

ADAPTING TO CHANGE



AMERICAN MUNICIPAL POWER, INC.

2022 ANNUAL REPORT



“Individually,
we are one drop.
Together,
we are an ocean.”

– Ryunosuke Satoro



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Cover image: Patrick Gross, Cuyahoga Falls (left), and Nick Sanders (right), Tipp City, participating in AMP's Advanced Lineworker Training, held at AMP headquarters, March 20-23, 2023.

Back cover image: Derrick Sawmiller, St. Mary's, participating in AMP's Basic I Lineworker Training, held at AMP headquarters, June 6-10, 2022.

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Letter to Members

A lineworker from an AMP member utility participating in Intermediate Lineworker Training, held at AMP headquarters, July 26-30, 2022.

Our world and our industry are changing, and in 2022, public power continued to adapt in order to best serve its customer owners. We are happy to report that American Municipal Power, Inc. (AMP) and our Members undertook a number of initiatives and projects to better provide safe, reliable electric service.

Focusing on building the future workforce of public power, we were pleased to shine a spotlight on public power lineworkers by collectively naming them as the 2022 inductees to the [AMP Wall of Fame](#). The U.S. Bureau of Labor Statistics has projected about 23,300 job openings each year in the field in this decade. Considering this, throughout 2022, we published a series of articles, social media posts, videos and more to create an awareness of the field of linework and the dedication and hard work with which public power lineworkers serve their communities in these integral roles.

We thank those lineworkers — and all the dedicated public servants working in AMP’s Member communities — for steadfastly defending public power’s core principles: customer focus, reliability, affordability, stewardship and local control. We were proud to release a video featuring many lineworkers from AMP’s Member communities that outlines a career in linework. We invite you to view that [here](#).

We are proud of AMP’s continued focus on innovation and transformation, which we believe is essential to our Members’ success and the fulfillment of AMP’s mission to serve Members through public power joint action, innovative solutions, robust advocacy and cost-effective management of power supply and energy services. Through innovative and creative approaches to solutions and processes, AMP staff demonstrated our vision to be our Members’ trusted leader in providing the highest-quality, forward-looking services and solutions.



Jolene Thompson
President/CEO, AMP



Jeff Brediger
Chair of the AMP
Board of Trustees
Director of Utilities,
City of Orrville

We have a strong, dedicated Board of Trustees that guides the organization. In 2022, the AMP Board of Trustees and the AMP Executive Management Team met to review the organization's strategic plan. The Board reaffirmed the five main strategic priorities approved in 2021, and they placed renewed emphasis on the importance of mitigating transmission costs and the need for AMP to support its Members' efforts to offer affordable, reliable power to their customers.

Throughout this report, you will see how AMP's work in 2022 directly addressed five strategic priorities:

- Power Supply Portfolio Management Excellence
- Roadmap for Member Grid Evolution
- Operational Excellence and High-Performance Culture
- Policy Advocacy Effectiveness
- Transmission

Recently the AMP Board of Trustees approved the addition of a sixth strategic priority – Pursue Funding Opportunities. The focus of this priority is to research, identify and pursue governmental funding opportunities to assist AMP and our Members in accessing potential funds and grant dollars.

At its core, AMP is Member focused and mission driven. Mission-driven organizations have the power to change the world. While that is no small feat, our foundational tenets of public power — local ownership and customers as shareholders — fit that model on a local scale. As we follow our strategic plan and move forward with intent, we have confidence that we can achieve our mission by protecting, promoting and leveraging those important attributes of public power.

On behalf of the Members,

Jolene Thompson

Jeff Brediger



About AMP

Formed in 1971, AMP is headquartered in Columbus, Ohio, with more than 200 employees at its headquarters and generating facilities.

AMP is the nonprofit wholesale power supplier and services provider for 133 Members, including 132 municipal electric systems in the states of Indiana, Kentucky, Maryland, Michigan, Ohio, Pennsylvania, Virginia, West Virginia; as well as the Delaware Municipal Electric Corporation (DEMEC), a joint action agency in Smyrna, Delaware. Combined, these Member utilities serve approximately 650,000 customers.

The organization is governed by a Board of Trustees that consists of 21 AMP Members — 20 elected by the Members or subgroups of Members, and DEMEC on behalf of its eight member systems. Each such elected Member then appoints a person to represent it on the Board.



AMP Mission

To serve Members through public power joint action, innovative solutions, robust advocacy and cost-effective management of power supply and energy services.

AMP Vision

To be public power's trusted leader in providing Members and their customers the highest-quality, forward-looking services and solutions.

AMP Values

Integrity - Be honest, fair, reliable, trustworthy and ethical.

Member Focus - Provide dedicated and professional support to all Members in the AMP footprint.

Partnership - Collaborate to achieve common goals.

Employee Engagement - Commit to a diverse, inclusive, safe and supportive work environment.

Stewardship - Manage resources wisely and sustainably while striving for operational, financial and administrative excellence.

Innovation - Energize and inspire new and creative approaches that increase value to Members and Employees.

Accountability - Be responsive and communicate transparently and effectively.



Brandon Shafer, Celina, participating in AMP's Basic II Lineworker Training, held at AMP headquarters, July 25-29, 2022.

Diversity and Inclusion Statement

AMP values and appreciates the strengths afforded by the different attributes, characteristics and experiences of each employee. AMP is dedicated to creating an inclusive workplace with employees who strengthen AMP with their diverse talents and perspectives gained through their age, race, culture, color, disability, ethnicity, religion, sexual orientation, gender identity, education, service to our country and unique personality.

AMP will continue to make a good-faith effort to recruit and retain a diverse group of employees and will maintain its commitment to being an equal opportunity employer. In so doing, AMP and its employees can maximize their contributions to their community and those of AMP's Members.

We are proud of AMP's inclusive culture that supports every employee's success and encourages an environment where they can feel challenged, appreciated, respected and engaged.



Power Supply Portfolio Management Excellence

Ensuring that power supply arrangements are in place to hedge against the impact of increases in the power markets is a priority for AMP and its Members. Emphasizing the need for power supply options and for managing related costs, AMP continues to focus on AMP and Member-owned generation projects and power purchase agreements. Throughout 2022, AMP continued working closely with Members to make certain such opportunities exist.

Highlights of AMP's power supply efforts in 2022 include:

- Conducted seven regional meetings to update Members on energy market conditions, power supply costs and AMP generation project performance.
- Completed construction on nine behind-the-meter (BTM) reciprocating internal combustion engine (RICE) project sites; five additional projects are expected to be completed the second quarter of 2023. For BTM projects within the PJM Interconnection, LLC (PJM) footprint, the projects provide local generation behind the utility's meter — resulting in reduced system peaks, which in turn reduce costs for the municipal electric utility's customers. BTM lowers transmission obligation because the generation is local and not delivered over transmission lines.
- Explored the integration of battery storage into the power supply portfolio (see Road Map for Member Grid Evolution section of the report).
- Through the Focus Forward Advisory Council's efforts, assisted nine Members with BTM solar policies and rate plans; provided electric vehicle (EV) customer engagement platform, WattPlan, information; and provided heat pump water heater guidance. There were 235 customer reports from 19 Member communities generated from the WattPlan website.
- Renewed Efficiency Smart® contracts with 19 AMP Member communities, which collectively outlined 33 goals to be achieved by the close of 2022. Throughout the year, there was a significant uptick in activity toward energy savings and demand savings goals, and 16 savings goals were either met or exceeded.
- Legislatively, AMP continued to seek remedies to the sequestration of Build America Bonds (BABs) and New Clean Renewable Energy Bonds (New CREBs) subsidies. Following a call in 2022, headway was made when Sen. Sherrod Brown (D-OH) drafted legislation that would address BABs sequestration, if passed.



Road Map for Grid Evolution

As the electric grid continues to evolve and the adoption of new technologies accelerates, it is more important than ever for AMP to chart the path forward for the organization and its Members. Representing its core values throughout 2022, AMP remained Member focused while partnering with various organizations to provide assistance and best-practice initiatives to introduce innovative and efficient projects and processes.

AMP assessed several advancing technologies, deployed a new program and launched a new website. Some of these efforts included:

- Introduced the Community Energy Savings Day: Smart Thermostat Program to Members. The program uses Wi-Fi-connected thermostats to help Members combat increasing transmission and capacity charges.
- Launched WattPlan, providing Members with an EV customer engagement platform to assist in communicating with customers about the technology.
- Developed a peer-exchange database, providing Members with a platform to share information and lessons learned for a variety of topic areas. The database is expected to release in Q2 2023.



AMP continued its efforts to provide and assist Members with advanced metering infrastructure (AMI). Efforts included the start and completion of several AMI deployments, exploration of funding opportunities and the testing and integration of newer technology. In addition, AMP:

- Completed a concept paper in preparation for a grant application through the U.S. Department of Energy Grid Resilience Innovation Partnership Program. If awarded, the grant could provide up to \$50 million in project funding for the deployment of AMI in qualifying, partnering Member communities.
- Partnering with Itron, AMP completed the integration, testing and deployment of Itron 500 Series External Communications Modules in Carey, Zelenople and the DEMEC member communities of Milford, Seaford and Middletown.
- Began deployment of AMI in New Castle and Painesville.

In a continuing effort to provide Members with relevant information on advancing technologies, AMP:

- Worked with the Focus Forward Advisory Council on creating new guidance documents and educational opportunities.
- Provided Members with the *Residential Solar and Solar+Battery Technical Requirements Supplemental Guidance* document.
- Assisted nine Members with the development of BTM solar policies.
- Hosted educational webinars on pole-mounted EV supply equipment, EV fleets, interconnection requirements and smart thermostats, and EV charging station federal grants.
- Worked with Members to obtain practices and procedures related to cryptocurrency developers, sharing resulting information with all AMP members.
- Assisted Members on 70 EV- and infrastructure-related issues.

Through these efforts and more, AMP continues to create a roadmap for the future grid as the organization and its Members move forward.



Willow Island Hydroelectric Plant

Operational Excellence and High Performance Culture

Learning, collaboration and expanding diversity and inclusion efforts are a priority for AMP in fostering a culture of employee engagement. In 2022, the organization focused on optimizing talent, planning for succession and leveraging resources creatively and efficiently on behalf of Members.

In the course of that effort:

- AMP implemented a performance-management system that provides a process for employees and their managers to establish goals, and conduct midyear and end-of-year check-ins and reviews through a cloud-based platform.
- Employee education remained a top priority, including job-specific training as well as cybersecurity and compliance training.
- Continued a Member-focused employee education plan through Member presentations during virtual Lunch & Learn meetings to help AMP employees learn more about AMP Members' unique interests and needs.

In 2022, AMP developed the outline of a Diversity, Equity and Inclusion (DEI) program, and:

- Created a DEI roadmap and formed a DEI Council comprised of employees representing different parts of the organization with varied backgrounds.
- Participated in a diversity job fair and increased its efforts to post jobs to diversity-specific job boards.
- Planned for the future of its workforce, working on identifying future needs to ensure seamless transitions.
- Developed succession planning for key leadership positions and created an internal staffing plan that leverages existing resources to drive innovation throughout the organization.



Scott McKenzie (center), senior director of member training and safety, instructs apprentice lineworkers on climbing techniques during Basic II Lineworker Training, held at AMP headquarters, July 25-29, 2022.

- Welcomed a new team member to replace the organization's retiring chief financial officer and senior vice president of finance, providing an overlap so the outgoing CFO could provide guidance through the transition.
- Additional key staff members came onboard, including a vice president of transmission and a vice president of finance.
 - AMP added executive sponsorship of innovation and transformation to the existing responsibilities of a member of the executive management team, in recognition of the important need to manage complex issues in a creative and innovative way.





Policy Advocacy Effectiveness

Stakeholder engagement and process participation is an important part of representing AMP's membership. In 2022, AMP was actively engaged with stakeholders on the regional, federal and state levels on both the regulatory and legislative fronts.

AMP participated in 364 PJM and 183 Midcontinent Independent System Operator (MISO) stakeholder meetings; served as a representative at PJM's Liaison Committee meetings; led development of topics for the annual meeting between PJM's Electric Distributor sector and PJM Board; served on PJM's Finance Committee; and attended all MISO meetings open to stakeholders where its board would be in attendance. Additionally, five AMP employees were elected to serve in industry leadership roles (see Transmission section of report).

From left, Steve Lieberman, AMP vice president of transmission and regulatory affairs, and Kent Chandler, Kentucky Public Service Commission chair, discussed current challenges and perspectives on regional transmission organizations and markets during the 2022 AMP Annual Conference.

AMP worked to protect its Members' interests during changes to regional transmission organizations' market rules, including:

- Successfully advocated for PJM rule changes to reference resource technology from a simple-cycle combustion turbine to a combined-cycle gas turbine.
- Worked with PJM to develop a list of issues that requires a super-majority support by stakeholders to implement, helping ensure that PJM cannot unilaterally modify the governance structure.
- Participated in the development of MISO capacity accreditation rules for intermittent resources, demand response and BTM generation, and ensured that the rules would not negatively impact AMP's resources.
- Succeeded in advancing PJM and MISO opt-in rules for small utilities in the implementation of FERC Order 2222 (Distributed Energy Resource wholesale market participation).

Remaining Member focused, AMP participated in Federal Energy Regulatory Commission (FERC) technical conferences and other regulatory dockets, including the following activities:

- Filed several sets of comments on FERC’s rulemakings and technical conferences on transmission planning and cost allocation and generation interconnection queue reform and represented AMP, American Public Power Association (APPA), Large Public Power Council (LPPC) and the Transmission Access and Policy Study group (TAPS) as a witness at FERC’s technical conference on transmission planning and cost management.
- Provided comments at FERC in opposition to MISO’s proposal to implement a Minimum Capacity Obligation requirement for its load-serving entities; FERC rejected MISO’s proposal.
- Opposed investor-owned utility mergers where they failed to demonstrate that customers would be held harmless.

Additionally, AMP worked in partnership with APPA, LPPC, TAPS, National Hydropower Association and others to further Member interests related to federal legislation. This included favorable policies within the Inflation Reduction Act of 2022, including expanded direct pay access and an expansion of the 45Q tax credit program, a two-year extension of the waiver of Pay-As-You-Go (PAYGO) Act requirements, and the implementation of funding opportunities available through the Infrastructure Investment and Jobs Act.

AMP’s continued and ongoing efforts to seek relief from BABs and New CREBs sequestration impacts resulted in draft legislation from Sen. Sherrod Brown that, if passed, would provide relief for public power from the impacts of ongoing sequestration.

AMP once again led a delegation to the APPA Legislative Rally in Washington, D.C., in which approximately 30 participants from 16 Member communities across the Member footprint attended 11 meetings with congressional lawmakers or their staff. Additionally, AMP remained engaged in the APPA, participating in numerous conferences, meetings and working groups, and sponsoring a resolution adopted by the full APPA membership on transmission issues.



Jonathan Greever, Wellington village manager and AMP Board of Trustees member, met with Rep. Bob Gibbs during the 2022 APPA Legislative Rally.

At the state level, AMP increased legislative activity in footprint states, specifically Virginia and Pennsylvania, and maintained regular communication and shared advocacy efforts with public power advocates in all AMP footprint states. AMP continued to raise awareness over increasing transmission rates and pushed back on efforts to amend state laws to provide additional incentives to transmission owners without appreciable benefits to consumers.

In addition to the policies that were enacted into law, AMP was successful in advocating against numerous state and federal bills that would have been detrimental to public power and ultimately did not become law.



Transmission

Throughout 2022, AMP advanced Member interests to mitigate transmission cost increases and provided feedback to FERC to help develop reasonable transmission planning and cost allocation policies. AMP Transmission, LLC (AMPT), a wholly-owned subsidiary of AMP, accomplished several projects improving transmission reliability of and redundancy for AMP Members.

In 2022, AMP continued the litigation effort to oppose opaque transmission owner planning processes that make it impossible to determine whether transmission costs are just, reasonable and prudent. Additionally, AMP successfully challenged American Electric Power's attempt to carry forward net operating losses in accumulated deferred income tax balances that would have resulted in significant overcollection from transmission customers, including some AMP Members. Similarly, AMP opposed PPL Corporation's transmission rate protocols as lacking adequate customer protections.

From left, Bruce Jeffers, Bowling Green; Joel Mazur, Napoleon; Scott Kiesewetter, AMP; Pam Sullivan, AMP; John Stewart, Bowling Green; Matt Gerdeman, Bowling Green; and Brian O'Connell, Bowling Green, attended the groundbreaking ceremony for the Bellard Substation, which entered service on May 27, 2022.



Bellard Substation

In addition, AMPT did the following:

- Completed and placed into service its first new greenfield 138 kilovolt (kV)/69 kV station (Bellard Station) located in Bowling Green to enhance reliability in the area.
- Advanced four supplemental projects through the PJM stakeholder process in 2022 and two more were presented and are expected to advance in early 2023.
- Partnering with Power Engineers, AMPT finalized a spare-parts program.

Finally, AMPT made significant progress in developing and updating key standards documents, including:

- Expanded engineering standards to incorporate potential changes for brownfield projects;
- Facility ratings methodology (FAC-008);
- Naming Conventions; and
- Transmission Planning Criteria and End of Life documents.

Additionally, five AMP employees were elected to serve in leadership roles at transmission-related industry organizations, including:

- MISO Transmission Dependent Utility sector alternate representative to the Advisory Committee;
- North American Energy Services Board Wholesale Electric Quadrant, Markets/Brokers segment board of directors' representative;
- North American Energy Services Board Wholesale Electric Quadrant, Markets/Brokers segment executive committee representative;
- PJM Electric Distributor sector whip; and
- PJM Electric Distributor sector representative to the Finance Committee.

It is through strategic leadership and focused stakeholder engagement that AMP continued to be successful in being a trusted leader in providing Members with forward-thinking solutions and striving to protect the interests of public power and AMP Membership.

Board of Trustees



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*Director of Utilities
City of Orrville*



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AMP President/CEO



MEMBER: GRAFTON
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MEMBER: NAPOLEON
Kevin Garringer
*Finance Director
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MEMBER: PIQUA
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EX OFFICIO
Rachel Gerrick
AMP General Counsel



MEMBER: HAMILTON
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*Executive Director of
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MEMBER: OBERLIN
Doug McMillan
*Director, Oberlin Municipal
Light and Power System
City of Oberlin*



MEMBER: WELLINGTON
Jonathan Greever
*Village Manager
Village of Wellington*

Executive Management Team



Jolene Thompson
President and Chief Executive Officer
[Bio](#)



Brandon Kelley
Senior Vice President of Strategy and Innovation and Chief Strategy Officer
[Bio](#)



Terry Leach
Vice President of Risk and Administrative Services and Chief Risk Officer
[Bio](#)



Pam Sullivan
Chief Operating Officer and AMP Transmission President
[Bio](#)



Drew Dunagin
Senior Vice President of Finance and Chief Finance Officer
[Bio](#)



Tracy Reibold
Vice President of Human Resources and Chief People Officer
[Bio](#)



Rachel Gerrick
Senior Vice President and General Counsel for Corporate Affairs
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Senior Vice President of Power Supply and Energy Marketing
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Scott Kiesewetter
Senior Vice President of Transmission Operations
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Adam Ward
Senior Vice President of Member Services, Environmental Affairs and Policy
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Two lineworkers from AMP member utilities who participated in Advanced Lineworker Training, held at AMP headquarters, March 20-23, 2023.

2022 AMP Member Energy Resource Mix

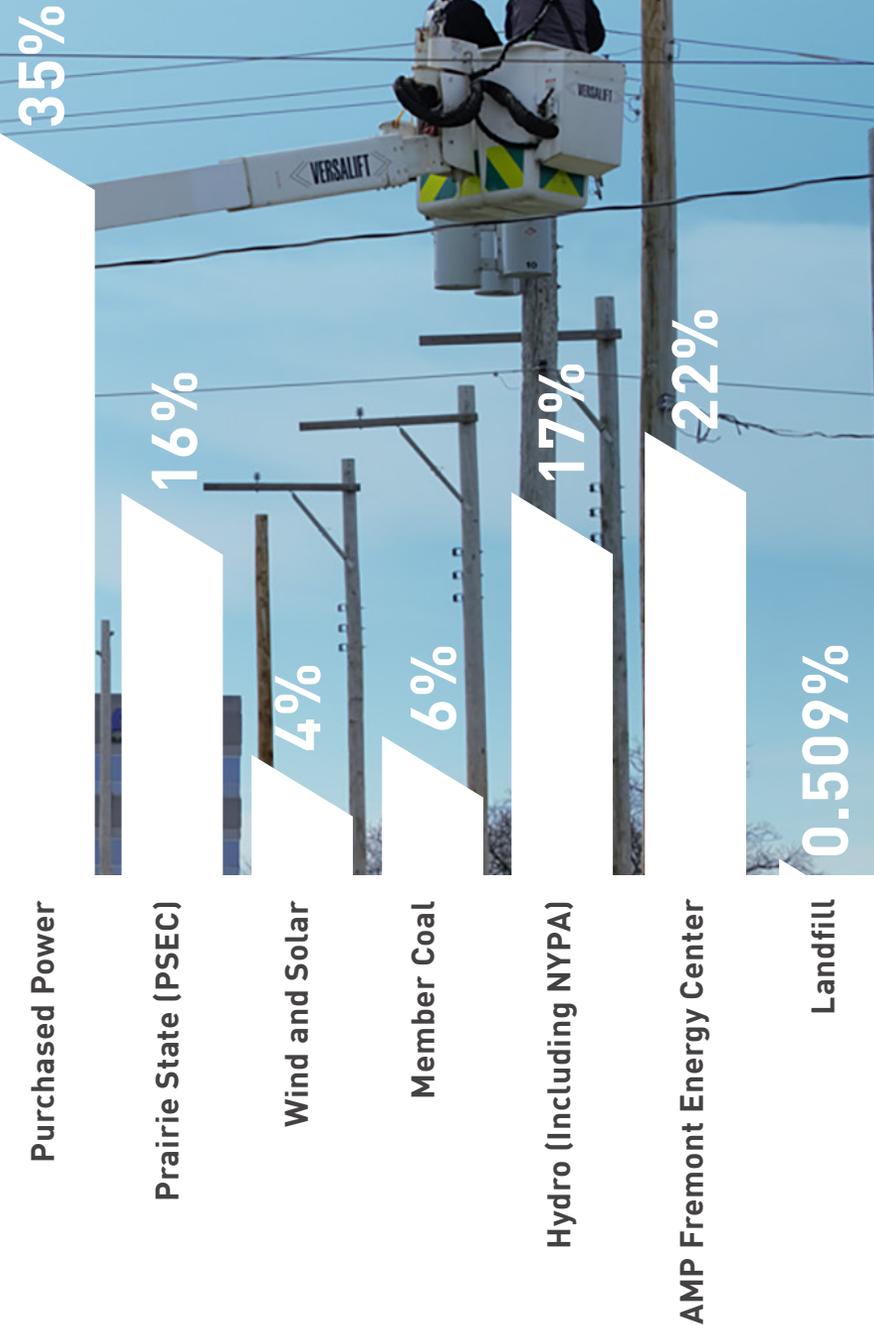
NOTES:

The Wind and Solar percentage includes Member-owned solar.

The Hydro percentage includes Member-owned hydro and New York Power Authority.

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

AMP, on behalf of its Members, sells all or a portion of the RECs created by its renewable energy projects, power purchase agreements and joint ventures to help reduce its wholesale power costs.



AMP 2022 Financial Highlights

Year Ended Dec. 31, 2022

	2018	2019	2020	2021	2022
FINANCIAL RESULTS (\$000's)					
Operating Revenues	\$1,279,866	\$1,170,034	\$1,091,395	\$1,137,287	\$1,229,537
Operating Expenses	\$1,045,580	\$957,096	\$878,308	\$926,942	\$1,048,451
Non-Operating Expenses (Net)	(\$231,499)	(\$207,667)	(\$210,586)	(\$195,908)	(\$183,039)
Net Margin	\$2,787	\$5,271	\$2,501	\$14,437	(\$1,954)
SIGNIFICANT FINANCIAL METRICS					
Consolidated Fixed Obligation Coverage Ratio	1.2	1.2	1.1	1.1	1.1
Days Cash on Hand	210	238	272	285	266
Gross Utility Plant (\$000's)	\$4,878,808	\$4,888,632	\$4,944,200	\$4,970,639	\$4,989,916
Long Term Debt Outstanding (\$000's)	\$5,464,947	\$5,914,272	\$5,391,059	\$5,624,610	\$4,911,285
Bond Debt Service Coverage Ratio ¹	1.1	1.1	1.1	1.1	1.1

¹Budgeted rates include 110% of debt service requirements for AMP projects in accordance with the bond indentures.



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