notice by AMP or the Trustee or the passage of time, would constitute Events of Default.

Acceleration. Upon the occurrence of, and continuance for a period of not less than 90 days, the Events of Default detailed in (a) and (b) above, the Trustee may, and upon the written request of the Owners or Holders of not less than a majority in aggregate principal amount of Parity Obligations then outstanding shall, by notice to AMP, declare the principal of all Parity Obligations then Outstanding immediately due and payable. If, however, at any time after the principal of the Parity Obligations shall been accelerated and before the entry of final judgment or decree in any suit instituted on account of such default, money sufficient to pay the principal of all matured Parity Obligations and all arrears of interest, if any, upon all Parity Obligations then Outstanding (including any sinking fund requirement, but excluding the principal on any Parity Obligation not due and payable in accordance with its terms) shall have been deposited with the Trustee and all other defaults known to the Trustee in the observance of the covenants contained in the Bonds, any Parity Debt, the Master Indenture or any Parity Debt Indenture shall have been remedied to the satisfaction of the Trustee, the Trustee shall rescind and annul such declaration.

Remedies. Upon the happening and continuance of any Event of Default, then and in every case the Trustee may, and upon the written request of the Owners or Holders of not less than a majority in aggregate principal amount of Parity Obligations then outstanding shall, proceed to enforce its rights and the rights of the Owners and Holders of the Parity Obligations then Outstanding under applicable laws and under the Master Indenture by such suits or other actions, in equity or at law.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Owners or Holders of not less than a majority of the aggregate principal amount of the Parity Obligations then Outstanding, shall, subject to appropriate indemnification, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Master Indenture by any acts which may be unlawful or in violation of the Master Indenture, or (ii) to preserve or protect the interests of the Owners and Holders, provided that such request and the action to be taken by the Trustee are not in conflict with any applicable law or the provisions of the Master Indenture and, in the sole judgment of the Trustee, are not unduly prejudicial to the interest of the Owners and Holders not making such request.

Upon the happening and continuance of any event of default under any Supplemental Indenture related to any Fuel Hedge Agreement, then and in every such case the Trustee, or in the event that a Separate Trustee shall have been appointed in accordance with the provisions of the Master Indenture or otherwise, the Separate Trustee, may proceed in accordance with the provisions of such Supplemental Indenture, subject to the provisions of the Master Indenture, to protect and enforce its rights and the rights of the Fuel Hedge Agreement Counterparties under applicable laws, such Supplemental Indenture and the Master Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the Master Indenture or in aid or execution of any power granted in the Master Indenture or for the enforcement of any proper legal or equitable remedy, as the Trustee or the Separate Trustee, being advised by counsel, chosen thereby, shall deem most effectual to protect and enforce such rights.

Upon the happening and continuance of any Event of Default hereunder or any event of default under any Supplemental Indenture, the Trustee shall forthwith give Notice of Exclusive Control (as defined in the Deposit Account Control Agreement) to the depositary bank under Deposit Account Control Agreement and proceed to exercise its rights thereunder in accordance with the terms thereof and hereof for the benefit of the Owners, Holders and Fuel Hedge Agreement Counterparties and Derivative Agreement Counterparties.

Control of Proceedings. Anything in the Master Indenture to the contrary notwithstanding, the Owners or Holders of a majority in aggregate principal amount of Parity Obligations at any time Outstanding shall have the right, subject to the provisions of the Master Indenture relating to indemnification of the Trustee, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Master Indenture, provided that such direction shall be in accordance with law and the provisions of the Master Indenture, and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of any Owners or Holders not joining in such direction, and provided further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability, and provided further that nothing shall impair the right of the Trustee in its discretion to take any other action under the Master Indenture which it may deem proper and which is not inconsistent with such direction by the Owners or Holders.

Restriction on Individual Action. Except in respect of an Owner's or Holder's right to enforce payment of a Parity Obligation, no Owner or Holder shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or Parity Debt or for the execution of any trust under the Master Indenture or for any other remedy under the Master Indenture unless such Owner or Holder previously shall (a) has given to the Trustee written notice of the Event of Default on account of which suit, action or proceeding is to be instituted, (b) has requested the Trustee to take action after the right to exercise such powers or right of action, as the case may be, shall have accrued, (c) has afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Master Indenture or to institute such action, suit or proceedings in its or their name, and (d) has offered to the Trustee reasonable security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

Co-Trustee; Separate Trustee

It is the intention of AMP that the Trustee shall not be required to act at any time such Trustee has a conflict of interest in performing its duties hereunder and that there shall be no violation of any laws of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction.

It is recognized that in case of a conflict of interest or in case of litigation under the Master Indenture, and in particular in case of the enforcement of any remedies upon the occurrence of an Event of Default, it may be necessary that the Trustee appoint an additional individual or institution as an additional, separate, or Co-Trustee, and in such case the Trustee is authorized to do so. The following provisions apply to the Trustee and to any additional or Co-Trustee:

In the event the Trustee, in its sole opinion, has or may have a conflict of interest or in the event by reason of any present or future law of any jurisdiction, the Trustee is denied or restricted in the rights to exercise any of the powers, rights or remedies granted to the Trustee by the Master Indenture or to hold title to the property in trust as granted by the Master Indenture or to take any other action that may be necessary or desirable in connection therewith, each and every trust, remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest, lien, privilege, obligation and duty expressed or intended by the Master Indenture or any Supplemental Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in any separate Trustee or Co-Trustee but only to the extent necessary to enable such separate Trustee or Co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate Trustee or Co-Trustee shall run to and be enforceable by any of them.

Should any instrument in writing from AMP be required by any separate Trustee or Co-Trustee for more fully and certainly vesting in and confirming to him or it the trusts, remedies, powers, rights, claims, demands, causes of action, immunities, estates, titles, interests, liens, privileges, obligations and duties hereby vested in the Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by AMP. In case any separate Trustee or Co-Trustee, or a successor to any of them, shall die, become incapable of acting, resign or be removed, all the trusts, powers, rights, claims, demands, causes of action, immunities, estates, titles, interests, liens, privileges, obligations and duties of such separate Trustee or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate Trustee or Co-Trustee.

In case of an event of default by AMP under the terms of a Supplemental Indenture authorizing Fuel Hedge Agreements, one or more of the Fuel Hedge Agreement Counterparties may request in writing to the Trustee the appointment of a specified institution, with the qualifications of a successor Trustee under the provisions of the Master Indenture, as a separate Trustee solely for the benefit of the Fuel Hedge Counterparties (a "Separate Trustee"). Upon receipt of such a request, the Trustee shall promptly provide a copy of such request to AMP and the other Fuel Hedge Agreement Counterparties and, absent the receipt of a written objection from any of AMP or the other Fuel Hedge Agreement Counterparties within a limited period after of the Trustee's provision of copies of such request, AMP shall promptly appoint such institution as a Separate Trustee solely for the benefit of the Fuel Hedge Counterparties.

Any objection by AMP to such appointment shall be based on its assertion that the alleged event of default has been cured or that there is no event of default under the applicable Supplemental Indenture and Fuel Hedge Agreement. Any determination by the Trustee that such an event of default does or does not exist shall be conclusive.

Any objection by another Fuel Hedge Agreement Counterparty shall be limited to the choice of the institution specified in the request for a Separate Trustee. In the event of such a timely objection, the Trustee shall promptly poll all the Fuel Hedge Agreement Counterparties and shall appoint as a Separate Trustee solely for the benefit of the Fuel Hedge Counterparties the institution, meeting the requirements for a successor Trustee under the provisions of the Master Indenture, that shall be the choice of Fuel Hedge Agreement Counterparties, based on the Notional Value of Voting Method.

The duly appointed Separate Trustee solely for the benefit of the Fuel Hedge Counterparties shall have each and every trust, remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest, lien, privilege, obligation and duty expressed or intended by the Master Indenture and the applicable Supplemental Indenture to be exercised by or vested in or conveyed to the Trustee with respect to the Fuel Hedge Agreements, and they shall be exercisable by and vest in such Separate Trustee but only to the extent necessary to enable such Separate Trustee to exercise such powers, rights and remedies with respect to the Fuel Hedge Agreements, and every covenant and obligation necessary to the exercise thereof by such Separate Trustee shall run to and be enforceable by it. To that end, the Trustee shall transfer to the Separate Trustee, which shall thereafter be the custodian of, (i) the Fuel Hedge Account, the Fuel Hedge Reserve Account and any special accounts in the Subordinate Obligations Subfund theretofore held by the Trustee for the benefit of the Fuel Hedge Agreement Counterparties, and (ii) the cash balances and any Investment Obligations to the credit thereof.

Should any instrument in writing from AMP be required by any Separate Trustee for more fully and certainly vesting in and confirming to it the trusts, remedies, powers, rights, claims, demands, causes of action, immunities, estates, titles, interests, liens, privileges, obligations and duties hereby vested in the Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by AMP. In case any Separate Trustee, or a successor, shall become incapable of acting, resign or be removed, all the trusts, powers, rights, claims, demands, causes of action, immunities, estates, titles, interests, liens, privileges, obligations and duties of such Separate Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a successor to such Separate Trustee.

Supplements and Amendments

Supplemental Indentures Without Consent. AMP and the Trustee may execute and deliver Supplemental Indentures without the consent of or notice to any of the Owners or Holders or Fuel Hedge Counterparties to: (a) cure any ambiguity or formal defect or omission in the Master Indenture, or any conflict between the provisions of the Master Indenture and of the Power Sales Contract or of any Parity Debt Indenture delivered to the Trustee at the same time as AMP delivers the Master Indenture, to correct or supplement any provision the Master Indenture that may be inconsistent with any other provision therein, to make any other provisions with respect to matters or questions arising under the Master Indenture, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the Master Indenture; (b) grant or confer upon the Trustee, for the benefit of the Owners or Holders, any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners, the Holders or the Trustee, (c) add to the provisions of the Master Indenture other conditions, limitations and restrictions thereafter to be observed; (d) add to the covenants and agreements of AMP in the Master Indenture other covenants and agreements thereafter to be observed by AMP or to surrender any right or power in the Master Indenture reserved to or conferred upon AMP, (e) obtain a Fuel Hedge Agreement, a Reserve Alternative Instrument, a Derivative Agreement, a Credit Facility or other credit enhancement; provided, however, that no Rating Agency shall reduce or withdraw its rating on any of the Parity Obligations then Outstanding as a consequence of any such provision of such Supplemental Indenture, (f) enable AMP to comply with its obligations, covenants and agreements

made in a Supplemental Indenture or in any Parity Debt Indenture for the purpose of maintaining the tax status of interest or the ability of AMP to receive a Federal Subsidy on any Tax-Advantaged Parity Obligations, provided that such change shall not materially adversely affect the security for any Parity Obligations, (g) to the extent that such action is inconsistent with the provisions of the Master Indenture or any Supplemental Indenture, to enable AMP to perform any and all acts required by the order of FERC, or its successor, affecting the Project or (h) make any other change that, in the opinion of the Trustee, which may, but is not required to, rely upon one or more of affirmation of ratings by the Rating Agencies, certificates of Independent Consultants and Opinions of Counsel for such purpose, shall not materially adversely affect the security for the Parity Obligations or any of AMP's Fuel Hedge Obligations.

Supplemental Indentures With Consent. The Owners and Holders of not less than a majority in aggregate principal amount of the Parity Obligations then Outstanding shall have the right, from time to time, anything contained in the Master Indenture to the contrary notwithstanding, to consent to and approve the execution and delivery of such Supplemental Indentures as are deemed necessary or desirable by AMP for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Master Indenture or in any Supplemental Indenture; provided, however, that nothing contained in the Master Indenture shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond or Parity Debt without the consent of the Owner of such Bond or the Holder of such Parity Debt, (b) a reduction in the principal amount of any Bond or Parity Debt or the redemption premium or the rate of interest thereon without the consent of the Owner of such Bond or the Holder of such Parity Debt, (c) the creation of a security interest in or a pledge of Net Receipts other than the security interest and pledge created by the Master Indenture without the consent of the Owners of all Bonds Outstanding and the Holders of all Parity Debt Outstanding, (d) a preference or priority of any Bond or Parity Debt over any other Bond or Parity Debt without the consent of the Owners of all Bonds Outstanding and the Holders of all Parity Debt Outstanding or (e) a reduction in the aggregate principal amount of the Parity Obligations required for consent to such Supplemental Indenture without the consent of the Owners of all Bonds Outstanding and the Holders of all Parity Debt Outstanding.

Subject to the terms and provisions contained in the Master Indenture, and not otherwise, the Fuel Hedge Agreement Counterparties with not less than a majority in Notional Value of the Fuel Hedge Agreements (unless an event of default exists under any Supplemental Indenture securing AMP's Fuel Hedge Obligations under any Fuel Hedge Agreement, in which case all, and not less than all, of the Fuel Hedge Agreement Counterparties) shall have the right, from time to time, anything contained in the Master Indenture to the contrary notwithstanding, to consent to and approve the execution and delivery of such Supplemental Indentures as are deemed necessary or desirable by AMP for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Master Indenture or in any Supplemental Indenture thereto; provided, however, that nothing in the Master Indenture shall permit, or be construed as permitting, any amendment described in a Supplemental Indenture that requires the consent and approval of a higher percentage of the Notional Value of all the Fuel Hedge Agreements or of less than all of the Fuel Hedge Agreement Counterparties all as provided in such Supplemental Indenture.

Supplemental Power Sales Contract Without Consent. AMP and the Participants may, from time to time and at any time, consent to such contracts, supplemental or amendatory to the Power Sales Contract as shall not be inconsistent with the terms and provisions of the Master Indenture,

1. to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in the Power Sales Contract or in any supplemental or amendatory contract, or

2. to grant to AMP for the benefit of the Bondholders or the Fuel Hedge Agreement Counterparties any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders, Fuel Hedge Agreement Counterparties or AMP, or

3. to make any other change in, or waive any provision of, the Power Sales Contract, provided only that the ability of AMP to comply with the provisions of the Rate Covenant or any Fuel Hedge Agreement shall not thereby be materially impaired.

Supplemental Power Sales Contract with Consent. Except for as provided above, neither AMP nor the Trustee shall consent to any supplemental or amendatory contract respecting the Power Sales Contract, unless notice of the proposed execution of such supplemental or amendatory contract shall have been given and, as of the date of determination, both (i) Fuel Hedge Agreement Counterparties having no less than a majority of the Notional Value of AMP's Fuel Hedge Agreements and (ii) the Owners and Holders of not less than a majority in aggregate principal amount of the Bonds and Parity Debt then outstanding shall have consented to and approved the execution thereof.

Defeasance. The lien of the Master Trust Indenture shall be released when:

(a) the Bonds and any Parity Debt shall have become due and payable in accordance with their terms or otherwise as provided in the Master Indenture, and the whole amount of the principal and the interest and premium, if any, so due and payable upon all Parity Obligations shall be paid, or

(b) if the Bonds and any Parity Debt shall not have become due and payable in accordance with their terms, the Trustee or the Bond Registrar shall hold sufficient money or Defeasance Obligations, or a combination of money and Defeasance Obligations, the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of and the interest and redemption premium, if any, on all Parity Obligations then Outstanding to the maturity date or dates of such Parity Obligations or to the date or dates specified for the redemption thereof, as verified by a qualified Independent Consultant or a national recognized firm of independent certified public accountants, and, if Bonds or any Parity Debt are to be called for redemption, irrevocable instructions to call the Bonds or Parity Debt for redemption shall have been given by AMP to the Trustee, and

(c) sufficient funds shall also have been provided or provision made for paying all other obligations payable under the Master Indenture by AMP.

Notwithstanding any other provision of the Master Indenture, AMP may not defease the lien of the Master Indenture or the Liens created by the Master Indenture in favor of the Fuel Hedge Agreement Counterparties or Derivative Agreement Counterparties or otherwise release the Master Indenture if AMP has any liability, contingent or otherwise, that has not been paid or otherwise provided for to the satisfaction of the Fuel Hedge Agreement Counterparties and the Derivative Agreement Counterparties.

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APPENDIX E-1

PROPOSED FORM OF OPINION OF DINSMORE & SHOHL LLP

December __, 2017

American Municipal Power, Inc.
Columbus, Ohio

Ladies and Gentlemen:

We have examined the transcript of proceedings relating to the issuance of $124,385,000 AMP Fremont Energy Center Project Revenue Bonds, Refunding Series 2017A (the "Bonds") issued by American Municipal Power, Inc. ("AMP") for the purpose of refunding a portion of its AMP Fremont Energy Center Project Revenue Bonds, Series 2012B, the proceeds of which were used to finance capital expenditures, costs and expenses associated with the AMP Fremont Energy Center ("AFEC"). The transcript documents include executed counterparts of: (i) Resolution No. 17-11-3978, adopted by the Board of Trustees of AMP on November 16, 2017 (the "Resolution"); (ii) the Power Sales Contract dated as of June 15, 2011 (the "Power Sales Contract") between AMP and 86 of its members, located in Ohio, Kentucky, Delaware, Pennsylvania, West Virginia, Virginia and Michigan (the "Participants"); (iii) the Master Trust Indenture dated as of June 1, 2012 between AMP and U.S. Bank National Association, as trustee (the "Master Indenture"); (iv) the Fourth Supplemental Indenture, dated as of December 1, 2017, between AMP and U.S. Bank National Association, as trustee (the "Fourth Supplemental Indenture," and, together with the Master Indenture, as previously supplemented the "Indenture"); and (v) other documents executed and delivered in connection with the issuance of the Bonds. We have also examined the Constitution and laws of the State of Ohio and such other documents, certifications and records as we have deemed necessary for purposes of this opinion. We have also examined the form of the Bonds.

Based upon the examinations above referred to, we are of the opinion that, under the law in effect on the date of this opinion:

1. The Bonds have been duly authorized, executed, issued and delivered by AMP and constitute legal, valid and binding special obligations of AMP, enforceable in accordance with their terms. The principal of and interest on the Bonds are payable solely from and secured by: (a) the Gross Receipts, as defined in the Master Indenture, (b) all moneys and investments in certain funds established by the Indenture, and (c) all rights, interests and property pledged and assigned to the Trustee under the Indenture. The Bonds do not constitute a debt, or a pledge of the faith and credit of the Participants or of any political subdivision of the State of Ohio and the registered owners thereof will have no right to have excises or taxes levied by the General Assembly of the State, the

Participants or any other political subdivision of the State for the payment of debt service on the Bonds. AMP has no taxing power.

2. The Indenture has been duly authorized executed and delivered by AMP and constitutes a valid and binding obligation of AMP, enforceable in accordance with its terms.

3. Interest on the Bonds is exempt from taxes levied by the State of Ohio and its subdivisions, including the Ohio personal income tax, and also excludible from the net income base used in calculating the Ohio corporate franchise tax. We express no other opinion as to the federal or state tax consequences of purchasing, holding or disposing of the Bonds.

In giving this opinion, we have relied upon covenants and certifications of facts made by officials of AMP and others contained in the transcript which we have not independently verified. We have also relied upon the opinions of AMP's General Counsel for Corporate Affairs and of Taft, Stettinius & Hollister LLP, as counsel to AMP, as to matters contained therein. It is to be understood that the enforceability of the Bonds, the Indenture and all other documents relating to the issuance of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting creditors' rights, and to the exercise of judicial discretion. Capitalized terms not defined herein have the meanings given them in the Indenture.

We bring to your attention the fact that our legal opinions are an expression of professional judgment and are not a guaranty of a result.

We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect our legal opinions expressed herein.

Very truly yours,

APPENDIX E-2

PROPOSED FORM OF FEDERAL TAX OPINION OF NORTON ROSE FULBRIGHT US LLP

December __, 2017

American Municipal Power, Inc.
Columbus, Ohio

Re: $124,385,000 American Municipal Power, Inc.
AMP Fremont Energy Center Project Revenue Bonds
Refunding Series 2017A

We have acted as Federal Tax Counsel in connection with the issuance by American Municipal Power, Inc., an Ohio non-profit corporation ("AMP"), of its bonds described above (the "Bonds"). For purposes of rendering this opinion, we have examined, among other things, certified copies of:

(i) Resolution No. 17-11-3978, adopted on November 16, 2017, by the Board of Trustees of AMP authorizing the Bonds (the "Authorizing Resolution");

(ii) the Power Sales Contract, dated as of June 15, 2011, between AMP and 86 of its members, located in Delaware, Kentucky, Michigan, Ohio, Pennsylvania and Virginia (such members, the "Participants," and such contract, the "Power Sales Contract");

(iii) the Master Trust Indenture, dated as of June 1, 2012, between AMP and U.S. Bank National Association, as trustee (the "Master Indenture");

(iv) the Fourth Supplemental Indenture to the Master Indenture, dated as of December 1, 2017, between AMP and U.S. Bank National Association, as trustee (the "Fourth Supplemental Indenture");

(v) the Tax Certificate delivered on the date hereof by AMP (the "Tax Certificate") in which it has made certain representations and covenants concerning current and future compliance with the Internal Revenue Code of 1986, as amended (the "Code");

(vi) the Certificate of each of the Participants in which each Participant has made certain representations and covenants concerning current and future compliance with the Code (the "Participant Certificates"); and

(vii) the opinion of Dinsmore & Shohl, LLP, Columbus, Ohio, Bond Counsel, dated the date hereof, that the Bonds constitute valid and binding obligations of AMP (the "Dinsmore Opinion"); and

(viii) the opinion of Taft Stettinius & Hollister LLP, Columbus, Ohio dated the date hereof, with respect to the consumption of energy generated by the natural gas-fired combined-cycle electric generating facility financed with the proceeds of the Bonds in

the qualified service areas and qualified annexed areas, within the meaning of Section 141(d) the Code, of the Participants (the "Taft Stettinius & Hollister Opinion").

and other documents, proceedings and matters relating to the federal tax status of the Bonds as we deemed relevant to this opinion.

For purposes of rendering this opinion, we have relied upon the Taft Stettinius & Hollister Opinion and the representations made by AMP and the Participants with respect to certain material facts within the knowledge of AMP and the Participants and have made no independent investigation thereof. We have also assumed, without independent investigation, the correctness of the Dinsmore Opinion that the Bonds constitute valid and binding obligations of AMP. We have also assumed that each of the Authorizing Resolution, the Power Sales Contract, the Master Indenture and the Fourth Supplemental Indenture has been duly authorized, executed and delivered by the parties thereto and is valid and binding in accordance its terms.

We have assumed, without independent verification, (i) the genuineness of certificates, records and other documents submitted to us and the accuracy and completeness of the statements contained therein; (ii) that all documents and certificates submitted to us as originals are accurate and complete; (iii) that all documents and certificates submitted to us as copies are true and correct copies of the originals thereof; and (iv) that all information submitted to us, and all representations and warranties made, in the Tax Certificate and otherwise are accurate and complete.

On the basis of the foregoing examination, and in reliance thereon, and our consideration of such questions of law as we have deemed relevant in the circumstances, we are of the opinion that, under existing law:

1. Assuming compliance with the requirements and covenants described in the next sentence, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. Interest on the Bonds will be includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds in the event of a failure by AMP to comply with the applicable requirements of the Code, and the covenants contained in the Tax Certificate regarding the use, expenditure and investment of proceeds of the Bonds and the timely payment of certain investment earnings to the United States or in the event of a failure by the Participants to comply with the applicable requirements of the Code and the covenants contained in the Participant Certificates. We express no opinion as to the effect of any change to any document pertaining to the Bonds or of any action taken or not taken where such change is made or action is taken or not taken without our approval or in reliance upon the advice of counsel other than ourselves with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes

2. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The Code contains other provisions that could result in tax consequences, upon which we render no opinion, as a result of ownership of the Bonds or the inclusion in certain computations of interest that is excluded from gross income.

You have received the Dinsmore Opinion regarding the State of Ohio tax consequences of ownership of or receipt or accrual of interest on the Bonds, and we express no opinion as to such matters.

We bring to your attention the fact that our legal opinions and conclusions are an expression of professional judgment and are not a guarantee of a result. The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof.

Respectfully submitted,

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APPENDIX E-3

PROPOSED FORM OF OPINION OF TAFT STETTINIUS & HOLLISTER LLP

December __ , 2017

American Municipal Power, Inc.
Columbus, Ohio

Norton Rose Fulbright US LLP
New York, New York

Re: $124,385,000 American Municipal Power, Inc., AMP Fremont Energy Center Project Revenue Bonds, Refunding Series 2017A

We have acted as counsel to American Municipal Power, Inc. ("AMP") in connection with its issuance of the above captioned bonds (the "Bonds"). The proceeds of the Bonds will be used to refinance the costs of AMP's acquisition from FirstEnergy Generation Corporation and placing into commercial operation of a natural gas-fired combined-cycle electric generating facility located in Sandusky County, Ohio ("AFEC"). AMP acquired AFEC from FirstEnergy on July 28, 2011.

You have requested the opinion of Taft Stettinius & Hollister LLP ("Taft", "we", or "us") on behalf of AMP concerning certain United States federal income tax matters related to the Bonds.*

Our opinions are based upon our interpretation of relevant provisions of the Code, Regulations, reported judicial opinions, published administrative rulings, procedures, and interpretations, all of which are subject to change prospectively or retroactively, which changes might alter our opinions. Our opinions are expressed as of the date of this letter (this "Opinion Letter" or "Opinion") and we assume no responsibility to update this Opinion for changes in applicable law or authorities occurring after the date of this Opinion. Our opinions are not binding on the Internal Revenue Services or the United States courts.

Our opinions are limited to the specific U.S. federal income tax considerations presented in this Opinion Letter. We have not considered in this Opinion any other U.S. federal income tax

* All section references herein are to the Internal Revenue Code of 1986, as amended (the "Code"), and all regulation references (Treas. Reg. §; Prop. Reg. §) are to the final, temporary, or proposed regulations (the "Regulations") promulgated thereunder, unless otherwise indicated.

issues related to the Bonds other than the specific opinions set forth herein, nor non-income tax consequences associated with the Bonds (including, for example, corporate law, regulatory, or financial accounting implications), or any state, local, foreign or other tax consequences. We therefore express no opinion regarding the Bonds with respect to such other matters or purposes.

This Opinion Letter is intended solely for the use of AMP and Norton Rose Fulbright US LLP and may not be relied upon by any other third parties. Our opinions are based on various facts (described below) and are conditioned upon the accuracy and completeness in all material respects of the AMP Certificate and the Participant Certificates (as defined below). If any of the facts or representations upon which this Opinion is based prove incorrect, it is likely that our opinions would change.

Our opinions are provided exclusively in the penultimate paragraph of this Opinion Letter.

The United States Treasury and the Internal Revenue Service ("IRS") have promulgated rules at 31 CFR Part 10, the so-called "Circular 230 Rules," that govern practice before the IRS. The Circular 230 Rules provide standards that must be satisfied with respect to the issuance of a "Covered Opinion." Covered Opinions include opinions on which taxpayers may rely for protection from certain IRS penalties and that provide a level of confidence of at least more likely than not (*i.e.* a greater than 50-percent likelihood) that one or more significant federal tax issues will be resolved in the taxpayer's favor (a "Reliance Opinion").

You have asked for our opinion only with respect to the specific issues addressed in this Opinion Letter, which are less than all of the significant federal tax issues potentially applicable to the issuance of the Bonds (the "Transaction"). We have determined that the Transaction addressed herein is neither a "listed transaction" within the meaning of Treas. Reg. § 1.6011-4(b)(2), nor a transaction the principal purpose of which is the avoidance or evasion of U.S. federal income tax. Thus, we have issued this Opinion as a "limited scope" Reliance Opinion within the meaning of Circular 230.

Accordingly, we hereby inform you that: (i) this Opinion is limited to the federal tax issues addressed in the penultimate paragraph of this Opinion, (ii) additional issues may exist that could affect the federal tax treatment of the transactions or matters that are the subject of this Opinion, and this Opinion does not consider or provide a conclusion with respect to such issues, and (iii) with respect to any significant federal tax issues outside the limited scope of this Opinion, the Opinion was not written, and cannot be used for the purposes of avoiding penalties.

Section 141(d)(1) provides that bonds will be private activity bonds if more than the lesser of 5% of such bond proceeds or $5,000,000 is used to finance the acquisition by a governmental unit of nongovernmental output property. "Nongovernmental Output Property" is defined as any property which before such acquisition was used or held for use by a person other than a governmental unit in connection with an output facility. For purposes of this opinion it is assumed that AFEC is Nongovernmental Output Property.

Section 141(d)(3) provides that the term Nongovernmental Output Property shall not include any property which is to be used in connection with an output facility 95 percent or more

of the output of which will be consumed in (i) a qualified service area of the governmental unit, or (ii) a qualified annexed area of such unit (the "Section 141(d)(3) Exception to the Nongovernmental Output Property Rules"). Section 141(d)(3)(B)(i) states that the term "Qualified Service Area" means, with respect to a governmental unit, any area throughout which such unit provided (at all times during the 10-year period ending on the date such property is acquired by such unit) output of the same type as the output to be provided by such property. Accordingly, such 10-year period with respect to AFEC means the period beginning July 28, 2001 and ending July 28, 2011. The term "Qualified Annexed Area" means, with respect to the governmental unit acquiring the property, any area if (i) such area is contiguous to, and annexed for general governmental purposes into, a qualified service area of such unit, (ii) output from such property is made available to all members of the general public in the annexed area, and (iii) the annexed area is not greater than 10 percent of such qualified service area.

Section 141(d)(6) provides that with respect to Nongovernmental Output Property acquired by a joint action agency the members of which are governmental units, Section 141(d) shall be applied at the member level by treating each member as acquiring its proportionate share of such property. Accordingly, the provisions regarding Nongovernmental Output Property, including the Section 141(d)(3) Exception to the Nongovernmental Output Property Rules, are applicable to each entity set forth in Exhibit A attached hereto (each, a "Participant') with respect to its entitlement to output from AFEC (such entitlement with respect to each Participant, the "Proportionate AFEC Share").

In rendering this Opinion, we have examined applicable state and federal law, the certificate of AMP's general counsel (the "AMP Certificate"), certificates of the Participants (the "Participant Certificates") and such other agreements, documents and matters to the extent we deemed relevant and necessary to render this Opinion. We have further assumed that each Participant qualifies as a governmental unit for purposes of Section 141(d).

From such examination, we are of the opinion that under current law, (1) each of the Participants has a service area throughout which it has provided at all times during the 10 year period ending on July 28, 2011 output of the same type as the output to be provided by AFEC and therefore constitutes a Qualified Service Area within the meaning of Section 141(d)(3)(B)(i) and may have a service area that includes one or more Qualified Annexed Areas (such Qualified Service Area and Qualified Annexed Area(s) with respect to each Participant is referred to herein as a "Qualified Area"), and (2) to the extent the amount of output attributable to a Participant's Proportionate AFEC Share (which includes base and peak components) within annual periods is less than the load consumed in its Qualified Area within the corresponding annual periods, the output attributable to such Participant's Proportionate AFEC Share may properly be treated as allocable to, and thus consumed in, such Participant's Qualified Area.

We understand that Norton Rose Fulbright US LLP will rely upon this opinion in rendering its opinion with respect to the exclusion from gross income of the interest on the Bonds for Federal income tax purposes under Section 103.

Exhibit A

AFEC Participants that will Satisfy the
Section 141(d)(3) Exception from the Nongovernmental Output Property Rules

Amherst
Arcadia
Arcanum
Beach City
Bedford
Berlin
Bradner
Brewster
Bryan
Carey
Celina
Clayton (DEMEC)
Cleveland
Clinton
Clyde
Coldwater
Columbiana
Cuyahoga Falls
Danville
Dover
Edgerton
Eldorado
Elmore
Ephrata
Front Royal
Galion
Genoa
Girard
Grafton
Greenwich
Hamilton
Haskins
Hatfield
Hillsdale
Holiday City
Hooversville
Hubbard
Hudson
Jackson
Jackson Center
Lakeview
Lebanon
Lewes (DEMEC)
Lewisberry
Lodi
Lucas
Marshall
Martinsville
Mendon
Middletown (DEMEC)
Milford (DEMEC)
Minster
Monroeville
Montpelier
Napoleon
Newark (DEMEC)
New Bremen
New Castle (DEMEC)
New Knoxville
New Martinsville
Newton Falls
Niles
Oak Harbor
Ohio City
Orrville
Pemberville
Philippi
Pioneer
Piqua
Plymouth
Prospect
Republic
Richlands
Seaford (DEMEC)
Seville
Shiloh
Smethport
Smyrna (DEMEC)
South Vienna
St. Clairsville
St. Marys
Summerhill
Tipp City
Union City
Versailles
Wadsworth
Wapakoneta
Waynesfield
Wellington
Williamstown
Woodsfield
Woodville

APPENDIX F

BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Series 2017A Bonds. The Series 2017A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued each maturity of the Series 2017A Bonds, in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned and operated by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2017A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017A Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2017A Bonds, except in the event that use of the book-entry system for the Series 2017A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2017A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2017A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2017A Bonds may wish to ascertain that the nominee holding the Series 2017A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2017A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to AMP as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2017A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2017A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from AMP or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or AMP, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of AMP or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2017A Bonds at any time by giving reasonable notice to AMP or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

AMP may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this Appendix F concerning DTC and DTC's book-entry system has been obtained from sources that AMP believes to be reliable, but neither AMP nor the Underwriters takes any responsibility for the accuracy thereof.

APPENDIX G

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered as of December __, 2017 by American Municipal Power, Inc. ("AMP") in connection with the issuance of its $124,385,000 AMP Fremont Energy Center Project Revenue Bonds, Refunding Series 2017A (the "Series 2017A Bonds"). The Series 2017A Bonds are being issued pursuant to a Master Trust Indenture, dated as of June 1, 2012 (the "Master Trust Indenture"), as supplemented, including as supplemented by the Fourth Supplemental Indenture, dated as of December 1, 2017, between AMP and U.S. Bank National Association, Columbus, Ohio, as trustee (the "Trustee"), in each such case in substantially the form thereof heretofore provided to the Participating Underwriters (defined below). The Master Trust Indenture, as so supplemented, is herein called the "Indenture". AMP covenants and agrees as follows:

1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by AMP for the benefit of the holders of the Series 2017A Bonds and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). AMP acknowledges that it is undertaking responsibility for any reports, notices or disclosures that may be required under this Agreement. AMP and its officials and its employees shall have no liability by reason of any act taken or not taken by reason of this Disclosure Agreement except to the extent required for the agreements contained in this Disclosure Agreement to satisfy the requirements of the Rule.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by AMP pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean, for purposes of this Disclosure Agreement, any person who is a beneficial owner of a Series 2017A Bond.

"Dissemination Agent" shall mean AMP, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by AMP and which has filed with AMP a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system for municipal securities disclosure (http://emma.msrb.org) or any other dissemination agent or conduit required, designated or permitted by the SEC.

"Filing Date" shall have the meaning given to such term in Section 3.1 hereof.

"Fiscal Year" shall mean the twelve-month period at the end of which financial position and results of operations are determined. Currently, AMP's and each MOP's Fiscal Year begins

January 1 and continues through December 31 of the same calendar year, with the exception of Danville, Virginia, which ends on June 30.

"Listed Events" shall mean, with respect to the Series 2017A Bonds, any of the events listed in subsection (b)(5)(i)(C) of the Rule, which are as follows:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) Modifications to rights of security holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for AMP or an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of AMP or an obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of AMP;

(13) The consummation of a merger, consolidation, or acquisition involving AMP or an obligated person or the sale of all or substantially all of the assets of AMP or

an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

"MOP" shall mean an "obligated person" within the meaning of the Rule. Each of The Delaware Municipal Electric Corporation and the cities of Cleveland, Ohio, Danville, Virginia, and Hamilton, Cuyahoga Falls and Niles, Ohio is deemed a MOP.

"MSRB" means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

"Official Statement" shall mean the official statement dated December 12, 2017 relating to the Series 2017A Bonds.

"Participating Underwriter" shall mean each original Underwriter of the Series 2017A Bonds required to comply with the Rule in connection with the offering of such Series 2017A Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

3. **Provision of Annual Reports**.

3.1 AMP shall, or shall cause the Dissemination Agent to, provide to the MSRB via EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Such Annual Report shall be filed on a date (the "Filing Date") that is not later than November 30 of the succeeding Fiscal Year commencing with the report for the fiscal year ending December 31, 2017. Not later than ten (10) days prior to the Filing Date, AMP shall provide the Annual Report to the Dissemination Agent (if applicable). In such case, the Annual Report must be submitted in electronic format and accompanying information as prescribed by the MSRB and (i) may be submitted as a single document or as separate documents comprising a package, (ii) may include by specific reference other information as provided in Section 4 of this Disclosure Agreement, and (iii) shall include such financial statements as may be required by the Rule.

3.2 The annual financial statements of the MOPs shall be prepared on the basis of generally accepted accounting principles or such other manner of presentation as may be required by law, will be copies of the audited annual financial statements and will be filed with the MSRB when they become publicly available. Such annual financial statements may be filed separately from the Annual Report.

3.3 If AMP or the Dissemination Agent (if applicable) fails to provide an Annual Report to the MSRB by the date required in subsection (a) hereto, AMP or the Dissemination Agent, if applicable, shall send a notice to the MSRB in substantially the form attached hereto as Exhibit B.

4. **Content of Annual Reports**. Except as otherwise agreed, any Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, (i) an updated table presenting the Participants and their allocation in the Project expressed in kilowatts and percentages as shown on page A-1 of the Official Statement, and (ii) with respect to the MOPs, annual statistical and financial information, including operating data as described in Exhibit A attached hereto. For purposes of the Annual Report, it is recognized that the fiscal year for the City of Danville, Virginia begins on July 1 and ends June 30 of the following calendar year and, as such, annual statistical information for such City will be as of the end of its fiscal year.

Any or all of such information may be included by specific reference from other documents, including offering memoranda of securities issues with respect to which AMP or a MOP is an "obligated person" (within the meaning of the Rule), which have been filed with the MSRB via EMMA or the Securities and Exchange Commission. If the document included by specific reference is a final official statement, it must be available from the MSRB via EMMA. AMP shall clearly identify each such other document so included by specific reference.

5. **Reporting of Listed Events.** AMP will provide notice of any of the Listed Events to the MSRB via EMMA in a timely manner not in excess of ten business days after the occurrence of the event. Whenever AMP obtains knowledge of the occurrence of a Listed Event that requires AMP to determine if such event would constitute material information, whether because of a notice from the Trustee or otherwise, AMP shall as soon as possible determine if such event would be material under applicable federal securities laws.

6. **Termination of Reporting Obligation.** AMP's obligations under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of all the Series 2017A Bonds.

7. **Dissemination Agent**. American Municipal Power, Inc. shall be the Dissemination Agent. AMP may, from time to time, appoint or engage another Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

8. **Amendment**. Notwithstanding any other provision of this Disclosure Agreement, AMP may amend this Disclosure Agreement, if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws to the effect that such amendment is not inconsistent with or is required by the Rule.

9. **Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent AMP from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that

which is required by this Disclosure Agreement. If AMP chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, AMP shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

10. **Default.** Any Beneficial Owner may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause AMP to file its Annual Report or to give notice of a Listed Event. The Beneficial Owners of not less than a majority in aggregate principal amount of Series 2017A Bonds outstanding may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of AMP hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Indenture or the Series 2017A Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of AMP to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

It shall be a condition precedent to the right, power and standing of any person to bring an action to compel performance under this Disclosure Agreement that, such person, not less than 30 days prior to commencement of such action, shall have actually delivered to AMP notice of such person's intent to commence such action and the nature of the non-performance complained of, together with reasonable proof that such person is a person otherwise having such right, power and standing, and AMP shall not have cured the non-performance complained of.

Neither the commencement nor the successful completion of an action to compel performance under this Disclosure Agreement shall entitle any person to any other relief other than an order or injunction compelling performance.

11. **Beneficiaries**. This Disclosure Agreement shall inure solely to the benefit of the Participating Underwriter and Beneficial Owners from time to time of the Series 2017A Bonds, and shall create no rights in any other person or entity.

AMERICAN MUNICIPAL POWER, INC.

By: _____
Senior Vice President of Finance and
Chief Financial Officer

EXHIBIT A

PARTICIPANT INFORMATION

(a) Updates for the previous calendar or fiscal year, as applicable, of the statistical and financial data presented in Appendix A and B to the Official Statement.

(b) The audited financial statements for the electric system or, if separate financial statements are not prepared and audited for the electric system, then the audited general purpose financial statements of the MOP. The basis of presentation of such financial statements shall be generally accepted accounting principles or such other manner of presentation as may be required by law.

EXHIBIT B

NOTICE OF FAILURE TO FILE ANNUAL REPORT

RE: American Municipal Power, Inc.
$124,385,000 AMP Fremont Energy Center Project Revenue Bonds, Refunding Series 2017A (the "Series 2017A Bonds").

CUSIP NOS. 02765UNJ9 – 02765UNR1

Dated: December __, 2017

NOTICE IS HEREBY GIVEN that American Municipal Power, Inc. ("AMP") has not provided an Annual Report as required by Section 3 of the Continuing Disclosure Agreement, which was entered into in connection with the above-named Series 2017A Bonds issued pursuant to that certain Master Trust Indenture, dated as of June 1, 2012, as supplemented, including as supplemented by the Fourth Supplemental Indenture, dated as of December 1, 2017, between AMP and U.S. Bank National Association, Columbus, Ohio, as trustee. AMP anticipates that the Annual Report will be filed by _____.

Dated: _____ AMERICAN MUNICIPAL POWER, INC.

By: _____
Senior Vice President of Finance and
Chief Financial Officer

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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