

*In the opinion of Norton Rose Fulbright US LLP, Federal Tax Counsel, under current 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 2025A Bonds will not be includable in the gross income of the owners of the Series 2025A Bonds for purposes of federal income taxation. In the opinion of Dinsmore & Shohl LLP, Bond Counsel, interest on the Series 2025A Bonds will be exempt from certain Ohio taxes.*



**\$21,830,000**

**AMERICAN MUNICIPAL POWER, INC.  
AMP MICHIGAN R.I.C.E. PEAKING PROJECT REVENUE BONDS  
SERIES 2025A**

**DATED: DATE OF ISSUANCE**

**DUE: FEBRUARY 15, AS SHOWN ON THE INSIDE COVER PAGE**

The AMP Michigan R.I.C.E. Peaking Project Revenue Bonds, Series 2025A (the “Series 2025A Bonds”) will be issued by American Municipal Power, Inc. (“AMP”) in book-entry only form through The Depository Trust Company (“DTC”), which will act as securities depository. Purchases of the Series 2025A 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 2025A Bonds will be made to beneficial owners by DTC through its participants. See APPENDIX E hereto. The Series 2025A Bonds will bear interest at the rates, and mature on the dates, as described on the inside cover hereof. Interest on the Series 2025A Bonds will accrue from their date of issuance and will be paid each February 15 and August 15, commencing on August 15, 2025 as more fully described herein.

The Series 2025A Bonds will be subject to redemption prior to maturity as described herein.

The Series 2025A Bonds are being issued and will be secured under the Master Trust Indenture, dated as of March 1, 2025 (the “Master Indenture”), by and between AMP and U.S. Bank Trust Company, National Association, as trustee. The Master Indenture, as so supplemented and as further supplemented and amended from time to time, is herein called the “Indenture”.

The Series 2025A Bonds are being issued to (i) repay draws on AMP’s Line of Credit (as defined herein) made to finance certain expenditures relating to the acquisition, construction, permitting and placement into service of 22.5 MW of behind-the-meter distributed generation and associated facilities (the “AMP Michigan R.I.C.E. Peaking Project” or “Project”), (ii) make a deposit to the Parity Common Reserve Account (as defined herein) and (iii) pay the costs of issuance of the Series 2025A Bonds.

AMP has entered into a Power Sales Contract dated as of March 15, 2023 (the “Power Sales Contract”) with the Cities of Coldwater, Michigan and Hillsdale, Michigan (the “Participants”). Each Participant is a Member of AMP and 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, for its respective share of electric power and energy from the Project.

The Series 2025A Bonds are special and limited obligations of AMP payable from and secured solely by the Trust Estate (as defined herein) pledged under the Indenture (as defined herein), which includes payments to be made to AMP by the Participants pursuant to the Power Sales Contract. **Purchases of the Series 2025A Bonds involve certain investment risks as described herein. See “INVESTMENT CONSIDERATIONS” herein.**

**The Series 2025A Bonds are not obligations of or guaranteed by the States of Ohio or Michigan, the Members of AMP, the Participants or any political subdivision or instrumentality thereof. Neither the faith and credit nor the taxing power of the States of Ohio or Michigan or any political subdivision thereof, including the Members of AMP and the Participants, is pledged for the payment of the Series 2025A Bonds. AMP has no taxing power.**

*The Series 2025A Bonds are offered, subject to prior sale, when, as and if issued and accepted by the Underwriter, 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 Senior Vice President and General Counsel, and by its Federal Tax Counsel, Norton Rose Fulbright US LLP, and for the Underwriter by Nixon Peabody LLP. It is expected that delivery of the Series 2025A Bonds will be made on or about March 27, 2025, through the facilities of DTC.*

### **Huntington Capital Markets**

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 March 18, 2025 and the information contained herein speaks only as of that date.

## MATURITY SCHEDULE, INTEREST RATES, YIELDS, AND CUSIPs

**\$21,830,000**

**AMERICAN MUNICIPAL POWER, INC.**

### **AMP MICHIGAN R.I.C.E. PEAKING PROJECT REVENUE BONDS SERIES 2025A**

<b><u>DUE</u> <u>FEBRUARY 15</u></b>	<b><u>PRINCIPAL</u> <u>AMOUNT</u></b>	<b><u>INTEREST</u> <u>RATE</u></b>	<b><u>YIELD</u></b>	<b><u>CUSIP</u><sup>(1)</sup></b>
2026	\$ 590,000	5.00%	3.04%	02765USY1
2027	695,000	5.00	3.10	02765USZ8
2028	730,000	5.00	3.16	02765UTA2
2029	765,000	5.00	3.21	02765UTB0
2030	805,000	5.00	3.34	02765UTC8
2031	845,000	5.00	3.39	02765UTD6
2032	890,000	5.00	3.44	02765UTE4
2033	935,000	5.00	3.54	02765UTF1
2034	980,000	5.00	3.67	02765UTG9
2035	1,030,000	5.00	3.77	02765UTH7
2036	1,080,000	5.00	3.85 <sup>†</sup>	02765UTJ3
2037	1,135,000	5.00	3.91 <sup>†</sup>	02765UTK0
2038	1,190,000	5.00	3.99 <sup>†</sup>	02765UTL8
2039	1,250,000	5.00	4.10 <sup>†</sup>	02765UTM6
2040	1,315,000	5.00	4.21 <sup>†</sup>	02765UTN4
2041	1,380,000	5.00	4.32 <sup>†</sup>	02765UTP9
2042	1,450,000	5.00	4.43 <sup>†</sup>	02765UTQ7
2043	1,520,000	5.00	4.54 <sup>†</sup>	02765UTR5
2044	1,595,000	5.00	4.63 <sup>†</sup>	02765UTS3
2045	1,650,000	5.00	4.70 <sup>†</sup>	02765UTT1

<sup>†</sup> Priced at the stated yield to the February 15, 2035 redemption date at a redemption price of par.

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services (“CGS”), which is managed on behalf of The American Bankers Association by FactSet Research Systems Inc. These data are not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers listed above have been assigned by an independent company not affiliated with AMP and are included solely for the convenience of the holders of the applicable Series 2025A Bonds only at the time of issuance of the Series 2025A Bonds and none of AMP or the Underwriter make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP® number for a specific maturity is subject to being changed after the execution and delivery of the Series 2025A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2025A Bonds.

## 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
Bedford, VA	John Wagner	Director of Electric, Town of Bedford
Bowling Green	Brian O’Connell, Vice-Chair	Director of Utilities, City of Bowling Green
Bryan	Derek Schultz	Director of Utilities, Bryan Municipal Utilities
Cleveland	Ammon Danielson	Commissioner, Cleveland Public Power
Clyde	Justin LaBenne	City Manager, City of Clyde
Coldwater, MI	Paul Jakubczak	Director of Utilities, Coldwater, Michigan
Cuyahoga Falls	Rod Troxell	Superintendent, Cuyahoga Falls Electric Department
DEMEC	Kimberly Schlichting	President/CEO, The Delaware Municipal Electric Corporation
Ephrata, PA	Bruce Haws	Electric Division Manager, Borough of Ephrata
Grafton	Andrew Lipian	Village Administrator, Village of Grafton
Hamilton	Edwin Porter, Secretary	Executive Director of Infrastructure, City of Hamilton
Marshall, MI	Kevin Maynard	Director of Electric Utilities, City of Marshall
Montpelier	Jason Rockey	Village Manager, Village of Montpelier
Napoleon	J. Andrew Small	City Manager, City of Napoleon
Oberlin	Drew Skolnicki	Electric Director, Oberlin Municipal Light and Power System
Orrville	Jeff Brediger	Director of Utilities, City of Orrville
Paducah, KY	David Carroll, Chair	Chief Executive Officer, Paducah Power System
Philippi, WV	Jeremy Drennen	City Manager, City of Philippi
Versailles	Kyle Francis	Village Administrator, Village of Versailles
Wadsworth	Matthew Hiscock	Director of Public Safety, City of Wadsworth
Wellington	Jonathan Greever	Village Manager, Village of Wellington
Westerville	Chris Monacelli, Treasurer	Electric Utility Manager, City of Westerville Electric System
<i>Ex-Officio</i>	Jolene Thompson	President and Chief Executive Officer
<i>Ex-Officio</i>	Lisa McAlister, Esq.	Senior Vice President and General Counsel

### Executive Management

#### Officer

Jolene Thompson  
Pamala Sullivan  
Drew Dunagin  
Brannndon Kelley  
Lisa McAlister, Esq.

#### Office

President and Chief Executive Officer  
Chief Operating Officer and AMPT President  
Senior Vice President of Finance and Chief Financial Officer  
Senior Vice President of Strategy and Innovation and Chief Strategy Officer  
Senior Vice President and General Counsel

#### **Bond Counsel**

Dinsmore & Shohl LLP  
Columbus, Ohio

#### **Financial Advisor**

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

#### **Federal Tax Counsel**

Norton Rose Fulbright US LLP  
New York, New York

#### **Trustee**

U.S. Bank Trust Company, 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 Underwriter has provided the following sentence for inclusion in this Official Statement: It has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but it does 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 Underwriter. 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 2025A 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 2025A Bonds for sale.

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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.

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**OFFICIAL STATEMENT**  
**\$21,830,000**  
**AMERICAN MUNICIPAL POWER, INC.**  
**AMP MICHIGAN R.I.C.E. PEAKING PROJECT REVENUE BONDS**  
**SERIES 2025A**

**INTRODUCTION**

**PURPOSE**

This Official Statement, which includes the cover and inside cover pages 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) AMP’s AMP Michigan R.I.C.E. Peaking Project Revenue Bonds, Series 2025A (the “*Series 2025A Bonds*”) and (c) the AMP Michigan R.I.C.E. Peaking Project, which consists of 22.5 MW of behind-the-meter distributed generation and associated facilities (the “*AMP Michigan R.I.C.E. Peaking Project*” or “*Project*”).

The Series 2025A Bonds are being issued by AMP to (i) repay draws on AMP’s Line of Credit (as defined herein) made to finance certain expenditures relating to the acquisition, construction, permitting and placement into service of the Project, (ii) make a deposit to the Parity Common Reserve Account (as defined herein) and (iii) pay the costs of issuance of the Series 2025A Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF THE PROCEEDS OF THE SERIES 2025A BONDS” herein.

**AUTHORIZATION FOR THE SERIES 2025A BONDS**

The Series 2025A Bonds will be issued and secured under the Master Trust Indenture, dated as of March 1, 2025 (the “*Master Indenture*”), entered into between AMP and U.S. Bank Trust Company, National Association (the “*Trustee*”), as supplemented by the First Supplemental Indenture (the “*First Supplemental Indenture*”), to be dated as of March 1, 2025, between AMP and the Trustee. The Master Indenture, as so supplemented and further supplemented and amended from time to time, is herein called the “*Indenture*”. The Series 2025A Bonds will be the first series of Bonds (as defined below) to be issued under the Master Indenture. The Series 2025A Bonds, and any additional bonds issued under the Indenture on a parity with the Series 2025A Bonds (collectively, with the Series 2025A Bonds, “*Bonds*”) and any Parity Debt are herein called collectively “*Parity Obligations*.” See “THE BONDS.”

The Board of Trustees of AMP, by a resolution adopted on February 19, 2025, authorized the issuance and sale of the Series 2025A Bonds and approved the form and authorized the execution and delivery of the Master Trust Indenture and the First Supplemental Indenture.

**POWER SALES CONTRACT**

The Series 2025A Bonds, including the Bonds, are payable primarily from payments owing to AMP by the City of Coldwater, Michigan and the City of Hillsdale, Michigan (the “*Participants*”) that entered into a Power Sales Contract, dated as of March 15, 2023 (the “*Power Sales Contract*”), with AMP. In the Power Sales Contract, AMP agreed to issue bonds to finance the Project and to construct and operate the Project, all subject to certain conditions set forth therein, and the Participants agreed to take or pay for shares of the output of the Project and other available resources. See “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2025A BONDS – The Power Sales Contract” and APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACT.”

## **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 members (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 March 1, 2025, AMP had 133 Members – 83 municipalities in Ohio, 31 boroughs in Pennsylvania, five municipalities in Michigan, five municipalities in Virginia, four municipalities 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 eight municipal members.

AMP has also received letters from the Internal Revenue Service (“*IRS*”) to the effect that AMP is exempt from federal income tax under Section 501(c)(12) of the Internal Revenue Code of 1986, as amended (the “*Code*”), that its income is excludable from federal income tax under Section 115 of the Code, that it may issue on behalf of its Members obligations the interest on which is excludable 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”.

## **THE PROJECT**

The Project consists of 22.5 MW of behind-the-meter distributed generation, distributed equally across three sites, one within the City of Coldwater, Michigan and two within the City of Hillsdale, Michigan. Each site holds two power blocks with six 0.625 MW diesel reciprocating internal combustion Volvo engines per power block. See “THE PROJECT”.

## **OTHER**

This Official Statement includes information regarding and descriptions of AMP, the Project, the Participants and the Series 2025A Bonds, and summaries of certain provisions of the Indenture and the Power Sales 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 which may be obtained from AMP or the Underwriter. Descriptions of the Indenture, the Series 2025A Bonds 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 FINANCE**

AMP intends to use the proceeds of the Series 2025A Bonds to (i) repay draws on AMP’s Line of Credit made to finance certain expenditures relating to the acquisition, construction, permitting and placement into service of the Project, (ii) make a deposit to the Parity Common Reserve Account and (iii) pay the costs of issuance of the Series 2025A Bonds.



## ESTIMATED SOURCES AND USES OF PROCEEDS OF THE SERIES 2025A BONDS

The sources and uses of funds in connection with the issuance of Series 2025A Bonds are estimated to be as follows:

SOURCES:	
Par Amount	\$21,830,000
Net Offering Premium	<u>1,384,460</u>
Total Sources	<u>\$23,214,460</u>
USES:	
Repayment of Draws on Line of Credit <sup>1</sup>	\$21,035,000
Deposit to Parity Common Reserve Account	1,760,625
Costs of Issuance <sup>2</sup>	<u>418,835</u>
Total Uses	<u>\$23,214,460</u>

Numbers may not add to totals due to rounding.

<sup>1</sup> The Underwriter or its affiliates are party to the Line of Credit with AMP (see “AMERICAN MUNICIPAL POWER – Liquidity”). As a result, the Underwriter or its affiliates will receive a portion of the proceeds of the Series 2025A Bonds. See “UNDERWRITING” herein.

<sup>2</sup> Includes underwriting discount and rating agency, Trustee, consultant and legal fees and other expenses related to the issuance of the Series 2025A Bonds.

## SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2025A BONDS

The Series 2025A Bonds are payable from and secured solely by the Trust Estate (as defined herein) pledged under the Indenture. The Series 2025A Bonds are equally and ratably secured and are payable solely from the Gross Receipts (subject to the provisions of the Master Indenture which permit AMP to apply such Gross Receipts to the payment of AMP Operating Expenses) 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 2025A 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 2025A 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 STATES OF MICHIGAN OR OHIO OR ANY POLITICAL SUBDIVISION OR INSTRUMENTALITY THEREOF IS PLEDGED FOR THE PAYMENT OF THE SERIES 2025A BONDS. AMP HAS NO TAXING POWER.

## THE INDENTURE

The Series 2025A 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), 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 C – “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 to the payment of AMP Operating Expenses. AMP Operating Expenses

generally will include all of AMP's costs and expenses reasonably related to the operating and maintenance of the Project and the satisfaction of AMP's obligations pursuant to the Power Sales Contract. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – *Definitions*" for the definition of AMP Operating Expenses.

## **PARITY COMMON RESERVE ACCOUNT**

Pursuant to the Indenture, the Series 2025A Bonds will be, 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 2025A 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 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) 100% 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 2025A Bonds, in the event that amounts on deposit in the Bond Subfund are not sufficient therefor.

On the date of delivery of the Series 2025A Bonds, the initial Parity Common Reserve Account Requirement will be approximately \$1,760,625 which will be funded with a portion of the proceeds of the Series 2025A Bonds. See "PLAN OF FINANCE". See Appendix C – "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 Parity 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. AMP does not anticipate issuing additional Bonds to finance capital improvements required for the Project, except in the event of damage to all or a substantial portion of the Project ("*Emergency Bonds*") or to refinance Outstanding Bonds. See "– INCURRENCE TEST" herein.

## **THE POWER SALES CONTRACT**

*General.* The Bonds, including the Series 2025A Bonds, are payable primarily from payments owing to AMP by the two Participants that entered into the Power Sales Contract with AMP. The term of the Power Sales Contract expires no earlier than December 31, 2053, but remains in effect until the later of (i) the date on which the principal of, premium, if any and interest on the Bonds is paid or deemed paid under the Master Indenture and (ii) the Participants recommend that the Power Sales Contract be

terminated. Under the Power Sales Contract, each Participant is entitled to receive its share of Power Sales Contract Resources (the “PSCR Share”) of (a) the “Products”, which consist of the net energy generated by the Project, and associated transmission and capacity attributes and (b) all sources of Replacement Power, whether real or personal property or contract rights. 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 Project, including debt service on the Series 2025A Bonds. 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.

The PSCR Shares (expressed as a percentage) of the two Participants are set forth in the table below:

<u>Participant</u>	<u>PSCR Share</u>
Coldwater, Michigan	33⅓%
Hillsdale, Michigan	66⅔%

AMP currently registers the Project as a Load Modifying Resource with MISO. Under the terms of the Power Sales Contract, a Participant may utilize the Project installed at its site in the event of an emergency when other sufficient power is not available.

*Take-or-Pay.* Each Participant’s obligation to make payments pursuant to the Power Sales Contract are “Take-or-Pay” obligations 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 the 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 Project 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 Project or the Participant’s PSCR Share, including Step Up Power (as defined herein), if any.

*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 Participant (the “Non-Defaulting Participant”) to purchase an increased share, based upon each Non-Defaulting Participant’s original PSCR Share, of the Defaulting Participant’s entitlement to its PSCR Share which 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 B – “SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACT”.

**THE PROJECT HAS ONLY TWO PARTICIPANTS. IN THE CASE OF DEFAULT BY EITHER PARTICIPANT, THE IMPLEMENTATION OF THE STEP UP PROVISION WILL BE INSUFFICIENT TO REMEDY SUCH DEFAULT. SEE “INVESTMENT CONSIDERATIONS”.**

*Enforceability of the Power Sales Contract; Legislation.* The Participants, as Michigan municipalities, have specific legislative authority to enter into long-term power sales agreements, such as the Power Sales Contract including Take-or-Pay and Step-Up provisions. See “APPROVAL OF LEGAL MATTERS – Power Sales Contract” herein for a description of the opinion of AMP’s State Counsel (as defined below) as to the validity and enforceability as to the Participants of the Power Sales Contract, including the Take-or-Pay and Step-Up provisions thereof.

*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 the Series 2025A Bonds and any 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 during such Fiscal Year.

#### **INCURRENCE TEST**

AMP does not anticipate issuing additional Bonds under the Master Indenture to finance capital expenditures relating to the Project. AMP may issue additional Bonds under the Master Indenture, including PCRA-Secured Obligations, constituting Emergency Bonds or to refinance Outstanding Bonds.

To issue Emergency Bonds, AMP may issue Bonds for the sole purpose of paying the cost of repairs required for AMP to return the Project to commercial operation; *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 AMP's share of the balance of the cost, as estimated by a consulting engineer, of the repairs required to return the Project to commercial operation.

AMP may incur Parity Obligations, including additional Bonds, 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 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 of AMP (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, is 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.

AMP may incur Short-Term Indebtedness as Parity Obligation under the Master Indenture only in compliance with the Incurrence Tests described above. AMP may only enter into a Derivative Agreement, the regularly scheduled payments on which, constitute a Parity Obligation if such amounts meet the (a) Incurrence Tests described above and (b) the rate covenant described under the heading "— RATE COVENANT AND COVERAGE" as of the date of the Derivative Agreement. Termination payments and other

payments relating to an event of default under a Derivative Agreement shall constitute Subordinate Obligations under the Indenture.

For a more detailed explanation of the Incurrence Test, see APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – *Certain Covenants of AMP*”.

#### **SUBORDINATED INDEBTEDNESS**

The Indenture provides for the issuance of Subordinate Obligations thereunder. Such Subordinate Obligations are subordinate and junior in right of payment, or provision for payment, to the prior payment in full of Parity Obligations.

## **INVESTMENT CONSIDERATIONS**

*The purchase of the Series 2025A Bonds involves certain investment considerations discussed throughout this Official Statement. Prospective purchasers of the Series 2025A Bonds should make a decision to purchase the Series 2025A Bonds only after reviewing the entire Official Statement and making an independent evaluation of the information contained herein. Certain of those investment considerations are summarized below. This summary does not purport to be complete, and the order in which the following investment considerations are presented is not intended to reflect their relative significance.*

### **LIMITATIONS OF STEP-UP PROVISION**

As discussed above under the heading “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2025A BONDS – THE POWER SALES CONTRACT – Step-Up Provision,” the Power Sales Contract contains a provision requiring the Non-Defaulting Participant to purchase, on a take-or-pay basis, a *pro rata* share of the Defaulting Participant’s entitlement to its PSCR Share under the Power Sales Contract of up to twenty-five percent (25%) of such Non-Defaulting Participant’s original PSCR Share, in the event of default by a Defaulting Participant. As there are only two Participants in the Project, utilization of the Step-Up Provision will not remedy a default by either Participant. Consequently, a default by either Participant could lead to payment default on the Bonds, unless another AMP Member or Members or another person is willing to acquire the Defaulting Participant’s PSCR Share.

### **LIMITED MARKETABILITY OF PSCR SHARES**

From time to time, as described below under the heading “THE PARTICIPANTS – TRANSFERABILITY OF PROJECT SHARES AND PSCR SHARES”, AMP has a process allowing AMP Members to better align their power resource portfolios by soliciting non-binding indications of interests from the Members, including the Participants, seeking their interest in increasing or reducing their project shares in various AMP generating projects, including those described under the heading “AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS”. As a consequence of the limitations on transferability described under the heading “THE PARTICIPANTS – TRANSFERABILITY OF PROJECT SHARES AND PSCR SHARES”, another AMP Member is, as a practical matter, the most likely party to acquire a project share in another project from an AMP Member. Nevertheless, an ancillary benefit of the realignment process is that AMP could use this process to remarket the PSCR Share of a Defaulting Participant to another AMP Member or Members, though it is under no obligation to do so. Even if AMP is able to remarket the PSCR Share of a Defaulting Participant, there can be no assurance that this may not lead to payment delays on the Bonds.

In addition, the generating facilities constituting the Project are located behind-the-meter at the respective Participants. As a result, the energy associated with the Project is most readily used to service load in the respective Participant’s Electric System. Taking into account this limitation, it may be impractical to assign the PSCR Share of a Defaulting Participant to another AMP Member.

## **THE SERIES 2025A BONDS**

### **GENERAL**

The Series 2025A 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 August 15, 2025, and will mature, subject to prior redemption, on February 15 in the years and in the principal amounts set forth on the inside cover page hereof.

The Series 2025A Bonds will be issuable only in fully registered form in denominations of \$5,000

or any integral multiple thereof. Interest on any Series 2025A 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. Interest on the Series 2025A Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

## 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 2025A Bonds stated to mature after February 15, 2035 on any date beginning February 15, 2035, at a Redemption Price of par, together with interest accrued to the date fixed for redemption.

*Selection of Bonds to be Redeemed.* The Series 2025A Bonds may be redeemed only in authorized denominations. If less than all Series 2025A Bonds shall be called for optional redemption, such Series 2025A Bonds shall be redeemed from the maturity or maturities selected by AMP. If less than all Series 2025A Bonds of any maturity are to be redeemed, the particular Series 2025A Bonds to be redeemed shall be selected by the Trustee by such method as the Trustee in its sole discretion shall determine.

*Notice of Redemption.* Unless waived by any owner of Series 2025A 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 related Series 2025A 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 2025A 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 2025A Bonds will not be redeemed.

The failure of any owner of Series 2025A Bonds to receive such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2025A 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 2025A 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 2025A Bond (having been mailed notice from the Trustee, a Direct Participant, an Indirect Participant or otherwise), to notify the Beneficial Owner of the Series 2025A Bond so affected, shall not affect the validity of the redemption of such Series 2025A Bond.**

*Defeasance Generally.* The Series 2025A Bonds may be defeased as described in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – *Defeasance*.”

### DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Series 2025A Bonds. Principal of and interest on the Bonds are shown in the table below in the year in which the same comes due. Numbers may not add to totals due to rounding.

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2025	--	\$ 418,408	\$ 418,408
2026	\$ 590,000	1,076,750	1,666,750
2027	695,000	1,044,625	1,739,625
2028	730,000	1,009,000	1,739,000
2029	765,000	971,625	1,736,625
2030	805,000	932,375	1,737,375
2031	845,000	891,125	1,736,125
2032	890,000	847,750	1,737,750
2033	935,000	802,125	1,737,125
2034	980,000	754,250	1,734,250
2035	1,030,000	704,000	1,734,000
2036	1,080,000	651,250	1,731,250
2037	1,135,000	595,875	1,730,875
2038	1,190,000	537,750	1,727,750
2039	1,250,000	476,750	1,726,750
2040	1,315,000	412,625	1,727,625
2041	1,380,000	345,250	1,725,250
2042	1,450,000	274,500	1,724,500
2043	1,520,000	200,250	1,720,250
2044	1,595,000	122,375	1,717,375
2045	<u>1,650,000</u>	<u>41,250</u>	<u>1,691,250</u>
<b>Total</b>	<u>\$21,830,000</u>	<u>\$13,109,908</u>	<u>\$34,939,908</u>



## THE PROJECT

### GENERAL

AMP entered into a Master Agreement for EPC Distributive Generation Behind-the-Meter Peaking Projects (the “*Master EPC Contract*”) with PowerSecure, Inc., a subsidiary of The Southern Company (“*PowerSecure*”) to site, install, and maintain generation systems to be located behind-the-meter of AMP Members, including the generation facilities constituting the Project. See “AMERICAN MUNICIPAL POWER, INC. – AMP’S INTEGRATED RESOURCE STRATEGY - *Behind-the-Meter Peaking Generation*”. The Project consists of 22.5 MW of behind-the-meter distributed generation across three sites, one within the City of Coldwater, Michigan and two within the City of Hillsdale, Michigan. Each site is located within the geographic footprint of a Participant and is interconnected behind-the-meter to the Participant’s respective Electric System. These units serve as a capacity resource and as emergency generation for the Participants.

Each site hosts two power blocks, each with six 0.625 MW diesel reciprocating internal combustion Volvo engines with an aggregate rated site of capacity 7.5 MW. The facility in Coldwater achieved commercial operation in June 2024. The facilities located in Hillsdale achieved commercial operation in June 2024 and November 2024, respectively.

*The Project consists only of the facilities located in Coldwater and Hillsdale described in the immediately preceding paragraph and the Power Sales Contract relates only to the sale of PSCR Resources relating thereto. The Power Sales Contract does not provide security for any other obligations of AMP relating to other facilities constructed pursuant to the Master EPC Contract. See “AMERICAN MUNICIPAL POWER, INC. – AMP’S INTEGRATED RESOURCE STRATEGY - Behind-the-Meter Peaking Generation”.*

### PROJECT DISPATCH

As the Project consists of peaking generation, AMP dispatches the units when called upon by the Midcontinent Independent System Operator, Inc. (“*MISO*”) to run during an emergency generation event, for economic dispatch or to meet an interconnected Participant need. Each interconnected Participant has the ability to start and run these units remotely to serve local load if necessary. Since being placed in commercial operation, the Project has had a capacity factor of less than 1%, and is budgeted to be operating approximately 55 hours per year.

### ENVIRONMENTAL CONSIDERATIONS AND PERMITTING

Each facility constituting part of the Project has obtained all required permits for construction and operations.

### OPERATION AND MAINTENANCE OF THE PROJECT

The generating units constituting a portion of the Project are under warranty for ten years. In addition, AMP has entered into a ten-year maintenance and monitoring agreement with PowerSecure whereby PowerSecure remotely monitors the units and performs all scheduled and unscheduled maintenance.

### TAXES

Under Michigan 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.

## AMERICAN MUNICIPAL POWER, INC.

### NONPROFIT CORPORATION

AMP was formed in 1971 as a nonprofit corporation pursuant to 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 March 1, 2025, AMP had 133 Members – 83 municipalities in Ohio, 31 boroughs in Pennsylvania, five municipalities in Michigan, five municipalities in Virginia, four municipalities 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 from the IRS 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; 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 and for AMP. 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 2, 4, 5 and 6 (See "*AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS – JVs 2, 4, 5 and 6; Combustion Turbine Project*"), the Municipal Energy Services Agency ("*MESA*") was also formed. Together with AMP employees, MESA provides management and technical services to AMP and its Members. AMP and MESA combined employ approximately 200 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 2024, 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 \$1.015 billion, at an average rate of \$66.22/MWh, which rate includes capacity, energy and delivery related services.

AMP's Energy Control Center monitors loads, buys and sells power and energy for its Members, 24 hours a day, 365 days a year, and controls certain 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 Members in addition to performing AMP duties and providing support to the joint ventures.

In addition, on July 1, 2020, AMP executed an Agreement for Operations, Management Services and Agency (as amended, the "*MSCPA Agreement*") with Michigan South Central Power Agency ("*MSCPA*"), a joint action agency, to provide a comprehensive suite of management services through June 30, 2025. Among other things, the MSCPA Agreement provides that Pamala Sullivan, AMP's Chief Operating Officer, serves as General Manager of MSCPA. The four members of MSCPA, including the two Participants, are also AMP Members.

*Transmission.* One of AMP's strategic initiatives is focused on transmission cost control and risk management for its Members. This is being accomplished through advocacy and strategic investment in transmission planning, development of transmission projects and engagement at the Federal Energy Regulatory Commission ("*FERC*") and regional transmission organizations ("*RTOs*"). In addition, on August 23, 2018, AMP formed a wholly-owned, not-for-profit subsidiary, AMP Transmission, LLC ("*AMPT*"), to, among other things, purchase, construct and operate transmission assets from Members that had become subject to certain North American Electric Reliability Corporation ("*NERC*") bulk electric system ("*BES*") requirements, for the benefit of the Members. AMPT became a transmission owner ("*TO*") in PJM and executed the PJM Consolidated Transmission Owners Agreement in October 2018. AMPT's FERC rate was approved in March 2019 and was effective as of January 1, 2019.

AMP loans AMPT funds, primarily from amounts drawn under the Line of Credit, for the purposes described below. Most recently, AMP entered into a Third Amended and Restated Loan Agreement, dated as of November 26, 2024 (the "*AMPT Loan Agreement*") with AMPT. Pursuant to the terms of the AMPT Loan Agreement, AMP agreed to increase the amount it can loan AMPT to an amount not to exceed \$250,000,000, in tranches as needed (the "*AMPT Loan*"), for any of the following purposes: (i) acquiring transmission assets from Members; (ii) purchasing and owning transmission facilities by AMPT, either through purchase of existing facilities or construction of new facilities; (iii) operating and maintaining transmission facilities and all costs and expenses related thereto; and (iv) providing technical and other services to Members for transmission planning and operations. The AMPT Loan is evidenced by a promissory note executed by AMPT and delivered to AMP on November 26, 2024, and is repayable by AMPT solely from revenues received from FERC-approved tariffs. While the AMPT Loan is outstanding AMP retains a security interest in the transmission assets purchased or constructed by AMPT. As of March 1, 2025, the outstanding amount of the AMPT Loan was \$81.0 million. See "— LIQUIDITY".

#### **RELATIONSHIP WITH THE ENERGY AUTHORITY AND HOMETOWN CONNECTIONS, INC.**

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 the Fremont Energy Center. See "– OTHER PROJECTS – AMP Fremont Energy Center" below.

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, and several other public power entities, formed Hometown Connections, Inc. ("*HCI*") which, on June 1, 2018, purchased substantially all of the assets of Hometown Connections International Inc., an indirect subsidiary of the American Public Power Association ("*APPA*"). HCI offers products and consulting services to public power entities throughout the United States.

#### **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 and energy efficiency initiatives described below. In addition, AMP's actions are guided by a set of Sustainability Principles approved by the AMP Board of Trustees.

*Behind-the-Meter Peaking Generation.* In addition to the Project, AMP has established two (2) other R.I.C.E. peaking generation projects relating to generating facilities constructed by PowerSecure under the Master EPC Contract, one serving 24 Members in the PJM RTO footprint and one serving 14 Members in the Commonwealth of Pennsylvania (collectively, the "*Other R.I.C.E. Projects*"). In the aggregate, the Project and the Other R.I.C.E. Projects, include approximately 108 MW in aggregate at 17 host sites. AMP has financed the Other R.I.C.E. Projects and the Project with draws on the Line of Credit, which draws are secured by power sales contracts signed by the Members participating in the respective R.I.C.E. projects. As of March 1, 2025, approximately \$71.4 million is carried on the Line of Credit relating to the R.I.C.E. projects, a portion of which, allocable to the Project, will be repaid with a portion of the proceeds of the Series 2025A Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF PROCEEDS".

In addition, AMP entered into a Master Agreement for EPC Distributive Generation Behind-the-Meter Peaking Projects with MacAllister Machinery Co, LLC (the "*MacAllister EPC Contract*") for the engineering, procurement and construction of behind-the-meter natural gas Caterpillar engines. One peaking project has been established for three Members in Michigan. The project includes approximately 20 MW in aggregate at four host sites. As of March 1, 2025, approximately \$19.6 million is carried on the Line of Credit relating to the MacAllister EPC Contract.

**As discussed above, the Project only consists of the facilities located in Coldwater and Hillsdale described under the heading "THE PROJECT" and the Power Sales Contract only relates to the sale of PSCR Resources relating thereto. The Power Sales Contract does not provide security for any other obligations of AMP, including those relating to Other R.I.C.E. Projects or the MacAllister EPC Contract.**

*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 – JV 2, 4, 5 and 6; Combustion Turbine Project”, “– OTHER PROJECTS – Combined Hydroelectric Projects”, “OTHER PROJECTS – Meldahl Hydroelectric Project” and “OTHER PROJECTS – Greenup Hydroelectric Project” herein.

In addition, AMP is party to a power purchase agreement for 100 MW of wind generation, purchases 58.325 MW of power and energy from solar generation facilities pursuant to a power purchase agreement between AMP and an affiliate of NextEra (the “*NextEra PPA*”) and has developed a 3.5 MW solar facility in the City of Napoleon, Ohio. See “OTHER PROJECTS – *Solar Electricity Prepayment Project*” and “OTHER PROJECTS – *Napoleon Solar Project*” herein. AMP has entered into a power purchase agreement with Avangrid for wind generation from Blue Creek Wind Farm. AMP is currently negotiating four new solar power purchase agreements.

*Energy Efficiency.* In 2010, partly in connection with a consent decree (the “*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 Peak Analytics. The contract with VEIC has been updated and renewed, and currently runs through 2028. The program currently has twenty-five participating communities and has achieved 312,511 MWh of energy savings since its inception through December 31, 2024.

*Carbon Management.* AMP has taken action to report and reduce CO<sub>2</sub> and other greenhouse gas (“*GHG*”) emissions. On May 21, 2020, the AMP Board of Trustees adopted a Policy Position on Carbon Reductions to affirm AMP’s support of policies to reduce carbon emissions, if those policies maintain grid reliability, ensure affordable retail rates, and provide consistency, fairness, and equitable treatment of public power.

## 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 twenty-two members, currently DEMEC and twenty-one 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 four or more Members. The other nine are elected at large. The officers of AMP are: Chair of the Board, Vice Chair, Secretary, Treasurer, President and General Counsel. 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 and audit, hydro power projects, Prairie State project, AMP Fremont Energy Center project, Efficiency Smart, solar projects, behind-the-meter projects, joint ventures oversight, legislative, member services, mutual aid, personnel, policy, power supply and generation, risk management, information technology, Focus Forward, AMPT 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.

*Jolene Thompson* serves as President and Chief Executive Officer, positions which she has held since April 1, 2020. Ms. Thompson previously served as Executive Vice President, Member Services and External Affairs, where she oversaw government relations and external affairs, human resources and administrative services, sustainability programs and energy efficiency, environmental compliance, North American Electric Reliability Corporation (“NERC”) compliance, safety compliance, technical services and the risk department. Ms. Thompson joined the AMP member relations area in 1990 and, in addition to her roles at AMP, served as Executive Director of OMEA from 1997 until 2020. Ms. Thompson is a past chair of the Board of Directors of APPA and serves on its nominating committee. She is a member of the Boards of TEA and the Large Public Power Council (“LPPC”) as well as the LPPC steering committee. She holds a B.A. in Journalism from Otterbein University.

*Pamala Sullivan* serves as Chief Operating Officer, a position which she has held since April 23, 2020. Ms. Sullivan previously served as Executive Vice President, Power Supply & Generation, where she provided supervisory oversight to AMP’s power supply and generation operations, including the company’s energy control center, commodity procurement, power supply planning, regional transmission organization affairs, generation development and operations. As Chief Operating Officer, she has retained this portfolio and works with Ms. Thompson to implement business operations and strategic goals, and represents AMP on various boards and committees. Ms. Sullivan currently serves on the Prairie State Energy Campus Management Committee, as Past Chair of the National Hydroelectric Association Board and General Manager of the Michigan South Central Power Agency. 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. Ms. Sullivan also serves as President of AMPT. She holds a B.S. in Electrical Engineering from the University of Toledo.

*Drew Dunagin* serves as Senior Vice President, Finance and Chief Financial Officer. Mr. Dunagin joined AMP in 2022. He oversees the financial operations of AMP, including the strategic leadership and performance of the financial business unit, management of liquidity and debt, and the ongoing development and monitoring of control systems designed to provide Members and the organization with accurate, timely and transparent financial information. He has more than 20 years of experience in the electric industry as well as the financial services industry, preceded by five years in public accounting. He has held financial leadership roles with a number of organizations throughout the industry, including having previously served as CFO and vice president of financial services for the New Hampshire Electric Cooperative, the largest member-owned electric cooperative in New England, providing electric utility service to consumers and businesses in 115 communities in New Hampshire. He holds a Bachelor of Science from Indiana University Kelley School of Business and is a Certified Public Accountant in the State of Indiana.

*Lisa McAlister* serves as Senior Vice President and General Counsel. Ms. McAlister joined AMP in 2012, serving as Deputy General Counsel for Regulatory Affairs until January 31, 2017 and Senior Vice President and General Counsel for Regulatory Affairs until February 1, 2024, when she assumed her current role. 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. Ms. McAlister also serves as General Counsel for AMPT. She holds a bachelor's degree from Elon University and a J.D. from The Ohio State University.

*Brannndon Kelley* serves as Senior Vice President of Strategy and Innovation and Chief Strategy Officer. Mr. Kelley has been with AMP since 2009 and has more than 20 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 named Intelligent Utility's CIO of the Year in 2012. 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 an MBA in Finance and General Management from the Keller School of Management.

## LIQUIDITY

AMP is party to a Credit Agreement, dated as of March 18, 2022 (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 March 17, 2027. 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, TEA Solutions, AMPT and HCI, including capital contributions and guarantees. As of March 1, 2025, approximately \$230.9 million had been drawn or reserved on the Line of Credit, approximately \$141.9 million of which is supported by Member commitments, such as the draws on the Line of Credit that are evidenced as subordinated obligations previously 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 "– AMP'S INTEGRATED RESOURCE STRATEGY AND APPROACH TO SUSTAINABILITY – *Behind-the-Meter Peaking Generation*", "– OTHER PROJECTS – *JV 2, 4, 5 and 6; Combustion Turbine Project*", "– *AMPGS*", "– *Combined Hydroelectric Projects*", "– *Meldahl Hydroelectric Project*", "– *Greenup Hydroelectric Project*", "– *Solar Electricity Prepayment Project*" and "– *Napoleon Solar Project*" below. A portion of the proceeds of the Series 2025A Bonds will be used to pay down draws on the Line of Credit made to provide interim financing for the Project. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF PROCEEDS".

In respect of its obligations to TEA, AMP has executed guarantees for TEA (the "*TEA Guarantees*") in the aggregate amount of approximately \$65.2 million. AMP would draw on its Line of Credit if the TEA Guarantees are triggered. Such amounts are not included in the amounts detailed in the preceding paragraph.

## 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 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 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 and thirty-four 1.825 MW diesel generators. AMP is responsible for the operation of the JV2 Project. OMEGA JV 2 has no debt outstanding.
- *OMEGA JV4* (4 Members): OMEGA JV4 owns a 69 kV sub-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 outstanding.
- *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 Parkersburg, West Virginia and an associated transmission line in Ohio 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 Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039. As of March 1, 2025, \$39,405,836 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 been retired. The 2016 BICs were redeemed in whole on February 15, 2021 with a draw on the Line of Credit which is evidenced by a subordinated note (the “2021 JV5 Note”). The balance of the 2021 JV5 Note has been retired.
- *OMEGA JV6* (10 Members): OMEGA JV6 owns four 1.8 MW wind turbines located in Bowling Green, Ohio. One wind turbine was retired in August 2021. The remaining three turbines are expected to be retired in 2025. 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. The Combustion Turbine Project has no debt outstanding.

*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 March 1, 2025, \$2.0 million on AMP’s Line of Credit was allocable to the stranded costs recoverable from the AMPGS Participants and \$38.6 million 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. In 2015, 2017, 2019, 2021, and 2023, 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, certain of callable outstanding Initial Prairie State Bonds issued as Build America Bonds in 2009, the bonds issued in 2015 and 2019 to refund certain Initial Prairie State Bonds and to purchase and retire certain Initial Prairie State Bonds issued as Build America Bonds in 2010. As of March 1, 2025, AMP had \$1,235,875,000 aggregate principal amount of Prairie State Bonds outstanding and approximately \$6.0 million of subordinate obligations, consisting of notes evidencing draws on the Line of Credit were outstanding under the indenture securing the 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, or refinance certain obligations incurred in respect of, the Combined Hydroelectric Projects, AMP has issued twelve series of its Combined Hydroelectric Projects Revenue Bonds (the “*Combined Hydroelectric Bonds*”) 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 March 1, 2025, \$1,960,774,412 aggregate principal amount of the Combined Hydroelectric Bonds was outstanding.

*AMP Fremont Energy Center* (87 Members). On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation (“*FirstEnergy*”) the Fremont Energy Center (“*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.

AMP subsequently sold a 5.16% undivided ownership interest in AFEC to the Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the “*90.69% Interest*”) is sold to AMP Members pursuant to a take-or-pay power sales contract with 87 of its Members (the “*AFEC Power Sales Contract*”).

In 2012, to provide permanent financing for the 90.69% Interest, AMP issued in two series of AMP Fremont Energy Center Project Revenue Bonds (the “*2012 AFEC Bonds*”), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. In 2017, AMP issued bonds (the “*2017 AFEC Bonds*”) to refund a portion of the 2012 AFEC Bonds. The balance of the 2012 AFEC Bonds were refunded with a portion of the proceeds of bonds issued by AMP in 2021 (the “*2021 AFEC Bonds*” and, together with the 2017 AFEC Bonds, the “*AFEC Bonds*”). As of March 1, 2025, \$346,250,000 aggregate principal amount of AFEC Bonds was outstanding.

In April 2021 and December 2022, AMP executed a Gas Supply Contract (each, a “*Tennergy Gas Supply Contract*”) with Tennergy Corporation (“*Tennergy*”) under the terms of which Tennergy will provide a portion of the natural gas made available to Tennergy pursuant to Prepaid Natural Gas Sales Agreements between Tennergy and a subsidiary of Morgan Stanley and between Tennergy and a subsidiary of J. Aron & Company LLC, respectively. In December 2021, AMP executed a gas supply contract (the “*Black Belt Gas Supply Contract*” and, together with the Tennergy Gas Supply Contracts, the “*Prepaid Natural Gas Supply Contract*”) with The Black Belt Energy District (“*Black Belt*”) under the terms of which Black Belt will provide a portion of the natural gas made available to Black Belt under the terms of a prepaid natural gas sales agreement between Black Belt and a subsidiary of J. Aron & Company LLC. Under each Prepaid Natural Gas Supply Contract, AMP receives the benefit of a discount on the price of market index natural gas.

*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*”) 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 March 1, 2025, \$607,595,000 aggregate principal amount of the Meldahl Bonds was outstanding.

*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 its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the “*Greenup Bonds*”) and, with a portion of the proceeds thereof, acquired the AMP Interest. The 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 February 1, 2025, \$112,670,000 aggregate principal amount of the Greenup Bonds was outstanding.

*Solar Electricity Prepayment Project* (22 Members). As discussed above, AMP entered into the NextEra PPA pursuant to the terms of which AMP agreed to purchase and a subsidiary of NextEra agreed to sell all of the power and energy generated by solar generation facilities (each, a “*System*”), each of which is located behind the meter of an AMP Member’s electric system. Under the terms of the NextEra PPA, AMP has prepaid for twenty-five years of energy to be generated by each System at a “*P90*” confidence interval, meaning that, in any given year, the probability of exceeding such level of production is ninety percent (90%), and assuming an annual 0.5% degradation factor. The development of the Systems covered by the NextEra PPA is complete, with 16 Systems with a rated capacity of approximately 58.325 MW in commercial operation.

On January 31, 2019, AMP issued its Solar Electricity Prepayment Project Revenue Bonds, Series 2019A (the “*2019 Solar Prepayment Bonds*”) to refinance draws on its Line of Credit associated with the first 13 Systems, with a rated capacity of approximately 36.83 MW. On August 20, 2020, AMP issued its Solar Electricity Prepayment Project Revenue Bonds, Series 2020 (Green Bonds) (collectively, with the 2019 Solar Prepayment Bonds, the “*Solar Prepayment Bonds*”) to refinance draws on the Line of Credit associated with the remaining three Systems. Such Solar Prepayment Bonds are secured by a trust indenture (the “*Solar Indenture*”) and payable from amounts received by AMP under a take-and-pay power sales contract with 22 of its Members. As of March 1, 2025, \$68,340,000 aggregate principal amount of Solar Prepayment Bonds was outstanding under the Solar Indenture and approximately \$2.7 million aggregate principal amount was on the Line of Credit, which represent certain developmental and other costs. Amounts on the Line of Credit are payable as a subordinate obligation under the Solar Indenture.

*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 March 1, 2025, \$3.5 million on AMP’s Line of Credit was allocable to the financing of costs related to the Napoleon Solar Project.

## **THE PARTICIPANTS**

### **GENERAL**

The Participants are the City of Coldwater, Michigan and the City of Hillsdale, Michigan, each of which is a Member of AMP and of MSCPA. The Electric Systems owned by the Participants provide, among other things, electric utility service primarily to retail consumers located in their respective service areas. APPENDIX A to this Official Statement contains certain financial and other information about the Participants.

### **TRANSFERABILITY OF PROJECT SHARES AND PSCR SHARES**

Certain AMP Members have, from time to time, indicated an interest in realigning certain portions of their power supply portfolio, including shares of power sales contract resources (each, a “*Project Share*”) from certain of the projects detailed above under the heading “AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS,” 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 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. The realignment process detailed in this paragraph is undertaken periodically.

To date, however, the only transfers of Project Shares relating to an AMP-owned or AMP-operated generating project have been from one AMP Member to another AMP Member. Additional transfers may occur from time to time, either in connection with the realignment process, a bilateral transaction among AMP Members or otherwise. 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 (a) receipt of an opinion of a nationally recognized financial expert that the proposed assignee does not materially adversely affect the security for the Bonds and (b) receipt of an opinion of counsel of recognized standing that such assignment (i) will not affect the regulatory or tax status of AMP or any Bonds, (ii) will not adversely affect the pledge and assignment of the Power Sales Contract or the revenues derived by AMP under the Power Sales Contract (other than the AMP Service Fee, which does not constitute part of the Trust Estate) as security for payment of Bonds and the interest thereon, and (iii) is lawfully permitted under the law of such Participant’s domicile state. In addition, AMP is granted a right-of-first refusal, allowing AMP to match any bona fide offer for assignment. See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACT – *Additional Covenants of the Participants.*” As the generating facilities of the Project constitute peaking assets located behind-the-meter of the respective Participants, it may be impractical for the Participants to assign their PSCR Shares to the other Participant or other AMP Members. See “INVESTMENT CONSIDERATIONS”.

### **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) 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 price of commodities and equipment used in electric generating facilities, (e) energy conservation measures, (f) the price of coal and natural gas, (g) the availability of alternate energy sources, (h) climatic conditions, (i)

government regulation and deregulation of the energy industries, (j) the price and availability of transmission service, (k) technological advances in fuel economy and energy generation devices, (l) “self-generation” or “distributed generation” (such as photovoltaic arrays, microturbines and fuel cells) by industrial and commercial customers and others, and (m) state and federal legislation relating to electric generating stations and related facilities. See “– KEY FEDERAL ENERGY LAWS AND REGULATIONS” and “– CLIMATE CHANGE AND REGULATION OF GREENHOUSE GASES” and “– IMPACTS OF OTHER ENVIRONMENTAL REGULATIONS.”

Moreover, recent well-publicized cyberattacks on critical infrastructure targets demonstrate the vulnerability of certain U.S. infrastructure assets. Cyberattacks on the nation’s electrical grid have occurred in the past and their effects are likely to become more intrusive and may cause material damage. AMP takes these threats seriously and protects AMP facilities against physical and cyber-attacks with active protection measures, around-the-clock threat monitoring, a cybersecurity team trained on operational technology security, exercising incident response plans, performing penetration tests and cyber/physical audits. Furthermore, AMP works collaboratively with federal agencies, such as the Department of Energy’s (“DOE”) Office of Cybersecurity, Energy Security, and Emergency Response, the Federal Bureau of Investigation, and the Cybersecurity and Infrastructure Security Agency and also participates in programs coordinated by industry organizations like the APPA, LPPC and the Electricity Subsector Coordinating Council’s Cyber Mutual Assistance Program to stay up to date on the constantly changing threat landscape to ensure AMP is positioned to appropriately responded to attempted attacks.

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.

The following sections under this caption provide brief discussions of some of the factors that affect the operations of AMP and the electric utility systems operated by the Participants. These discussions do not purport to be comprehensive or definitive, however, and the matters discussed are subject to change subsequent to the date hereof.

#### **ENFORCEABILITY OF CONTRACTS AND BANKRUPTCY**

The enforceability of the various legal agreements relating to the Project and the Series 2025A 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 in a bankruptcy proceeding, the relevant agreement could be discharged in return for a claim for damages against the party’s estate with uncertain value. 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, 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 Sales Contract constitutes a preference under bankruptcy law if such remittance were deemed to be paid on account of a preexisting debt. 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. Because the payments by the Participants will be commingled by AMP with other payments by the Participants and its other Members pending the

transfer of such payments to the Trustee, the risk that a court would hold that a remittance of those funds by AMP to the Trustee was a preference is increased. If AMP is considered an “insider” with the Participants, any such remittance made within one year of the filing of the bankruptcy petition could be avoidable as well if the court were to hold that such remittance constitutes a preference. In either case, the Trustee would be merely an unsecured creditor 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. Pursuant to the Bankruptcy Code, political subdivisions, public agencies and instrumentalities must be specifically authorized under state law to file a petition under Chapter 9. States are free to pass, and amend, legislation granting or denying such entities the authority to file a petition under the Bankruptcy Code. 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 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.

Local governments in Michigan are prohibited from voluntarily becoming debtors under Chapter 9 of the U.S. Bankruptcy Code except as provided by the Local Financial Stability and Choice Act, Act 436, Public Acts of Michigan, 2012, as amended (“*Act 436*”), pursuant to which, 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 that concludes that a financial emergency exists within the local government 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 to request the Governor's approval for a Chapter 9 bankruptcy filing upon confirmation of the existence of a financial emergency, 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.

## **KEY FEDERAL ENERGY LAWS AND REGULATIONS**

*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.

*Building for the Future Through Electric Regional Transmission Planning and Cost Allocation.* On May 13, 2024, FERC issued an order ("Order 1920") on electric transmission planning and cost allocation that requires regional transmission providers to conduct long-term regional transmission planning at a minimum frequency of every five years on a forward looking basis that identifies transmission needs over a planning horizon of at least twenty years, taking into account federal, tribal, state and local laws affecting the generation resource mix and demand, including decarbonization and electrification, trends in fuel costs, resource retirements, generation interconnection requests and utility and corporate commitments and policy goals, among other things. Order 1920 also requires regional transmission providers to use and calculate seven enumerated benefits to evaluate long-term regional transmission facilities. Order 1920 also requires transmission providers to file one or more *ex ante* long-term cost

allocation methods to allocate the costs of long-term regional transmission facilities in a manner that is at least roughly commensurate with the estimated benefits. Transmission providers are required to make a compliance filing within ten months from the effective date on all requirements except interregional transmission coordination, which requires a compliance filing twelve months from the effective date.

*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.

*Infrastructure Investment and Jobs Act of 2021.* On November 3, 2021, Congress approved the Infrastructure Investment and Jobs Act (“IIJA”), a historic \$1.2 trillion bipartisan infrastructure bill. Among other things, the IIJA makes important Federal infrastructure review and permitting process reforms. Included in the legislation are provisions that: codify “one federal decision” with a single agency lead for federal permitting; set timelines for the permitting process for certain projects; require a study by NERC on inter-regional transfer capacity; and make permanent the Federal Permitting Improvement Steering Council.

*Inflation Reduction Act of 2022.* In 2022 Congress adopted the Inflation Reduction Act (“IRA”), which includes several changes beneficial to public power. Public power providers now have the ability to utilize direct pay tax credits that they previously could not utilize because of their tax status. Direct pay tax credits provide for payments to be made directly to the municipality by the U.S. Treasury, subject to a 15 percent reduction for projects that use tax-exempt financing. Of particular benefit is the expansion of the 45Q tax credit (“45Q”), an existing tax credit intended to incentivize carbon capture and sequestration (“CCS”) projects, but which, prior to passage of the IRA, had arduous eligibility requirements. With the passage of the IRA, the requirements to qualify for 45Q have been reduced and the incentives have been expanded for any projects that begin construction before the end of 2032. With the updates to the tax credit, plants that capture at least 18,750 metric tons of carbon oxide and 75 percent of the baseline carbon emissions from each generating unit on which carbon capture is installed will be eligible. The base rate for this credit is \$17 per metric ton of carbon oxide captured and stored, with the bonus rate reaching as high as \$85 per metric ton.

## **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 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 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 Michigan, 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 GHGs that have the potential to impact certain AMP-owned assets.

Limitations on emissions of GHGs, including CO<sub>2</sub>, create significant exposure for electric fossil-fuel-fired generation facilities. EPA issued final rules regulating CO<sub>2</sub> 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.

On February 9, 2016, the Supreme Court of the United States voted 5-4 to place a stay on the final EPA action. Subsequently, the United States Court of Appeals for the District of Columbia Circuit (the "*D.C. Circuit*") placed the case in abeyance, recognizing that the CPP was under review by the Trump Administration, which indicated that it would seek to rescind and replace the CPP. The Affordable Clean Energy ("ACE") rule, finalized on July 8, 2019, replaced the CPP and applied only to large coal-fired power generating plants. On January 19, 2021, the D.C. Circuit vacated the ACE rule.

On April 25, 2024, EPA released a suite of actions to regulate carbon emissions from existing coal and oil/gas-fired steam generating EGUs, new and reconstructed fossil fuel-fired combustion turbine EGUs and to replace the ACE rule. The actions establish emissions standards based on deployment of technologies such as CCS, and/or natural gas co-firing at applicable power generating plants. The scope and nature of obligations vary by the type of EGU, frequency of operation and anticipated operational

horizon. Existing coal fired EGUs that intend to operate beyond January 1, 2039 need to install CCS with a 90 percent capture rate by January 1, 2032.

By Executive Order on January 20, 2025, President Trump directed the U.S. Ambassador to the United Nations to immediately submit formal notification of withdrawal from the Paris Agreement under the United Nations Framework Convention on Climate Change. This Executive Order stated a policy goal of “put[ting] the interests of the United States and the American people first in the development and negotiation of any international agreements with the potential to damage or stifle the American economy.” While the Trump Administration signals a shift in policy from the Biden Administration, AMP continues to actively review and track executive actions, legislative and regulatory proposals, submit comments, draft bills, hearings, and regulatory activity that impacts GHG emissions, clean energy standards or climate activity.

AMP is unable to predict at this time future actions of the new Trump Administration or Congress or whether mandatory GHG emissions limitations imposed by EPA, states, or through some other legislative or regulatory vehicle will survive judicial scrutiny, and what impact any such limitations would have 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 the Participants, to the extent that they participate in AMP’s carbon-based generation projects, could be material. AMP does not, however, anticipate that the Projects would be directly impacted by GHG emission limitations.

## **IMPACTS OF OTHER ENVIRONMENTAL REGULATIONS**

*Cross-State Air Pollution Rule (“CSAPR”).* In 2011, EPA promulgated the Cross-State Air Pollution Rule (“CSAPR”) to reduce power plant emissions of SO<sub>2</sub> and NO<sub>x</sub> in twenty-seven states. CSAPR is a regional program that seeks to reduce the contributions of applicable emission sources to impaired air quality in downwind neighboring states. CSAPR imposed Federal Implementation Plans (“FIPs”) that establish state budgets for SO<sub>2</sub> and NO<sub>x</sub> emissions from EGUs in twenty-eight upwind states. EPA targeted these two pollutants because they are precursors to the formation of PM<sub>2.5</sub> and ozone in the atmosphere. The budgets are allocated to individual EGUs in the form of allowances, and CSAPR allows for limited interstate emissions trading and unlimited intrastate emissions trading as a means of compliance.

On October 26, 2016, EPA released its CSAPR Update rule for the 2008 ozone standard which was remanded by the D.C. Circuit on September 13, 2019.

On March 15, 2021, EPA finalized a revision to the CSAPR Update in order to resolve outstanding interstate pollution transport obligations that was effective as of June 30, 2021. On June 27, 2024, the U.S. Supreme Court placed a stay on implementation of the rule pending resolution of separate federal appeals court challenges to the rule.

*NAAQS.* EPA establishes NAAQS for several criteria pollutants, including particulate matter and ozone, which are emitted during the combustion of fossil fuels or formed in the atmosphere from precursor pollutants emitted by such combustion.

*Particulate matter:* On February 7, 2024, EPA finalized a revised primary annual fine particulate matter standard tightening the standard from the former level of 12.0 ug/m<sup>3</sup> to 9.0 ug/m<sup>3</sup>. No changes to the fine particulate matter secondary annual, nor primary and secondary 24-hour standards were made.

*Ozone.* On October 1, 2015, EPA issued the final standard for ground-level ozone (70 parts per billion, fourth-highest daily maximum averaged over three years). On December 31, 2020, EPA finalized the final rule maintaining the ozone standard at the same level as the prior standard. 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, 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 and Michigan. 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. Additionally, AMP, as a TO, is responsible for compliance with reliability standards applicable to a transmission owner as well as those standards delegated from PJM as the Transmission Operator. 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. AMP participated in a RFC audit on the Generation Owner, Generation Operator and Resource Planner standards in 2018. No monetary violations were identified by RFC. AMP participated in a Critical Infrastructure Protection Self-Certification in 2020 and RFC identified no findings.

## **STATE AND FEDERAL LEGISLATION GENERALLY**

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 Congress or state legislatures. 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.

## **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/Waste Reduction 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 required, 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/Waste Reduction, the 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 two years preceding to an independent energy optimization program administrator selected by the Michigan Public Service Commission. After December 31, 2021, municipal utilities were not required to file Energy Optimization/Waste Reduction plans with 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 3, 2023, Michigan delayed the sunset of the annual air quality fees imposed on municipal electric generating facilities until October 1, 2027 (Act 140, Public Acts of Michigan, 2023).

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. This legislation authorized lease-purchase agreements as a 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 Public Act 341 and 2016 Public Act 342, both of which became effective April 20, 2017. Among other things, 2016 Public Act 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 Public Act 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 Public Act 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 Public Act 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 Public Act 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.

In December 2018, the Michigan Legislature enacted 2018 Public Acts 515 through 517, which limit the circumstances under which an existing customer may switch from taking electric service from a public utility to a municipal utility and vice versa. The bills define an existing customer as any structure or facility that has received electric service within the past three years. The restrictions in the bills apply in cases where the electric service would be delivered by a municipal utility to customers outside the municipality or where service is being delivered to customers within such a municipality by a utility that is not the municipal utility.

In 2020, Governor Gretchen Whitmer signed Executive Order 2020-182 and Executive Directive 2020-10 to create the "Michigan Healthy Climate Plan," which, among other things, creates a goal of carbon neutrality by 2050, with interim reduction targets of 28% by 2025 and 52% by 2030. The Office of Climate and Energy would coordinate implementation of the plan. In 2022, an outline of the plan was released with more details about the proposal, and recommendations that fall around six pillars: commit to environmental justice and pursue a just transition; clean the electric grid; electrify vehicles and increase public transit; repair and decarbonize homes and businesses; drive clean innovation in industry; and protect Michigan's land and water.

In November 2023, the Michigan Legislature passed several bills amending various portions of Michigan's energy legislation, which became effective on February 28, 2024. Among other things, this 2023 Michigan energy legislation increases the percentages of renewable energy and clean energy that must be included in a municipal electric utility's electricity supply portfolio. Within one-year after the effective date of the new legislation, and every two years thereafter, municipal electric utilities must submit a renewable energy plan to the Michigan Public Service Commission demonstrating the municipal electric utility's plan to achieve a renewable energy credit portfolio of 15% through 2029, 50% from 2030 through 2034, and 60% in 2035 and each year thereafter. AMP's Michigan Members are on track to meet the 15% requirement through 2029. The Michigan Public Service Commission may, upon a showing of good cause, grant an extension to meeting a renewable energy portfolio standard deadline. Each such extension may not last longer than two years. Municipal electric utilities must also file a clean energy plan with the Michigan Public Service Commission by July 1, 2028 and every four years thereafter. The clean energy plan must demonstrate the municipal electric utility's plan to obtain the following proportions of its electric energy supply from clean energy systems: 80% by 2035 continuing through 2039 and 100% by 2040 and thereafter. A "clean energy system" is defined by the legislation as (i) an electric facility that generates electricity or steam without emitting greenhouse gases, including nuclear, (ii) an electric facility that generates electricity using natural gas as a fuel and that utilizes carbon capture and sequestration technology that is at least 90% effective, or (iii) an electric generating facility that is defined as a clean energy system in rules promulgated by the Michigan Public Service Commission. The governing board of a municipal electric utility may, upon a demonstration of good cause, be granted an extension from the compliance date for a clean energy standard. Each such extension may last no longer than two years. Additionally, in 2025 municipal electric utilities will again be required to file energy waste reduction plans with the Michigan Public Service Commission demonstrating how the utility plans to achieve incremental energy savings equivalent to 1.5% of retail electric sales in megawatt hours in the preceding year. The Legislature's stated intention for this new legislation is to update standards for renewable energy, establish a standard for clean energy, and create plans to phase out reliance on electricity generated at coal-fired power plants by 2040 and reduce GHG

emissions from buildings, and allow the Michigan Public Service Commission to examine factors like climate change, equity, reliability, affordability, cumulative health effects and emissions outside of carbon when evaluating public utilities. The package codifies aspects of Governor Whitmer's Michigan Healthy Climate Plan into state law.

## **TAX LEGISLATION**

Bills have been, and in the future, may be introduced that could impact the issuance of tax-exempt bonds, both generally and, specifically, for transmission and generation facilities. 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**

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 2025A 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, no such litigation is pending or, to her knowledge threatened, against AMP that is material to the Project. Further, the General Counsel 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.

## **CONTINUING DISCLOSURE UNDERTAKING**

Pursuant to a Continuing Disclosure Undertaking to be entered into by AMP simultaneously with the delivery of the Series 2025A Bonds (the "*Continuing Disclosure Undertaking*"), AMP will covenant for the benefit of the Bondowners and the "Beneficial Owners" (as defined in the Continuing Disclosure Undertaking) of the Series 2025A Bonds to provide, on an annual basis, by November 30 of each year, commencing with the report for AMP fiscal year ending December 31, 2025, certain financial information and operating data relating to the Participants (the "*Annual Disclosure Report*"), and to provide notices of the occurrence of certain enumerated events with respect to the Series 2025A 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 material 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 material events is set forth in the form of the Continuing Disclosure Undertaking attached hereto as APPENDIX F. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

In connection with the issuance of AMP's Prairie State Energy Campus Project Revenue Bonds, Series 2015 (the "*Prairie State 2015 Bonds*"), the audited financial statements for Celina for the fiscal year ended December 31, 2021 were filed on EMMA on January 9, 2023, approximately five weeks after the November 30, 2022 deadline. AMP filed a notice of failure to file on October 25, 2023. In connection with a loan agreement between AMP and AMPT, dated March 17, 2022, and the renewal of the Line of Credit, dated March 18, 2022, AMP did not file a notice of Listed Event until June 28, 2022, which, in each case, is in excess of the ten (10) day period within which listed events are supposed to be reported in connection with AMP's continuing disclosure undertakings. AMP filed a notice of failure to file on October

25, 2023. 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 Undertaking, if AMP fails to comply with any provision of the Continuing Disclosure Undertaking, any Bondowner or “Beneficial Owner” of the Series 2025A 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 Undertaking. “Beneficial Owner” will be defined in the Continuing Disclosure Undertaking to mean any person holding a beneficial ownership interest in Series 2025A 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 UNDERTAKING, IT IS THE RESPONSIBILITY OF SUCH PERSON TO DEMONSTRATE THAT IT IS A “BENEFICIAL OWNER” WITHIN THE MEANING OF THE CONTINUING DISCLOSURE UNDERTAKING.

### UNDERWRITING

The Series 2025A Bonds are being purchased by Huntington Capital Markets (the “*Underwriter*”) pursuant to a Purchase Contract (the “*Purchase Contract*”) between AMP and the Underwriter. The Purchase Contract sets forth the Underwriter’s obligation to purchase the Series 2025A Bonds at a purchase price reflecting an aggregate underwriter’s discount of \$158,691.14 from the initial public offering price derived from the yields on the inside 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 Underwriter will purchase all of the Series 2025A Bonds if any are purchased.

Huntington Capital Markets is an affiliate of a member of the syndicate of commercial banks that are parties to the Line of Credit. A portion of the proceeds of the Series 2025A Bonds will be used to pay a portion of the obligations outstanding under the Line of Credit. As a result, an affiliate or affiliates of The Huntington Capital Markets will receive a portion of the proceeds of the Series 2025A Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Huntington Capital Markets is a trade name under which securities and investment banking products and services of Huntington Bancshares Incorporated and its subsidiaries, including Huntington Securities, Inc. (“*HSI*”), are marketed. Municipal sales, trading and underwriting services are provided through HSI, which is a broker-dealer registered with the Securities and Exchange Commission.

The Underwriter and its 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.

Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against AMP in connection with such activities.

In the course of their various business activities, the Underwriter and its 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 Underwriter and its 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.

## **RATINGS**

The Series 2025A Bonds have been rated “BBB+” by Standard & Poor’s Global Ratings (“S&P”).

Such rating reflects only the view of S&P and a fuller explanation of the significance of such rating may be obtained from the S&P. Certain information and materials not included in this Official Statement were furnished to S&P. 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 2025A Bonds. AMP has not undertaken any responsibility after issuance of the Series 2025A Bonds to assure the maintenance of the rating applicable thereto or to oppose any revision or withdrawal of such rating.

## **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 2025A Bonds in order that interest on the Series 2025A 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 2025A Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025A 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 2025A Bonds for federal income tax purposes.

In the opinion of Norton Rose Fulbright US LLP, Federal Tax Counsel (“*Federal Tax Counsel*”), assuming continuing compliance by AMP and the Participants with the tax covenants referred to above, under current law, interest on the Series 2025A Bonds will not be includable in the gross income of the owners of the Series 2025A Bonds for federal income tax purposes. No opinion is expressed as to the effect of any change to any document pertaining to the Series 2025A 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 2025A Bonds for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals under the Code.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, which generally include corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than one billion dollars in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income for a taxable year generally consists of the net income or loss of the taxpayer set forth in the taxpayer’s applicable financial statement for such taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt

obligations, such as the Series 2025A Bonds. Prospective purchasers that could be subject to this minimum tax should consult their tax advisors regarding the potential effect of owning the Series 2025A Bonds.

## **DISCOUNT BONDS**

The excess, if any, of the amount payable at maturity of any maturity of the Series 2025A 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 2025A Bonds with original issue discount (a “*Discount Bond*”) will be excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2025A Bonds. In general, the issue price of a maturity of the Series 2025A Bonds is the first price at which a substantial amount of Series 2025A 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 inside cover page 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 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 2025A 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 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 (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond). 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 Series 2025A Bond is required to decrease his adjusted basis in such Series 2025A Bond by the amount of amortizable Bond Premium attributable to each taxable year such Series 2025A Bond is held. An owner of such Series 2025A 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 Series 2025A Bond.

## **OTHER TAX CONSIDERATIONS**

Ownership of tax-exempt obligations such as the Series 2025A 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 2025A 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 2025A 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.

## **OHIO TAX CONSIDERATIONS**

In the opinion of Dinsmore & Shohl LLP, Bond Counsel, interest on all the Series 2025A 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.

## **FUTURE DEVELOPMENTS**

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the Series 2025A Bonds to be subject, directly or indirectly, to federal income taxation or to State of Ohio or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and future or pending proposals may also affect the economic value of the federal or State of Ohio tax exemption or the market value of the Series 2025A Bonds. Prospective purchasers of the Series 2025A Bonds should consult their tax advisors regarding any future, pending or proposed federal or State of Ohio tax legislation, regulations, rulings or litigation as to which Bond Counsel and Federal Tax Counsel express no opinion.

## **FINANCIAL ADVISOR**

AMP has retained Ramirez & Co., Inc. as financial advisor (the “*Financial Advisor*”) in connection with the issuance of the Series 2025A Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

## **APPROVAL OF LEGAL MATTERS**

### **GENERAL**

Certain legal matters incident to the authorization, issuance and delivery of the Series 2025A 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 D-1 to this Official Statement, will be delivered with the Series 2025A Bonds.

Certain federal tax matters regarding the Series 2025A Bonds will be passed upon for AMP by Norton Rose Fulbright US LLP, Federal Tax Counsel. The form of its opinion regarding the Series 2025A Bonds is set forth as APPENDIX D-2 to this Official Statement.

Certain legal matters will be passed upon for AMP by its Senior Vice President and General Counsel. Certain legal matters will be passed upon for the Underwriter by Nixon Peabody LLP.

### **POWER SALES CONTRACT**

Counsel for each of the Participants (“*Local Counsel*”) will deliver has delivered to AMP, on or before delivery of the Series 2025A Bonds, their opinions to the effect that such Participant has duly authorized and executed the Power Sales Contract. In reliance on the opinions of Local Counsel for the Participants, Michigan counsel for AMP (“*State Counsel*”) will deliver in connection with the issuance of the Series 2025A Bonds their opinions as to the validity and enforceability of the Power Sales Contract as to the Participants, in reliance on legislation passed in 2008 by the Michigan Legislature which expressly authorizing municipalities therein to enter into long-term take-or-pay contracts, including step-up provisions, with out-of-state persons.

## 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 2025A Bonds.

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

AMERICAN MUNICIPAL POWER, INC.

By                     /s/ Jolene Thompson                      
President and Chief Executive Officer

By                     /s/ Drew Dunagin                      
Senior Vice President of Finance and  
Chief Financial Officer

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**APPENDIX A**  
**MICHIGAN R.I.C.E PEAKING PROJECT**  
**INFORMATION ON THE PARTICIPANTS**

Presented in Appendix A is selected financial information for Coldwater, Michigan and Hillsdale, Michigan (the “*Participants*”).

The Participants have posted their most recent audits online to the Michigan Department of Treasury’s website: <https://treas-secure.state.mi.us/LAFDocSearch>. Neither of the Participants are contractually obligated, on their respective websites or otherwise, to continue to provide audits of its Electric System to AMP.

The fiscal years of Michigan local governments end on June 30 and data are presented as of June 30 of the year referenced, unless otherwise indicated.

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## SECTION I

### PARTICIPANTS' PEAK DEMAND AND PSCR SHARES

PARTICIPANT	2024	PSCR SHARES	
	PEAK DEMAND ( <u>Kilowatts</u> )	( <u>Kilowatts</u> )	( <u>Percent</u> )
1. Hillsdale, Michigan	29,385	15,000	66.67
2. Coldwater, Michigan	<u>97,146</u>	<u>7,500</u>	<u>33.33</u>
<b>TOTAL</b>	<u>126,531</u>	<u>22,500</u>	<u>100.00</u>

## SECTION II

### PARTICIPANTS' INFORMATION

#### HILLSDALE, MICHIGAN

Project Rank	1
PSCR Share	66.67%
Municipality Established	1847
Electric System Established	1893
County	Hillsdale
Basis of Accounting	Accrual
2024 Peak Demand (kW)	29,385

**Location, Population and Government:** The City of Hillsdale, the Hillsdale County seat, is located in South Central Michigan. The City has a council-manager form of government. The citizens elect the nine-member City Council comprised of the Mayor and two Council members representing each of the City's four wards. The Mayor and Council are elected to four-year terms and are prohibited from serving more than two consecutive terms. The table below sets forth historical population figures from the U.S. Census for Hillsdale.

<u>YEAR</u>	<u>POPULATION</u>
2000	8,252
2010	8,305
2020	8,036

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Source: U.S. Bureau of Census 2000-2020

**Economic Base:** Hillsdale's economy is based on a mix of residential, commercial and industrial development. Hillsdale's major industries include educational services, manufacturing and retail trade. Hillsdale serves as the main business, governmental and educational hub of predominately rural Hillsdale County.

The following tables provide a summary of certain economic indicators for Hillsdale.

**BUILDING PERMITS**

<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
\$18,077,594	\$13,464,726	\$44,312,087	\$45,430,628

Source: Hillsdale County Building Permits

**ASSESSED VALUATION**

<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
\$182,247,150	\$190,878,500	\$205,248,000	\$245,420,200

Source: Hillsdale City Assessor

**UNEMPLOYMENT**

<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
9.5%	5.4%	4.5%	4.2%

Source: U.S. Bureau of Labor Statistics

**MEDIAN FAMILY INCOME**

<b><u>2000</u></b>	<b><u>2010</u></b>	<b><u>2020</u></b>
\$41,994	\$50,046	\$64,994

Source: U.S. Bureau of Census

**Electric System:** Since 1893, the Hillsdale Board of Public Utilities (the “*Hillsdale BPU*”) has provided electric power to the community’s customers, which today numbers over 6,100. Hillsdale BPU’s electric rates are set by the City Council. Over the years, the utility has expanded to also include a wastewater system and a municipal water system. The Hillsdale BPU has seen a number of changes and improvements over the past several years. The BPU continues to collaborate with the City through shared staff and capital projects. Shared staff include: City Manager/BPU Director, Finance Department, Human Resource Director, Engineer, Safety Coordinator, Forester, Mechanic and IT Department.

As of June 30, 2024, the Hillsdale BPU served 6,148 residential, commercial and industrial customers. The following table lists Hillsdale’s five largest customers by energy purchased during fiscal year 2024 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (2024)	% of Total System Revenues
1. Hillsdale College	Education	15,378,869	12.1
2. Hillsdale Community Health Ctr	Hospital	6,963,666	4.8
3. Paragon	Manufacturing/Machining	5,913,437	4.4
4. Bob Evans	Pork Processing	5,078,320	3.7
5. Precision Gauge	Manufacturing/Machining	4,018,165	3.0

**Participation in Projects:** Hillsdale is a Participant in the Project, obligated under the Power Sales Contract to purchase from AMP a 66.67% PSCR Share (approximately 15.0 MW). In addition to the Project, Hillsdale 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 to such projects, including the indebtedness and the obligations of the participants under the related power sales contract):

<u>Project</u>	<u>Hillsdale Share<sup>(1)</sup></u>
Combined Hydroelectric Project	1.63% (approximately 3.4 MW)
Meldahl Hydroelectric Project	0.70% (approximately 0.7 MW)
AMP Fremont Energy Center Project	1.55% (approximately 7.2 MW)
Greenup Hydroelectric Project	1.40% (approximately 0.5 MW)

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

The following table presents certain financial data respecting the Hillsdale BPU for the years shown, on an accrual basis.

<b>Hillsdale</b>			
<b>(\$000)</b>			
	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b><u>Revenue</u></b>			
Power Sales	\$12,974	\$13,649	\$14,182
Other Income	87	111	180
Total Revenue	13,061	13,760	14,362
<b><u>Operating Expense*</u></b>			
Power Costs	9,391	9,897	9,371
O&M Expense	3,639	3,300	4,322
Total Operating Expense	13,030	13,197	13,693
Net Revenue Available for Debt Service	31	563	669
Debt Service**	-	-	8
Depreciation	748	778	786
Net Non-Operating Revenue (Excl. Interest Exp.)	126	272	171
Net Transfers	-	-	-
<b>Net Assets 7/1</b>	27,225	26,452	26,681
<b>Net Assets 6/30</b>	26,452	26,681	26,735

\*Excluding depreciation.

\*\*Represents payments related to leases and software in accordance with GASB 87 and 96.

## COLDWATER, MICHIGAN

PSCR Rank	2
Project Share	33.33%
Municipality Established	1861
Electric System Established	1891
County	Branch
Basis of Accounting	Accrual
2024 Peak Demand (kW)	97,146

**Location, Population and Government:** The City of Coldwater (“*Coldwater*”), the Branch County seat, is located in south-central Michigan approximately 28 miles south of Battle Creek and 14 miles north of the Indiana state line. The City has a council-manager form of government. The citizens elect the City Council, which in turn hires the City Manager. Coldwater has four wards with two Council members representing each ward elected to staggered four-year terms and the Mayor elected at large for a two-year term.

The nine-member City Council is the governing body of Coldwater and determines all municipal policies, adopts ordinances (local laws) and approves the budget for carrying out all municipal operations. The Mayor is charged with the responsibility of conducting the meetings of the Council and also represents Coldwater in ceremonial functions. The City Manager is responsible to the City Council, ensures that laws and ordinances are enforced and works with the department heads and employees so that municipal operations and functions are carried out efficiently. The table below sets forth historical population figures from the U.S. Census for Coldwater.

<u>YEAR</u>	<u>POPULATION</u>
2000	10,492
2010	10,945
2020	13,822

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Source: U.S. Bureau of Census 2000-2020

**Economic Base:** Coldwater is an industrial and commercial oriented community serving as a principal business, marketing, and cultural center for the surrounding suburban and agricultural territory, including the northern section of Indiana.

The following table provides a summary of certain economic indicators for Coldwater.

**BUILDING PERMITS**

<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
\$6,675,031	\$21,037,383	\$58,171,098	\$17,110,892

Source: City of Coldwater

**ASSESSED VALUATION**

<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
\$393,965,313	\$401,353,552	\$410,661,844	\$430,500,748

Source: City of Coldwater

**UNEMPLOYMENT**

<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
8.3%	4.9%	3.9%	3.9%

Source: City of Coldwater

**MEDIAN FAMILY INCOME**

<b><u>2000</u></b>	<b><u>2010</u></b>	<b><u>2020</u></b>
\$41,107	\$45,489	\$40,561

Source: U.S. Bureau of Census



**Electric System:** The Coldwater Board of Public Utilities (“*Coldwater BPU*”) was established by a vote of the electorate in 1891. It acts for and on behalf of Coldwater, overseeing operations for the Electric, Water and Wastewater and Telecommunication Systems of Coldwater. The Coldwater BPU is composed of five members, appointed by the Mayor, subject to City Council approval, for a term of five years each, with the term of one member expiring each year. The Coldwater BPU appoints a Director, who is responsible to the Coldwater BPU. The Director has control and direction of and is responsible for the supervision of all of the utility facilities and the properties of Coldwater pertinent thereto which are entrusted to the Coldwater BPU and is responsible for the economical and proper operation and maintenance of all of the utility facilities and properties.

The Electric System serves approximately 19.2 square miles and has approximately 136 miles of distribution lines. In order to continue to provide needed energy, the Coldwater BPU has joined forces with four other municipalities to create and own the MSCPA in order to assure a supply of needed energy to the municipalities at the lowest cost to the consumer. Power from MSCPA is transmitted by three 138 kV interconnection circuits. Coldwater operates 13 MW of peaking generation, related transmission switching systems and other facilities. Coldwater joined AMP and began receiving power supply in January 2009.

As of June 30, 2024, the Coldwater Electric System served 7,705 residential, commercial and industrial customers. The following table lists Coldwater’s five largest customers by energy purchased during fiscal year 2024 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (Fiscal 2024)	% of Total System Revenues
1. Clemens Food Group	Pork Processing	98,006,000	17.4
2. Asama Manufacturing	Auto Parts	80,001,000	14.8
3. Maroa Farms	Greenhouse	66,508,000	10.1
4. Voltek	Foam Product	20,078,000	3.8
5. Elmet	Metal Fabrication	16,415,000	3.3

**Participation in Projects:** Coldwater is a Participant in the Project, obligated under the Power Sales Contract to purchase from AMP a 33.33% PSCR Share (approximately 7.5 MW). In addition to the Project, Coldwater 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 to such projects, including the indebtedness and the obligations of the participants under the related power sales contract):

<u>Project</u>	<u>Coldwater Share<sup>(1)</sup></u>
Combined Hydroelectric Project	3.21% (approximately 6.50 MW)
Prairie State Energy Campus	2.70% (approximately 9.95 MW)
Meldahl Hydroelectric Project	1.71% (approximately 1.79 MW)
Greenup Hydroelectric Project	3.45% (approximately 1.18 MW)
AMP Fremont Energy Center	4.04% (approximately 18.77 MW)
Solar Electricity Prepayment Project	1.97% (approximately 1.15 MW)

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<sup>(1)</sup> In each case, the share relates to AMP’s entitlement to project output or, in the case of the Solar Electricity Prepayment Project, AMP’s rights under the power purchase agreement..

The following table presents certain financial data respecting Coldwater'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.

	<b>Coldwater (\$000)</b>		
	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b><u>Revenue</u></b>			
Power Sales	\$41,886	\$46,843	\$45,921
Other Income	1,028	1,228	2,442
Total Revenue	42,914	48,071	48,363
<b><u>Operating Expense*</u></b>			
Power Costs	32,553	35,103	33,896
O&M Expense	8,159	8,411	9,021
Total Operating Expense	40,712	43,514	42,916
Net Revenue Available for Debt Service	2,202	4,557	5,447
Revenue Debt Service	1,514	1,551	1,520
Depreciation	1,938	2,083	2,245
Net Non-Operating Revenue (Excl. Interest Exp.)	1,203	430	1,161
Net Transfers	(50)	(50)	(50)
<b>Net Assets 7/1</b>	42,538	44,882	47,060
<b>Net Assets 6/30</b>	44,882	47,060	50,891
<b><u>Year End Balance</u></b>			
Revenue Bonds	19,445	18,575	17,680

\*Excluding Depreciation.

## SECTION III

### PARTICIPANTS' RESIDENTIAL, INDUSTRIAL AND COMMERCIAL INFORMATION

	2022			2023			2024		
	Customers	kWh Sales (x 1,000)	Revenue (\$000)	Customers	kWh Sales (x 1,000)	Revenue (\$000)	Customers	kWh Sales (x 1,000)	Revenue (\$000)
<b><u>Hillsdale, Michigan</u></b>									
Residential	5,146	39,621	4,920	5,169	37,915	5,066	5,181	37,199	5,184
Commercial	911	44,641	4,828	935	42,680	4,949	944	42,175	5,039
Industrial	<u>22</u>	<u>35,614</u>	<u>3,174</u>	<u>22</u>	<u>35,471</u>	<u>3,471</u>	<u>23</u>	<u>35,646</u>	<u>3,653</u>
<b>Total:</b>	<u>6,079</u>	<u>119,876</u>	<u>12,922</u>	<u>6,126</u>	<u>116,066</u>	<u>13,486</u>	<u>6,148</u>	<u>115,020</u>	<u>13,876</u>
<b><u>Coldwater, Michigan</u></b>									
Residential	5,919	44,618	5,688	6,035	43,072	5,995	6,234	42,896	6,256
Commercial	1,346	42,390	5,428	1,472	41,124	5,753	1,471	41,951	6,263
Industrial	<u>65</u>	<u>373,762</u>	<u>30,770</u>	<u>66</u>	<u>379,604</u>	<u>35,096</u>	<u>67</u>	<u>388,535</u>	<u>34,322</u>
<b>Total:</b>	<u>7,330</u>	<u>460,770</u>	<u>41,886</u>	<u>7,573</u>	<u>463,800</u>	<u>46,844</u>	<u>7,772</u>	<u>473,382</u>	<u>46,841</u>

**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.**

Additional Sites shall mean additional sites ("Additional Sites") on which additional Systems may be sited to become part of the Project, with approval of the Participants Committee.

AMP Michigan Reciprocating Internal Combustion Engine ("R.I.C.E.") Peaking Project or Project shall mean (i) all the Products generated by or made available to AMP from the Sites and Systems developed by AMP and any related rights and interests; and (ii) the Systems, all Additional Sites and all related permits, licenses, easements and other real and personal property rights and interests, together with all additions, improvements, renewals and replacements to said electric generating facilities necessary to keep the Systems in good operating condition or to prevent a loss of revenues therefrom or as required by any governmental agency having jurisdiction necessary for AMP to arrange for the beneficial use of the Products made available to the Participants through AMP.

Behind-the-Meter-Generation means a generation unit that delivers energy to load that is located behind a commercial pricing node and is not scheduled or settled by MISO.

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 Michigan R.I.C.E. Peaking Project, including Development Costs, Interconnection Costs, costs of issuance, Fuel procurement, and any other Project Costs necessary or convenient to arrange for the beneficial use of the Products by the Participants, including rate stabilization, 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. Bonds shall also include any financial or commodity hedge or swap instrument and the effect thereof, where the context is appropriate. For the avoidance of doubt, the term Bonds shall include AMP's obligations, certificated or not, for money borrowed on a temporary or interim basis pending the issuance of long-term Bonds.

Capacity shall mean the ability of the Systems to produce kWhs, MWhs, ancillary services or other Capacity Attributes measured in kW or MW.

Capacity Attributes shall mean any current or future defined characteristic, certificate, tag, credit, or ancillary service attribute, whether general in nature or specific as to the location or any other Capacity-related value or attribute of the Systems, other than Transmission Attributes, that may provide or add value in any manner to the Systems.

Commercial Operation shall mean the System on a respective Site is determined to be in service, after physical completion and completion of all required testing, for all commercial operating purposes without material restriction, as confirmed by a certificate of an independent engineer selected by AMP.

Contract or Power Sales Contract shall mean the Power Sales Contract between AMP and the City of Hillsdale, Michigan and the Power Sales Contract between AMP and the Coldwater Board of Utilities, Michigan, each dated as of March 15, 2023.

Demand Charge or Capacity Charge shall mean the rate or charge per kW to Participants principally designed to recover any fixed Project Costs which comprise Revenue Requirements including any payments respecting Bonds and as are not otherwise recovered by AMP.

Development Costs shall mean all development costs incurred by AMP in furtherance of the planning, investigating, siting, licensing, engineering, financing, permitting, equipping, land acquisition, construction, procurement and related activities in connection with the Project.

Energy shall mean electric energy in kWh or MWh delivered by the Systems to the Points of Delivery.

Energy Attributes shall mean the electric energy generated by the Project as metered at the Delivery Point, expressed in kWhs at the nominal voltage specified in the Interconnection Agreement. Energy Attributes shall be net of (i) any electric energy generated by the Project and consumed by the Project prior to delivery to the Delivery Point and any transformation losses between the Project and the Delivery Point.

Energy Charge shall mean the rate or charge per kWh to Participants, principally designed to recover variable Project Costs, including those variable costs that comprise the Revenue Requirements, not otherwise recovered under the Power Sales Contract.

Environmental Fund shall mean the sub-fund of the Reserve and Contingency Fund that may be used from time to time to mitigate the Project's 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 off sets from Participants, AMP or others.

FERC shall mean the Federal Energy Regulatory Commission and its successors.

Financial Transmission Rights or FTRs shall mean a financial instrument awarded to bidders in the FTR auctions conducted by an RTO or other transmission operator that entitles the holder to a stream of revenues or charges based on factors such as the hourly day ahead congestion price differences across a transmission path.

Fixed Demand Charge means the amounts included within the Demand Charge required for payment by AMP for the scheduled principal of and premium, if any, and interest on any Bonds.

Force Majeure means any event or circumstance which wholly or partly prevents or delays the performance of any material obligation arising under the Power Sales Contract, other than the obligation to pay amounts due, but only to the extent (1) such event is not within the reasonable control, directly or indirectly, of the Party seeking to have its performance obligation(s) excused thereby, (2) the Party seeking to have its performance obligation(s) excused thereby has taken all reasonable precautions and measures in order to prevent or avoid such event or mitigate the effect of such event on such Party's ability to perform its obligations under the Power Sales Contract and which by the exercise of due diligence such Party could not reasonably have been expected to avoid and which by the exercise of due diligence it has been unable to

overcome, and (3) such event is not the direct or indirect result of the fault or negligence of the Party seeking to have its performance obligations excused thereby.

Fuel shall mean diesel fuel, biodiesel fuel, diesel fuel 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 Project.

Host Member shall mean each Participant, acting solely in its capacity as a municipally-owned electric utility, which has a System connected to such Participant's Electric System.

Host Site shall mean the Site of a Host Member.

Interconnection Costs shall mean costs of interconnection and interconnection facilities from a System's Delivery Point to the Host Member's Electric System, including all costs of facility upgrades and planning studies required by the Transmission Owner, an appropriate allocation of any operating and maintenance costs of such facilities, all to the extent incurred by AMP or the Host Member and reimbursed by AMP.

Load Modifying Resource or LMR shall mean the behind the meter generation or storage system that is eligible to receive MISO capacity accreditation under the MISO resource adequacy requirements. The term LMR as used in the Power Sales Contract shall apply to any future name MISO might assign to the use of Behind-the-Meter Generation or storage systems that are eligible to qualify as capacity resources.

Locational Marginal Pricing (LMP) shall mean the hourly integrated market clearing marginal price for Energy at the location the Energy is delivered or received.

Long Term shall mean periods greater than one year.

Michigan South Central Power Association (MSCPA) shall mean the public body politic and corporate organized as a joint agency by its members pursuant to P.A. 1976, No. 448 to, among other things, supply electric power and energy for the present and future needs of its members. MSCPA also takes MISO transmission service on behalf of Participant.

MISO RTO shall mean the Midcontinent Independent System Operator, Inc.

NERC shall mean the North American Electric Reliability Corporation, its successors and assigns, and includes related regional entities such as ReliabilityFirst Corporation and their successors and assigns.

Net Congestion, Losses, FTR Charge shall include all costs and credits associated with delivery of Capacity and Energy from the Delivery Point including, but not limited to, marginal losses, marginal congestion, FTR purchase costs and, FTR congestion credits.

Network Integration Transmission Service or NITS shall mean the transmission service that allows AMP to deliver Energy from the Project to a Secondary Delivery Point.

O&M Expenses shall mean the ordinary and usual operating expenses of a Participant's Electric System including purchased Capacity and Energy expense and all amounts payable by Participant to or for the account of AMP under the Power Sales Contract, including 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 a Participant under the Power Sales Contract is prohibited by applicable law or by existing contract being paid as an O&M Expense of Participant's Electric System, such amount shall be payable from any available funds of Participant's Electric System and shall constitute an O&M Expense of Participant's Electric System at such time as such law or contract shall permit the same or be terminated.

Participants Committee shall mean a committee 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 Power Sales Contract.

Point(s) of Delivery or Delivery Point(s) shall mean (i) the points at which AMP shall be required to make available or deliver Capacity and Energy, at the Project Rate, to or for the benefit of Participants from the various Sites included in the Project 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 Cost Adjustment Factor shall adjust either or both of the Capacity Charge and the Energy Charge upward or downward to reflect any and all out of period adjustments not covered in the Capacity Charge, Energy Charge, Net Congestion. Losses or FTR Charge as set forth in the Power Sales Contract and in the Rate Schedule that are required to assure that the total costs invoiced for Capacity and Energy delivered under the Power Sales Contract are equal to the expenses incurred, or expected to be incurred, in providing the Products.

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 Products and (ii) all sources of Replacement Power, whether real or personal property or contract rights.

Products shall mean the net Energy generated by the Systems, and associated Transmission Attributes and Capacity Attributes.

Project Aggregate LMP shall mean the calculated hourly LMP value equal to the production weighted average hourly LMP for all Systems.

Project Costs shall mean (i) all Development Costs, costs for the operation and maintenance of the Project, and Interconnection Costs, including without limitation, the costs of any necessary interconnection facilities or upgrades required to interconnect any of the Systems of the Project with a Host Member, Transmission Owner or with the respective RTO or any other transmission provider and make available or transmit Products to or on behalf of the Participants, any payments or prepayments for acquisition of an arrangements for Fuel, or costs 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, and (ii) any taxes or payments in lieu of taxes, 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, including the funding of reserves established under a Trust Indenture, and the refurbishing, improving, repairing, replacement, retiring, decommissioning or disposing of the Project.



Project Rate shall mean the total delivered cost to any Participant for Demand Charges, Energy Charges and any other changes or power cost adjustments at the Points of Delivery, as specified in the Rate Schedule.

PSCR Share for any Participant expressed in kilowatts (kW) shall mean such Participant's nominal entitlement to Products from the Project such that the sum of all PSCR Shares (in kW) equals the total Project Capacity (in kW), 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 in kW by the total of all of the Participants' PSCR Shares (including such Participant's PSCR Share) in kW, subject to adjustment as set forth in the Power Sales Contract, 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 may change on account of the rerating or availability of such Capacity, the Participants' PSCR Shares expressed in percentage (%) will not change on account of any rerating or availability.

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 is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather it is 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.

Rate Schedule shall mean the schedule 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 such contract.

Rate Stabilization Fund shall have the meaning set forth in a Trust Indenture or otherwise established by the Participants Committee as a Project fund 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 to stabilize or levelize rates under the Power Sales Contract.

Related Agreements shall mean (i) any agreements for Transmission Service for any of the Systems included in the Project to the appropriate transmission or distribution system such as to a Participant, MSCPA, the MISO RTO, or other transmission owner, including any Interconnection Agreements or agreements for Supplemental Transmission Service and any Additional Sites, any other agreements for Transmission Service to enable AMP to meet its obligations to make available or deliver electric Capacity and Energy to each Participant at its respective Secondary Points of Delivery or otherwise pursuant to the Power Sales Contract, any agreements for the purchase of Replacement Power, any Long Term agreements entered into by AMP for the acquisition of Fuel or Replacement Power, as the same may be amended from time to time, and (ii) any agreement entered into pursuant to Sections 33 or 36 of the Power Sales Contract, 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 of any System (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 MISO Planning Resource Auction (or successor) or from a bilateral capacity purchase during periods in which

any System is expected, for any reason, to be derated or otherwise incapable of generating its 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 Project 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 a Point of Delivery is connected.

Service Fee shall mean AMP's Service Fee B charge of up to one mill (\$0.001) per kWh for all Energy delivered under the Power Sales Contract at the Points of Delivery. 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 under the Power Sales Contract, such fee shall not exceed one mill (\$0.001) per kWh. Any such increases are limited, however, to an additional one-tenth of one mill (\$0.0001) per kWh for Energy delivered under the Power Sales Contract on and after January 1 of each year such contract is in effect; provided, however, that (i) in the event AMP's Board of Trustees elects not to increase said charge in any such year, the charge may be increased in any following year by an additional one-tenth of one mill (\$0.0001) per kWh for each year said charge was not increased; and (ii) at the sole option of AMP's Board of Trustees, it may convert and replace said charge per kWh to a system of charges based upon Demand (in kW) and Energy (in kWh), provided however, that any such Demand and Energy charges may not operate to cause any Participant to incur Service Fees in excess of what would have been allowable under the "per kWh" method utilizing the actual capacity factor of the Project. 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.

Site(s) shall mean the individual location of reciprocating internal combustion engine diesel peaking facilities that are part of the Project.

Step Up Power shall mean 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, that is equal to the defaulting Participant's PSCR Share, in kW.

Super Majority shall mean not less than seventy-five percent (75%) of the weighted vote, based upon PSCR Shares of those present and voting for, respectively, (i) votes in all Participants meetings and (ii) votes at Participants Committee meetings.

System or Systems shall mean a reciprocating internal combustion engine, mounting assemblies, inverters, converters, metering, lighting fixtures, transformers, ballasts, disconnects, combiners, switches, wiring devices and wiring, to be installed at a Site.

Transmission Attributes shall mean any current or future defined characteristic, certificate, tag, credit, or ancillary service attribute, whether general in nature or specific or any other transmission related value or attribute of the Project that may provide or add value in any manner to the Systems.

Transmission Owner shall mean the incumbent owner of transmission facilities to which the Host Member's distribution system is interconnected, including but not limited to DTE Electric ("DTE") and Michigan Electric Transmission Company, LLC ("METC").

Transmission Service shall mean all transmission or delivery arrangements, together with all related or ancillary services rights and facilities, to the extent the same are necessary or prudent to provide for the availability or delivery, whether actual or contractual, of Capacity and Energy under the Power Sales Contract to the Points of Delivery, including any congestion or other applicable RTO charges.

Trust Indenture shall mean any one or more trust indentures, trust agreements, loan agreements, resolutions or other similar instruments providing for the issuance and securing of Bonds.

Weighted Vote shall mean the majority vote, based upon PSCR Shares of those present and voting, at any meeting at which a quorum is present.

**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 kW) 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 each Participant set forth in the Power Sales Contract, AMP is authorized and requested on behalf of the Participants to finance, through the issuance of the Bonds, all or a portion of the Development Costs, and other amounts in respect of AMP's Revenue Requirements.

(C) If at any time any Participant has capacity and/or energy in excess of its needs, it may request that AMP sell and deliver any or all of said Participant's PSCR share of the Products available under the Power Sales Contract, and AMP shall use commercially reasonable efforts in consultation with such Participant to attempt to sell such surplus Products at not less than a minimum price approved by such Participant, to any other entity 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 proceeds (proceeds received less any expenses incurred in connection with the sale) received by AMP from any such sales shall be credited against the Revenue Requirements allocable to such Participant on its next invoice rendered pursuant to the Power Sales Contract, provided that nothing contained therein shall relieve such Participants from any obligation thereunder, unless and to the extent AMP shall actually receive net proceeds from such sales and only to the extent of such net proceeds received.

**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, with or without formal bidding, 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 Development Costs), and the operating, maintaining, refurbishing, replacing, retiring, decommissioning and disposing of the Project including without limitation acquisition of an 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 its obligation under the Power Sales Contract;

(ii) shall utilize, to the extent available and in the best interests of the Participants, the Project as the primary Power Sales Contract Resource to fulfill its obligations to make available or deliver Products to or on behalf of each Participant at Points of Delivery and any respective Secondary Points of Delivery under the Power Sales Contract and utilize Replacement Power, when prudent and appropriate, as a secondary Power Sales Contract Resource;

(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 Long Term;

(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 any System; and

(v) shall inform the Participants Committee on a regular basis, not less often than quarterly, of its actions, plans and efforts undertaken in furtherance of its obligations and other activities under the Power Sales Contract regarding the Project and shall receive and give due consideration to any recommendations of the Participants Committee regarding the same.

(B) In the event that AMP incurs additional costs or is unable to supply all of the Products anticipated to be available under the Power Sales Contract whether due to a failure to deliver, an event of default or otherwise, except to the extent AMP recovers from a third party for such failure, AMP shall not, absent willful, wanton or reckless conduct, be liable to such Participant for damages resulting from such interruption or diminution of service.

(C) It is the express understanding and intention of AMP and the Participants that the Project and all Systems qualifies as Behind-the-Meter Generation and that, as such, it shall reduce the load service obligations of the Participants including those obligations associated with ancillary services, energy delivery and congestion charges, provided that the Project output shall not be bid into the MISO markets. The Project and all Systems shall be registered and offered or scheduled as Load Modifying Resources (LMR) to provide capacity value to the Project participants. In the event that MISO determines at any time during the term of the Power Sales Contract that the Project or the Systems are not eligible for treatment as Behind-the-Meter Generation or LMR under the MISO rules, after consultation with the Participants, AMP may schedule and offer the Products into the MISO markets as appropriate. Participants shall be responsible for any and all costs and charges associated with scheduling and/or offering the Products into the MISO markets, including but not limited to transmission service and upgrade costs, if any, and shall retain the value received from such sale or offer into the MISO markets.

(D) If the Project is capable of supplying surplus Products 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 Products associated with the Project, AMP shall use commercially reasonable efforts to attempt to sell such surplus at not less than a minimum price approved by each Participant which may have such excess 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 proceeds received from AMP from surplus sales pursuant to this section shall be utilized by AMP to reduce the Revenue Requirements that otherwise must be paid by such Participant and thereby offset rates and charges under the Power Sales Contract . Any such sales for periods of one year or greater 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 Project 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 Project 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, pursuant to this clause, 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 2022 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 Project, materially adversely affect the operation of the Project or AMP's ability to perform its obligations under the Power Sales Contract. A sale/lease back or similar financial or operating device appropriate under Prudent Utility Practice where the property sold or leased continues to provide benefits to Power Sales Contract Resources shall not be construed to be governed by the provisions of clause (ii) of this paragraph, provided that the same is approved by the Participants Committee.

(F) All Capacity sold or made available under the Power Sales Contract shall include an appropriate credit or other adjustment for a PSCR Share of all associated Capacity Attributes.

(G) AMP covenants that, (i) prior to entering into any variable rate indebtedness or hedge or swap agreements or Fuel price hedges under the Power Sales Contract, 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 Fuel reserves or entering into any Long Term prepayments respecting Fuel for the Project, it shall receive the approval of a Super Majority of the Participants; and, (iii) prior to entering into any Long Term Fuel hedges, Long Term prepayments respecting Fuel, or the purchase of Fuel reserves, AMP shall offer each Participant the ability to opt out of any such arrangements.

(H) AMP shall update the Appendices to the Power Sales Contract as appropriate and provide copies of the same to the Participants.

#### **Rates and Charges; Method of Payment.**

(A) After consultation with the Participants at the time of budget approvals for the upcoming calendar year, the Board of Trustees shall establish, maintain and adjust rates or charges, or any combination thereof, as set forth in the Rate Schedule, for the Power Sales Contract Resources made available under the Power Sales Contract that result in Project Rates and other rates and charges under the Power Sales Contract, adjusted as set forth in the Power Sales Contract, at levels that will provide revenue to or for the account of AMP sufficient, but only sufficient, to meet the "Revenue Requirements" of AMP, which Revenue Requirements all consist of the sum of the following without duplication:

(i) all, or to the extent appropriate an allocable portion of all, costs incurred by AMP under any other Related Agreements, including, without limitation, the cost of any Replacement Power and required Transmission Service to make available or deliver Capacity and Energy under the Power Sales Contract to the Points of Delivery 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 of AMP's Project Costs incurred and not otherwise recovered by AMP, including but not limited to: the cost of acquisition of or arrangements regarding Fuel, equipment and other leases, an appropriate allocation of AMP's energy control center, metering and other common costs of AMP reasonably allocable to the Project and not otherwise recovered by the Service Fee or other fees or charges that AMP charges pursuant to other agreements, the cost to AMP of taxes, payments in lieu of taxes, all permits, licenses and related fees, related to the Project and not recovered through charges under the Power Sales Contract, the cost AMP incurs of insurance and damage claims to the extent associated with the Project, pollution control or emissions costs, fees and allowances, legal, engineering, accounting and financial advisory fees and expenses;

(iii) costs of decommissioning and disposal of the Project, including reserves therefor;

(iv) to the extent incurred under the Power Sales Contract, 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 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 Project to the extent not paid for out of working capital or reserves;

(v) to the extent required and applicable, the cost of compliance with all applicable FERC, RTO, local Transmission Owner or NERC requirements, to the extent 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 after the Delivery Point;

(vi) 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 the Project;

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

(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 a hedge or swap agreement;

(ix) all 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) all costs 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) all 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 (ix) 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 (ix) above) associated with any Bonds or amounts payable with respect thereto;

(xii) all additional amounts, if any, which 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 and expenditures approved by the Participants Committee for investigating, planning, and developing any potential or actual Additional Sites to any Systems that are being considered for inclusion pursuant to the Power Sales Contract;

less amounts available as a result of: (1) any appropriate refunds, rebates, miscellaneous revenues or other distributions relating to the Project; and, (2) any sales or other arrangements referred to in subsections (C) and (D) of “AMP Undertakings” above (after payment of all associated costs and expenses incurred by AMP in connection therewith) 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 of such amounts of proceeds or income must be applied in accordance with the provisions of clause (i) of subsection (J) below under this heading, 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 under this heading and shall be paid through rates and charges as set forth in the Rate Schedule. In determining the rates and charges under the Power Sales Contract, estimated amounts may be utilized until actual data becomes available, at which time any adjustments necessary to true-up the estimates to actual shall be made.

(C) The rates and charges under the Power Sale Contract, as set forth on the Rate Schedule, shall be a uniform Project Rate to the Points of Delivery, provided that (i) each Participant shall be responsible for the cost of Supplemental Transmission Service or other services related to delivery to a Secondary Point and, if not paid to a third party transmission entity, each Participant shall be charged an additional amount equal to the additional cost to AMP, if any, of delivery to such Secondary Point of Delivery, including any state and local taxes incurred as a result of such delivery or sale, as set forth on the Rate Schedule.

(D) After consultation with the Participants Committee, the Board of Trustees will determine and establish the initial Rate Schedule, to be effective on or about the Commercial Operation Date of the first System to achieve Commercial Operation, to meet AMP's Revenue Requirements. At such intervals as the Board of Trustees shall determine appropriate, but in any event not less frequently than each calendar year, the Participants Committee and the 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 notice of such revised rates 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 Board of Trustees, shall be deemed to be substituted for the Rate Schedule previously in effect and agrees to pay for Products and related 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 Board of Trustees, the Rate Schedule shall be structured so as to consist of: (i) Demand or Capacity Charges (which may include charges per MWh or kWh as well as a charge per MW or kW), principally designed to recover fixed costs, including those described in clauses (viii) through (xii) of the definition of Revenue Requirements in subsection (A) above providing Power Sales Contract Resources under the Power Sales Contract; (ii) an Energy Charge, principally designed to recover variable costs of providing the Project's output, as well as any other variable costs associated with AMP's obligations thereunder and under the Power Sales Contract; (iii) to the extent physical or contracted Energy flows from a Delivery Point to a secondary Point of Delivery, a Net Congestion, Losses, FTR Charge, designed to recover all costs and provide all credits associated with delivery of Capacity and Energy from the Delivery Point to any Secondary Points of Delivery, including, but not limited to, marginal losses, marginal congestion, FTR purchase costs and FTR congestion credits; (iv) a Power Cost Adjustment Factor designed to adjust either or both the Demand Charge or the Energy Charge upward or downward to reflect any and all out of period adjustments not covered in the above that are required to assure that the total costs invoiced for Power Sales Contract Resources delivered under the Power Sales Contract are equal to the Revenue Requirements; (v) the Service Fee; (vi) a late payment charge as set forth in the Power Sales Contract. The determination of the Power Cost Adjustment Charge each Month shall be made according to methodology determined by AMP and the Participants Committee and approved by the Board of Trustees, and no specific action by the Participants or 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 Board of Trustees and the Participants Committee, in each Month after the establishment of the Rate Schedule, AMP shall render a Monthly invoice showing the amount payable under the Power Sales Contract with respect to Capacity and Energy, Transmission Service, including any Supplemental Transmission Service or other charges, credits, adjustments or true-ups, with respect to the immediately preceding Month. Prior to the Commercial Operation of any System, such invoice may include payments with respect to any Bonds issued under the Power Sales Contract as well as Replacement Power, but only to the extent required and approved as required in subsection (B) under "Sales and Purchase" above. Each 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 each 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 trustee under any Trust Indenture) on the first banking day not less than the fifteenth (15th) day after the date of the issuance of the Monthly invoice.

(F) If a 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, 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 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 under the Power Sales Contract, does not afford AMP a reasonable opportunity to pursue a claim against such third-party due to the requirements of a Related Agreement, Supplemental Transmission Agreement, RTO or other 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. No adjustment need be considered or made for disputed charges unless such notice is given. AMP shall consider such dispute and shall advise the Participant with regard to its position relative thereto within sixty (60) days following receipt of such written notice. Upon final determination (whether by agreement, arbitration, adjudication or otherwise) of the correct amount, any difference between such correct amount and such full amount, together with interest (from the date of the disputed payment to the due date of the invoice next submitted to the Participant after such determination) at the rate which would apply under the Power Sales Contract to overdue payments pursuant to subsection (F) above under this heading, shall be subtracted by AMP from the invoice next submitted after such determination (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 exceeds the amount of the next invoice). For purposes of this subsection (G), the date of payment shall mean the date on which funds in the amount so paid first become available for use by AMP (or its designee). Billing disputes and any subsequent adjustments under the Power Sales Contract shall be limited to the one (1) year period prior to the date timely notice was given as required by this subsection (G); provided, however, that to the extent AMP may reasonably pursue a third-party on account of such dispute for a period longer than such one (1) 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 promptly furnish a revised invoice, clearly marked as such, with the error corrected. If the revised invoice indicates an undercharge, the difference between the amount paid and the correct amount, together with interest (from the date of payment of the incorrect amount to the due date of the invoice next submitted after AMP has furnished the revised invoice) at the rate which would apply under the Power Sales Contract to overdue payments pursuant to subsection (F) above under this heading, less two percent (2%), shall be paid to AMP (or such other person designated by AMP pursuant to subsection (E) above under this heading 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 an overcharge, the difference between the correct amount and the amount paid, together with interest (from the date of payment of the incorrect amount to the due date of the invoice next submitted after AMP has furnished the revised invoice) at the rate which would apply under the Power Sales Contract to overdue payments pursuant to subsection (F) above under this heading, less two percent

(2%), shall be subtracted by AMP from the invoice next submitted (and paid by AMP 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 exceeds the amount of the next invoice). For purposes of this paragraph, the date of payment 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 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 to make payments under this paragraph 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 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 Project, 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 issued under the Power Sales Contract remain outstanding, notwithstanding the suspension, interruption, interference, reduction or curtailment, in whole or in part, for any reason whatsoever, of the Participant's PSCR Share, including Step Up Power, if any, provided, however, that nothing contained therein shall be construed to prevent or restrict any Participant from asserting any rights which it may have against AMP under the Power Sales Contract or in any provision of law, including institution of legal proceedings.

(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: (a) to pay principal or interest on the Bonds, (b) to the purchase or redemption of Bonds prior to their stated maturity, and (c) to the payment of costs of renewals and replacements of any property constituting a part of the Project, or as a reserve therefor. Insurance proceeds, condemnation awards and damages received by AMP in connection with the Project 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 Project, shall be applied by AMP, subject to approval by the Participants Committee, (x) to the purchase or redemption of Bonds prior to their stated maturity, (y) to the payment of costs of renewals and replacements of any property constituting a part of the Project, or as a reserve therefor by deposit to the Reserve and Contingency Fund, or (z) as a credit against Revenue Requirements. Notwithstanding anything contained in the foregoing provisions of this subsection (J), if any Trust Indenture, any instrument of a similar nature relating to borrowings by AMP or any Related Agreement shall require the application of any amount referred to in the foregoing provisions of this subsection (J) 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 Participant's decision to opt out as specified in subsection (G) above of 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 thereunder) 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 expediency in a commercially reasonable manner, 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 Project, 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, 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 borrowings by AMP to finance the Project 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 facilities of the Project. All insurance proceeds shall be utilized in accordance with and subject to the provisions of the Power Sales Contract.

**Bonds; Trust Indenture; Power Sales Contract.** AMP is hereby requested and authorized by each Participant to issue Bonds or enter into other financial arrangements for the purpose of financing the Project Costs, including, without limitation, reimbursement to AMP of all Development Costs and Interconnection Costs, 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 estimated remaining 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 Project, 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, the Power Sales Contract or the Project, 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 AMP Michigan R.I.C.E. Peaking Project.** For so long as any Bonds or other financial arrangements are outstanding, except as permitted under this heading, AMP shall not sell or otherwise dispose of, in whole or in part, its ownership interest in any of the Systems or the attributes available from all Systems included in the Project without the consent of the Participants. This 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 subsection (E) of “AMP Undertakings”, or (iii) the mortgaging, pledging or encumbering of all or any portion of AMP's ownership interest in the Project or the Power Sales Contract pursuant to any Trust Indenture to secure any Bonds. Subject to the provisions of the Related Agreements, any Systems of the Project shall be terminated and AMP shall cause such Systems to be salvaged, discontinued, decommissioned, and disposed of or sold in whole or in part on such terms as both the Board of Trustees and Participants determine to be reasonable and appropriate when:

- (a) so required pursuant to the applicable Related Agreement; or
- (b) both the Board of Trustees and Participants determine that AMP is unable to operate such facilities due to regulatory or operating conditions or other similar causes; or

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

Any consent required by the terms under this heading shall be approved by a Super Majority of the Participants.

**Additional Covenants of Participant.** (A) Each Participant covenants and agrees to establish and maintain rates for electric Capacity and Energy to its customers which shall provide 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 pursuant to the terms of the Power Sales Contract, 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) 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 under the Power Sales Contract are fulfilled and clauses (iv) (a), (b) and (c) 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 or made available thereunder 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 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 the Power Sales 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 affect the tax status of the Bonds. Notwithstanding the foregoing, 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 such 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 its rights (except as otherwise in the last sentence of this paragraph) and obligations (except to the extent theretofore accrued) thereunder to another entity which assumes in writing all obligations of such Participant thereunder (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 such Participant from issuing mortgage revenue bonds (subject to the provisions of subsection (E) below this heading) secured by a mortgage of the property and revenues of such Participant's Electric System, including a franchise. Such 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 therein shall be construed to prevent or restrict a Participant from asserting any rights which it may have against AMP under the Power Sales Contract or 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 paragraph shall not be construed as requiring a Participant to expend any funds which are derived from sources other than the operation of its Electric System, although nothing in the Power Sales Contract 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 in the Power Sales Contract 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 other contractual obligations that are payable from the revenues of its Electric System on a parity with O&M Expenses it will provide to AMP 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 such Participant's Electric System adjusted for any rate increases enacted by the Governing Body prior to such issuance and becoming effective no later than in the fiscal year immediately succeeding the issuance of such obligations.

(G) Each Participant agrees (i) to use all commercially reasonable efforts to take all actions necessary or convenient to fulfill all of its obligations under the Power Sales Contract and (ii) to reasonably cooperate with AMP in such a manner as to facilitate AMP's performance 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 a right of first refusal to purchase a Participant's PSCR Share, 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 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 by a Participant under the Power Sales Contract remains unpaid subsequent to the due date thereof, such event shall constitute a default thereunder and AMP may, upon thirty (30) days' prior written notice to and at the cost and expense of such Participant (i)

withhold any payments otherwise due and suspend deliveries or availability under the Power Sales Contract, (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 such Participant, and (iii) take any other action permitted by law to enforce the Power Sales Contract. Upon suspension of the rights of the defaulting Party 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 Power Sales Contract Resources arising from such 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 contracted for by AMP under this paragraph shall not relieve the defaulting Party 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 Party under the Power Sales Contract. When any default giving rise to the suspension of the rights, including the delivery or availability of such Power Sales Contract Resources of the defaulting Party, has been cured in less than sixty (60) days subsequent to such default and payment has been made by the defaulting Party to AMP of all costs and expenses incurred as a result of such default, such Participant shall be entitled to the restoration of its rights, including a resumption of delivery or other service to the Power Sales Contract, subject to any sale to others made by AMP pursuant to this paragraph.

(B) (i) If any Participant shall fail to pay any amounts due under the Power Sales Contract, or to perform any other obligation thereunder, 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. 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 paragraph (i) of this subsection (B), 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 kW ("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 kW 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 kilowatts 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 any other Participant, a Participant may notify AMP in writing of its election to purchase voluntarily Step Up Power under the terms and conditions of 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 otherwise set forth in the Power Sales Contract. 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 such payments 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, including all costs of recovery and attorney fees less any amounts recovered by operation of this heading. 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 now or hereafter secured hereby, or in the performance of any of the covenants and conditions of the Power Sales Contract; or in the event a Participant shall for any reason be rendered incapable of fulfilling its obligations under the Power Sales Contract, or final judgment for payment of money shall be rendered against such Participant which adversely affects its ability to fulfill its obligations under the Power Sales Contract, 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 a Participant for the purpose of effecting a compromise between such 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 such Participant's rights under the Power Sales Contract; or if (a) a Participant is adjudged insolvent by a court of competent jurisdiction which assumes jurisdiction of such Participant's Electric System, or (b) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of such Participant, a receiver or trustee of such Participant or of the whole or any part of such 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 a 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 such Participant's Electric System in other than such Participant; then, in addition to the remedies specified in all other remedies available under applicable law, including the remedy of specific performance, AMP shall have the right and capacity to, and may, at its sole option, by notice in writing to such Participant, apply for the appointment of a receiver of rents, income and profits of such Participant's Electric System received or receivable by such Participant as a matter of right and as security for the amounts due AMP without consideration of the value of such 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 Electric System received or receivable by such Participant being hereby assigned by such 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, such 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 under the Power Sales Contract, and every other default of which AMP has notice shall have been remedied to the satisfaction of AMP, then and in every such case AMP shall, and if such default has continued for a period greater than one (1) year, AMP may, with the approval of its Board of Trustees rescind and annul the declaration of default and its consequences. However, no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(E) Should AMP default on any of its obligations under the Power Sales Contract and such default continues for a period of thirty (30) days, any Participant may give AMP written notice of such default. Subject to the provisions of any Trust Indenture, should AMP not cure such default, or provide such Participant 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 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.

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

**Modification or Amendment.** The Power Sales Contract shall not be amended, modified or otherwise changed except by written instrument executed and delivered by the Parties; 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 under the Power Sales Contract. 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 to solely 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 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 under this heading for resolving any particular dispute

**Term of Contract.** The Power Sales Contract shall remain in effect until December 31, 2053 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) the Participants by Super Majority recommend the Power Sales Contract be terminated; provided further, however, that all Participants shall remain obligated to pay to AMP the costs of terminating, discontinuing, disposing of, and decommissioning the Project except those portions of the Project which AMP, in its sole discretion, elects not to terminate, discontinue, dispose of or decommission in connection with or prior to the termination of the Power Sales Contract; and provided further, however, that the requirements under this heading are satisfied. Neither termination, cessation of taking Products under the Power Sales Contract, nor expiration of the Power Sales Contract shall affect any accrued right, liability or obligation thereunder.

If, upon termination of the Power Sales Contract pursuant to the above paragraph, AMP seeks to sell or otherwise dispose of any System, AMP hereby grants a right of first offer to acquire said System



to the Host Participant owning the Site upon which the System is located. Said Host Participant shall have one hundred twenty (120) days after termination of the Power Sales Contract to notify AMP in writing of its offer. If the aforementioned Host Participant submits an offer, the Parties shall have sixty (60) days to negotiate the principal business terms of that transaction. If the Parties agree on those terms, then they shall continue to prepare definitive documents to effect that transfer on mutually acceptable terms during the next sixty (60) days (but no later than one hundred fifty (150) days following the date of the initial proposed offer). If at the end of that time, the Parties are unable to consummate the transaction, then AMP shall be free to sell the System to any other potential purchaser in accordance with the Power Sales Contract.

Notwithstanding anything contained in the Power Sales Contract to the contrary, any sale or disposition made pursuant to the above paragraph must be approved by the Participants.

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**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”), as the same may be amended and supplemented by Supplemental Indentures from time to time (as so amended and supplemented, the “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 Project, 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 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, fees of consultants, any taxes which may be lawfully imposed on or are fairly allocable to AMP with respect to the Project, or payments in lieu of such taxes, or the income therefrom, operating lease payments, the Operating Component of the Cost of Contracted Services and all other payments, not chargeable to the capital account of the Project, 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 including, but not limited to, subject to the terms of any related agreement or Supplemental Indenture, costs, fees and expenses (but not early termination obligations) associated with the investment of the proceeds of Parity Obligations or with the maintenance of Derivative Agreements (but excluding ordinary course payments and payments due and owing upon a default or termination event thereunder), 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 or any payment of principal, redemption premium, if any, and interest on any Bonds from any such fund, subfund, account and subaccount, (iii) any debt service payment in respect of Parity Debt or Subordinate Obligations, or (iv) early termination obligations associated with the investment of the proceeds of Indebtedness, Gross Receipts or Net Receipts or other moneys held under this Indenture or with Derivative Agreements.

“AMP Representative” means each person who is authorized by resolution of the Board of AMP to perform the duties imposed on an AMP Representative by the Master Indenture and whose name and signature is filed with the Trustee for such purpose.

“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.

“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 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 Indebtedness which is 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 Indebtedness 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 Indebtedness, 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 in clause (i) of this definition;

provided, however, that (A) 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 (B) notwithstanding the foregoing, the aggregate of the payments to be made with respect to principal of and interest on Outstanding Indebtedness 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.

“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, (a) 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 or (b) to manage or reduce the cost of Fuel or Fuel Expense or to protect against any type of financial risk or uncertainty.

“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 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 diesel fuel, biodiesel fuel, diesel fuel 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 Project.

“Fuel Expense” means the costs to AMP, in connection with the operation of the Project, of diesel fuel, other fossil or other fuel, including any contractual rights to the supply thereof, diesel fuel storage, 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 acquisition, production, processing, storage and transportation of such diesel fuel, other fossil or other fuel.

“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 Project, 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 or the Project 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 (i)(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 Project, 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 Project 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 funds, 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 Requirement).

“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 Rate Covenant.

“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 (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) 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).

"Lien" means any mortgage, deed of trust or pledge of, security interest in or encumbrance on any Property of AMP included in the Project, that secures any indebtedness incurred, or any Derivative Agreement entered into, by AMP.

"Maximum Annual Debt Service Requirement" means at the date of calculation the greatest Debt Service Requirement for the current or any succeeding Fiscal Year.

"Officer's Certificate" means a certificate signed by the President or any Vice President, or the Chair or the Vice Chair of the Board, of AMP, or an AMP Representative.

"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.

"Parity Common Reserve Account Requirement" means, with respect to all Parity Obligations secured by the Parity Common Reserve Account, the amount specified 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.

"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.

"Project" means, as the context indicates, the acquisition of, and improvements to, the AMP Michigan R.I.C.E. Peaking Project.

“Project Fund” means the AMP Michigan R.I.C.E. Project Fund, special fund, with subfunds, accounts and subaccounts, created on the books of account of AMP to account for all of the assets, liabilities, revenues and expenditures to be accounted for in accordance with the requirements of the Master Indenture.

“Related Agreement” has the meaning given such term in the Power Sales Contract.

“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 a 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 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.

“Subordinate Obligations Subfund” means the Subordinate Obligations Subfund created and so designated by the Master Indenture.

“Supplemental Indenture” means a resolution of the Board of AMP authorizing any particular Series of Bonds or any Derivative Agreement or, together with a Supplemental Indenture executed and delivered by AMP in connection therewith, that is executed and delivered by the terms of the Master Indenture in connection with such Series or any such Derivative Agreement.

“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.

## **Construction Subfund**

Any money received by AMP from any source for the Project shall be deposited in the Construction Subfund, a special subfund of the Project Fund. Moneys in the Construction Subfund shall be held by a Depository or Depositories in trust and applied to the payment of the Costs of the Project or to the retirement of Bonds issued under the provisions of the Master Indenture or Parity Debt. Pending such application, such moneys shall be subject to a lien and charge in favor of the Holders.

The Depository or Depositories may only disburse moneys from the 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 not made to someone other than AMP, the obligation has not been the basis for a prior requisition.

As soon as practicable, if and when AMP shall determine that the balance then to the credit of the Construction Subfund, or an account or subaccount therein, is no longer needed for the purposes for which the Subfund, account or subaccount was established, AMP shall deliver to the Depository or Depositories a certificate of an AMP Representative, approved by the Board of AMP by appropriate resolution, (A) stating that such balance is no longer required and the reason therefor in reasonable detail and (B) stating that requisitions have been made for the payment of all obligations which are payable from the Construction Subfund or such account or subaccount, to the appropriate Depository together with an Opinion of Counsel to the effect that there are no mechanics', workmen's, repairmen's, architects', engineers', surveyors', carriers', laborers', contractors' or materialmen's liens on any property constituting a part of the Project on file in any public office where the same should be filed in order to be perfected liens against the Project or any part thereof and that the time within which such liens can be filed has expired. As soon as practicable after such certification is delivered by AMP to the Depository or Depositories, the balance of the Construction Subfund or account or subaccount not reserved by AMP to payment of any remaining Costs of the Project, shall be transferred, as directed by AMP, (i) to the Renewal and Replacement Account of the Reserve and Contingency Subfund, or (ii) to the Bond Subfund for the payment, purchase or redemption of Bonds in accordance with the provisions of the Master Indenture. If the balance in such Subfund, account or subaccount is proceeds of a Series of Tax-Advantaged Bonds, or investment income allocable thereto, such direction of AMP shall be accompanied by an Opinion of Counsel nationally recognized as expert in tax matters relating to obligations of states and their political subdivisions to the effect that such proposed application of such balance will not adversely affect the exclusion from gross income for federal income tax purposes of interest or receipt of the Federal Subsidy, as applicable, on any or all of the outstanding Tax-Advantaged Bonds.

If provided in a Supplemental Indenture, if all proceeds of a Series of Bonds are expected to be disbursed on the date of issuance of such Series of Bonds, AMP may direct that the Construction Subfund be closed upon the disbursement of all amounts from the Construction Subfund.

## **Establishment of Project Fund and Other Subfunds; Application of Gross Receipts and Net Revenues**

*Creation of Project Fund, Subfunds and Accounts.* AMP shall create on its books a special fund to be known as the "AMP Michigan R.I.C.E. Peaking Project Fund" (the "Project Fund"). In addition to the Construction Subfund, the following subfunds and accounts are established in the 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 a Depository, the Revenue Subfund, in which there are established three special accounts to be known as the Operating Account, the Derivative Receipts Account and the General Account; and

(iii) with the Trustee, the Bond Subfund, in which there are established seven or more special accounts to be known as 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) with a Depository, the Subordinate Obligations Subfund, in which AMP may create one or more accounts by one or more Subordinate Obligations Indentures; and

(v) with a Depository, a Reserve and Contingency Subfund, in which there are established five special accounts to be known as the Renewal and Replacement Account, the Overhaul Account, the Rate Stabilization Account, the Environmental Improvement Account and the Self-Insurance 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.

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 provided in a Parity Debt Indenture, all Gross Receipts received by AMP or the Trustee for the account of AMP shall be deposited in 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 last Business Day of each month and on such other Deposit Day as may be required for all Bonds Outstanding, the Depository of the Revenue Subfund shall withdraw from the Revenue Subfund any legally available moneys then held to the credit of such Subfund and set aside or transfer any moneys so withdrawn to the Trustee or a Depository 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 budgeted for such month in the Annual Budget;

(ii) pay to the Trustee for deposit into the Bond Subfund, the sum of

(1) to the credit of the Interest Account, such amount, if any, as is required to make the amount to the credit of the Interest Account equal to so much of the Interest Requirement that shall accrue to and including the next Deposit Day or the last day of the then current Interest Period if it shall occur before the next scheduled 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 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, such 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.

(iii) pay to a Depository for credit to, or set aside with itself for credit to a special account in, the Subordinate Obligations Subfund, as provided herein, 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.

The balance, if any, remaining after making the transfers provided in clauses (i), (ii) and (iii) above, shall be credited to the General Account in the Revenue Subfund.

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 to the credit of the Operating Account, in the event funds to the credit thereof are insufficient, from the Rate Stabilization Account to pay AMP Operating Expenses as the same come due and payable.

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 held in the Bond Subfund or Subordinate Obligations Subfund are insufficient to make required interest and principal payments, moneys in the General Account shall be used prior to any withdrawal from the Reserve and Contingency Subfund, Parity Common Reserve Account or Special Reserve Account, 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 one Rating Agency 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 one Rating Agency 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 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 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 obligations payable under any Derivative Agreement (to the extent that payments thereunder constitute Parity Debt); (d) money held in the Environmental Improvements Account may be used for the mitigation of environmental impacts resulting from the operation of the Project; and (e) moneys held in the Self-Insurance Account may be used to pay for losses, liabilities or other purposes for which insurance proceeds, net of the applicable deductible, have been received or for losses, liabilities including reimbursement obligations or other purposes for which AMP was self-insured or uninsured or obligated for reimbursement on letters of credit or performance or surety bonds or the like.

## **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 the Master Indenture 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 Depositories, 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 or account, Investment Obligations in which money in such fund or account is invested shall be valued (a) at face value if such Investment Obligations mature within six months from the date of valuation thereof, and otherwise (b) at the market value of such Investment Obligations as provided in monthly statements by the Trustee. For the avoidance of doubt, the market valuation of Investment Obligations included in the monthly statements provided by the Trustee pursuant to the Indenture shall be conclusive absent manifest error.

All Investment Obligations in all of the subfunds, accounts and subaccounts established under the Master Indenture shall be valued as of the second Business Day immediately preceding each Principal Payment Date and each Interest Payment Date and, at the written request of an AMP Representative, as of any date on which a Series of Bonds are expected to be issued.

### **Certain Covenants of AMP**

*Covenant to Maintain the Project.* AMP will fulfill all of its obligations under the Master EPC Contract and all Related Agreements and, subject to the provisions of such Agreements (i) will at all times use its best efforts to maintain, preserve and keep or cause to be maintained, preserved or kept, the Project and all additions or betterments thereto and extensions thereof in good repair and good working order and condition, and (ii) will use its best effort to make or cause to be made all necessary and proper repairs, renewals, capital additions, replacements, extensions and betterments thereto so that at all times the business carried on in connection therewith may be properly and advantageously conducted.

*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 or cause to be maintained 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 Project or any part thereof and (ii) will include reasonable liability insurance on all of the Project for bodily injury and property damage resulting from the operation of the Project. All such insurance policies shall be carried with 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 herein 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 Project.

*Incurrence Tests.* Subsequent to the Effective Date, additional Parity Obligations may be issued or incurred only in compliance with the Incurrence Tests set forth in (a) and (b), subject to the issuance of Parity Obligations issued pursuant to (c) below:

(a) In the event of damage or destruction to the Project or a substantial part thereof 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 the 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 AMP’s share of the balance of the cost, as estimated by the Consulting Engineer, of the repairs required to return the Project to commercial operation.

(b) AMP may incur Parity Obligations for the purpose of refunding or reissuing any Outstanding Indebtedness (or a Derivative Agreement described in subsection (f) below) 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.

(c) For purposes of demonstrating compliance with the Incurrence Tests set forth in subsections (a) and (b), AMP may (but is not required to) elect in the applicable Supplemental Indenture to treat all Parity Obligations authorized in 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.

(d) Short-Term Indebtedness may be incurred under the Master Indenture as a Parity Obligation only in compliance with the Incurrence Tests. In addition, AMP may incur Short-Term Indebtedness as Subordinate Obligations under the Master Indenture.

(e) Notwithstanding the foregoing provisions of this Section, nothing herein contained shall preclude AMP from incurring any obligation under a Credit Facility.

(f) Notwithstanding the foregoing, nothing herein contained shall preclude AMP from entering into a Derivative Agreement, whether in connection with Indebtedness or otherwise, provided that, if AMP enters into a Derivative Agreement the regularly scheduled payments on which are to be treated as Parity Debt, the Incurrence Test set forth in subsection (b) must be met, and, if they Derivative Agreement is entered into to hedge Fuel or Fuel Expense, that the Rate Covenant will be met.

(g) Notwithstanding the foregoing provisions, nothing contained in the Master Indenture shall preclude AMP from entering into a Derivative Agreement either 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; 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 Parity Obligations and Derivative Agreements, regardless of whether issued as Parity Debt or Subordinate 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 its 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 the Power Sales Contract except by supplemental contract, as the case may be, duly executed by the applicable Participants and AMP, and upon the further terms and conditions set forth 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 the 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 the 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 Related Agreements 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 sell, exchange or otherwise dispose of or encumber the Project or any part thereof.

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 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 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.

Subject to the provisions of the Project Agreements, AMP may from time to time sell, exchange or otherwise dispose of (but not lease or contract for the use thereof except where AMP remains fully obligated under the Master Indenture and, if the rent in question exceeds 5% of the Gross Revenues of AMP for the preceding Fiscal Year, AMP shall expressly determine that such lease, contract or agreement will not materially impair the ability of AMP to meet the Rate Covenant) any other property of the Project if it determines by Board resolution:

1. that such property is no longer needed or is no longer useful in connection with the Project, or
2. that the sale, exchange or other disposition thereof would not materially adversely affect the operating efficiency of the Project,

and the proceeds, if any, thereof shall be transferred first to the Parity Common Reserve Account or any Special Reserve Account 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 Redemption Account in the Bond Subfund for the purchase or redemption of Bonds in accordance with the provisions of the Master Indenture, all as directed in an Officer's Certificate.

*Annual Budget.* Subject to the provision of the required information from the other parties to the Project Agreements, AMP covenants that, on or before the 45th day preceding the first day of each Fiscal Year, it will prepare with respect to the Project a preliminary budget of Gross Revenues and AMP Operating Expenses and a preliminary budget of capital expenditures for the ensuing Fiscal Year.

AMP further covenants that on or before the last day in such Fiscal Year it will finally adopt the budget of Gross Revenues and Operating Expenses and the budget of capital expenditures 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.

## **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 to duly 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 fails 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) or (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 have 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..

*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) have given to the Trustee written notice of the Event of Default on account of which suit, action or proceeding is to be instituted, (b) have 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) have 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) have offered to the Trustee reasonable security and satisfactory indemnity 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.

## **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 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 by AMP; (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) to permit the qualification of the Master Indenture under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if AMP so determines, to add to the Master Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law, or (f) to provide for the issuance of Bonds in bearer form, or (g) to provide for the issuance of Bonds under a book-entry system, or (h) to obtain a Credit Facility or Reserve Alternative Instrument or other credit enhancement, or to enter into a Derivative Agreement; 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, (i) enable AMP to comply with its obligations, covenants and agreements made in the Master Indenture or in any Parity Debt Indenture for the purpose of maintaining the tax status of interest or 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, (j) 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 Federal Energy Regulatory Commission, independent system operator or regional transmission organization, or their successor, affecting the Project, or (k) 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.

*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.

*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 any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders 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 shall not thereby be materially impaired.

*Supplemental Power Sales Contract with Consent.* Except for as provided above, AMP shall not agree 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 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, such consent to be obtained in the same manner as Supplemental Indentures requiring the consent of Owners or Holders.

*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 nationally recognized Independent Consultant, 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.

## **APPENDIX D-1**

### **PROPOSED FORM OF OPINION OF DINSMORE & SHOHL LLP**

March \_\_\_\_, 2025

American Municipal Power, Inc.  
Columbus, Ohio

Ladies and Gentlemen:

We have examined the transcript of proceedings relating to the issuance of \$21,830,000 AMP Michigan R.I.C.E. Peaking Project Revenue Bonds, Series 2025A (the “Bonds”) issued by American Municipal Power, Inc. (“AMP”) for the purposes of (i) repaying draws on AMP’s Line of Credit made to finance certain expenditures relating to the acquisition, construction, permitting and placement into service of 22.5 MW of behind-the-meter distributed generation and associated facilities, (ii) making a deposit to the Parity Common Reserve Account and (iii) paying the costs of issuance of the Bonds. The transcript documents include executed counterparts of: (i) Resolution No. 25-02-4568 adopted by the Board of Trustees of AMP on February 19, 2025 (the “Resolution”); (ii) the Power Sales Contract dated as of March 15, 2023 (the “Power Sales Contract”) between AMP and two of its members, located in Michigan (the “Participants”); (iii) the Master Trust Indenture dated as of March 1, 2025 between AMP and U.S. Bank Trust Company, National Association, as trustee (the “Master Indenture”); (iv) the First Supplemental Indenture, dated as of March 1, 2025 and between AMP and U.S. Bank Trust Company, National Association, as trustee (the “First 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 opinion of AMP's General Counsel, as to the 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 Official Statement dated March 18, 2025 relating to the offering of the Bonds.

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 D-2 – PROPOSED FORM OF FEDERAL TAX OPINION OF  
NORTON ROSE FULBRIGHT US LLP**

March \_\_, 2025

American Municipal Power, Inc.  
Columbus, Ohio

Re: \$21,830,000 AMP Michigan R.I.C.E. Peaking Project, Series 2025A

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. 25-02-4568 adopted on February 19, 2025 by the Board of Trustees of AMP authorizing the issuance of the Bonds (the “Authorizing Resolution”);
- (ii) the Power Sales Contract dated as of March 15, 2023 (“Power Sales Contract”) between AMP and two of its members located in Michigan (the “Participants,”);
- (iii) the Master Trust Indenture of Trust dated as of March 1, 2025 between AMP and U.S. Bank Trust Company, National Association, as trustee (the “Master Indenture”);
- (iv) the First Supplemental Indenture dated as of March 1, 2025 between AMP and U.S. Bank Trust Company, National Association, as trustee (the “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 prior, current, and future compliance with the Internal Revenue Code of 1986, as amended (the “Code”);
- (vi) the Certificate of each of the Participants addressing certain representations and covenants of the Participants concerning prior, current and future compliance with the Code (the “Participant Certificates”);
- (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 such other documents, proceedings and matters as we deem necessary to enable us to express the opinion set forth below.

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. 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 Supplemental Indenture has been duly authorized, executed and delivered by the parties thereto and is valid and binding in accordance its terms.

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 current law:

1. Except as provided in the following sentences in this paragraph and assuming continuing compliance by AMP and the Participants with their respective covenants to comply with the requirements of the Code, interest on the Bonds is not includable in gross income for federal income tax purposes under current law. 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 either 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 a failure by the Participants to comply with the applicable requirements of the Code and the covenants contained in the Power Sales Contract and Participant Certificates. We express no opinion as to the effect on the exclusion from gross income of the interest on the Bonds for federal income tax purposes of any change to any document pertaining to the Bonds or of any action taken or not taken when such change is made or action is taken or not taken without our approval or upon the advice or approval of counsel other than ourselves.

2. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals. We express no opinion regarding the applicability of the federal corporate alternative minimum tax to the adjusted financial statement income of certain corporations.

The Code contains other provisions that could result in tax consequences as a result of ownership of the Bonds or the inclusion in certain computations of interest that is excluded from gross income. Other than as described herein, we have not addressed and we are not opining on the tax consequences to any investor of the investment in, or receipt of any interest on, the Bonds.

You have received the opinion of Dinsmore & Shohl LLP, 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.

Our services did not include financial or other non-legal advice. Further, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated March 18, 2025 relating to the offering of the Bonds, or other offering material relating to the Bonds and express no opinion with respect thereto.

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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**BOOK-ENTRY SYSTEM**

DTC will act as securities depository for the Series 2025A Bonds. The Series 2025A 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 for each maturity of the Series 2025A Bonds, in the aggregate principal amount of such maturity, 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 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](http://www.dtcc.com).

Purchases of Series 2025A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025A 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 2025A 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 2025A Bonds, except in the event that use of the book-entry system for the Series 2025A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025A 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 2025A 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 2025A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025A 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 2025A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2025A Bonds may wish to ascertain that the nominee holding the Series 2025A 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.

Redemption notices shall be sent to DTC. If less than all of the Series 2025A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025A 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 2025A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Series 2025A 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. Payment of redemption proceeds, principal and interest 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 2025A 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 E 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 F

### PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this “Disclosure Undertaking”), is executed and delivered as of March 27, 2025 by American Municipal Power, Inc. (“AMP”) in connection with the issuance of AMP Michigan R.I.C.E. Peaking Project Revenue Bonds, Series 2025A (the “Bonds”). The Bonds are being issued pursuant to a Master Trust Indenture, dated as of March 1, 2025 (the “Master Trust Indenture”), as supplemented by the First Supplemental Indenture, dated as of March 1, 2025, between AMP and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), in each such case, in substantially the form thereof heretofore provided to the Participating Underwriter. The Master Trust Indenture, as so supplemented, is herein called the “Indenture”. AMP covenants and agrees as follows:

**1. PURPOSE OF THE DISCLOSURE UNDERTAKING.** This Disclosure Undertaking is being executed and delivered by AMP for the benefit of the holders of the 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 Undertaking except to the extent required for the agreements contained in this Disclosure Undertaking 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 Undertaking unless otherwise defined in this Disclosure Undertaking, 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 Undertaking.

“Beneficial Owner” shall mean, for purposes of this Disclosure Undertaking, any person who is a beneficial owner of a 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 single 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.

“Financial Obligation” is defined in the Rule to mean “a (A) [d]ebt obligation; (B) [d]erivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) [g]uarantee of a debt obligation or derivate instrument” and does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the twelve-month period at the end of which financial position and results of operations are determined. Currently, AMP’s Fiscal Year begins January 1 and continues

through December 31 of the same calendar year, and each MOP's Fiscal Year begins on July 1 and end June 30 of the following calendar year as specified in Section 4 hereof.

"Listed Events" shall mean, with respect to the 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<sup>1</sup>;
- (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;

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<sup>1</sup> 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.

(15) Incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

“MOP” shall mean an “obligated person” within the meaning of the Rule. Each of the cities of Coldwater, Michigan and Hillsdale, Michigan 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 March 18, 2025 relating to the Bonds.

“Participating Underwriter” shall mean each original Underwriter of the Bonds required to comply with the Rule in connection with the offering of such 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 Undertaking. 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, 2025. 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 Undertaking, and (iii) shall include such financial statements as may be required by the Rule.

3.2 The annual financial statements of AMP and 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 (3.1) 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, 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 years for each MOP begins on July 1 and end June 30 of the following calendar year and, as such, annual statistical and financial information for each MOP 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 in a timely manner not in excess of ten business days after the occurrence of the event to the MSRB via EMMA, if any, notice of any of the Listed Events.

**6. TERMINATION OF REPORTING OBLIGATION.** AMP’s obligations under this Disclosure Undertaking shall terminate upon the earlier to occur of the legal defeasance or final retirement of all the 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 Undertaking and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

**8. AMENDMENT.** Notwithstanding any other provision of this Disclosure Undertaking, AMP may amend this Disclosure Undertaking, 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 Undertaking shall be deemed to prevent AMP from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking 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 Undertaking. 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 Undertaking, 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 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 Undertaking, or to enforce any other obligation of AMP hereunder. A default under this Disclosure Undertaking shall not be deemed an event of default under the Indenture or the Bonds, and the sole remedy under this Disclosure Undertaking 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 Undertaking 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 Undertaking shall entitle any person to any other relief other than an order or injunction compelling performance.

**11. BENEFICIARIES.** This Disclosure Undertaking shall inure solely to the benefit of the Participating Underwriter and Beneficial Owners from time to time of the 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 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. AMP Michigan R.I.C.E. Peaking Project Revenue Bonds,  
Series 2025A

CUSIP NOS. 02765U SY1 – TT1

Dated: March 27, 2025

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 Undertaking, which was entered into in connection with the above-named Bonds issued pursuant to that certain Master Trust Indenture, dated as of March 1, 2025, as supplemented by the First Supplemental Indenture, dated as of March 1, 2025, each between AMP and U.S. Bank Trust Company, National Association, 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





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