American Municipal Power, Inc.

Interim Consolidated Financial Statements
September 30, 2022

American Municipal Power, Inc.
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September 30, 2022 (Unaudited) and December 31, 2021

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Report of Independent Auditors

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

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated interim financial information of American Municipal Power, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of September 30, 2022, and the related consolidated statements of revenues and expenses, of changes in member and patron equities, and of cash flows for the nine month periods ended September 30, 2022 and 2021, including the related notes (collectively referred to as the "consolidated interim financial information").

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

Basis for Review Results

We conducted our review in accordance with auditing standards generally accepted in the United States of America (US GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with US GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Consolidated Interim Financial Information

Management is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

Other Matter

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of American Municipal Power, Inc. and its subsidiaries as of December 31, 2021, and the related statements of revenues and expenses, of changes in member and patron equities, and of cash flows for the year then ended (not presented herein), and in our report dated April 29, 2022, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2021, is consistent, in all material respects, with the audited consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers LLP

Columbus, Ohio
January 18, 2023

American Municipal Power, Inc.
Consolidated Balance Sheets
September 30, 2022 (Unaudited) and December 31, 2021

	September 30, 2022	December 31, 2021
Assets		
Utility plant		
Electric plant in service	$ 4,967,886,255	$ 4,970,638,662
Accumulated depreciation	(1,087,568,797)	(993,039,296)
Total utility plant	3,880,317,458	3,977,599,366
Nonutility property and equipment		
Nonutility property and equipment	26,187,212	25,339,352
Accumulated depreciation	(14,931,304)	(13,983,634)
Total nonutility property and equipment	11,255,908	11,355,718
Construction work-in-progress	57,236,994	39,089,331
Plant held for future use	34,881,075	34,881,075
Coal reserves	18,833,949	19,464,246
Trustee funds and other assets		
Trustee funds	240,878,796	246,034,020
Regulatory assets	515,750,171	532,609,465
Prepaid assets	75,083,735	77,851,132
Intangible and other assets	55,864,350	37,108,606
Total trustee funds and other assets	887,577,052	893,603,223
Current assets		
Cash and cash equivalents	248,706,063	189,455,688
Cash and cash equivalents - restricted	7,232,048	7,192,735
Trustee funds	227,702,596	311,605,277
Trustee funds - restricted	-	609,728,526
Collateral postings	5,432	27,340,432
Accounts receivable	120,513,038	103,261,399
Interest receivable	30,568,617	16,330,483
Financing receivables - members	29,212,361	29,968,329
Notes Receivable	-	2,131,216
Inventories	17,115,265	13,598,126
Regulatory assets - current	30,366,767	35,299,862
Prepaid expenses and other assets	28,408,146	11,540,113
Total current assets	739,830,333	1,357,452,186
Total assets	$ 5,629,932,769	$ 6,333,445,145

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

American Municipal Power, Inc.
Consolidated Balance Sheets
September 30, 2022 (Unaudited) and December 31, 2021

	September 30, 2022	December 31, 2021
Equities and Liabilities		
Member and patron equities		
Contributed capital	$ 828,968	$ 828,968
Patronage capital	102,845,221	105,588,811
Total member and patron equities	103,674,189	106,417,779
Long-term debt		
Term debt	4,817,211,650	4,943,656,018
Term debt on behalf of others	15,937,497	16,791,664
Revolving credit loan	164,400,000	172,800,000
Total long-term debt	4,997,549,147	5,133,247,682
Current liabilities		
Accounts payable	95,343,990	108,567,458
Accrued interest	37,480,652	113,819,171
Term debt - current portion	100,979,412	680,954,412
Term debt on behalf of others	30,939,167	32,764,167
Regulatory liabilities	36,358,968	9,383,454
Other liabilities	85,128,144	45,153,676
Total current liabilities	386,230,333	990,642,338
Other noncurrent liabilities		
Asset retirement obligations	11,774,902	10,465,875
Regulatory liabilities	129,518,915	85,628,420
Other liabilities	1,185,283	7,043,051
Total other noncurrent liabilities	142,479,100	103,137,346
Total liabilities	5,526,258,580	6,227,027,366
Total equities and liabilities	$ 5,629,932,769	$ 6,333,445,145

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

American Municipal Power, Inc.
Consolidated Statements of Revenues and Expenses
Nine Months Ended September 30, 2022 and 2021 (Unaudited)

	September 30, 2022	September 30, 2021
Revenues		
Electric revenue	$ 870,252,576	$ 811,315,521
Service fees	9,060,756	8,367,662
Programs and other	48,707,424	27,179,849
Total revenues	928,020,756	846,863,032
Operating expenses		
Purchased electric power	373,494,145	323,783,722
Production	101,039,269	100,158,206
Fuel	156,850,545	103,453,876
Depreciation and amortization	95,628,704	103,226,975
Administrative and general	40,616,548	34,068,186
Property and real estate taxes	9,847,735	7,005,576
Programs and other	13,438,572	12,473,094
Total operating expenses	790,915,518	684,169,635
Operating margin	137,105,238	162,693,397
Nonoperating revenues (expenses)		
Interest expense	(197,469,087)	(220,606,241)
Interest income, subsidy	49,548,842	49,455,784
Interest and other income & expenses	8,071,417	14,294,937
Total nonoperating expenses	(139,848,828)	(156,855,520)
Net margin	$ (2,743,590)	$ 5,837,877

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

American Municipal Power, Inc.
Consolidated Statements of Changes in Member and Patron Equities
Nine Months Ended September 30, 2022 and 2021 (Unaudited)

	Contributed Capital	Patronage Capital	Total
Balances at December 31, 2020	$ 828,968	$ 91,150,987	$ 91,979,955
Net margin	-	5,837,877	5,837,877
Balances at September 30, 2021	$ 828,968	$ 96,988,864	$ 97,817,832
Balances at December 31, 2021	$ 828,968	105,588,811	$ 106,417,779
Net margin	-	(2,743,590)	(2,743,590)
Balances at September 30, 2022	$ 828,968	$ 102,845,221	$ 103,674,189

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

American Municipal Power, Inc.
Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2022 and 2021 (Unaudited)

	September 30, 2022	September 30, 2021
Cash flows from operating activities		
Net margin	$ (2,743,590)	$ 5,837,877
Adjustments to reconcile net margin to net cash used in operating activities		
Depreciation and amortization	95,628,704	103,226,975
Amortization of bond premium, net of amortization of bond discount and amortization of deferred financing costs	(26,911,101)	(11,328,142)
Amortization of premiums and discounts on held-to-maturity debt securities	(3,954,810)	(3,498,779)
Accretion of interest on asset retirement obligations	-	198,963
Loss on disposal of utility property and equipment	753,778	199,296
Recognition of loss on stranded costs	-	2,897,948
Changes in assets and liabilities		
Collateral postings	27,335,000	(1,301,174)
Accounts and interest receivable	(28,268,359)	(2,692,349)
Inventories	(3,517,139)	508,250
Regulatory assets and liabilities, net	48,037,920	10,001,488
Prepaid expenses and other assets	(537,800)	2,441,305
Accounts payable and other liabilities	46,909,344	19,660,356
Accrued interest	(76,338,519)	(77,247,783)
Asset retirement obligations	-	596,047
Net cash provided by operating activities	76,393,428	49,500,278
Cash flows from investing activities		
Purchase of property plant, equipment and construction work-in progress	(29,400,308)	(25,238,766)
Proceeds from sale of property, plant and equipment	9,682	83,553
Proceeds from insurance claims	584,042	-
Proceeds from sale of investments	994,427,502	434,921,130
Purchase of investments	(291,686,261)	(352,683,760)
Net cash (used in) provided by investing activities	$ 673,934,657	$ 57,082,157

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

American Municipal Power, Inc.
Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2022 and 2021 (Unaudited)

	September 30, 2022	September 30, 2021
Cash flows from financing activities		
Proceeds from revolving credit loan	178,300,000	304,600,000
Payments on revolving credit loan	(186,700,000)	(166,200,000)
Proceeds from issuance of term debt	-	100,122,935
Principal payments on term debt	(679,625,000)	(342,550,000)
Cost of issuance of debt	-	(750,678)
Proceeds from issuance of term debt on behalf of others	21,120,000	22,945,000
Principal payments on term debt on behalf of others	(23,799,167)	(25,549,167)
Proceeds from Notes Receivable	2,131,216	5,203,784
Funding of Notes receivable	-	(9,300,000)
Proceeds from financing receivables - members	24,454,779	24,452,837
Funding of financing receivables - members	(26,920,225)	(17,667,733)
Net cash provided by (used in) financing activities	(691,038,397)	(104,693,022)
Net change in cash, cash equivalents and restricted cash	59,289,688	1,889,413
Cash, cash equivalents and restricted cash		
Beginning of period	196,648,423	167,430,432
End of period	$ 255,938,111	$ 169,319,845
Supplemental disclosure of cash flow information		
Cash paid during the period for interest, net of amount capitalized	$ 300,718,707	$ 309,182,166
Supplemental disclosure of noncash investing and financing activities		
Capital expenditures included in accounts payable	$ 25,710,797	$ 38,198,848

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

1. Description of Business

American Municipal Power, Inc. ("AMP") is a not-for-profit Ohio corporation organized to provide electric capacity and energy and to furnish other services to its members on a cooperative basis. AMP is a tax-exempt organization for federal tax purposes under Section 501(c)(12) of the Internal Revenue Service Code ("IRC"). As AMP derives its income from the exercise of an essential government function and will accrue to a state or a political subdivision there of; AMP's income is excludable from gross income under IRC Section 115. AMP is a membership organization comprised of 83 municipalities throughout Ohio, 29 municipalities in Pennsylvania, six municipalities in Kentucky, five municipalities in Michigan, five municipalities in Virginia, two municipalities in West Virginia, one municipality in Indiana, one municipality in Maryland, and one joint action agency in Delaware, all but one of which own and operate electric systems. AMP purchases and generates electric capacity and energy for sale to its members. AMPO, Inc. is a for profit subsidiary that provides electric and natural gas aggregation consulting services to both members and nonmembers in Ohio.

In addition, AMP serves as a project manager for Ohio members participating in joint venture projects to share ownership of power generation and transmission facilities, known as Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6 ("OMEGA" "JV1," "JV2," "JV4," "JV5," and "JV6") (collectively, the "OMEGA Joint Ventures"). AMP is closely aligned with Ohio Municipal Electric Association ("OMEA"), the provider of legislative liaison services to AMP and 79 Ohio public power communities. AMP members have also formed Municipal Energy Services Agency ("MESA") whose purpose is to provide administrative, management and technical services to AMP, its members, OMEA and the OMEGA Joint Ventures.

AMP has received approval pursuant to a private letter ruling from the Internal Revenue Service ("IRS") to issue tax-exempt securities on behalf of its members. In connection with the financing of projects undertaken by the electric systems of certain member communities, AMP has issued tax exempt debt on their behalf. Additionally, AMP has issued tax-exempt bonds to finance the construction of its generating projects.

AMP 368 LLC ("AMP 368"), a wholly owned and consolidated subsidiary of AMP, is the owner of a 23.26%, or 368 MW, undivided interest in the Prairie State Energy Campus ("PSEC"). PSEC, located in Washington County, Illinois, includes a coal-fired generating plant and adjacent coal mine.

Meldahl LLC, a wholly owned and consolidated subsidiary of AMP, is the owner of the 105 MW Meldahl project, a run-of-the river hydroelectric facility on the Ohio River near Maysville, Kentucky.

AMP Transmission LLC, a wholly owned and consolidated subsidiary of AMP owns and provides transmission services in Delaware, Indiana, Kentucky, Maryland, Michigan, Ohio, Pennsylvania, Virginia and West Virginia for the Members.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include all entities in which AMP has control, which are its majority-owned subsidiaries. The interim consolidated financial statements have been prepared without audit. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The interim consolidated financial statements as of September 30, 2022 should be read in conjunction with the consolidated financial statements and the notes thereto for the year ended December 31, 2021. The accompanying interim consolidated financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results of the interim periods presented. Operating results for the nine-months ended September 30, 2022 are not necessarily indicative of the results to be expected for the full year ending December 31, 2022.

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

Utility Plant

AMP records amounts expended in connection with the purchase or construction of utility plant assets at cost. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. Operations are charged with labor, material, supervision and other costs incurred to maintain the utility plant. When utility plant assets are retired, accumulated depreciation is charged with the cost of assets, plus removal costs, less any salvage value, and any resulting gain or loss is reflected in other nonoperating revenues (expenses), net in the consolidated statements of revenues and expenses.

AMP has ownership interest in electric facilities that are jointly-owned with non-affiliated companies. AMP's ownership interest in these facilities is recorded in accordance with ASC 970-810-45, Undivided Interests. Each owner is obligated to pay its share of the costs of this jointly-owned in the same proportion as its ownership interest. AMPs portion of the operating costs associated with these facilities are included in AMP's consolidated statements of revenues and expenses and the assets are reflected in AMP's consolidated balance sheets under total utility plant in the following table. The amounts below are inclusive of costs incurred by the developer and AMP:

	Ownership Interest	September 30, 2022	December 31, 2021
Greenup	48.60%		
Utility Plant in Service		$ 144,656,063	$ 144,402,679
Accumulated Depreciation		(29,913,215)	(26,426,725)
Prairie State	23.26%		
Utility Plant in Service		$1,405,253,309	$ 1,403,739,091
Construction Work-in-Progress		10,299,099	7,892,960
Accumulated Depreciation		(375,501,758)	(348,239,503)

Nonutility Property and Equipment

Nonutility property and equipment is recorded at cost. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. When nonutility property and equipment is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts, and the related gains or losses are reflected in other nonoperating revenues (expenses), net in the consolidated statements of revenues and expenses.

Construction Work-in-Progress
AMP records amounts expended in connection with construction work-in-progress projects at cost. Upon completion of a project, AMP places the asset in service and the related costs are recorded as either utility plant or nonutility property and equipment.

Construction work-in-progress projects consist of the following:

	September 30, 2022	December 31, 2021
'Behind-the-meter' Sub-peaking facilities	$ 30,614,336	$ 25,479,192
Prairie State Energy Campus	10,299,099	7,892,960
Transmission projects	11,779,482	4,323,478
Other	4,544,077	1,393,701
	$ 57,236,994	$ 39,089,331

Plant Held for Future Use
In November 2009, the participants in the AMP Generating Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. This pulverized coal plant was estimated to be a $3 billion project, but the project's targeted capital costs increased by 37% and the engineer, procure and construct contractor could not guarantee that the costs would not continue to escalate. At the termination date, minimal construction had been performed on the AMPGS Project at the Meigs County site. AMP still intends to develop this site for the construction of a generating asset; however, at September 30, 2022, the type of future generating asset had not been determined.

The AMPGS Project participants signed "take or pay" contracts with AMP. As such, the participants of the project are obligated to pay any costs incurred for the project.

As a result of the decision to terminate further development of a coal plant at AMPGS, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the consolidated balance sheets. At December 31, 2010, AMP reclassified $34,881,075 of costs to plant held for future use in the consolidated balance sheets. These costs were determined to be associated with the undeveloped Meigs County site regardless of the type of generating asset ultimately developed on the site.

The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract. These stranded costs are being recovered through collections from Participants and Members over a 15 year term and from service fee and other member related revenues over the same term. At September 30, 2022, AMP has a remaining regulatory asset of $4,270,695 for the recovery of these abandoned construction costs.

Impairment of Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that full recoverability is questionable. The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the assets, as compared with the carrying value of the assets. If an impairment has occurred, the amount of the impairment recognized is the excess of the carrying value of the assets over fair value of the assets.

Trustee Funds

AMP maintains funds on deposit with the trustees ("trustee funds") under its various trust indentures securing bonds issued for its various projects. Investments of the trustee funds include money market funds and debt securities. The debt securities are classified as held-to-maturity in accordance with Accounting Standards Codification ("ASC") 320 *Investments – Debt and Equity Securities,* and are recorded at amortized cost. The debt securities mature at various dates through February 2050. The money market funds are valued at the net asset value of the underlying fund determined on the valuation date.

Intangible and Other Assets

Included in intangible assets are two interconnections contracts for offsite facilities which were a part of the acquisition cost for the AMP Fremont Energy Center ("AFEC") project. These contracts were valued at $28,665,190 and were net of $8,217,354 and $7,644,050 of accumulated amortization as of September 30, 2022 and December 31, 2021, respectively. The contracts are being amortized over a 37.5 year period at a rate of $764,405 per year, which is recognized in depreciation and amortization.

Prepaid Assets

AMP prepays for 25-year power supply solar agreements (the "Prepaid Agreements") which are included in prepaid assets in the accompanying consolidated balance sheets. The amount of the Prepaid Agreements was $78,406,237 and $81,928,298 as of September 30, 2022 and December 31, 2021, respectively. AMP is amortizing the cost of the power over the life of the Prepaid Agreements using a non-straight line method based on power used. AMP records the amount expected to be amortized over the next twelve months as a current asset in prepaid expenses and other assets in the accompanying consolidated balance sheets, which was $4,593,281 and $4,612,444 as of September 30, 2022 and December 31, 2021, respectively. AMP has concluded that the Prepaid Agreements qualify for the normal purchase/sale exemption in accordance with FASB's standard on accounting for derivative instruments.

Collateral Postings

At September 30, 2022 and December 31, 2021, AMP posted collateral deposits to the bank accounts of certain of its power suppliers related to long-term power supply agreements with the suppliers and collateral deposits with insurance companies in connection with long-term construction projects. AMP also posted collateral to PJM Interconnection and Midwest Independent Transmission System Operator, Inc. ("MISO") for the ability to participate in auctions for future transmission rights ("FTRs"). AMP has recorded these collateral postings as current assets in the accompanying consolidated balance sheets. The impact of utilizing FTRs is included in the transmission cost of purchased power. During 2022, AMP engaged The Energy Authority("TEA"), its energy supply manager, to manage the collateral and margin requirements with PJM and MISO, an existing service offering under the Operating Agreement with TEA. In the third quarter of 2022, as a result of engaging these services, TEA took on the obligation of posting such collateral with the FTRs, resulting in a reduction of AMPs collateral postings of $27,335,000.

Notes Receivable

Forty-two of AMP's members are members of OMEGA JV5, the Belleville hydroelectric project, which includes backup diesel generation. On February 15, 2021, OMEGA JV5 signed a $9,300,000 Promissory Note with AMP for the purpose of paying off Debt Certificates issued in 2016. The note required monthly payments and was paid off in the first quarter of 2022. As of December 31, 2021, the balance was $2,131,216 and is shown in current assets in the Consolidated Balance Sheet.

Revenue Recognition and Rates

Revenues are recognized when service is delivered. AMP's rates for capacity and energy billed to members are designed by the AMP board of trustees to recover actual costs. In general, costs are defined to include AMP's costs of purchased power and operations (except for depreciation and amortization) and debt service requirements.

Rates charged to members for non-project power are based on the actual cost of purchased power. Members also pay a service fee based on kilowatt hours purchased through AMP and retail sales of kilowatt hours in each member electric system.

Programs and other revenues consist of the reimbursement for expenses incurred from programs that AMP offers to its members. Revenue from these programs is recorded as costs are incurred.

Accounts receivable includes $105,338,972 and $95,858,945 as of September 30, 2022 and December 31, 2021, respectively, for capacity and energy delivered to members that were not billed until the subsequent period.

Project Power Sales Contracts

AMP's member power sales contracts for AMPGS, AFEC, PSEC and the hydro projects are long-term take or pay agreements, which must be paid regardless of delivery, construction completion or power availability.

Derivative Instruments

AMP accounts for derivative instruments on its consolidated balance sheets at fair value unless the instruments qualify to be accounted for as normal purchases and normal sales. The fair values of derivative instruments accounted for using mark-to-market accounting are based on exchange prices and broker quotes, when available. If a quoted market price is not available, the estimate of fair value is based on the best information available including valuation models that estimate future energy prices based on existing market and broker quotes and supply and demand market data and other assumptions. The fair values determined are reduced by the appropriate valuation adjustments for items such as discounting, liquidity, credit quality and modeling risk. There is inherent risk in valuation modeling given the complexity and volatility of energy markets. Therefore, it is possible that results in future periods may be materially different as contracts are ultimately settled.

AMP has determined certain power purchase and power sales contracts meeting the definition of derivative instruments qualify to be accounted for as normal purchase or normal sale contracts as provided in accounting guidance for "Derivatives and Hedging". Derivative contracts that have been designated as normal purchases or normal sales under that accounting guidance are not subject to mark to market accounting treatment and are recognized on AMPS Consolidated Statements of Revenue and Expenses on an accrual basis.

AMP has adopted a fuel procurement and hedging program which contemplates that AMP will, subject to market conditions, undertake to secure, at times when AMP deems such advantageous and prudent, contracts with fuel providers and financial institutions, the effect which will be to hedge, on a rolling 36-month basis, the price of up to 80% of the natural gas volume that AMP projects will be consumed by AFEC operating at its base capacity. AMP has entered into a number of International Swaps and Derivatives Association agreements that are specific to AFEC in managing its natural gas supply requirements. All of these agreements are with investment grade or higher counterparties (Baa3/BBB-). AMP utilizes fixed-for-floating swap contracts to economically hedge the total natural gas fuel expense and records them at fair value. AMP does not utilize derivative financial instruments for speculative purposes, nor does it have trading operations.

The maturities of the swaps highly correlate to forecasted purchases of natural gas, during time frames through December 2027. Under such agreements, AMP pays the counterparty at a fixed rate and receives from the counterparty a floating rate per MMBtu (“dekatherm” or “Dth”) of natural gas. Only the net differential is actually paid or received. The differential is calculated based on the notional amounts under the agreements. Notional amounts under contracts were $107,299,100 and $111,835,250 at September 30, 2022 and December 31, 2021, respectively.

Unrealized gains on these contracts are shown as assets on the balance sheet and unrealized losses are shown as liabilities on the balance sheet in the following locations and amounts:

	September 30, 2022	December 31, 2021
Prepaid expenses and other assets - Current	$ 15,172,378	$ 747,161
Intangible and other assets - Non-current	22,679,053	4,329,120
Total Assets	$ 37,851,431	$ 5,076,281
Other liabilities - Current	$ -	$ 7,113,518
Other liabilities - Non-current	441,615	6,299,383
Total Liabilities	$ 441,615	$ 13,412,901

The impact of counterparty netting as of September 30, 2022 and December 31, 2021 is immaterial.

The change in the fair market value of $45,746,436 and $51,346,953 was recognized in fuel on AMP’s consolidated statements of revenues and expenses for the nine months ended September 30, 2022 and 2021, respectively. The change in fair value, which represents both unrealized gains and losses and realized gains and losses due to settlement, are offset as regulatory assets or liabilities. The losses from the natural gas contracts do not result from other-than-temporary declines in market value.

For certain gas risk management contracts, AMP is required to post or receive cash collateral based on third-party contractual agreements and risk profiles. Such amounts for the right to reclaim cash collateral or the obligation to return cash collateral have not been offset against net derivative instrument positions. AMP has cash collateral received from third-parties against short-term and long-term risk management assets in the amounts of $55,426,000 and $6,600,000 as of September 30, 2022 and December 31, 2021, respectively, recorded within Other liabilities.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Renewable Energy Credits(RECs)
AMP views RECs as a government incentive. This perspective states that RECs do not arise as a result of the physical attributes of the property, but rather are a paper product from a government program (similar to tax incentives) created to promote the construction of renewable energy facilities. As such, AMP accounts for its RECs as compensation to the owner/operator for the additional costs associated with a green power facility. In addition, RECs are not physically produced or generated. No costs are allocated to the RECs and therefore, while AMP tracks RECs earned, they have no carrying value on the balance sheet.

Recently Issued Accounting Pronouncements
In March 2020, the FASB issued ASU 2020-04 providing guidance to ease the potential burden in accounting for *Reference Rate Reform (Topic 848)* on financial reporting. The new standard is elective and applies to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that referenced the London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of Reference Rate Reform. The new standard establishes a general contract modification principle that entities can apply in other areas that may be affected by Reference Rate Reform and certain elective hedge accounting expedients. Under the new standard, an entity may make a one-time election to sell or to transfer to the available-for-sale or trading classifications (or both sell and transfer), debt securities that both reference an affected rate, and were classified as held-to-maturity before January 1, 2020. This standard is effective for the Company's 2022 fiscal year and the company adopted this standard in the first quarter of 2022. The impact of adopting this standard is not material on the first nine months of 2022 consolidated financial statements.

3. Regulatory Assets and Liabilities

In accordance with the FASB standard for accounting for regulated entities, AMP records regulatory assets (capitalized expenses to be recovered in rates in future periods) and regulatory liabilities (deferred revenues for rates collected for expenses not yet incurred). Regulatory assets include the deferral of depreciation expense, the costs associated with the abandoned AMPGS Project, funds for member rate stabilization plans, unrecognized actuarial losses associated with the pension plan, and other capital expenditures not yet recovered through rates approved by the AMP board of trustees. Regulatory liabilities include revenues collected and intended to fund future capital expenditures, funds for member rate stabilization plans, and other differences between the rates collected from members and expense recognition. As the capital expenditures are depreciated and inventories are used, regulatory assets and liabilities are amortized to match revenues with the related expenditures. Regulatory liabilities or regulatory assets are also recognized for unrealized mark-to-market gains and losses on derivative instruments that are subject to the ratemaking process when realized (Note 5).

Regulatory assets and liabilities consist of the following:

	September 30, 2022	December 31, 2021
Regulatory assets		
Debt service costs	$ 467,204,302	$ 467,579,572
Fair value of derivative instruments	441,615	8,336,620
Rate stabilization programs	24,605,570	25,336,473
Projects on behalf of	11,320,590	14,770,185
Abandoned construction costs	8,795,711	9,677,798
Operating and maintenance expenditures	12,557,027	10,912,568
Closure of Gorsuch Project costs	11,098,999	11,428,673
Pension plan and postretirement healthcare plan obligations	4,959,502	5,834,708
Asset retirement costs	1,145,942	942,770
Other	3,987,680	13,089,960
Total regulatory assets	546,116,938	567,909,327
Current portion	(30,366,767)	(35,299,862)
Noncurrent portion	$ 515,750,171	$ 532,609,465
Regulatory liabilities		
Operating and maintenance expenditures	$ 37,149,555	$ 29,848,393
Rate stabilization programs	30,625,690	28,193,682
Working capital expenditures	14,944,588	14,944,588
Projects on behalf of	11,259,686	10,282,582
Capital improvement expenditures	2,216,666	2,215,092
Fair value of derivative instruments	37,851,431	-
Debt service costs	9,909,871	2,608,976
Other	21,920,396	6,918,561
Total regulatory liabilities	165,877,883	95,011,874
Current portion	(36,358,968)	(9,383,454)
Noncurrent portion	$ 129,518,915	$ 85,628,420

4. Revolving Credit Loan and Term Debt

Revolving Credit Loan

On March 18, 2022 AMP entered into an Amended and Restated Credit Agreement ("2022 Credit Agreement") under which it may borrow, from time to time, in an aggregate amount not to exceed $600,000,000 with Royal Bank of Canada ("RBC"), as administrative agent for the Lenders and a syndicate of banks, financial institutions and other entities arranged by RBC Capital Markets, LLC, Bank of America, N.A., The Huntington National Bank, and PNC Bank, as joint lead arrangers and joint bookrunners. The term of the 2022 Credit Agreement is five (5) years with a maturity of March 17, 2027. AMP may elect to increase the overall commitment to $850,000,000 with a minimum of $50,000,000 and a 10 day business day notice. This cannot be any more than 4 times during the term of the agreement.

At September 30, 2022, AMP had $164,400,000 outstanding under the Facility and the effective interest rate was 3.934%. At December 31, 2021, AMP had $172,800,000 outstanding under the Facility and the effective interest rate was 0.929%.

Term Debt

AMP has issued term debt in the form of notes payable and bonds for the financing of its own assets and on behalf of specific members. AMP is the primary obligor on term debt issued to finance its assets.

Bonds and notes payable related to financing AMP assets consist of the following:

	September 30, 2022	December 31, 2021
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009B	23,790,000	27,050,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009C	282,515,000	282,515,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2010	300,000,000	300,000,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2015A	218,790,000	243,550,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2017A	57,595,000	58,830,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2019B	124,955,000	125,740,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2019C	87,485,000	87,485,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2019D	143,520,000	145,985,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2021A	142,010,000	142,010,000
AMP Prairie State Energy Campus Project Revenue Bonds, Escrow	-	137,820,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009B	364,180,000	364,180,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009D	5,317,647	5,317,647
AMP Combined Hydroelectric Project Revenue Bonds, Series 2010A	122,325,000	122,325,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2010B	1,109,995,000	1,109,995,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2010C	106,265,000	116,000,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2016A	189,220,000	197,810,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2020A	103,060,000	105,310,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2021A	96,005,000	98,245,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010B	260,000,000	260,000,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010C	20,000,000	20,000,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010E	289,035,000	297,935,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2016A	74,930,000	77,115,000
AMP Fremont Energy Center Project Revenue Bonds, Series 2012B	-	11,375,000
AMP Fremont Energy Center Project Revenue Bonds, Series 2017A	124,385,000	124,385,000
AMP Fremont Energy Center Project Revenue Bonds, Series 2021A	269,520,000	269,520,000
AMP Fremont Energy Center Project Revenue Bonds, Escrow	-	460,005,000
AMP Greenup Hydroelectric Project Revenue Bonds, Series 2016A	118,760,000	120,600,000
AMP Solar Electric Prepayment Project Revenue Bonds, Series 2019A	51,040,000	52,520,000
AMP Solar Electric Prepayment Project Revenue Bonds, Series 2020A	24,385,000	25,085,000
Subtotal	4,709,082,647	5,388,707,647
Less: Current portion	(100,979,412)	(680,954,412)
Plus: Unamortized premium and discount, net	237,422,081	266,973,306
Less: Unamortized debt issuance costs, net	(28,313,665)	(31,070,523)
Long-term debt	$ 4,817,211,650	$ 4,943,656,018

5. Fair Value of Financial Instruments

As defined in the fair value measurements standard, fair value is the price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants on the measurement date. This standard establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy defined by the fair value measurement standard are as follows:

Level 1 Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those where transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. AMP's Level 1 assets primarily consist of money market funds which are included in trustee funds on the consolidated balance sheets. AMP does not have any liabilities that meet the definition of Level 1.

Level 2 Pricing inputs are either directly or indirectly observable in the market as of the reporting date, other than quoted prices in active markets included in Level 1. Level 2 includes those financial instruments that are valued using models or other valuation methodologies based on assumptions that are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. AMP does not have any assets that meet the definition of level 2. Liabilities in this category include natural gas swaps.

Level 3 Pricing inputs include inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. AMP does not have any assets or liabilities that met the definition of Level 3.

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

The following table presents the carrying amounts and fair values of financial instruments not recognized at fair value in the consolidated balance sheets:

	September 30, 2022		December 31, 2021	
Financial Instruments	**Carrying Value**	**Estimated Fair Value**	**Carrying Value**	**Estimated Fair Value**
Assets				
Debt securities held in trustee funds, restricted and non-restricted	$ 257,569,745	$ 251,597,189	$ 870,529,008	$ 896,986,076
Liabilities				
Fixed rate term debt, including current maturities, AMP	4,946,504,728	5,999,689,615	5,655,680,953	7,420,607,621
Fixed rate term debt, including current maturities, on behalf of others	46,876,664	46,876,664	49,555,831	49,555,831

The carrying amounts of cash, accounts receivable, accounts payable and the municipal project notes approximate their fair value due to their short maturities. The carrying amount of the revolving credit loan approximates fair value because it carries a variable interest rate. The fair value of trustee funds is determined based on market observable inputs that include, but are not limited to, benchmark yields, reportable trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, and offers. The fair value of debt securities included trustee funds is within Level 2 of the fair value hierarchy. The fair value of long-term debt reflects the present value of cash outflows relating to those obligations based on the current call price or the yield to maturity as deemed appropriate at the end of each respective year. The yields assumed were based on municipal bond ratings offered by organizations similar to AMP. The fair value of long-term debt is within Level 2 of the fair value hierarchy.

The estimated fair values of the natural gas swaps were determined using New York Mercantile Exchange (“NYMEX”) futures settlement prices for delivery of natural gas at Henry Hub adjusted by the price of NYMEX ClearPort basis swaps, which reflect the difference between the price of natural gas at a given delivery basin and the Henry Hub pricing points.

The following tables set forth AMP's financial assets and financial liabilities that are accounted for on a recurring basis at fair value by level within the fair value hierarchy as of September 30, 2022 and December 31, 2021. As required by the fair value measurement standard, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. AMP's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

	September 30, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Money market funds	$ 211,011,644	$ -	$ -	$ 211,011,644
Natural gas swaps	-	37,851,431	-	37,851,431
	$ 211,011,644	$ 37,851,431	$ -	$ 248,863,075
Liabilities				
Natural gas swaps	$ -	$ 441,615	$ -	$ 441,615
	$ -	$ 441,615	$ -	$ 441,615

	December 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Money market funds	$ 296,838,815	$ -	$ -	$ 296,838,815
Natural gas swaps	-	5,076,281	-	5,076,281
	$ 296,838,815	$ 5,076,281	$ -	$ 301,915,096
Liabilities				
Natural gas swaps	$ -	$ 13,412,901	$ -	$ 13,412,901
	$ -	$ 13,412,901	$ -	$ 13,412,901

The determination of the above fair value measures takes into consideration various factors required under the fair value measurement standard. These factors include nonperformance risk, including counterparty credit risk and the impact of credit enhancements (such as cash deposits, line of credit and priority interests). The impact of nonperformance risk was immaterial in the fair value measurements.

6. Commitments and Contingencies

Environmental Matters

AMP is subject to regulation by federal and state authorities with respect to air pollution and water quality, and other environmental matters.

RICE NESHAP

This USEPA rule regulates emissions of hazardous air pollutants from reciprocating internal combustion engines ("RICE") by establishing emission limits and work practice standards. Some diesel engines owned or operated by AMP are affected and maintain compliance by using pollution control equipment.

Cross-State Air Pollution Rule and Acid Rain Program

USEPA requires large electric generating units to purchase allowances for air pollutant emissions of acid rain precursors and those impacting air quality in downwind states. U.S. EPA is in the process of updating this program. AMP owned or operated facilities subject to the CSAPR have been allocated allowances for continued operation, and additional allowances may be purchased as needed to comply.

Clean Water Act §401

Permits are required when performing activities that impact streams and other water bodies, such as the construction of generation or distribution assets. The jurisdictional boundary between the state and federal authority is delineated in the definition of "waters of the United States" (or WOTUS). State certifications issued pursuant to Clean Water Act §401 contain requirements to maintain compliance with water quality standards. Hydropower plants owned or operated by AMP are affected and maintain compliance with these certifications using a variety of monitoring strategies and internal controls.

Federal Power Act and National Environmental Policy Act

Under the Federal Power Act, FERC issues and enforces licenses to construct and operate hydropower projects. The licensing process requires a review of environmental impacts under NEPA, and requirements from consulting agencies be included as license provisions. The Council on Environmental Quality (CEQ) issued updated rules for NEPA reviews on July 12, 2020. Hydropower plants owned or operated by AMP are affected and maintain compliance with these Acts using a variety of monitoring strategies and internal controls.

Illinois Legislation

On September 15, 2021, the Illinois Legislature passed and Governor J.B. Pritzker signed into law comprehensive energy legislation in the form of SB 2408, the Climate and Equitable Jobs Act (the "CEJA"). Among other things, CEJA includes nearly $700 million in subsidies for three nuclear plants, requires sweeping reductions in power plant emissions, and provides support in numerous ways for the State's solar industry. Regarding the PSEC, the CEJA requires a 45% reduction in existing carbon dioxide equivalent (CO2e) emissions, by no later than January 1, 2035. If the reduction in existing CO2e emissions cannot be achieved by December 31, 2035, the CEJA would require action or actions, including the possible retirement of one or more generating units, to achieve the 45% reduction by June 30, 2038.

In addition, all coal-fired generating units, including the PSEC, must permanently reduce CO2e emissions to zero by no later than December 31, 2045.

Prior to passage of the CEJA, AMP and the other PSEC Owners engaged consultants to develop various contingency plans to manage the impacts of comprehensive energy legislation that had previously been introduced in Illinois, and that planning continues. AMP and the other PSEC Owners will continue to advocate for favorable treatment of the PSEC that recognizes its value to the PSEC Owners and their ratepayers and the impact its closure would have on the community. The PSEC Owners continue to evaluate potential mitigation measures including as identified in the CEJA. Nevertheless, the ultimate impact on the PSEC, AMP and the Participants may be material, particularly after 2038. Such potential impacts cannot be gauged with certainty at this time, as any evaluation would be based on a number of variables, including, but not limited to, the availability and cost of control technologies, such as carbon capture and sequestration, Participant load requirements and cost of power, including replacement power. Closure of the PSEC would not terminate the Power Sales Contract, dated November 1, 2007 (the “Power Sales Contract”) by and between AMP and 68 of its members (the “Participants”) or relieve the Participants from their payment obligations thereunder.

Other Commitments

Voith

On August 14, 2017, after the expiration of a tolling agreement and exhaustion of informal resolution efforts, AMP filed a complaint against Voith Hydro, Inc. (Voith) in federal court in Columbus, Ohio alleging breach of contract and breach of express warranty claims against Voith for each of the four hydro projects. AMP’s breach of contract claim states that Voith materially breached the contracts on the projects as follows:

(a) delivering drawings and equipment late and out of sequence;
(b) delivering defective, incomplete and uncoordinated drawings and defective installation instructions;
(c) delivering defectively manufactured guide bearings and discharge rings;
(d) defectively designing and/or manufacturing equipment and equipment components;
(e) delivering equipment that was not completely and/or properly manufactured and required significant additional field work to install;
(f) failing to deliver “Category C” parts necessary for Voith Equipment assembly;
(g) failing to timely and completely address installation issues with the Voith Equipment, including but not limited to, failing to timely and completely address turbine alignment issues;
(h) failing to provide check sheets consistent with the Contracts’ specifications;
(i) refusing to promptly and accurately address problems with the Voith Equipment; and
(j) failing to maintain a consistent executive and project management team and site representatives who were informed and prepared to address ongoing issues; and causing substantial delay and damage to the Hydro Projects, all in material breach of the Contracts.

The Complaint alleges that Voith's material breaches caused extensive damages to AMP. The Complaint notes that the contracts entitled AMP to withhold payment from Voith, and AMP withheld approximately $40 million in payments from Voith to offset the damages and costs incurred by AMP and its general contractors due to Voith's material breaches of the Contracts. All costs associated with these claims are project costs recoverable from the project participants under their power sales agreement with AMP.

After taking an agreed extension, Voith filed its Answer and Counterclaim on October 16, 2017. Voith's Answer denied AMP's claims, and Voith's Counterclaim for breach of contract and unjust enrichment made the following allegations against AMP:

(a) that a series of material interferences, hindrances, delays and defective performance by AMP, MWH and other Installation Contractors adversely impacted Voith, absolve Voith from liability to AMP, and make AMP liable to Voith;
(b) that AMP materially breached its contract with Voith by inappropriately modifying and increasing Voith's scope of work and refusing to pay Voith for the added scope and legitimate requests for additional payments;
(c) that AMP has failed and refused to pay the balance of the contract price and other amounts owed to Voith under the contract; and
(d) that Voith has been damaged in an amount in excess of $40M, plus interest and attorney fees.

On December 1, 2017, AMP filed its Answer and denied liability to Voith.

After several case schedule extensions, on February 27, 2020, the Court again extended the case schedule in this matter at Voith's request. On October 6, 2020, a COVID-19-related case schedule was entered by agreement. On April 4, 2021, the District Judge issued a firm trial date of October 31, 2022.

At the conclusion of a Court-ordered settlement conference held on October 21 and 24, 2022, AMP and Voith reached a settlement in principle on all claims. On October 25, 2022 the Court issued an order dismissing the case without prejudice as to all claims, pending a joint filing of a Dismissal Order dismissing all claims with prejudice expected to occur in the first quarter of 2023, once the terms of the settlement are finalized. The effects of the expected settlement have been reflected in the financial statements as of September 30, 2022, and did not have a material impact on AMP's financial position or results of operations.

Other

AMP is also a party to various legal actions and complaints arising in the ordinary course of business. AMP does not believe that the ultimate resolution of such matters will have a material adverse effect on AMP's financial position or results of operations.

7. Subsequent Events

The Company has evaluated subsequent events through January 18, 2023 as this was the date the consolidated financial statements were available to be issued.