NEW ISSUE — BOOK-ENTRY ONLY **RATINGS: (SEE "RATINGS" HEREIN.)**

Interest on the Series 2010 Bonds will be includable in gross income of the owners thereof for the federal income tax purposes. In the opinion of Peck, Shaffer & Williams LLP, Bond Counsel, interest on the Series 2010 Bonds will be exempt from certain Ohio taxes. See "TAX MATTERS."

$300,000,000
AMERICAN MUNICIPAL POWER, INC.
PRAIRIE STATE ENERGY CAMPUS PROJECT REVENUE BONDS
SERIES 2010 (FEDERALLY TAXABLE — ISSUER SUBSIDY — BUILD AMERICA BONDS)

DATED: DATE OF ISSUANCE **DUE: FEBRUARY 15, 2047**

The Prairie State Energy Campus Project Revenue Bonds, Series 2010 (Federally Taxable — Issuer Subsidy — Build America Bonds) (the "Series 2010 Bonds") will be issued by American Municipal Power, Inc. ("AMP") in book-entry only form through The Depository Trust Company, which will act as securities depository. Purchases of the Series 2010 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 2010 Bonds will be made to beneficial owners by DTC through its participants. See APPENDIX F hereto. Interest on the Series 2010 Bonds will accrue from their issuance date and will be paid each February 15 and August 15, commencing on February 15, 2011 as more fully described herein.

$300,000,000 5.939% Term Bonds due February 15, 2047 — Price 100% — CUSIP 02765UDN1(1)

The Series 2010 Bonds are subject to optional make-whole, extraordinary optional and mandatory sinking fund redemption prior to maturity as described herein.

The Series 2010 Bonds are being issued and will be secured under the Master Trust Indenture, dated as of November 1, 2007 (the "Master Trust Indenture"), as supplemented by the Fifth Supplemental Indenture, dated as of September 1, 2010, both between AMP and U.S. Bank National Association, Cincinnati, Ohio, as trustee (the "Trustee"). The Master Trust Indenture, as so supplemented and as heretofore and further supplemented and amended from time to time, is herein called the "Indenture".

The Series 2010 Bonds are being issued to (i) make a deposit to the Acquisition and Construction Account under the Indenture to finance capital expenditures, costs and expenses associated with AMP's Ownership Interest in the Prairie State Energy Campus (the "PSEC"); (ii) fund capitalized interest on the Series 2010 Bonds; (iii) fund a deposit to the Parity Common Reserve Account; and (iv) pay the costs of issuance of the Series 2010 Bonds.

AMP has entered into a Power Sales Contract dated as of November 1, 2007 (the "Power Sales Contract") with various municipalities in the States of Michigan, Ohio, Virginia and West Virginia (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 for its respective share of Power Sales Contract Resources (each a "PSCR Share"), including its share of electric power and energy from AMP's Ownership Interest in the PSEC, from the revenues of its Electric System.

The Series 2010 Bonds are special and limited obligations of AMP payable from and secured solely by the Trust Estate pledged under the Indenture, which includes payments to be made to AMP by the Participants pursuant to the Power Sales Contract.

THE SERIES 2010 BONDS ARE NOT OBLIGATIONS OF OR GUARANTEED BY THE STATE OF MICHIGAN, OHIO, VIRGINIA OR WEST VIRGINIA, THE MEMBERS OF AMP, THE PARTICIPANTS OR ANY POLITICAL SUBDIVISION OR INSTRUMENTALITY THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF MICHIGAN, OHIO, VIRGINIA OR WEST VIRGINIA, OR ANY POLITICAL SUBDIVISION, INCLUDING THE MEMBERS OF AMP AND THE PARTICIPANTS, IS PLEDGED FOR THE PAYMENT OF THE SERIES 2010 BONDS. AMP HAS NO TAXING POWER.

The Series 2010 Bonds are offered, subject to prior sale, when, as and if issued and accepted by the Underwriters, subject to the approval of legality by Peck, Shaffer & Williams LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for AMP by its General Counsel, Chester Willcox & Saxbe LLP, and by its Federal Tax Counsel, Sidley Austin LLP, and for the Underwriters by Nixon Peabody LLP. It is expected that delivery of the Series 2010 Bonds will be made on or about September 29, 2010, through the facilities of DTC.

J.P. Morgan
BofA Merrill Lynch

BMO Capital Markets
The Huntington Investment Company

KeyBanc Capital Markets **Edward Jones** **Ramirez & Co., Inc.**
Raymond James **SunTrust Robinson Humphrey Inc.** **Wells Fargo Securities**

Purchases of the Series 2010 Bonds involve certain investment risks as described herein. 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 September 22, 2010 and the information contained herein speaks only as of that date.

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(1) CUSIP® is a registered trademark of the American Bankers Association. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only, and AMP does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the Series 2010 Bonds as a result of various subsequent actions including, but not limited to, a defeasance in whole or in part of the Series 2010 Bonds.

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

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

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

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

The Series 2010 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 2010 Bonds for sale.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE SERIES 2010 BONDS. SUCH TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$300,000,000
AMERICAN MUNICIPAL POWER , INC.
PRAIRIE STATE ENERGY CAMPUS PROJECT REVENUE BONDS
Series 2010 (Federally Taxable – Issuer Subsidy – Build America Bonds)

INTRODUCTION

PURPOSE

This Official Statement, which includes the cover page and appendices attached hereto, contains information concerning (a) American Municipal Power, Inc. ("*AMP*"), an Ohio nonprofit corporation established pursuant to the laws of the State of Ohio, (b) AMP's Prairie State Energy Campus Project Revenue Bonds, Series 2010 (Federally Taxable – Issuer Subsidy – Build America Bonds) (the "*Series 2010 Bonds*") and (c) the Prairie State Energy Campus (the "*PSEC*"), in which AMP holds a 23.26% undivided ownership interest (the "*Ownership Interest*").

The Series 2010 Bonds are being issued by AMP to (i) make a deposits to the 2010 Acquisition and Construction Accounts under the Indenture to finance capital expenditures, costs and expenses associated with the PSEC; (ii) fund capitalized interest on the Series 2010 Bonds; (iii) fund a deposit to the Parity Common Reserve Account; and (iv) pay the costs of issuance of the Series 2010 Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES" herein.

AUTHORIZATION FOR SERIES 2010 BONDS

The Series 2010 Bonds shall be issued and secured under the Master Trust Indenture, dated as of November 1, 2007 (the "*Master Trust Indenture*"), entered into between AMP and U.S. Bank National Association, Cincinnati, Ohio, as trustee (the "*Trustee*"), as supplemented by the Fifth Supplemental Indenture (the "*Fifth Supplemental Indenture*"), dated as of September 1, 2010, between AMP and the Trustee. The Master Trust Indenture, as so supplemented and as heretofore and further supplemented and amended from time to time, is herein called the "*Indenture*". The Series 2008A Bonds, the Series 2009A Bonds, the Series 2009B Bonds and the Series 2009C Bonds (each as hereinafter defined, collectively the "*Outstanding Bonds*") and any additional bonds issued under the Indenture on a parity with the Series 2010 Bonds (collectively with the Series 2010 Bonds and the Outstanding Bonds, the "*Bonds*") and any Parity Debt are herein called collectively "*Parity Obligations*".

AMP

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

AMP operates on a cooperative nonprofit basis for the mutual benefit of its Members, all but one of which owns and/or operates a municipal electric utility system (each, an "*Electric System*" and collectively, the "*Electric Systems*"). As of August 1, 2010, AMP had 128 Members – 82 municipalities in Ohio, 30 boroughs in Pennsylvania, six cities in Michigan, five municipalities in Virginia, three cities in Kentucky and two cities in West Virginia, all but one of which owns and operates electric distribution systems and a few of which own and operate generating assets. The remaining Member is in the process of creating a municipal electric distribution system.

AMP has obtained letters from the Internal Revenue Service (the "*IRS*") determining that AMP qualifies as a Section 501(c)(12) corporation under the Internal Revenue Code of 1986, as amended (the "*Code*"), and its income is therefore exempt from federal income tax, provided 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 include debt service). AMP believes that it has met the requirements for maintenance of its 501(c)(12) status each year since it received the ruling. AMP intends to retain its 501(c)(12) status and is of the opinion that acquiring its Ownership Interest in the PSEC will not adversely affect its ability to maintain its 501(c)(12) status. See "AMERICAN MUNICIPAL POWER, INC." and "TAX MATTERS".

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

THE PSEC

The PSEC will consist of a supercritical, coal-fired, mine mouth generating facility intended to have a minimum net rated electric generating capacity of approximately 1,582 MW, related equipment and facilities and associated coal reserves. The PSEC Owners (as defined herein), including AMP, own the PSEC. The generating facilities are being constructed pursuant to the Amended and Restated EPC Contract (as defined herein) with Bechtel Power Corporation ("*Bechtel*"). See "PRAIRIE STATE ENERGY CAMPUS – EPC CONTRACTOR" herein.

Under the terms of the Original EPC Contract (as defined herein) with Bechtel, while the contractual target completion dates for Units 1 and 2 of the PSEC were December 1, 2011 and August 1, 2012, Bechtel had targeted Units 1 and 2 of the PSEC for completion on August 1, 2011 and May 1, 2012, respectively (the "*Original Scheduled In-Service Dates*"). Under the terms of the Amended and Restated EPC Contract with Bechtel, the contractual completion dates for Units 1 and 2 of the PSEC are December 6, 2011 and August 1, 2012, respectively (rounded for financing purposes to December 15, 2011 and August 15, 2012, respectively, the "*Revised Scheduled In-Service Dates*"). See "PRAIRIE STATE ENERGY CAMPUS – PROJECT STATUS – *Construction Status*" herein.

AMP's 23.26% Ownership Interest in the PSEC entitles AMP to approximately 368 MW of the capacity and output from the PSEC and a proportionate share of the adjacent coal reserves and mining facilities.

OTHER

This Official Statement includes information regarding and descriptions of AMP, the PSEC, the Participants (as hereinafter defined) and the Series 2010 Bonds, and summaries of certain provisions of the Indenture and the Power Sales Contract, dated as of November 1, 2007 (the "*Power Sales Contract*"), between AMP and various Members in Michigan, Ohio, Virginia and West Virginia (the "*Participants*"). 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 Underwriters. Descriptions of the Indenture, the Series 2010 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

GENERAL

AMP issues both interim and long-term debt to pay costs associated with the financing, development, acquisition, construction, equipping and placing into service of its Ownership Interest in the PSEC (the "*Project*"). AMP estimates as of September 1, 2010 that its share of the total Project costs, including AMP's share of PSEC capital improvements through 2016, will result in the issuance by AMP of approximately $1.697 billion of debt. These estimated costs include (i) AMP's costs of acquisition of its Ownership Interest and its share of the cost of construction of the PSEC, including an allowance for contingencies, (ii) capitalized interest during and after the scheduled in service dates of the two PSEC Units, (iii) costs of issuance associated with both the interim and long-term financing for the Project and (iv) deposits to the Parity Common Reserve Account for the Bonds issued to permanently finance the Project.

CREDIT AGREEMENT

AMP is party to a five-year Credit Agreement dated as of September 24, 2007, as amended, with a syndicate of commercial banks led by J.P. Morgan Chase Bank, National Association, with a total available line of $550 million (as amended, the "*Line of Credit*"). AMP may borrow directly on the Line of Credit or request the issuance of letters of credit against the Line of Credit in support of its interim financing arrangements.

AMP drew on the Line of Credit in 2007 to pay development costs associated with the PSEC and in December 2007 posted a standby letter of credit issued under the Line of Credit to secure AMP's non-recourse $50 million note (the "*2007 Note*") issued to pay the acquisition price of its Ownership Interest in the PSEC. Letters of credit have also been issued under the terms of the Line of Credit to secure commercial paper ("*CP*") issued by AMP for the Project and other AMP generation projects.

AMP's principal use of the Line of Credit as of September 1, 2010 is to post letters of credit as collateral for its obligations under power purchase agreements for the benefit of its Members. The Line of Credit is not currently being used for the Project.

COMMERCIAL PAPER PROGRAM

On January 22, 2008, AMP initiated a tax-exempt CP program (the "*Initial CP Program*"), with an authorized par amount of $350 million, secured by a letter of credit issued under its Line of Credit. On February 12, 2009, AMP's Board of Trustees resolved to increase the authorized par amount of the Initial CP Program to $400 million. On September 24, 2009, AMP replaced its Initial CP Program with its second tax-exempt CP program (the "*Current CP Program*"), with an authorized par amount of $450 million, secured by a letter of credit issued under its Line of Credit. There is currently no CP outstanding under the Current CP Program.

AMP issued CP under the Initial CP Program in January 2008 to pay off the 2007 Note and to pay costs of acquisition and construction of the Project. AMP continued to issue CP under the Initial CP Program for Project costs through June 2008 and CP under the Initial CP Program and Current CP Program thereafter for other AMP projects.

PRIOR PSEC FINANCINGS

On April 2, 2008, AMP issued its Prairie State Project Revenue Bond Anticipation Notes, Series 2008 (the "*2008 BANs*") in the principal amount of $120,000,000. Proceeds of the 2008 BANs were used to provide additional funds to pay a portion of AMP's Project costs.

On July 2, 2008, AMP issued $760,655,000 Prairie State Energy Campus Revenue Bonds, Series 2008A (the "*Series 2008A Bonds*") as Parity Obligations under the Master Trust Indenture, as supplemented by the First Supplemental Indenture, dated as of July 1, 2008, with the Trustee. AMP used the proceeds of the Series 2008A Bonds to (i) refund all of the CP issued under the Initial CP Program allocable to the Project; (ii) make a deposit to the 2008A Acquisition and Construction Account within the Acquisition and Construction Subfund under the Indenture to finance capital expenditures, costs and expenses associated with the PSEC; (iii) fund capitalized interest on the Series 2008A Bonds; (iv) fund a deposit to the Parity Common Reserve Account; and (v) pay the costs of issuance of the Series 2008A Bonds. The Series 2008A Bonds mature on February 15 in each of the years 2013 through 2028, inclusive, 2031, 2033, 2038 and 2043.

On March 31, 2009, AMP issued $166,565,000 Prairie State Energy Campus Revenue Bonds, Series 2009A (the "*Series 2009A Bonds*") as Parity Obligations under the Indenture, as supplemented by the Second Supplemental Indenture, dated as of January 1, 2009, with the Trustee. AMP used the proceeds of the Series 2009A Bonds to (i) pay at their April 1, 2009 maturity the principal of and interest on the 2008 BANs; (ii) fund capitalized interest on the Series 2009A Bonds; (iv) fund a deposit to the Parity Common Reserve Account; and (v) pay the costs of issuance of the Series 2009A Bonds. The Series 2009A Bonds mature on February 15 in each of the years 2017 through 2029, inclusive, 2036 and 2039.

On October 15, 2009, AMP issued $83,745,000 Prairie State Energy Campus Revenue Bonds, Series 2009B (Federally Taxable) (the "*Series 2009B Bonds*") and $385,835,000 Prairie State Energy Campus Revenue Bonds, Series 2009C (Federally Taxable – Issuer Subsidy – Build America Bonds) (the "*Series 2009C Bonds*" and, together with the Series 2009B Bonds, the "*Series 2009B and C Bonds*") under the Indenture, as supplemented by the Third and Fourth Supplemental Indentures, each dated as of July 1, 2009, with the Trustee. AMP used the proceeds of the Series 2009B and C Bonds to (i) make deposits to the 2009B and 2009C Acquisition and Construction Accounts under the Indenture to finance capital expenditures, costs and expenses associated with the PSEC; (ii) repay draws on the Line of Credit used to finance Project costs which are not eligible for tax-exempt financing; (iii) fund capitalized interest on the Series 2009B and C; (iv) fund deposits to the Parity Common Reserve Account; and (v) pay the costs of issuance of the Series 2009B and C Bonds. The Series 2009B Bonds mature on February 15 in each of the years 2013 through 2019, inclusive, 2024 and 2028. The Series 2009C Bonds mature on February 15 in the years 2034, 2039 and 2043.

See "DEBT SERVICE REQUIREMENTS" herein for the scheduled debt service, including sinking fund requirements, for the Outstanding Bonds.

INTEREST DURING CONSTRUCTION

AMP capitalized interest on the Outstanding Bonds from the proceeds thereof through six months after the Original Scheduled In-Service Dates of August 1, 2011 for Unit 1 and May 1, 2012 for Unit 2 (i.e., through February 1, 2012 on Outstanding Bonds allocable to Unit 1 and through November 1, 2012 on Outstanding Bonds allocable to Unit 2). AMP currently intends to bill the Participants beginning January 1, 2012 for debt service on the Outstanding Bonds that begins to accrue six months after the Original Scheduled In-Service Dates.

AMP will use a portion of the proceeds of the Series 2010 Bonds to capitalize interest on the Series 2010 Bonds through the Revised Scheduled In-Service Dates (i.e., through December 15, 2011 on all of the Series 2010 Bonds and through August 15, 2012 on the Series 2010 Bonds allocable to Unit 2). AMP intends to utilize a portion of the proceeds of the Series 2009B Bonds credited to the 2009B Acquisition and Construction Account to pay interest on the Series 2010 Bonds accruing for the six-month periods after the Revised Scheduled In-Service Dates (i.e., through June 15, 2012 on the Series 2010 Bonds and through February 15, 2013 on the Series 2010 Bonds allocable to Unit 2).

CURRENT FINANCING

On August 19, 2010, the AMP Board of Trustees adopted a resolution authorizing up to $300 million principal amount of the Series 2010 Bonds. AMP intends to issue the Series 2010 Bonds in an amount sufficient to (a) finance its remaining share of the projected Project costs, as estimated as of September 1, 2010, and certain other capital expenditures to be made after the Revised Scheduled In-Service Dates, (b) capitalize interest on the Series 2010 Bonds as set forth above, (c) make a deposit to the Parity Common Reserve Account and (d) pay the costs of issuance of the Series 2010 Bonds. Since the issuance of the Outstanding Bonds, the estimated capital cost of the PSEC (not including AMP's financing costs and allowance for contingencies) has increased by approximately $652 million, of which AMP's share is approximately $151.6 million. This estimated capital cost, however, is based on Project costs estimates as of September 1, 2010 and such estimates remain subject to change. See "PRAIRIE STATE ENERGY CAMPUS – Project Status" and "- Project Budget" and APPENDIX G – "CONSULTING ENGINEER'S REPORT – Projected Financing Requirements and Operating Results."

FUTURE FINANCINGS

If the final cost of the PSEC is greater than currently estimated or the in-service dates of the Units are later than the Revised Scheduled In-Service Dates, AMP may issue additional Bonds under the Indenture. The size, timing and structure of any such additional financings would be subject to Project draw requirements, as well as general market and economic conditions.

INVESTMENT OF PROCEEDS

AMP may seek competitive proposals for "delivery versus payment" forward delivery agreements or portfolios of Permitted Investments from qualified financial institutions for the investment of funds credited to the 2010 Construction Account and the Parity Common Reserve Account allocable to the Series 2010 Bonds. AMP's decision to seek and accept any such proposal may be made on or after the date of pricing of the Series 2010 Bonds and will be subject to the acceptability of the terms and conditions of such proposals, market conditions and other factors.

ESTIMATED SOURCES AND USES OF PROCEEDS OF THE SERIES 2010 BONDS

The sources and uses of funds in connection with the issuance of the Series 2010 Bonds are estimated to be as follows:

	SERIES 2010 BONDS	OTHER AVAILABLE MONEYS
SOURCES:		
Par Amount	$300,000,000	-
Available Proceeds in 2009B Acquisition and Construction Account[1]	-	$5,719,592
Total Sources	$300,000,000	$5,719,592
USES:		
Deposit to 2010 Acquisition and Construction Account	$262,790,383	-
Capitalized Interest on the Series 2010 Bonds[1]	17,083,395	$5,719,592
Deposits to the Parity Common Reserve Account[2]	17,013,919	-
Costs of Issuance[3]	3,112,302	-
Total Uses[4]	$300,000,000	$5,719,592

SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 BONDS

The Series 2010 Bonds are payable from and secured solely by the Trust Estate pledged under the Indenture. The Series 2010 Bonds are equally and ratably secured and are payable solely from the Gross Receipts (subject to the provisions of the Master Trust Indenture which permit AMP to apply such Gross Receipts to the payment of AMP Operating Expenses) 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), the Federal Subsidy (as defined below) and the investment income on moneys and securities held by the Trustee in certain subfunds, accounts and subaccounts established pursuant to the Indenture. See "- FEDERAL SUBSIDIES" herein. The Gross Receipts are to be applied in accordance with the priorities established under the Indenture.

THE SERIES 2010 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 2010 BONDS IS NOT GUARANTEED BY AMP, ITS MEMBERS OR THE PARTICIPANTS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE MEMBERS, THE PARTICIPANTS, THE STATE OF MICHIGAN, OHIO, VIRGINIA OR WEST VIRGINIA OR ANY POLITICAL SUBDIVISION OR INSTRUMENTALITY THEREOF IS PLEDGED FOR THE PAYMENT OF THE SERIES 2010 BONDS. AMP HAS NO TAXING POWER.

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[1] AMP will net-fund the 2010 Capitalized Interest Subaccount of the Bond Subfund in an amount to be sufficient, along with other available funds, including investment earnings on the 2010 Capitalized Interest Subaccount and proceeds of the Series 2010 Bonds credited to the Parity Common Reserve Account and to pay interest on the Series 2010 Bonds through the Revised Scheduled In-Service Date of each Unit of the PSEC. Amounts currently credited to the 2009B Acquisition and Construction Account to be transferred to the 2010 Capitalized Interest Subaccounts will be in an amount sufficient to pay interest on the Series 2010 Bonds from the date of issuance through six months following the Revised Scheduled In-Service Date of each Unit of the PSEC.
[2] Such deposits, together with amounts on deposit in the Parity Common Reserve Account, shall equal Coincidental MADS (as hereinafter defined) on the PCRA-Secured Parity Obligations (as hereinafter defined).
[3] Includes underwriting discount and rating agency, Trustee, consultant and legal fees and other expenses related to the issuance of the Series 2010 Bonds.
[4] Numbers under Uses for Series 2010 Bonds do not add to Total Uses due to rounding.

THE INDENTURE

The Series 2010 Bonds are secured under the Indenture by the "Trust Estate" which includes the Gross Receipts (except as stated above) that include the Federal Subsidies (as defined below), AMP's rights under the Power Sales Contract (subject to certain reserved rights), proceeds of the Series 2010 Bonds credited to the related Capitalized Interest Account and to the related Acquisition and Construction Account until such proceeds are paid out for the cost of the Project, amounts credited to the Parity Common Reserve Account, and certain other amounts credited to certain subfunds, accounts and subaccounts under the Indenture. For a description of the other subfunds, accounts and subaccounts established pursuant to the Indenture, as well as other provisions of the Indenture, see APPENDIX D – "Summary of Certain Provisions of the Indenture".

The pledge of the Gross Receipts is subject to the provisions of the Indenture permitting AMP to apply such Gross Receipts 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 Ownership Interest and the satisfaction of AMP's obligations pursuant to the Power Sales Contract. See APPENDIX D – "Summary of Certain Provisions of the Indenture – *Definitions*" for the definition of AMP Operating Expenses.

FEDERAL SUBSIDIES

AMP currently intends to designate the Series 2010 Bonds as "Build America Bonds" for purposes of the Recovery Act. See "THE SERIES 2010 BONDS – Designation of Series 2010 Bonds as 'Build America Bonds'" for a more detailed discussion of such designation. AMP expects to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Series 2010 Bonds (the "*Series 2010 Federal Subsidy*"). AMP previously designated its $385,835,000 Series 2009C Bonds as Build America Bonds and is eligible to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Series 2009C Bonds (the "*Series 2009C Federal Subsidy"* and collectively with the Series 2010 Federal Subsidy the "*Federal Subsidies*"). See "DEBT SERVICE REQUIREMENTS" for the anticipated amounts of the Federal Subsidies.

Under the Master Trust Indenture, the Federal Subsidies are part of the Trust Estate and pledged under the Indenture to all Parity Obligations, including the Series 2010 Bonds. Further, under the Fifth Supplemental Indenture, AMP will covenant to file timely the required documents with the Internal Revenue Service so that the Trustee may receive the Series 2010 Federal Subsidy directly on or before each Interest Payment Date for the Series 2010 Bonds. AMP made a similar covenant in the supplemental indenture relating to Series 2009C Federal Subsidy, and to date AMP has made timely filings for and the Trustee has received in full the Series 2009C Federal Subsidy for each interest payment date on the Series 2009C Bonds. In the event that AMP fails to make a timely filing for the Federal Subsidies, or either of them, or the Federal Subsidies, or either of them, are not timely received in full by the Trustee, the Trustee may not have sufficient Net Receipts to pay the debt service due on the Bonds without resort to the Parity Common Reserve Account. The Federal Subsidies are subject to set-off by the United States Treasury if and to the extent of any amounts, such as an unpaid payroll tax, owing to the United States Treasury by AMP.

PARITY COMMON RESERVE ACCOUNT

Pursuant to the Indenture, the Series 2010 Bonds and the Outstanding Bonds are secured by amounts on deposit in the Parity Common Reserve Account of the Bond Subfund, including the investments, if any, thereof, which amounts are pledged to the Trustee as additional security for the payment of the principal of, and interest on, and premium, if any, on such Bonds. AMP may elect to secure additional Parity Obligations with amounts held in the Parity Common Reserve Account (the Series 2010 Bonds, the Outstanding Bonds and any other Parity Obligations having the benefit of the Parity Common Reserve Account, collectively, "PCRA-Secured Parity Obligations").

Under the Indenture, AMP is required to deposit and maintain an amount equal to the Parity Common Reserve Requirement in the Parity Common Reserve Account. The Parity Common Reserve Requirement is defined in the Indenture, as of any date of calculation, as an amount in respect of the outstanding PCRA-Secured Parity Obligations, including the Series 2010 Bonds and the Outstanding Bonds, equal to the least of (i) the maximum Debt Service Requirements for such Parity Obligations in any Fiscal Year ("*MADS*"), (ii) 125% of the average annual Debt Service Requirements for such outstanding Parity Obligations, and (iii) 10% of the original principal amount of such Parity Obligations, provided that if a Series of such Tax Exempt Parity Obligations has more than a de minimis amount of original issue discount or original issue premium, as described in Treasury Regulation Section 1-148-1(b), the issue price of such Parity Obligations is substituted for the principal amount of such Parity Obligations. Amounts held in the Parity Common Reserve Account are to be applied to make payment of the principal of, sinking fund redemption price of, or interest on, PCRA-Secured Parity Obligations, including the Series 2010 Bonds, in the event that amounts on deposit in the Bond Subfund are not sufficient therefor. AMP will, from the proceeds of the sale of the Series 2010 Bonds, fund the Parity Common Reserve Account in an amount sufficient to make the balance to the credit thereof on the date of issuance of the Series 2010 Bonds equal to the Parity Common Reserve Requirement for all the PCRA-Secured Parity Obligations. As of the date of issuance of the Series 2010 Bonds, the Parity Common Reserve Requirement will be in the amount of $113,246,992, which is equal to coincidental maximum annual debt service for the Series 2010 Bonds and the Outstanding Bonds ("*Coincidental MADS*"). See APPENDIX D – "Summary of Certain Provisions of the Indenture" for a description of the Parity Common Reserve Account and the Parity Common Reserve Account Requirement.

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

THE POWER SALES CONTRACT

General. Under the Power Sales Contract, each Participant is entitled to receive its Power Sales Contract Resource Share (the "*PSCR Share*") of the nominal power and associated energy from the Power Sales Contract Resources, which include the electric power and energy from AMP's Ownership Interest, Replacement Power, and transmission services. In exchange therefor, the Participants are 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 Ownership Interest, including debt service on the Series 2010 Bonds. With two exceptions, each Participant's obligation to make payments pursuant to the Power Sales Contract is a limited obligation payable solely out of the revenues, and as an operating expense, of its Electric System. In the case of each of the City of Coldwater, Michigan and the City of Marshall, Michigan, in certain circumstances as more fully described in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACT – Rates and Charges; Method of Payment," its obligations under the Power Sales Contract may be payable from the revenues of its Electric System on a basis subordinate to the payment of the operating expenses of its Electric System and to debt service on its outstanding (but not future) senior Electric System revenue bonds until such revenue bonds are retired.

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

However, if a court of competent jurisdiction shall render a final, nonappealable decision that the "Take-or-Pay" provision is, as a matter of law in such state, illegal, unconstitutional or otherwise unenforceable against the Participants within the jurisdiction of such court, the "Take-or-Pay" provision of the Power Sales Contract shall be modified with respect to all Participants. In such event, the obligation of the Participants to make payments pursuant to the Power Sales Contract shall become a "Take-and-Pay" obligation (the "*Fallback Provision*"). Under the Fallback Provision, each Participant's obligation to make payments pursuant to the Power Sales Contract shall not be subject to any reduction, whether by offset, counterclaim, or otherwise, so long as any energy is made available by AMP thereunder during such month (whether or not such the Participant actually accepts delivery thereof) and shall not be conditioned upon the performance by any of the other Participants of their respective obligations under any Related Agreement (as defined in the Indenture), or by AMP or any of the other Participants under any other agreement. See APPENDIX C – "Summary of Certain Provisions of the Power Sales Contract". State Counsel firms have opined that the "Take-or-Pay" provision in particular is a legal, binding and enforceable obligation of the Participants in each of the four states where the Participants are located. See "**APPROVAL OF LEGAL MATTERS** – POWER SALES CONTRACT".

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

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 2010 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 PSEC, including any Subordinate Obligations, as the same become due.

THE SERIES 2010 BONDS

GENERAL

The Series 2010 Bonds will be dated their date of delivery, will bear interest from that date at the rates per annum set forth on the inside cover page hereof, payable semiannually on February 15 and August 15 of each year, commencing February 15, 2011, and will mature on February 15 in each of the years and in the principal amounts set forth on the inside cover page hereof.

The Series 2010 Bonds will be issuable only in fully registered form in denominations of $5,000 or any integral multiple thereof. Interest on any Series 2010 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.

DESIGNATION OF SERIES 2010 BONDS AS "BUILD AMERICA BONDS"

AMP will designate the Series 2010 Bonds as "Build America Bonds" for purposes of the Recovery Act. AMP expects to receive the Series 2010 Federal Subsidy on or about each interest payment date for the Series 2010 Bonds. The Series 2010 Federal Subsidy does not constitute a full faith and credit guarantee of the United States, but is required to be paid by the Treasury under the Recovery Act. **AMP is obligated to make all payments of principal and interest on the Series 2010 Bonds whether or not it receives the Series 2010 Federal Subsidy pursuant to the Recovery Act, but solely from the revenues, moneys, securities and funds pledged to the payment thereof in the Indenture.**

Section 54AA(f)(1) of the Code provides that interest on any Build America Bond shall be includable in gross income. Under no circumstances will the owner of a Series 2010 Bond receive a credit under Section 54AA(f)(1) of the Code against the tax imposed.

REDEMPTION

Make-Whole Optional Redemption. From any available moneys, AMP may, at its option, redeem, on any Business Day, prior to their respective maturities, in whole or in part, the Series 2010 Bonds at the "Make Whole-Redemption Price"(as such term is defined below). The Make-Whole Redemption Price is the greater of (1) 100% of the principal amount of the Series 2010 Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010 Bonds are to be redeemed, discounted on a semi-annual basis to the date on which the Series 2010 Bonds are to be redeemed, assuming a 360-day year consisting of twelve 30-day months, at the "Treasury Rate" (as defined below) plus 35 basis points, plus, in each case, accrued and unpaid interest on the Series 2010 Bonds to be redeemed on the redemption date.

The "Treasury Rate" means, with respect to any redemption date for a particular Series 2010 Bond, the yield to maturity as of such redemption date of U.S. Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, such date to be selected by AMP, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2010 Bond to be redeemed, provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year will be used.

Extraordinary Optional Redemption. From any available moneys, the Series 2010 Bonds are subject to redemption, at the option of AMP, prior to their maturity, in whole or in part upon the occurrence of an Extraordinary Event, at a Redemption Price equal to the greater of: (i) 100% of the principal amount of the Series 2010 Bonds to be redeemed; and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010 Bonds are to be redeemed, discounted on a semi-annual basis to the date on which the Series 2010 Bonds are to be redeemed, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points; plus, in each case, accrued interest on the Series 2010 Bonds to be redeemed to the redemption date.

An "Extraordinary Event" will have occurred if AMP determines that a material adverse change has occurred to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the Recovery Act, pertaining to "Build America Bonds") or there is any guidance published by the IRS or the United States Treasury with respect to such Sections or any other determination by the IRS or the United States Treasury, which determination is not the result of any act or omission by AMP to satisfy the requirements to qualify to receive the Series 2010 Federal Subsidy from the United States Treasury, pursuant to which the Series 2010 Federal Subsidy from the United States Treasury is reduced or eliminated.

"Treasury Rate" shall have the meaning described above under the caption "—*Make-Whole Optional Redemption – Series 2010 Bonds*."

Mandatory Sinking Fund Redemption

The Series 2010 Bonds due on February 15, 2047, are Term Bonds subject to mandatory sinking fund redemption on the Principal Payment Date in the following years in the following principal amounts at a Redemption Price equal to par, together with interest accrued to the date of redemption:

Series 2010 Term Bonds Maturing on February 15, 2047

Year	Principal Amount
2044	$87,695,000
2045	91,150,000
2046	94,735,000
2047†	26,420,000

† Final Maturity

Selection of Series 2010 Bonds to be Redeemed. If the Series 2010 Bonds are not registered in book-entry-only form, any redemption of less than all of the Series 2010 Bonds will be allocated among the registered owners of such Series 2010 Bonds as nearly as practicable in proportion to the principal amounts of the Series 2010 Bonds owned by each registered owner, subject to the authorized denominations applicable to the Series 2010 Bonds. This will be calculated based on the formula: (principal to be redeemed) x (principal amount owned by owner) / (principal amount outstanding). The particular Series 2010 Bonds to be redeemed will be determined by the Trustee, using such method as the Trustee in its sole discretion shall determine.

For so long as a the Series 2010 Bonds are registered in book-entry-only form and the Depository Trust Company or a successor securities depository, or its nominee, is the sole registered owner of such Series 2010 Bonds, in the event of a redemption of less than all of the Series 2010 Bonds of a maturity, the particular ownership interests of such maturity to be redeemed will be determined by DTC and Direct DTC Participants and Indirect DTC Participants (all as defined in Appendix F hereto), or by any such successor securities depository or any other intermediary, in accordance with their respective operating rules and procedures. The Series 2010 Bonds will be made eligible for partial redemptions to be treated by DTC, in accordance with its rules and procedures, as a "pro-rata pass-through distribution of principal", and partial redemptions are expected to be processed by DTC on a pro-rata pass-through distribution of principal basis in accordance with such rules and procedures. In the event of a partial redemption of Series 2010 Bonds, the security position at DTC will not be reduced but the balance will be subject to adjustment by a factor to be provided to DTC by the Trustee. If, at the time of a partial redemption of Series 2010 Bonds, the Trustee fails to identify the Series 2010 Bonds being redeemed as being subject to a pro-rata pass-through distribution of principal and/or fails to furnish such factor to DTC, DTC's rules and procedures provide that such redemption will be processed by random lottery.

AMP provides no assurance that DTC and any Direct DTC Participant and Indirect DTC Participant, or any successor securities depository or other intermediary, will make any such determination on a pro rata basis or effectuate a pro-rata pass-through distribution of principal in the case of a partial redemption of Series 2010 Bonds, and that the Trustee will identify the Series 2010 Bonds and provide the appropriate factor as described above in the case of a partial redemption of Series 2010 Bonds, and in each case any failure to do so shall not affect the sufficiency or the validity of the related redemption of Series 2010 Bonds.

Defeasance of Series 2010 Bonds. Under the Indenture, AMP may cause the deposit of moneys or securities to an escrow in an amount sufficient, in the opinion of an independent accounting firm, investment banking firm or financial advisor, to pay the principal and Redemption Price of and interest on the Series 2010 Bonds to defease either (i) all its obligations under the Indenture with respect to the Series 2010 Bonds so redeemed ("*Legal Defeasance*") or (ii) its obligations under certain covenants contained in the Indenture ("*Covenant Defeasance*") with respect to the Bonds. AMP may complete a Legal Defeasance with respect to any Series 2010 Bonds notwithstanding the prior completion of a Covenant Defeasance. Exercise of these rights are subject to the satisfaction of certain conditions precedent. In order to accomplish a Legal Defeasance, AMP must deliver to the Trustee of an opinion of counsel experienced in federal income tax matters stating that (i) AMP has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of the respective supplemental Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the holders of the Series 2010 Bonds will not recognize income, gain or loss for federal tax purposes as a result of such legal defeasance and will be subject to federal tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred. In order to accomplish a Covenant Defeasance, AMP must deliver to the Trustee an opinion of counsel experienced in federal income tax matters to the effect that the holders of the Series 2010 Bonds will not recognize income, gain or loss for federal tax purposes as a result of such covenant defeasance and will be subject to federal tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred. See APPENDIX D – "Summary of Certain Provisions of the Indenture – Defeasance – *Series 2010 Bonds*."

NOTICE OF REDEMPTION

Unless waived by any owner of Series 2010 Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee by certified mail, return receipt requested, at least 30, but not more than 90, days prior to the redemption date to each registered owner of the Series 2010 Bonds to be redeemed at the address shown on the bond register.

With respect to optional redemptions, including any extraordinary optional redemption of the Series 2010 Bonds, 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 2010 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 2010 Bonds will not be redeemed.

The failure of any owner of Series 2010 Bonds to receive such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2010 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 2010 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 2010 Bond (having been mailed notice from the Trustee, a Direct Participant, an Indirect Participant or otherwise), to notify the Beneficial Owner of the Series 2010 Bond so affected, shall not affect the validity of the redemption of such Series 2010 Bond.

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Series 2010 Bonds. Principal of and interest on the Series 2010 Bonds are shown in the table below in the years in which the same come due.

Year Ending December 31,	Principal	Interest[1]	Gross Debt Service[1,2]	Series 2010 Federal Subsidy[3]	Total Net Debt Service[1]
2011	-	$ 15,639,367	$ 15,639,367	$ (5,473,778)	$ 10,165,589
2012	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2013	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2014	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2015	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2016	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2017	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2018	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2019	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2020	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2021	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2022	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2023	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2024	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2025	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2026	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2027	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2028	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2029	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2030	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2031	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2032	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2033	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2034	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2035	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2036	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2037	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2038	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2039	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2040	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2041	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2042	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2043	-	17,817,000	17,817,000	(6,235,950)	11,581,050
2044	$ 87,695,000	15,212,897	102,907,987	(5,324,514)	97,583,473
2045	91,150,000	9,902,095	101,052,095	(3,465,733)	97,586,362
2046	94,735,000	4,382,240	99,117,240	(1,533,784)	97,583,456
2047	26,420,000	784,542	27,204,542	(274,590)	26,929,952
Total	$300,000,000	$616,065,140	$916,065,140	$(215,622,799)	$700,442,341

Numbers may not add to totals due to rounding.

[1] Includes interest, capitalized or otherwise provided for to and including June 15, 2012 on all of the Series 2010 Bonds and to and including February 15, 2013 on the Series 2010 Bonds allocable to Unit 2 of the PSEC.

[2] Reflects gross debt service on the Series 2010 Bonds without regard to receipt of the Series 2010 Federal Subsidy.

[3] Equal to 35% of the interest on the Series 2010 Bonds.

The following table sets forth the debt service requirements for the Series 2010 Bonds and the Outstanding Bonds. Principal of and interest on the Bonds are shown in the table below in the years in which the same come due.

Year Ending December 31,	Gross Debt Service on Outstanding Bonds(1)	Gross Debt Service on Series 2010 Bonds(2,3)	Total Gross Debt Service(1,2,3)	Federal Subsidies(4)	Total Net Debt Service(5)
2010	$70,241,538	-	$70,241,538	$ (6,951,965)	$63,289,573
2011	74,863,513	$ 15,639,367	90,502,880	(13,816,136)	76,686,744
2012	74,863,513	17,817,000	92,680,513	(14,578,308)	78,102,205
2013	94,364,239	17,817,000	112,181,239	(14,578,308)	97,602,931
2014	94,369,490	17,817,000	112,186,490	(14,578,308)	97,608,182
2015	94,371,891	17,817,000	112,188,891	(14,578,308)	97,610,583
2016	94,373,756	17,817,000	112,190,756	(14,578,308)	97,612,448
2017	94,368,634	17,817,000	112,185,634	(14,578,308)	97,607,326
2018	94,361,845	17,817,000	112,178,845	(14,578,308)	97,600,537
2019	94,362,813	17,817,000	112,179,813	(14,578,308)	97,601,505
2020	94,360,991	17,817,000	112,177,991	(14,578,308)	97,599,683
2021	94,358,518	17,817,000	112,175,518	(14,578,308)	97,597,210
2022	94,356,534	17,817,000	112,173,534	(14,578,308)	97,595,226
2023	94,357,140	17,817,000	112,174,140	(14,578,308)	97,595,832
2024	94,355,498	17,817,000	112,172,498	(14,578,308)	97,594,190
2025	94,356,521	17,817,000	112,173,521	(14,578,308)	97,595,213
2026	94,358,098	17,817,000	112,175,098	(14,578,308)	97,596,790
2027	94,358,105	17,817,000	112,175,105	(14,578,308)	97,596,797
2028	94,344,771	17,817,000	112,161,771	(14,568,411)	97,593,360
2029	94,268,925	17,817,000	112,085,925	(14,502,198)	97,583,727
2030	94,153,774	17,817,000	111,970,774	(14,386,629)	97,584,145
2031	94,030,449	17,817,000	111,847,449	(14,265,076)	97,582,373
2032	93,902,256	17,817,000	111,719,256	(14,136,541)	97,582,715
2033	93,770,676	17,817,000	111,587,676	(14,000,526)	97,587,150
2034	93,624,339	17,817,000	111,441,339	(13,858,037)	97,583,302
2035	93,474,081	17,817,000	111,291,081	(13,705,970)	97,585,111
2036	93,312,630	17,817,000	111,129,630	(13,543,013)	97,586,617
2037	93,139,637	17,817,000	110,956,637	(13,371,284)	97,585,353
2038	92,956,382	17,817,000	110,773,382	(13,190,380)	97,583,002
2039	92,321,138	17,817,000	110,138,138	(12,553,461)	97,584,677
2040	91,098,936	17,817,000	108,915,936	(11,329,898)	97,586,038
2041	89,711,655	17,817,000	107,528,655	(9,943,624)	97,585,031
2042	88,270,287	17,817,000	106,087,287	(8,501,368)	97,585,919
2043	86,766,920	17,817,000	104,583,920	(7,000,958)	97,582,962
2044	-	102,907,987	102,907,987	(5,324,514)	97,583,473
2045	-	101,052,095	101,052,095	(3,465,733)	97,586,362
2046	-	99,117,240	99,117,240	(1,533,784)	97,583,456
2047	-	27,204,542	27,204,542	(274,590)	26,929,952
Total	$3,114,549,493	$916,065,140	$4,030,614,724	$(467,477,024)	$3,563,137,700

Numbers may not add to totals due to rounding.

(1) Total debt service on the Outstanding Bonds, including interest capitalized or otherwise provided for, to and including February 1, 2012 on all such Bonds and to and including November 1, 2012 on such Outstanding Bonds allocable to Unit 2 of the PSEC.

(2) Includes interest, which has been provided for, to and including June 15, 2012 on all of the Series 2010 Bonds and to and including February 15, 2013 on the Series 2010 Bonds allocable to Unit 2 of the PSEC.

(3) Total gross debt service on the Series 2010 Bonds without regard to receipt of the Federal Subsidy thereon.

(4) Includes the Federal Subsidies (equal to 35% of the interest payable) for the Series 2010 Bonds and the Series 2009C Bonds.

(5) Total gross debt service on the Bonds net of the Federal Subsidies.

PRAIRIE STATE ENERGY CAMPUS

GENERAL

On December 20, 2007, AMP acquired from Peabody Electricity, LLC, an affiliate of Peabody Energy Corporation ("*Peabody Energy*"), 100% of the membership interest in Marigold Energy, LLC, a Delaware limited liability company, and then re-named it AMP 368 LLC ("*AMP 368*"). Through its ownership of the sole membership interest in AMP 368, AMP is the effective owner of a 23.26% Ownership Interest (368 MW) in the PSEC.

Background. In 2001, Peabody Energy, the world's largest private-sector coal company, announced plans to construct a 1,500 megawatt generating plant near a planned six million ton-per-year coal mine in Southwestern Illinois. After Peabody Energy secured several preliminary permits, the Illinois Municipal Electric Agency ("*IMEA*"), Indiana Municipal Power Agency ("*IMPA*"), the Missouri Joint Municipal Electric Utility Commission ("*MJMEUC*") and other municipal joint action agencies and cooperatives signed a letter of intent to acquire undivided ownership interests in the PSEC in 2004. In 2005, Peabody Energy was given a draft air permit for the PSEC. Later that year, IMEA, IMPA, MJMEUC, Kentucky Municipal Power Agency ("*KMPA*"), Northern Illinois Municipal Power Agency ("*NIMPA*"), and two cooperatives entered into a definitive agreement to acquire undivided ownership interests in the PSEC.

In addition to AMP's Ownership Interest in the PSEC, other undivided interests therein are currently owned by KMPA, NIMPA, IMEA, IMPA, Lively Grove Energy Partners, LLC, a Delaware limited liability company and an affiliate of Peabody Energy ("*Lively Grove Energy*"), MJMEUC, Prairie Power, Inc., an Illinois not for profit corporation ("*PPI*") and Southern Illinois Power Cooperative, Inc., an Illinois not for profit corporation ("*SIPC*") (collectively, such eight joint owners, together with AMP 368, the "*PSEC Owners*").

Each PSEC Owner's percentage ownership interest in the PSEC is shown in the table below.

Owner	Ownership Interest
AMP	23.26%
IMEA	15.17
IMPA	12.64
MJMEUC	12.33
PPI	8.22
SIPC	7.90
KMPA	7.82
NIMPA	7.60
Lively Grove Energy	5.06
Total	100.00%

Certain PSEC agreements require that Lively Grove Energy, or another affiliate of Peabody Energy, retain an aggregate undivided ownership interest of at least five percent of the PSEC, until the fifth anniversary of the substantial completion date of the second generating unit of the PSEC, unless such minimum ownership interest is waived by a majority of the non-Peabody affiliate owners or other conditions related to mine operations have been met.

PSEC. The PSEC is a mine-mouth, pulverized coal-fired generating station to be located in Washington, St. Clair and Randolph Counties in southwest Illinois. The PSEC includes adjacent coal reserves and all associated mine, rail, water, coal combustion waste storage and ancillary support. The generating station will consist of two supercritical units with a nominal net output capacity of 800 MW each. The plant design will incorporate state-of-the-art emissions control technology consistent with other coal-fired power plants that have been successfully permitted.

The PSEC Owners have executed a Participation Agreement (the "*Participation Agreement*") to govern the construction and operation of the PSEC. The Participation Agreement provides for the PSEC to be constructed and operated through Prairie State Generating Company ("*PSGC*"), which is wholly owned by Prairie State Energy Campus Management, Inc., an Indiana nonprofit corporation, which in turn is wholly owned by the PSEC Owners on a basis that is proportionate to their respective percentage interests in the PSEC. All licenses, permits and regulatory approvals relating to the PSEC are held or controlled by PSGC, except as described under the caption "Coal Combustion Waste Disposal".

EPC CONTRACTOR

On June 19, 2007, PSGC and Bechtel signed a Target Price Engineering, Procurement and Construction Agreement (the "*Original TPEPC Contract*"). Bechtel also specified, bid, evaluated and developed purchase orders for the award of the boiler, steam turbine, air quality control system and certain balance of plant equipment. PSGC issued a Limited Notice to Proceed ("*LNTP*") to Bechtel on June 19, 2007 and the Full Notice to Proceed with the construction of the PSEC on October 1, 2007 ("*FNTP*").

On July 23, 2010, in an effort to provide greater cost certainty, enhance warranty coverage and ensure better quality assurance, PSGC and Bechtel executed a revised fixed-price engineering, procurement and construction agreement (the "*Amended and Restated EPC Contract*"). The Amended and Restated EPC Contract is a "turnkey" contract, which leaves Bechtel with responsibility to manage the engineering, design, construction and start-up of the generating facility. Except for certain expenses ancillary to the generating station and change orders, Bechtel will earn the negotiated fixed price of $3.999 billion for its services (exclusive of certain taxes and amounts attributable to a change order). The Amended and Restated EPC Contract also contains incentives for early completion, bonuses for Unit performance improvements above guaranteed values and liquidated damages in the event the guaranteed substantial completion dates of either or both Units of the Generating Facility are delayed or if Unit performance is below guaranteed values. The Amended and Restated EPC Contract was approved by the Management Committee of PSGC on July 23, 2010.

According to its 2009 annual report, Bechtel is a global engineering, construction and project management company with more than a century of experience on complex projects in challenging locations. Bechtel is a privately-owned company with headquarters in San Francisco, offices worldwide and approximately 49,000 employees. The company had revenues of $30.8 billion in 2009.

PSGC has awarded a number of contracts with various equipment vendors for the supply of the major equipment. The purchase orders include guaranteed dates for major milestones, guaranteed performance criteria and liquidated damages for failure to meet the completion and performance guarantees. The major equipment vendors include Toshiba International Corporation for the turbine generators; Siemens Power Generation, Inc. for the air quality control equipment; and The Babcock & Wilcox Company for the steam generators. Contracts for all major equipment have been awarded. Bechtel administers all equipment contracts on behalf of PSGC.

PERMITS

On April 28, 2005, the Illinois Environmental Protection Agency (the "*Illinois EPA*") issued the final air permit for the PSEC. On June 8, 2005, the American Bottom Conservancy, American Lung

Association of Metropolitan Chicago, Clean Air Task Force, Health and Environmental Justice-St. Louis, Lake County Conservation Alliance, Sierra Club and Valley Watch (collectively, the "*Petitioners*") appealed the permit to the United States Environmental Appeals Board ("*US EAB*"). On August 24, 2006, the US EAB denied the Petitioners' appeal of the permit. On October 25, 2006 the Petitioners filed an appeal of the US EAB's decision in the United States Court of Appeals for the Seventh Circuit (the "*Seventh Circuit*"). On August 24, 2007, the Seventh Circuit denied the Petitioners' appeal and, on October 11, 2007, denied the Petitioners' petitions for rehearing and a rehearing en banc. The time for the Petitioners to seek review by the U.S. Supreme Court has expired.

All other material permits required for the construction of the power plant have been issued.

AIR QUALITY CONTROLS

The PSEC is designed to meet best available air pollution control technology. The air pollution control technology will consist of (i) a selective catalytic reduction system; (ii) a dry electrostatic precipitator; (iii) a wet electrostatic precipitator; (iv) a wet flue gas desulphurization system; (v) an activated carbon injection system; (vi) a lime injection system; and (vii) low NOx burners. The individual emission control devices are operating in commercial environments today. The plant design will comply with all emissions regulations and permit conditions, including all state and federal regulations. Cooling for the generating station will be provided by mechanical draft cooling towers.

WATER

Water for the PSEC will be supplied from the Kaskaskia River approximately 14 miles west of the facility. The withdrawal permit allows PSGC to withdraw up to 30 million gallons per day ("*MGD*") from the Kaskaskia River. The permit includes a withdrawal restriction that protects the Kaskaskia River during low flow conditions. If the river flow drops below 74 cubic feet per second, PSGC will either rely on water stored in an on-site raw water pond or purchase additional water pursuant to a water purchase agreement with the Illinois Department of Natural Resources ("*IDNR*"). The raw water pond has a 30 day storage capacity. The agreement with the IDNR is a 40-year water purchase agreement that allows PSGC to purchase water stored at the Carlyle and Shelbyville lakes in Illinois. If purchased by PSGC, water from these lakes will be discharged into the Kaskaskia River where it can be withdrawn by PSGC at a rate of up to approximately 15 MGD.

FUEL

The PSEC generating station is situated adjacent to the underground coal reserves, purchased by PSEC Owners from Peabody Energy and expected to supply all the fuel needs for the PSEC for approximately 30 years. The estimated quantity of coal has been determined by extensive drilling and sampling by PSGC and was confirmed by an independent mine consultant in a study dated February 3, 2005. Such findings were reaffirmed in an August 2007 study (the "*2007 Mine Study*"). The PSEC Owners each own an undivided interest in the coal reserves, ensuring a reliable source of fuel for the plant. The generating station will be constructed to burn the coal sourced from the coal reserves.

The current mine plan, which was developed and submitted in 2007 (the "*PSGC Mine Plan*"), calls for the use of a single portal, as opposed to the two portals originally planned, to provide access to the underground reserves. The 2007 Mine Study indicated that the use of a single portal design was consistent with Illinois basin mines and should be adequate to supply the PSEC. All the key permits required to construct and operate the mine portal have been issued and construction has begun. Construction of the mine is approximately 60% complete.

In 2008 and 2009, the Mine Safety and Health Administration ("*MSHA*"), the Federal entity responsible for the approval of the PSGC Mine Plan, as well as its ongoing construction and operational monitoring and compliance, suggested various modifications to the original PSGC Mine Plan. After unsuccessful attempts at negotiation by PSGC, MSHA effectively imposed in August 2009 the use of a revised plan that included certain major modifications to underground mining techniques. PSGC accepted this revised plan in order to continue initial mine development, but simultaneously objected to many of the revisions that would be imposed by the revised plan during future mining to support PSEC operations. Thereafter, on September 17, 2009, MSHA issued two citations. The citations are considered "technical" in nature as MSHA and PSGC agreed in advance that they were to be issued, and there is no immediate jeopardy to continued mine development under the revised plan due to such issuance. Subsequently, PSGC entered into discussions with MSHA seeking a reasonable and amicable resolution to the differences in the two plans, which proved to be unsuccessful. The issuance of the citations allowed PSGC to pursue litigation through the administrative appeals process established by the Federal Mine Safety and Health Review Commission (the "*MSHA Commission*"), the body responsible for the adjudication of disputes under the Federal Safety and Health Act of 1977, as amended. PSGC is pursuing such action in an attempt to force a return to the mining techniques contained in the original PSGC Mine Plan, which PSGC believes are more appropriate for the mine's specific characteristics. Hearings were held on February 9, 2010. On May 21, 2010, the administrative law judge ruled against the PSGC on all counts. PSGC requested leave to appeal the decision to the MSHA Commission, which was granted. PSGC filed its brief with the MSHA Commission on July 30, 2010. The MSHA Commission is not expected to rule on the appeal until sometime in 2011.

PSGC has been working with MSHA on a performance-based evaluation of mining techniques which would allow PSGC to achieve the efficiencies and costs of mine operations envisioned by the original PSGC Mine Plan. MSHA has approved a test area to evaluate mining operations utilizing entry cuts and widths that are longer and wider than the MSHA revised plan and are close to the length of cuts requested in the original PSGC Mine Plan. If successful in the approved test area, PSGC plans to request the approval of even longer cuts that will allow the mine to operate pursuant to the original PSGC Mine Plan. MSHA has approved operating techniques which should result in annual per ton operating costs consistent with those assumed in the original PSGC Mine Plan. If PSGC is unsuccessful in returning to the original PSGC Mine Plan, or at a minimum, a compromise plan which contains reasonable and supportable requirements that would allow for efficient operations without compromising safety, PSGC reports that the projected capital costs of the mine development and the annual per ton operating costs of the Mine would be higher than those assumed. Further, the amount of recoverable coal reserves available to the Project would be lower than originally expected and may not be sufficient to provide fuel for baseload operations for the full 30-year economic life of the PSEC. For further discussion relating to the PSGC Mine Plan and the options available to PSGC in the event that negotiations with MSHA are unsuccessful in resolving the issues described above, see APPENDIX G – "Consulting Engineer's Report – PSEC Description – The Mine."

Space has been allocated for on-site coal storage near the PSEC generating station for approximately 60 days of operations with additional storage for approximate 15 days of operation located at the mine. The PSEC design includes rail access to accommodate coal purchased from third parties in the event of an extended mine disruption, facilitate delivery of limestone and major equipment and disposal of coal combustion waste.

PSGC will operate the mine and has entered into a Mine Construction Management Agreement, and a Mine Technical Services Agreement dated September 28, 2007 with a Peabody Energy affiliate for coal mine construction management oversight and a technical services agreement to support mine operation and maintenance. The term of the Mine Construction Management Agreement is through the acceptance of the mine by PSGC. The term of the Mine Technical Services Agreement is five years from the substantial completion date of Unit 2 of the PSEC, unless the agreement is earlier terminated or extended in accordance with its terms.

COAL COMBUSTION WASTE DISPOSAL

The coal combustion waste ("*CCW*") generated at the PSEC will be transported via rail to a new ash disposal site located southwest of the plant facility (the "*Jordan Grove Site*"). The CCW consists of fly ash, bottom ash, desulfurization waste, and coal mine breaker byproducts. The Jordan Grove Site is a closed surface coal mine that has depleted most of its reserves, and the site is owned by PSGC. All permits for the Jordan Grove Site have been transferred to the PSGC.

Construction of the first cell at the Jordan Grove Site has begun. The facility will be complete and be ready to accept CCW from the PSEC generating station in the fall of 2010.

The Jordan Grove Site was initially permitted for a disposal life of 23 years of the expected CCW to be generated by the PSEC generating station. The PSEC Owners contracted with Burns & McDonnell Engineering Company to conduct design activities on the initial disposal cell. Upon the commencement of cell design, PSGC was advised that certain previously undiscovered site conditions will likely reduce the disposal life of the Jordan Grove Site. As of the date hereof, PSGC estimates that the initial development plan for the Jordan Grove Site will likely result in approximately 12 to 14 years of CCW disposal capability. PSGC will continue to review remediation strategies to extend the disposal capability of the Jordan Grove Site.

PSGC is also reviewing additional CCW disposal sites for development in the future, including a site closer to the Generating Facility that would be capable of disposing of all CCW generated by the Generating Facility for the remainder of the 30-year operating period not provided by the Jordan Grove Site. PSGC projects that development of such site could result in annual savings of CCW disposal costs of between 45 and 50 percent compared to the existing site, but may deplete recoverable coal reserves by one to two years of expected use. Land has been procured and initial site investigations and preliminary development activities have begun at the alternate CCW disposal site. PSGC plans to begin utilizing such site in 2015 and is evaluating the best use of the Jordan Grove Site thereafter, including maintaining such site as a back-up disposal facility. See APPENDIX G – "Consulting Engineer's Report – PSEC Description – Coal Combustion Waste Disposal Facilities".

ELECTRICAL INTERCONNECTION

The PSEC is within the Midwest Independent Transmission System Operator, Inc. ("*MISO*") geographical footprint. The PSEC's two turbine generators will be connected through two 27-kV to 345-kV generator step-up transformers contained within the new PSEC substation which will be owned by the PSEC Owners. The new substation will be connected to a new Ameren Services Company ("*Ameren*") switchyard (the "*Ameren Switchyard*") via two 345-kV overhead lines owned by PSGC. The Ameren Switchyard will be constructed, owned and operated by Ameren pursuant to the terms of a Large Generator Interconnection Agreement entered and made effective by Federal Energy Regulatory Commission ("*FERC*") Order in Docket ER05-215. Network upgrades to the transmission system will be required beyond the Ameren Switchyard to accommodate the interconnection of the PSEC to the regional transmission system. The Ameren Switchyard and all related transmission upgrades was completed and placed into operation in late 2009. Ameren Corporation is among the nation's largest investor-owned electric and gas utilities. The largest electric utility in Missouri and the second largest in Illinois, Ameren companies provide energy services to approximately 2.4 million electric and approximately 950,000 natural gas customers throughout its 67,700-square-mile territory.

PROJECT STATUS

Construction Status. As of the end of August 2010, PSGC reported that, for activities related solely to the Restated EPC Contract, engineering efforts were approximately 94% complete, construction activities were approximately 48% complete, start-up activities were approximately 3% complete, and overall efforts were approximately 49% complete. The latest percentage complete parameters were reported by Bechtel in mid-September 2010 and are reportedly based on a revised schedule developed by Bechtel in August 2010 under the Amended and Restated EPC Contract. The percent complete values for construction and overall efforts were both approximately 4% below the reported values in Bechtel's prior month's status report due to the reforecasting of the total level of effort necessary to complete the PSEC commensurate with the increase in schedule and total budgeted expenditures under the Amended and Restated EPC Contract relative to the Original TPEPC Contract. The reforecasting will only affect future monthly reporting and should have no material effect on actual construction progress relative to the revised schedule. Units 1 and 2 of the PSEC are targeted to be substantially complete by December 6, 2011 and August 1, 2012, respectively. PSGC and Bechtel report that they expect to meet these target completion dates. See APPENDIX G – "Consulting Engineer's Report – PSEC DESCRIPTION – Construction Status" for a more detailed description.

Financing Status. Each PSEC Owner has secured or dedicated funds, either through the issuance of bonds, by securing bank loans or through the delivery of cash on a pay-as-you-go basis, for the payment of its share of the projected costs of placing the PSEC in service. Prior to the Commercial Operation Date of the PSEC, it is anticipated that some of the PSEC Owners will be required to secure additional financing.

PARTICIPATION AGREEMENT

The PSEC Owners entered into the Participation Agreement to govern the construction and operation of the PSEC. Pursuant to the Participation Agreement, the PSEC will be constructed and operated by PSGC, which is owned indirectly by the PSEC Owners on a basis that is proportionate to their ownership interests in the PSEC. Prior to October 1, 2007 (when the ownership interests in the PSEC formally passed to the PSEC Owners other than AMP 368), PSGC was a wholly-owned subsidiary of Peabody Energy.

The term of the Participation Agreement will continue until the retirement from service of the plant and the mine. A decision by the Management Committee (as hereinafter described) to retire the plant and mine from service can only be made by a supermajority vote of at least 75% of the ownership interests of the PSEC Owners. The mine will not be retired from service unless the plant is retired from service or the continued operation of the mine will not economically generate recoverable coal for use by the plant.

By the terms of the Participation Agreement, each PSEC Owner agrees to delegate to a "Management Committee" all decisions respecting constructing, designing, operating, maintaining and administering the PSEC. Each of the PSEC Owners has one representative on the Management Committee with voting power equal to its percentage ownership in the PSEC ("weighted voting"). The Management Committee is to meet at a minimum once a month prior to the beginning of the third calendar year after the substantial completion of the PSEC and thereafter quarterly. The Management Committee is authorized by the Participation Agreement to delegate certain of its powers to an "Administrative Committee" or other committees created by the Management Committee, but not, among other things, budget approvals, agreement to substantial delays in the construction schedule, amendments to the Project Agreements, decisions respecting permits or other governmental approvals, major personnel decisions, agreement to site changes or rights in the site, or changes that would have a material adverse effect or a disproportionate impact on one or more of the PSEC Owners. Actions by the Management

Committee on non-delegable items require a super-majority weighted vote of the PSEC Owner representatives (75% - which would be adjusted downward were any one PSEC Owner to have an increased percentage ownership in the PSEC that would give its Management Committee representative a veto where a super-majority vote is required).

As of September 1, 2009, the Management Committee had established six other committees, in addition to the Administrative Committee, including: Engineering & Operations Committee, Environmental Fuels and By-Products Committee, Finance & Accounting Committee, Audit Committee, Human Resources Committee and Legislative Affairs Committee. AMP has designated its President & CEO as its representative to the Management Committee and its Vice President, Project Development, as its alternate representative to the Management Committee. It has designated the following representatives to each of the other committees, its Vice President, Project Development to the Engineering & Operations Committee (AMP's representative serves as chair), its Senior Vice President of Finance and CFO to the Finance and Accounting Committee and Audit Committee, its Senior Civil Engineer to the Environmental Fuels and By-Products Committee, its Vice President of Human Resources and Talent Management to the Human Resources Committee and its Senior Vice President, Member Services and External Affairs to the Legislative Affairs Committee. These representatives provide the AMP Board of Trustees and the AMP Prairie State Participants Committee detailed monthly reports describing project safety, design and construction status, schedule, actual costs and change orders versus forecast and key issues.

Project Management Agreement

The PSEC Owners entered into the Project Management Agreement with PSGC and Prairie State Energy Campus Management, Inc. ("*PSECM*") for the operation of the PSEC. Pursuant to the Project Management Agreement, the PSGC will serve as the entity through which PSECM directly (and the PSEC Owners indirectly) can implement its decisions with respect to the PSEC. See "General – *PSEC*" above.

PSEC Budget

The estimated total capital cost for the PSEC, estimated as of the PSEC budget approved by the Management Committee in September 2010, is approximately $4.934 billion. This amount includes the Amended and Restated EPC Contact costs, the costs for developing the mine, transmission upgrades, coal reserves and land acquisition, project management, construction management, contingency and other costs. AMP estimates its share of the capital cost for the PSEC, excluding AMP's financing costs and expenses, will be approximately $1.147 billion.

PSEC Operation and Maintenance

PSGC currently plans to operate the PSEC generating plant and is in the process of hiring key personnel for such purpose. In addition, PSGC plans to contract with various firms with appropriate expertise for technical assistance as needed. The mine will be staffed entirely with PSGC personnel. Peabody Energy will provide technical services in support of ongoing mine operations and maintenance as necessary under a technical services agreement.

PSGC Personnel

As of July 1, 2010, PSGC employed the following personnel in key management positions:

Peter DeQuattro is President and Chief Executive Officer of PSGC. He has served as CEO of PSGC since May 2008. Mr. DeQuattro comes to PSGC with 21 years of experience operating and maintaining coal-based power plants at various companies. Prior to assuming the CEO position at PSGC, he served as Plant Manager of the Warrick Power Plant for Alcoa. In this role he served as vice president of operations for Alcoa Power Generating Inc and as President of Alcoa Fuels Inc. From 2000-2002, Mr. DeQuattro was general manager of the Reliant Energy Cheswick and Bruno Island plants. DeQuattro previously served as the operations manager of Louisville Gas & Electric Company's 1,600 MW Mill Creek generating station from 1997-2000. From 1996-1997 he was plant manager of the 71 MW LG&E-Westmoreland Hopewell co-generation facility.

Mr. DeQuattro has a mechanical engineering degree from the University of Massachusetts and an M.B.A. from Indiana University.

Keith Bastian is Senior Vice President of Power Operation for PSGC. Mr. Bastian comes to PSGC with 29 years of experience in power generation and related businesses. In this position, his responsibilities include the asset management of the power island after construction, supply chain management for the power plant and the mine and the development and implementation of capital and operations and maintenance planning.

Prior to joining PSGC, he was the General Manager of three coal-fired power plants owned by RRI Energy, the latest being the Cheswick Plant located near Pittsburgh, Pennsylvania. Prior to his time with RRI Energy, he was the Business Development Director for Tampella Power and was involved in the development, financing, operation and maintenance and asset management of several independent power plants. Prior to that, he spent eight years as a Field Service engineer for Babcock & Wilcox.

Mr. Bastian has a Mechanical Engineering degree from LeTourneau University in Longview, Texas.

Dave Grabe is Director of Finance and Administration for PSGC. Mr. Grabe joined PSGC in September 2009 as the Director of Finance and Administration. He will provide leadership in the areas of accounting, finance and administration for PSGC.

Mr. Grabe has over 28 years of accounting and finance experience in both the public and private sector. His experience includes leading the accounting area for Anheuser-Busch's beer manufacturing and entertainment operations, acquisition accounting and daily cash management.

Mr. Grabe received an MBA from St. Louis University, has a Bachelors Degree in Accounting from the University of Missouri-St. Louis and is a CPA in the State of Missouri.

AMERICAN MUNICIPAL POWER, INC.

NONPROFIT CORPORATION

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

As of August 1, 2010, AMP had 128 Members – 82 municipalities in Ohio, 30 boroughs in Pennsylvania, six cities in Michigan, five municipalities in Virginia, three cities in Kentucky and two cities in West Virginia, all but one of which owns and operates electric distribution systems and a few of which own and operate generating assets. The remaining Member is in the process of creating a municipal electric distribution system.

TAX STATUS

AMP obtained a determination letter from the IRS on July 31, 1980, supplemented by ruling letters dated January 18, 1981 and December 12, 1987, determining that AMP qualifies as a Section 501(c)(12) corporation under the Internal Revenue Code of 1986, as amended, 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 include debt service). AMP believes that it has met the requirements for maintenance of Section 501(c)(12) status each year since it received the ruling. AMP intends to retain its Section 501(c)(12) status. As a Section 501(c)(12) corporation, AMP's income is not subject to federal income tax.

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

Under Ohio law, AMP is subject to Ohio personal property, real estate and sales taxes.

AFFILIATES; MEMBER SERVICES

AMP is closely aligned with two other Ohio statewide municipal power organizations. The Ohio Municipal Electric Association ("*OMEA*") is the legislative liaison for the state's municipal electric systems. The Ohio Public Power Educational Institute ("*OPPEI*") is a nonprofit educational foundation dedicated to informing the public about municipal electric communities. AMP has also facilitated the formation of a number of municipal joint ventures pursuant to Ohio Revised Code § 715.02 and the Ohio Constitution. In addition to Ohio Municipal Electric Generating Agency ("*OMEGA*") Joint Ventures 1, 2, 4, 5 and 6 (See "**AMERICAN MUNICIPAL POWER, INC.**–Other Projects–*JVs 1, 2, 4, 5 and 6; Combustion Turbine Project; Prepaid Purchase*"), the Municipal Energy Services Agency ("*MESA*") has also been formed. MESA provides management and technical services to AMP and its Members. MESA employs approximately 140 people, and AMP approximately 100 people.

In July 2009, AMP moved its administrative offices and Energy Control Center to a new 100,000 square-foot facility in Columbus, Ohio. The facility is owned by AMP.

AMP purchases wholesale electric power and energy and resells the same to its Members at rates based on cost plus a small service fee. AMP also develops alternative power resources for its Members to meet their short- and long-term needs. In 2009, the cost of power sold or arranged by AMP for its Members was approximately $740 million. AMP's Energy Control Center monitors loads and transmission availability, dispatches, buys and sells power and energy for its Members, 24 hours a day, 365 days a year and controls AMP and Member-owned generation. In-house engineering, operations, safety, power supply, rate and environmental staff is available at AMP's headquarters to assist Member communities in addition to performing AMP duties and providing support to the joint ventures.

RELATIONSHIP WITH THE ENERGY AUTHORITY

AMP has contracted with The Energy Authority® ("*TEA*") to provide bilateral trading, risk control and RTO services for AMP's wholesale portfolio. TEA will provide trading services and RTO

Market Participant functions on behalf of AMP while maintaining "best practices" risk control and reporting over the entire portfolio. TEA is the nation's leader in public power energy trading and risk management and is wholly-owned and directed by its public power members.

AMP'S INTEGRATED RESOURCE STRATEGY AND APPROACH TO SUSTAINABILITY

AMP and its Members lead the way in terms of environmentally responsible electric generation in the region. Collectively, wind, run-of-the-river hydroelectric, landfill gas and fossil fuels are all part of AMP's generation resource mix. AMP's forward-thinking integrated resource strategy is consistent with its corporate sustainability commitment, and includes a portfolio consisting of fossil fuel and a variety of renewable generation projects, energy efficiency initiatives and carbon management activities, described below. In addition, AMP's actions are guided by a set of Environmental Stewardship Principles approved by the AMP Board of Trustees. The organization's first Environmental Stewardship Annual Report, released in 2008, reported on the actions that AMP has taken to implement the various principles.

Renewable Energy. As noted above, wind, run-of-the-river hydroelectric and landfill gas are all part of the renewable generation portfolio currently available to AMP's Members. AMP and its Members are currently pursuing the development of approximately 400 MW of additional run-of-the-river hydroelectric power at existing dams on the Ohio River. See "- Other Projects – *Combined Hydroelectric Projects,*" "*– Greenup and Meldahl*" and "*– Other Hydroelectric Projects*" herein. The hydroelectric projects currently under development would bring significant economic benefits to the region. In addition to being a leader in hydroelectric development, AMP is evaluating development of new wind, solar and landfill gas generation in the region. Specifically, AMP recently announced a collaboration with Standard Energy, Inc., an affiliate of Standard Solar, to develop up to 300 MW of solar over the next 25 years.

Energy Efficiency. In 2010, in connection with the Consent Decree relating to Gorsuch Station (each as hereinafter defined), 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. VEIC is a nationally recognized leader in developing energy efficiency programs. The executed contract will create an Ohio-based turnkey entity (i.e., emphasizing VEIC's technical expertise and financial incentives for Member customers) to provide a portfolio of energy efficiency services to all major retail customer classes (e.g., residential, commercial, and industrial) and is designed to achieve at least 70,000 MWh of energy savings over its initial term. The AMP/VEIC contract is performance-based which means a portion of VEIC's fee is at risk if the contract's performance targets are not met.

Carbon Management. AMP is taking action to report and reduce CO_2 and other greenhouse gas ("*GHG*") emissions, while also investing in CO_2 offset projects. AMP is investigating the options for various CO_2 offset projects, primarily agriculture-based projects that would capture or reduce CO_2, methane, and N_2O from livestock and other farm activities, as well as forestry projects. AMP was the first municipal public power member of the Chicago Climate Exchange, the world's first voluntary, legally-binding, rules-based GHG emission reduction and trading system. AMP is also a member of the Midwest Regional Carbon Sequestration Partnership, helping to support its examination of options for sequestering CO_2 once captured.

GOVERNANCE

AMP is governed by a Board of Trustees. The current Member Trustees and their representatives are shown on page i of this Official Statement. The AMP Board of Trustees consists of 19 communities, each of which designates a representative to the Board. Eleven of these Trustee communities are selected by their fellow public power communities in each of AMP's eleven Member service groups, which assures representation by at least one community from each state that has five or more Members. The other eight are elected at large. The officers of AMP are: Chairman of the Board, Vice Chairman, 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.

Various Board of Trustees committees concentrate on vital functions of the organization. Current committees are: base load generation, board oversight, by-laws review, finance, generation/clean air, Gorsuch Station project, green power development, joint ventures oversight, legislative, member services, mutual aid, nominating, non-electric, personnel, policy, power supply and generation, scholarship, and transmission/regional transmission organizations. In addition, there are subcommittees on accounting/finance, economic development, and safety.

AMP EXECUTIVE MANAGEMENT AND SENIOR STAFF

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

Executive Management

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

Robert Trippe serves as Senior Vice President of Finance and Chief Financial Officer and has been with AMP since April 1991. In this capacity, Mr. Trippe oversees all financial, treasury, and outside accounting relationships in addition to other administrative duties. Before joining AMP, Mr. Trippe worked at Detroit Edison from 1978 to 1991. During that time, he served as the vice president and chief financial officer for SYNDECO Inc., a wholly-owned, diversification subsidiary of Detroit Edison. Mr. Trippe holds a B.S. in Accounting and Finance from Missouri State University.

John Bentine has served as AMP's General Counsel since 1981 and is an ex officio member of the AMP Board of Trustees. Mr. Bentine is a partner in the Columbus, Ohio law firm of Chester Willcox & Saxbe LLP and served as the firm's managing partner and chaired the firm's management committee from 1998 to 2008. He is admitted to practice in Ohio and before the U.S. District Court, Southern District of Ohio. Before entering private practice in 1981, he served as a senior assistant city attorney, City of Columbus, 1978-1981, and as an assistant attorney general and counsel to the Public Utilities Commission of Ohio, 1975-1978. Mr. Bentine holds a B.B.A. from Marshall University and a J.D. from The Ohio State University.

Jolene Thompson serves as Senior Vice President, Member Services and External Affairs of AMP. Ms. Thompson has been part of the AMP member relations area since 1990, also serving as Executive Director of OMEA since 1997. She is a registered lobbyist in Ohio and Washington, D.C. In 2003, Ms. Thompson completed a two-year term as chair of the APPA advisory committee of state and regional associations and member of the APPA Board of Directors. She holds a B.A. in Journalism from Otterbein College.

Pam Sullivan serves as Senior Vice President, Marketing and Operations of AMP. Before joining AMP in 2003, Ms. Sullivan was vice president, director of marketing, for a consulting engineering firm specializing in power generation and distribution, where she was responsible for developing and implementing marketing plans and strategies. She holds a B.S. in Electrical Engineering from the University of Toledo.

Senior Staff

Larry Marquis, P.E., has served as Vice President, Prairie State Construction of AMP since November 2003. Previously, Mr. Marquis served as the administrator for the Columbus Division of Electricity and Vice Chair of the AMP Board of Trustees. In addition, he has held engineering positions with the Nebraska Municipal Power Pool, the Northern California Power Agency, the Lincoln (Nebraska) Electric System and the Omaha Public Power District. Mr. Marquis holds a B.S. and a M.S. in Electrical Engineering from the University of Nebraska.

Dan Preising, P.E., also serves as a Vice President, Project Development of AMP. Mr. Preising joined AMP in July 2009, as Vice President of AMPGS Construction and became Vice President of Project Development in January 2010. He previously worked for the City of Orrville as director of Utilities, represented Orrville on the AMP Board of Trustees, and served Chair of the Board for five years. He is a registered professional engineer in Ohio with a Master of Business Administration from Baldwin-Wallace College and a bachelor's degree in Chemical Engineering from the University of Akron.

Jane Juergens serves as Vice President, Human Resources and Talent Management of AMP. Ms. Juergens has been with AMP for 15 years, beginning in the human resources department. Before joining AMP, Ms. Juergens had worked in the human resources field at Franklin University and was secretary/treasurer of Juergens Woodworks Inc. from 1982 to 1989. In 2005, she served as chair of the APPA's human resources and training committee. She holds degrees in Business Management and Human Resources Management from Franklin University.

Terry Leach serves as Vice President, Risk Control, of AMP and Vice President of AMPO Inc. Previously, Mr. Leach served as General Manager of AMPO Inc. since 2006. Prior to joining AMP, he was operations manager for the Midwest and Eastern regions of Green Mountain Energy Company. His past experience includes serving as Assistant Ohio Secretary of State and in operations management, IT consulting and sales and banking services for several national corporations. He holds a Bachelor of Science Degree in Business Management from Franklin University.

Michael Perry serves as Vice President of Generation Operations of AMP. In this capacity, Mr. Perry oversees all AMP operating generation assets, including hydroelectric operations, development and construction. Prior to joining AMP, he worked for the Electric System for the City of Hamilton for 14 years, including 10 years of service as the Director of the Electric Department. While he worked for Hamilton, he represented it on the AMP Board of Trustees for 10 years. He previously worked for the City of Columbus and AMP in various capacities. He holds a Bachelor of Science in Mining Engineering from The Ohio State University.

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:

Gorsuch Station (47 Members). AMP's Richard H. Gorsuch Generating Station ("*Gorsuch Station*") is a 1950's vintage 213 MW coal-fired, base load power plant located on the Ohio River near Marietta, Ohio. Gorsuch Station was originally built as a co-generation facility and today still supplies steam to several nearby industrial customers. As discussed below, AMP determined in May 2010 to cease Gorsuch Station electric generation operations by December 15, 2010. AMP is analyzing options for the future use of the Gorsuch Station site.

AMP purchased in 1988 a 69.24% undivided ownership interest in the electric generating facilities, now known as the Gorsuch Station, from Elkem Metals, Inc. ("*Elkem*"), an industrial metals company, and purchased Elkem's remaining interest in 1999. The power and energy associated with the Gorsuch Station, associated resources and replacement power are sold pursuant to take-and-pay power sales contracts to 48 of AMP's Members (the "*Gorsuch Participants*"). Under the Gorsuch power sales contracts, AMP may purchase or otherwise provide replacement power for sale to the Gorsuch Participants if it decides to cease operating Gorsuch Station prior to the retirement of all outstanding debt secured thereby. The City of Cleveland purchases 10 MW of power and energy generated at Gorsuch Station pursuant to a separate contract with AMP that runs through December 31, 2012.

Under the Gorsuch power sales take-and-pay contracts, a Gorsuch Participant bears certain risks that include, but are not limited to, any: (a) regulatory risk, including obtaining and complying with necessary Environmental Protection Agency permits and the effects of any legislation resulting in limits on emissions that could increase the cost of operating Gorsuch Station, the cost of fuel, or significant additional capital expenditures to meet those requirements; (b) risks associated with the operation of Gorsuch Station, including fuel cost escalation and damage to Gorsuch Station in excess of insurance coverage; (c) risks of non payment by other Gorsuch Participants; and (d) risk that the power available and required to be purchased under the power sales contracts becomes uneconomical. The costs associated with these risks are recovered by AMP by increasing its rates for electricity delivered under the power sales contracts. Gorsuch Participants are also responsible for all Gorsuch Station closing costs, which AMP may determine to recover over some future period of time from the Gorsuch Participants.

On August 28, 2008, AMP issued its $98,890,000 Multi-Mode Variable Rate Gorsuch Station Taxable Revenue Bonds, Series 2008A and 2008B (the "*2008 Gorsuch Bonds*") to pay off the obligations relating to Gorsuch Station which AMP had been carrying on its Line of Credit and to fund certain pension, other post-employment benefit obligations, and other termination costs related to the future closing of Gorsuch Station. The 2008 Gorsuch Bonds were secured by a letter of credit issued by KeyBank National Association ("*KeyBank*") and the payment obligations of the Gorsuch Participants under the Gorsuch power sales contracts. In December 2009, $17,720,000 of scheduled principal payments were made on the 2008 Gorsuch Bonds, and, on January 21, 2010, AMP redeemed the outstanding balance of the 2008 Gorsuch Bonds with the unspent proceeds thereof and proceeds of two five-year Notes issued by AMP to KeyBank in an aggregate principal amount of $40,000,000 (the "*Gorsuch Term Notes*"). The Gorsuch Term Notes are payable in fifty-nine consecutive monthly installments, with the balance payable in full on December 15, 2014. The principal of the floating rate Gorsuch Term Notes is payable in equal monthly payments of principal plus accrued interest. AMP amended the two floating-to-fixed, cost of funds, interest rate swap agreements with KeyBank associated with the Gorsuch 2008 Bonds to match the principal amounts and variable interest rates on the Gorsuch Term Notes. The Gorsuch Term Notes are special non-recourse obligations of AMP and the principal of and the interest thereon are payable solely from the payments made by the Gorsuch Participants to AMP pursuant to the terms of the Gorsuch power sales contracts. As of August 1, 2010, $35,333,331 aggregate principal amount of the Gorsuch Notes was outstanding.

As mentioned above, on May 19, 2010, AMP announced plans to cease electric generation operations at Gorsuch Station by December 15, 2010. Previously, AMP had determined the project had a useful life through approximately 2012. The decision stems from the settlement reached with the U.S. Environmental Protection Agency ("*USEPA*") that resolves all issues related to a Notice of Violation (*NOV*) issued by the USEPA that alleged that certain work performed at the plant in 1981-1986 (before AMP had an interest therein), and in 1988-1991 (after AMP acquired an interest in the plant) should have triggered a "New Source Review." The settlement includes a binding obligation that AMP cease coal-fired generation operations at Gorsuch no later than December 31, 2012 and also requires AMP to spend $15 million on an environmental mitigation project over several years and pay a civil penalty of $850,000. The environmental mitigation project will be in the form of an energy efficiency initiative administered by VEIC pursuant to a contract with AMP. The initiative will include services for residential, commercial and industrial customers and will be designed to help participating AMP Members save 70,000 MWh over a set period. The terms of the settlement are embodied in the form of a federally-enforceable consent decree ("Consent Decree"). The Consent Decree is subject to final approval by the United States District Court for the Southern District of Ohio.

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

- *OMEGA JV1* (21 Members): OMEGA JV1 owns 9 MW of distributive generation, located in Cuyahoga Falls, Ohio (the largest participant), consisting of six 1.5 MW Caterpillar diesel units then valued at $1.8 million each. This project was installed by AMP and later sold to OMEGA JV1 at AMP's net cost. OMEGA JV1 has no debt.

- *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 one 1.6 MW and thirty-four 1.825 MW diesel generators. AMP is responsible for the operation of the JV2 Project. The project was purchased from AMP in December 2000 by OMEGA JV2 with a promissory note in the amount of $58,570,596. AMP issued $50,260,000 in fixed-rate bonds on behalf of certain Members that, combined with $12,665,884 in capital contributed by other Members, provided permanent financing for the acquisition of the generators from AMP. As of August 1, 2010, $33,445,000 principal amount of the AMP OMEGA JV2 bonds was outstanding. The debt is non-recourse to AMP.

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

- *OMEGA JV5* (42 Members): In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the "Belleville Project," a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps of Engineers dam near Belleville, Ohio, an associated transmission line in Ohio and 40 MW of backup diesel generation (consisting of 12 MW under contract with Oberlin, Ohio with the balance supplied by 1.8 MW Caterpillar units owned by OMEGA JV5). Simultaneously, the trustee issued $153.4 million of tax-exempt beneficial interest certificates ("*Belleville BICs*") in the participants' payment obligations to finance the acquisition and construction of the Belleville Project. The Common Pleas Court of Franklin County, Ohio validated the Belleville BICs pursuant to Ohio Revised Code § 133.70. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project was placed in service and has been operational since June 1999. The diesel generation units have been in service since 1995. Taking into account the issuance of additional Belleville BICs (i) in 2001 to pay for minor improvements and construction cost overruns attributable in part to the bankruptcy of the original prime contractor for the Belleville Project and (ii) in 2004 for the refunding of the callable 1993 Belleville BICs for interest cost savings, there were outstanding as of August 1, 2010, $113,739,426 Belleville BICs with a final maturity of 2030. The debt is non-recourse to AMP. The Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039.

- *OMEGA JV6* (10 Members): OMEGA JV6 owns four 1.8 MW wind turbines located in Bowling Green, Ohio. AMP is responsible for the operation of the JV6 Project. In July 2004, AMP entered into a $9,861,000 private placement arrangement of the payment obligations of the participants (the "*JV6 Obligations*") on behalf of OMEGA JV6 to fund the project. The interest rate on the JV6 Obligations is reset each debt service payment date, based on the six-month MMD Index. Under the terms of the arrangement, the JV6 Obligations are subject to redemption at the discretion of AMP with 180 days written notice. The JV6 Obligations are also subject to tender at the option of the purchaser under the same terms and conditions. As of August 1, 2010, $5,416,000 principal amount of AMP's JV6 Obligations was outstanding. The debt is non-recourse to AMP.

- *Combustion Turbine Project* (33 Members): In August 2003, AMP financed, with a draw on its Line of Credit, the acquisition of three gas turbine installations, located in Bowling Green, Galion and Napoleon, Ohio (each of which is an AMP Member), plus an inventory of spare parts. Each installation consists of two gas-fired turbine generators, one 32 MW and one 16.5 MW, with an aggregate nameplate capacity for all three installations of 145.5 MW. On December 13, 2006, AMP refinanced its obligations on the Line of Credit attributable to the purchase with the issuance of its $13,120,000 Multi-Mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006 (the "*CT Bonds*"). The CT Bonds are payable from amounts received by AMP from the participating Members under power schedules. The CT Bonds are secured by an irrevocable, direct-pay letter of credit (the "*CT Letter of Credit*") issued by KeyBank. AMP is liable under a reimbursement agreement to pay all amounts drawn under the CT Letter of Credit to the extent not paid by the participating Members. As of August 1, 2010, $11,285,000 aggregate principal amount of the CT Bonds was outstanding.

- *Electricity Prepayment* (41 Members): In 2007, AMP issued $307,655,000 Electricity Purchase Revenue Bonds (2007A Prepayment Issue) (the "*Prepay Bonds*") to effect the prepayment at a discount of the purchase price for 171 MW of firm electric power for a period of 65 months. Forty-one Members of AMP ("*Prepay Participants*") have entered into power schedules with AMP that obligate them to make payments that, together with certain investment earnings, will be sufficient to pay the debt service on the Prepay Bonds. Apart from an up to $10 million liability in the event of a Prepay Participant default, the debt is non-recourse to AMP. The electricity supplier provided a parental guarantee of its obligations to deliver power or, on default, to make a termination payment to bondholders. The balance of the contract is marked-to-market daily. As of

August 1, 2010, $181,130,000 aggregate principal amount of the Prepay Bonds was outstanding.

In connection with the issuance of the Prepay Bonds, AMP directed the trustee for the Prepay Bonds to enter into a guaranteed investment contract (the *"Prepay GIC*") with Citigroup Financial Products Inc. ("*CFPI*") relating to certain payments made by the Prepay Participants. CFPI's obligations under the Prepay GIC are guaranteed by Citigroup Inc. ("*Citigroup*"). Pursuant to the downgrade provisions of the Prepay GIC relating to Citigroup, Citigroup posted collateral on December 31, 2008.

AMPGS (81 Members). Until November 2009, AMP had been developing a twin unit, supercritical boiler, coal-fired, steam and electric generating facility to have an aggregate net rated electric generating capacity of approximately 940 MW, known as the American Municipal Power Generating Station ("*AMPGS*"), in Meigs County, in southeastern Ohio, on the Ohio River. AMPGS had been expected 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 the EPC (engineer, procure and construct) contractor would not guarantee that the costs would not continue to escalate.

As a result, prior to the commencement of major construction at the project site, the 81 AMP Members which had subscribed for capacity from AMPGS ("*AMPGS Participants*") voted to cease development of AMPGS as a coal fired project. AMP had previously exercised options on approximately 900 acres of land for the proposed site for AMPGS. AMP studied various alternatives, including developing AMPGS as a natural gas combined cycle facility supplemented with market purchases and with the possibility of future enhancements for the project, such as biomass or other advanced energy technology. On August 19, 2010, the AMPGS Participants and the AMP Board determined to pursue a self-build natural gas combined cycle electric generation facility with a net rated electric generating capacity of approximately 600 MW at the Meigs County site. The conversion provides AMP and the AMPGS Participants the ability to benefit from some of the previous development work as well as utilize the site.

As of December 31, 2009, AMPGS had been classified in AMP's consolidated financial statements as "plant held for future use." With the AMPGS Participants decision related to the planned use of the Meigs County site, a portion of the AMPGS development costs will be reclassified to construction work-in-progress. If it is determined that any other such costs incurred to date are not be able to used as part of a new project, these costs will be determined to be impaired and reestablished in AMP's financial statements as a "regulatory asset" to be recovered from the AMPGS Participants.

Following the settlement or other resolution of any contract or other claims by or against vendors and contractors related to AMPGS, AMP expects to recover the any remaining costs associated with AMPGS from the AMPGS Participants pursuant to the terms of the take-or-pay power sales contract they executed in connection with the development of AMPGS. AMP does anticipate that any such costs that are not recovered as part of a replacement project would be financed by AMP and recovered from the AMPGS Participants over a period of years to be determined.

Combined Hydroelectric Projects (79 Members). AMP is also currently developing 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 entails the installation of run-of-the-river hydroelectric generating facilities on existing United States Army Corps of Engineers' dams and includes associated transmission facilities. The Combined Hydroelectric Projects, including associated transmission facilities, will be constructed and operated by AMP. AMP holds the licenses from FERC for the Combined Hydroelectric Projects. In November 2009, AMP received the last of the material permits needed to begin construction on the Cannelton hydroelectric facility and Smithland hydroelectric facility, respectively. Ground breaking ceremonies were held for Cannelton on August 5,2009 and are scheduled at Smithland for September 1, 2010. AMP currently anticipates receipt of the last of the material permits for the Willow Island hydroelectric facility in the fall of 2010.

Under the terms of the power sales contract relating to the Combined Hydroelectric Projects between AMP and 79 of its Members, AMP may sell an up to 20% undivided ownership interest in the Hydro Projects. On May 21, 2010, AMP and the Central Virginia Electric Cooperative ("*CVEC*") executed a term sheet by the terms of which CVEC may purchase 8.9% of two (Cannelton and Smithland) of the three hydroelectric facilities constituting the Combined Hydroelectric Projects. Closing on such purchase is subject to a number of conditions precedent, including definitive documentation, regulatory approvals and CVEC's timely obtaining financing commitments.

In addition to the award of the contract to manufacture the turbines and generators for the Combined Hydro Project to Voith Hydro, AMP has also let certain design build contracts, including contracts for the construction of the required cofferdams, for the Cannelton and Smithland facilities.

To provide interim financing for the Combined Hydroelectric Projects pending the issuance of the Hydroelectric Bonds, AMP issued $350,000,000 aggregate principal amount of its Hydroelectric Project Revenue Bond Anticipation Notes, Series 2009A (the "*Hydro BANs*") on April 16, 2009. The Hydro BANs were payable from (i) the proceeds of the Hydro BANs and (ii) payments to be received by AMP pursuant to the power sales contract between AMP and the Members participating in the Combined Hydroelectric Projects.

On December 9, 2009, AMP issued $643,835,000 aggregate principal amount of its Combined Hydroelectric Projects Revenue Bonds, Series 2009A (Federally Taxable), Series 2009B (Federally Taxable – Issuer Subsidy – Build America Bonds) and Series 2009C (Tax-Exempt) (the "*Series 2009A-C Hydroelectric Bonds*") to finance, among other things, additional costs associated with the Cannelton facility and Smithland facility and to provide a portion of the funds required to currently refund the Hydro BANs in advance of their April 1, 2010 maturity date. On December 2, 2009, AMP issued $22,600,000 aggregate principal amount Combined Hydroelectric Projects Revenue Bonds, Series 2009D (Federally Taxable – Clean Renewable Energy Bonds) (the "*Series 2009D Hydroelectric Bonds*" and, collectively with the Series 2009A-C Hydroelectric Bonds, the "*Combined Hydroelectric Bonds*") to provide a portion of the funds to currently refund the Hydro BANs. The Combined Hydroelectric Bonds are payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. In a feasibility report which accompanied the Official Statement relating to the Series 2009A-C Hydroelectric Bonds, the consulting engineer for the Combined Hydroelectric Projects projected that the total capital cost of the Combined Hydroelectric Projects to be $1.52 billion, which total includes capitalized interest on all bonds issued to finance Combined Hydroelectric Projects costs, capitalized interest through six months past the estimated commercial operation dates of the respective projects, deposits to a debt service reserve and costs of issuance.

Greenup (47 Members) and Meldahl (48 Members). AMP and the City of Hamilton, Ohio ("Hamilton"), an AMP Member, have agreed to jointly develop the Meldahl hydroelectric project (the "Meldahl Project"), a run-of-the-river generating facility to be located at the Captain Anthony Meldahl Locks and Dam on the Ohio River. The Meldahl Project is expected to have a generating capacity of approximately 105 MW when it enters commercial operation. Under the agreements between AMP and Hamilton (the "*AMP-Hamilton Agreements*"), AMP will own, and Hamilton will operate, the Meldahl Project. AMP and Hamilton hold, as co-licensees, the Federal Energy Regulatory Commission ("*FERC*") license necessary to operate the Meldahl Project. In April 2010, AMP received the last of the material permits required to commence construction and AMP broke ground on the Meldahl Project on June 29, 2010. The Meldahl Project is expected to enter into commercial operation in 2014.

AMP will finance development and construction of the Meldahl Project through the issuance of revenue bonds, to be secured by a take-or-pay power sales contract with 48 Members, including Hamilton. As of August 1, 2010, AMP estimated that the total capital cost of the Meldahl Project to be approximately $500 million.

In addition, upon the placement of the Meldahl Project into commercial operation, AMP has the right and obligation under the AMP-Hamilton Agreements to acquire a 48% undivided ownership interest in the 70.2 MW Greenup hydroelectric facility (the "*Greenup Project*"), an existing run-of-the-river generating facility on the Ohio River, for $139 million (the "*Greenup Purchase Price*"). The Greenup Project is currently owned and operated by Hamilton. Under the terms of the AMP-Hamilton Agreements, AMP must deliver the Greenup Purchase Price to Hamilton within 60 days after the date the Meldahl Project enters commercial operation. AMP intends to finance the Greenup Purchase Price through the issuance of revenue bonds to be secured by a separate take-or-pay power sales contract with 47 Members (the same Members (except Hamilton) that are participants in the Meldahl Project).

Other Hydroelectric Projects. AMP is also evaluating other hydroelectric generating facilities, including the R.C. Byrd hydroelectric project (the "*R.C. Byrd Project*"), which would be a run-of-the-river hydroelectric facility located at the R.C. Byrd Locks and Dam on the Ohio River. The City of Wadsworth, Ohio ("*Wadsworth*"), an AMP Member, has been issued a preliminary permit to file a license application for the R.C. Byrd Project. This permit gives Wadsworth the exclusive right to file the first application for the FERC license and precludes other developers from filing before Wadsworth. AMP, on behalf of Wadsworth, has filed a Pre-Application Document with FERC and anticipates filing the License Application before April 1, 2011.

THE PARTICIPANTS

GENERAL

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

Of the 68 Participants, six of the Participants have combined a 48.77% of all Participants' PSCR Shares. These Participants are the City of Danville, Virginia; and the Cities of Hamilton, Bowling Green, Cleveland, Piqua, and Celina, Ohio (collectively, the "*Large Participants*"). With the exception of Cleveland, each of the Large Participants is the only authorized supplier of electricity in the corporate limits of the municipality. Cleveland is in direct competition with Cleveland Electric & Illuminating, an operating company of First Energy Corp. Appendix B to this Official Statement contains certain financial and other information about the Large Participants.

POWER SUPPLY

In late 2006, AMP contracted with R. W. Beck, Inc., an SAIC Company ("*R. W. Beck*") to develop long-term power supply plans for its Members. R. W. Beck prepared a report for 119 Members that included a 20-year load forecast, a 20-year optimal power supply plan and the key inputs and assumptions used to develop the plan. In accordance with the Power Sales Contract, R.W. Beck prepared an analysis to determine if each Participant could beneficially utilize its Project Share.

In June 2009, R.W. Beck was engaged by AMP to prepare a 20-year power supply plan ("*June 2009 Power Supply Plan*") for its Members. The June 2009 Power Supply Plans for 126 Members were developed based on the same method as the original power supply plans prepared in 2007. The June 2009 Power Supply Plan for each Member consisted of a "Base Case," which included the existing generating resources that each Member owns, existing generating resources that AMP owns and operates on behalf of the Members, and the future generating resources that each Member has under contract with AMP. The future resources included the PSEC, the Combined Hydroelectric Projects, AMPGS, the Meldahl Project and the Greenup Project. The "Optimal Resource Plan" indicated the generating resource additions each Member should consider during the 2012-2031 period to minimize expected power supply costs. In addition to the Optimal Resource Plan, the June 2009 Power Supply Plan for each Member included an alternative scenario plan that considered the impacts of implementing the AMP Energy Efficiency programs on each Member's resource decisions. The Optimal Resource Plan (with the AMP Energy Efficiency programs) reflected an aggregate of 285 MW of additional hydroelectric capacity (which consists of 105 MW from the Meldahl Project, the 70 MW Greenup Project, and 110 MW of other future hydroelectric capacity), 697 MW of combustion turbine capacity and 1,007 MW of combined cycle capacity to be installed by 2020.

ENFORCEABILITY OF CONTRACTS AND BANKRUPTCY

The enforceability of the various legal agreements relating to the PSEC and the Series 2010 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 PSEC 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 Sale 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. 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. See "- *Ohio Participants*" and "- *Michigan Participants*" herein.

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

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

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

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

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

Michigan. Pursuant to the Local Government Fiscal Responsibility Act, the State Treasurer is charged with monitoring the fiscal health of certain Michigan political subdivisions, including cities and villages. The State Treasurer , upon the occurrence of certain financial conditions, at the request of a local government or the passage of a resolution requesting review by either of the houses of the Michigan

Legislature, may commence a fiscal review of a local government to determine the existence of a potential financial emergency. The findings of such review are presented to the Governor, who must determine whether a "local government fiscal emergency" exists. The Governor's review is informed by the findings and investigations of a review team appointed by the Governor.

If the Governor determines that a local government fiscal emergency exists, an emergency financial manager, to whom the Governor is to assign responsibility for managing the local government fiscal emergency following such a determination, is appointed by the local emergency financial assistance loan board of the State. The emergency financial manager is tasked with creating and implementing a financial plan to return the affected local government to firm fiscal footing. During the term of the appointment, the emergency financial manager has broad discretion to manage the financial affairs of the affected local government.

If the emergency financial manager, determines that no feasible financial plan can be adopted to resolve satisfactorily the financial emergency in a timely manner, the emergency financial manager may authorize the local government to file for bankruptcy under Chapter 9 of the Bankruptcy Code, provided that such authorization is not disapproved by the local emergency financial assistance loan board within 60 days of receipt by that board of notice from the emergency financial manager.

West Virginia and Virginia. Neither the existing law of Virginia nor the existing law of West Virginia specifically authorizes, as required by the Bankruptcy Code, its municipalities to file for bankruptcy under the Bankruptcy Act. Neither existing Virginia nor existing West Virginia law has provisions similar to those of Ohio and Michigan law, discussed above, respecting fiscal emergencies of municipalities or their public utilities.

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, (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, and (k) technological advances in fuel economy and energy generation devices.

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

TRANSMISSION AND RTOS

In 1996, pursuant to the Energy Policy Act of 1992 ("*EPACT 1992*"), FERC in Order No. 888 required utilities under FERC 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 is meant to fine-tune the Open Access Transmission Tariff setting minimum standards for transmission owners.

In 1999, FERC in Order No. 2000 adopted regulations aimed at promoting the formation of regional transmission organizations ("*RTOs*"), which would be established as the sole providers of electric transmission services in large regions of the country, each of which would encompass the service territory of several (or more) electric utilities. These RTOs would operate and control, but would not own, the transmission facilities, pursuant to contracts with the transmission owners. All of the transmission owning utilities in Ohio have joined RTOs. Although AMP and the Participants are not for most purposes subject to the jurisdiction of FERC, they have been and will continue to be significantly affected by the establishment of RTOs in Ohio and the region.

Currently, the investor owned electric utilities in Ohio have joined RTOs as follows: American Electric Power (Columbus Southern Power and Ohio Power) and Dayton Power & Light Company are participants in the PJM Interconnection; Duke Energy (Cincinnati Gas & Electric Company) and FirstEnergy (Cleveland Electric Illuminating, Toledo Edison, Ohio Edison and American Transmission Systems, Inc), are participants in MISO.

On August 17, 2009, FirstEnergy filed, on behalf of its American Transmission Systems, Inc. subsidiary, at the Federal Energy Regulatory Commission in Docket No. ER09-1589 for approval of the termination of ATSI's participation as a transmission owner and operator in the Midwest ISO regional transmission organization and for certain findings regarding ATSI's intent to participate in the PJM Interconnection regional transmission organization. FirstEnergy claimed, among other things, that its transmission systems are better integrated with PJM-member systems than with MISO-member systems and that the realignment will produce greater efficiencies and reduced transmission congestion. FirstEnergy asked the FERC to issue a decision by December 17, 2010, which would allow FirstEnergy to participate in PJM's May, 2010 Base Residual Auction, the first step toward FirstEnergy's planned complete integration into PJM by June 1, 2011. FERC accepted the proposed First Energy RTO realignment in an order issued December 17, 2009. FE will make additional filings in the future to address issues such as the conversion of existing transmission service.

On May 20, 2010, Duke announced that the Duke Ohio and Kentucky operating companies would withdraw from MISO and join PJM effective January 1, 2012. Duke submitted a filing on the proposed realignment to FERC on June 25, 2010. Duke acknowledged that there are many details that must be addressed to accomplish the RTO realignment and stated that it would address those issues in future filings. Duke requested that FERC provide a preliminary acceptance of the proposed RTO realignment by November 1, 2010. AMP has intervened in the docket on behalf of its Members.

The nature and operations of these RTOs are still evolving, 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 POSSIBLE LEGISLATION/REGULATION

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

Limitations on emissions of GHGs, including carbon dioxide, create a potential significant exposure for electric coal-fired generation facilities. However, with the timing and key details unknown, the extent and implications of that exposure cannot be quantified at this time.

On April 2, 2007, the U.S. Supreme Court issued a Clean Air Act ("*CAA*") decision in Massachusetts v. Environmental Protection Agency, 549 U.S. 497 (2007). The Court concluded that the CAA authorized the EPA to regulate GHGs from new motor vehicles if that agency concludes that such emissions “endanger” public health and/or welfare. The Court remanded the case to the EPA to make such an “endangerment determination,” which is the statutory prerequisite to authorizing regulations. The Court did not set a timetable for action by the EPA and there are no such deadlines established in the CAA.

In response to the decision, on July 30, 2008, the EPA issued an Advance Notice of Proposed Rulemaking titled “Regulating Greenhouse Gases under the Clean Air Act.” This Advance Notice sought comments regarding GHG regulation under the CAA. The Advance Notice also suggested that the EPA in the future would consider using an existing provision of the CAA to impose energy efficiency standards on electric generating units to reduce greenhouse gases. The comment period closed in November 2008, with parties filing thousands of comments both in favor of and opposed to using the CAA as a tool to address GHGs. Many parties filed comments that supported comprehensive climate change regulation such as cap and trade to address GHGs, but opposed the EPA regulation under the existing CAA due to unavoidable adverse and consequences of using the CAA to regulate GHGs.

On March 10, 2009, the EPA announced a proposed rule that would require mandatory monitoring in 2010 and reporting of greenhouse gas emissions beginning in 2011 for virtually all industrial source categories across the country. On April 17, 2009, the EPA in response to the Massachusetts decision issued a proposed finding that GHGs endanger public health and welfare, which became final on December 15, 2009, and establishes a basis for regulating GHGs for cars and trucks – and, by extension, all stationary sources – under EPA’s interpretation of the CAA.

In the wake of these actions, EPA has started the regulatory process to control GHG emissions from stationary sources in earnest. On June 3, 2010, EPA promulgated its PSD and Title V GHG Tailoring Rule, which among other things makes federal new source review (“*NSR*”) permitting requirements under the prevention of significant deterioration (“*PSD*”) program applicable to significant increases in carbon dioxide emissions at major stationary air emissions sources. Legal challenges to EPA’s regulations have been filed, and the timing and content of any new regulatory restrictions are difficult to predict. EPA has not proposed any guidance or standards for electric coal-fired generating units at this time, suggesting it may consider the issue in 2011. To date, an advisory committee has suggested such requirements should be limited to energy efficiency improvements for new and modified sources; impacts to existing sources are even less certain.

Motivated in part by a belief that the Clean Air Act is an ill-suited framework for controlling GHG emissions, Congress has also considered action to establish a market-based regime for limiting GHGs. On June 26, 2009, the U.S. House of Representatives narrowly passed the "American Clean Energy and Security Act of 2009," or "*ACESA*," which would establish an economy-wide cap-and-trade program to reduce U.S. emissions of GHGs. ACESA would require a 17 percent reduction in GHG emissions from 2005 levels by 2020 and just over an 80 percent reduction of such emissions by 2050. Under this legislation, the EPA would issue a capped and steadily declining number of tradable emissions allowances to certain major sources of GHG emissions so that such sources could continue to emit GHGs into the atmosphere (as long as allowances are available). Many allowances would be distributed to major sources for free during the early years of the program; however, these allowances would be expected to escalate significantly in cost over time. The net effect of ACESA would be to impose increasing costs on the combustion of carbon-based fuels such as coal, oil, refined petroleum products, and natural gas.

In the Senate, while legislation was reported by the Environment and Public Works Committee in November 2009, Senate leadership proved unable to move the package forward for a floor vote. As of the August 2010 recess, Senate consideration of a cap and trade climate bill was considered extremely unlikely for the remainder of the session. There is, however, a small possibility of some other form of climate or energy legislation being brought forward during a lame-duck session following the November 2010 elections. This could take the form of a carbon cap and dividend approach, a coal plant retirement approach, a generation standard approach, or some hybridization. Passage of any climate bill in 2010, however, remains remote.

It is generally understood that newer facilities that are more energy efficient or which are adaptable to a mix of various conventional and alternative fuels as well as carbon capture and sequestration will be at a competitive advantage in a cap and trade framework compared to less efficient facilities. Further, the various versions of traditional cap and trade legislation that have been under consideration fail to fully preempt the EPA's authority to regulate GHG emission from coal-fired power plants under the CAA. Resolution of this issue is paramount to avoiding the regulatory "trainwreck" that is expected for stationary sources between now and 2016. Legislation is currently pending in both the House and the Senate to delay EPA's ability to use the CAA in this regard.

At this time, AMP cannot predict whether or when limitations on GHG emissions will occur – either under the existing Clean Air Act or a new regulatory regime adopted by Congress. There does not appear to be a consensus as to what the level of future regulation of emissions will be, or the costs associated with that regulation. However, any such costs would likely impact the PSEC and the electric market, and could be material to the Participants. See APPENDIX G – "Consulting Engineer's Report – PSEC Description – Environmental Considerations."

ELECTRIC SYSTEM RELIABILITY

Pursuant to the directives in the Energy Policy Act of 2005 ("*EPACT 2005*"), FERC embarked on a process leading in 2007 to the creation of an Electric Reliability Organization with national responsibility for the reliability of the electric grid and the imposition of 83 distinct reliability standards applicable to owners, operators and users of the bulk power system. Depending upon their size and the nature of their operations, AMP and its Members are required to meet some or all of these standards. FERC has the authority to impose penalties of up to $1 million per day for each violation of a reliability standard.

FEDERAL ENERGY LEGISLATION

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. 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 expands 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.

DEREGULATION LEGISLATION

Because of the number and diversity of prior and possible future proposed bills on this issue, AMP is not able to predict the final forms and possible effects of all such legislation which ultimately may be introduced in the current or future sessions of Congress. 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.

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

Effective October 6, 2008, Michigan enacted Renewable Energy Portfolio Standards and Energy Optimization requirements, which apply to, among other entities, municipally-owned utilities. Pursuant to the statute and Michigan Public Service Commission orders, municipally-owned utilities filed plans for compliance with these new statutes in early April 2009. Regarding Renewable Energy Portfolio requirements, the new statute requires, subject to certain conditions, limitations and rate caps, municipally-owned electric utilities to serve by 2015 10% of their energy requirements with qualified renewable energy resources. Regarding Energy Optimization, the new statute requires utilities to either: (a) file and implement a plan which produces incremental energy savings each year up to a maximum requirement of 1% of retail sales in a prior year; or alternatively (b) pay up to 1.0% of a prior year's revenues to a independent energy optimization program administer selected by the Michigan Public Service Commission.

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

OHIO LEGISLATION

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

In 1999, Ohio lawmakers adopted Senate Bill 3, legislation implementing retail electric competition in investor owned utility service areas beginning January 1, 2001. Ohio was the 24th state to adopt "customer choice" legislation and passage of this bill followed years of debate. Senate Bill 3, however, did not mandate customer choice for municipal electric systems, and the decision of whether an Ohio municipality offers retail electric competition remains a decision of each municipality.

Customer choice had been slow to develop throughout the early 2000s. With the end of the Market Development Period approaching in 2005, the Public Utilities Commission of Ohio ("*PUCO*") urged the investor-owned utilities ("*IOUs*") to file rate stabilization plans ("*RSP*") in an effort to provide retail electric price stability for their customers. These RSPs were approved and have since expired for American Electric Power, Duke Energy and FirstEnergy, and will expire in 2010 for Dayton Power and Light.

On May 1, 2008, the Governor signed into law Senate Bill 221, comprehensive legislation to update the laws governing the electric industry. The bill is designed primarily to address the post-2008 retail electric market for investor-owned utility areas in Ohio. The major provisions of the legislation as highlighted below apply directly to the state's four IOUs. Ohio's municipal electric systems and rural electric cooperatives maintain local decision-making authority. Staff and counsel to the OMEA (legislative liaison to 81 Ohio municipal electric systems and to AMP) were successful in including favorable language regarding customer switches and treatment of hydroelectric facilities in the legislation. PUCO has completed the regulatory implementation of the legislation.

Customer Choice (ORC 4928.141; 4928. 142; 4928.143). Senate Bill 221 preserves the ability of utilities to go to competition, but initially requires the four IOUs in Ohio to file electric security plans ("*ESPs*"). The IOUs each then have the option to file a market rate option. FirstEnergy is the only IOU that filed a market rate option and the PUCO has not yet approved its application All four IOUs are currently operating under ESPs. *These provisions have no direct impact on Ohio municipal electric systems or AMP.*

Alternative Energy Portfolio Standard (ORC 4928.64). In addition to the provisions addressing retail electric rates for investor-owned utilities, the bill also includes an alternative energy portfolio standard ("*AEPS*") that requires the state's IOUs to supply 25 percent of their power from alternative energy resources by 2025, with benchmarks beginning in 2009. The proposal requires that at least half of the 25% come from renewable energy, and a requirement that half the renewable energy come from Ohio projects. *This provision has no direct impact on Ohio municipal electric systems or AMP, as they – as well as the rural electric cooperatives – are not mandated into the AEPS.*

Compliance with AEPS (ORC 4928.65). As noted above, the state's investor-owned utilities are required to provide 25% of their power from alternative energy resources, with at least half coming from renewable energy resources. Benchmarks for compliance with the mandate began in 2009. Utilities may use renewable energy credits, up to five years after purchase or acquisition, to help meet their renewable energy obligation. The PUCO has developed rules for which renewable energy resource credits qualify, and the provision is clear that hydroelectric facilities brought online after 1998 and located in Ohio or in an adjoining state will qualify. AMP and other stakeholders continue to participate in the certification process to ensure that all of AMP's and Members' existing renewable generation assets qualify. *This provision is important to Ohio municipal electric systems and to AMP in that it is here that the rules setting forth which renewable energy resource will qualify would be developed and would ultimately provide the best value for the renewable energy credit from AMP's existing and proposed renewable resources.*

Energy Efficiency Standard (ORC 4928.66). In general, the bill requires IOUs to implement energy efficiency programs that can include demand-response programs, customer-sited programs, and transmission and distribution infrastructure improvements that reduce line loss. The standard includes benchmarks that began in 2009 and ultimately reach 22% by 2025. *This provision has no direct impact on Ohio municipal electric systems or AMP, as they – as well as the rural electric cooperatives – are not mandated into the energy efficiency standard.*

Customer Switches (ORC 4928.69). The legislation includes beneficial language designed to ensure that customer switches from IOUs to existing municipal systems will not be subject to surcharges, service termination charges, exit fees or transition charges.

Federal Energy Advocate (ORC 4928.24). The PUCO shall employ a federal energy advocate to monitor the activities of FERC and other federal agencies and to advocate on behalf of Ohio retail electric service customers. Among the duties assigned to the new position, the advocate shall examine the value of the participation of electric utilities in regional transmission organizations, and to issue a report on whether continued participation of those utilities is in the interest of those consumers. The PUCO opened a formal proceeding to begin discussions on this topic, and AMP has been engaged in the process through filings on the case docket, and working with coalition partners on issues of mutual concern. *The creation of such an advocate and review of regional transmission organizations has long been supported by AMP and OMEA.*

Greenhouse Gas Emission Reporting (ORC 4929.68). Senate Bill 221 includes a provision directing the PUCO to adopt rules establishing greenhouse gas reporting requirements, including participation in the Climate Registry, and carbon dioxide control planning requirements for each electric generating unit, including existing facilities, owned or operated by a public utility subject to jurisdiction by the PUCO. The legislation and statute are clear that this provision applies only to utilities regulated by the PUCO. *Although not required to participate in the state-mandated programs, AMP has joined the Chicago Climate Exchange and is a partner in the Midwest Regional Carbon Sequestration Project.*

VIRGINIA LEGISLATION

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

In 1999, the Virginia General Assembly adopted Senate Bill 1269 entitled the Virginia Electric Utility Restructuring Act ("*Restructuring Act*"). This comprehensive legislation provided for the deregulation of the generation component of electric service while transmission and distribution remained as regulated services. The Restructuring Act provided for customer choice of generation providers to be phased in, and during the transition from fully regulated electricity prices to generation customer choice, capped rates for electricity service were in effect. The Restructuring Act contained numerous additional provisions and was significantly amended in subsequent years. *As amended, the Restructuring Act specifically exempts municipal power systems from retail competition and other Restructuring Act provisions unless a municipality operating them (a) elects to become subject to such provisions or (b) competes for certain electric customers outside the service territories served by their systems as of 1999 (Va. Code §56-580 F).*

In 2007, the Virginia General Assembly passed House Bill 3068/Senate Bill 1416 (Chapters 888 and 933 of the 2007 Acts of the General Assembly) which have been referred to as the electricity "re-regulation" legislation. This legislation became effective on July 1, 2007. It amended the Restructuring Act and other statutes by largely ending Virginia's approximately ten year experiment with deregulation and by restoring full cost-of-service regulation by the SCC. In addition, the legislation provided incentives for utilities to build new generation to meet growing demand and to add environmental equipment at their power stations. It also provided incentives for utilities to invest in renewable forms of energy and demand-side management and conservation programs. In 2008, the Virginia General Assembly further amended the Restructuring Act and renamed it the Virginia Electric Utility Regulation Act. *The re-regulation legislation maintained the Restructuring Act's exemption for municipal power systems.*

Customer Choice. Capped rates ended on December 31, 2008, and retail choice generally has been eliminated for all but individual retail customers with a demand of more than 5 megawatts and non-residential retail customers who obtain SCC approval to aggregate their load to reach the 5 megawatt threshold, subject to a cap of 1% of peak load of the customers' electric utility. In addition, individual retail customers are permitted to purchase renewable energy from competitive suppliers if the incumbent electric utility does not offer a tariff approved by the SCC for the sale of electric energy provided 100 percent from renewable energy (Va. Code § 56-577). In December 2008, the SCC determined that tariffs proposed by Dominion Virginia Power and Appalachian Power for the sale of renewable energy credits do not constitute a sale of electrical energy provided 100 percent from renewable energy. As a result, customer choice remains in effect for electrical energy provided 100 percent from renewable energy for customers of these companies, which are the two largest investor-owned utilities in Virginia. *These provisions have no direct impact on Virginia municipal power systems.*

Renewable Energy. The 2007 "re-regulation" legislation established a voluntary Renewable Portfolio Standard ("*RPS*") program with the goal of meeting 12% of annual electric energy use by 2022 from renewable sources. "Renewable energy" generally means energy derived from sunlight, wind, falling water, sustainable biomass, energy from waste, municipal solid waste, wave motion, tides, and geothermal power, and does not include energy derived from coal, oil, natural gas or nuclear power. The RPS goals, as amended, are 4% in 2010, 7% in 2016, 12% in 2022 and 15% in 2025. Participating utilities will be awarded an additional .5% on their authorized rate of return upon achieving and maintaining these goals. The legislation provides an additional 2 percent return for utility investments in generating facilities using renewable energy (Va. Code §§ 56-585.1 and 56-585.2). *These provisions have no direct impact on Virginia municipal power systems.*

Energy Conservation. The "re-regulation" legislation provided that Virginia shall have a stated goal of reducing the consumption of electric energy by retail customers through the implementation of demand side management, conservation, energy efficiency, and load management programs, including consumer education, by the year 2022 by an amount equal to ten percent of the amount of electric energy consumed by retail customers in 2006. In December 2007, the SCC Staff reported that the 10% electric energy consumption reduction goal is attainable. *These provisions have no direct impact on Virginia municipal power systems.*

Integrated Resource Planning. In 2008, legislation was adopted requiring investor-owned electric utilities to submit an integrated resource plan by September 1, 2009. Among other things, these plans include: a forecast of the utility's load obligation; a plan to meet those obligations by supply-side and demand-side resources over a 15-year time period; goals of providing reasonable prices, reliable service, energy independence, and environmental responsibility; and a requirement to evaluate investments in demand-side resources (Va. Code § 56-597 *et seq*.). In addition, the SCC has adopted Integrated Resource Planning Guidelines. *These provisions have no direct impact on Virginia municipal power systems.*

2009 Legislation. House Bill 1646 was an energy-related bill that was passed in the 2009 session of the Virginia General Assembly, approved by the Governor, and became law effective July 1, 2009. It amended and reenacted § 9-7, as amended, of Chapter 657 of the Acts of Assembly of 1982. This bill revised the charter of the City of Danville, an AMP Member and Participant, by raising the amount of bonds which the city can issue without a referendum. Other changes gave the city greater flexibility in financing electric power transmission and distribution facilities.

2010 Legislation. Following are summaries of certain energy-related bills that were passed in the 2010 session of the Virginia General Assembly and approved by the Governor. Each bill became law effective July 1, 2010. *These provisions have no direct impact on Virginia municipal power systems, except (i) House Bill 27/Senate Bill 12, (ii) House Bill 672, and (iii) House Bill 1300/Senate Bill 128.*

House Bill 27/Senate Bill 12. This bill converts Bristol Virginia Utilities into a new authority, to be known as the BVU Authority, which will own and operate the electric and other utility facilities of the City of Bristol. It amends and reenacts Va. Code § 15.2-2160 and adds in Title 15.2 a chapter numbered 72, consisting of sections numbered 15.2-7200 through 15.2-7226.

House Bill 88. This bill authorizes electric cooperatives, upon a customer's request, to install and operate prepaid metering equipment and a system that will terminate electric service immediately and automatically when the customer has incurred charges for electric service equal to the amount prepaid by the customer. It amends and reenacts Va. Code § 56-247.1.

House Bill 92. This bill allows electric cooperatives to offer 100 percent green power in the form of renewable energy certificates for those members who wish to purchase them. It amends and reenacts Va. Code § 56-577.

House Bill 672. This bill creates the Virginia Infrastructure Project Loan Fund, which will be administered by the Virginia Resources Authority. Money in the Fund would be used exclusively for the financing of landfill gas energy projects and sewerage system or wastewater treatment projects, including those undertaken by a municipality to generate electric energy from gas generated at such facilities. The measure also specifies that a landfill gas energy project constitutes a "project" under the Virginia Resources Authority Act. It amends and reenacts Va. Code §§ 62.1-198 and 62.1-199 and adds in Title 15.2 a chapter numbered 24.3, consisting of sections numbered 15.2-2430 through 15.2-2440.

House Bill 1300/Senate Bill 128. This bill retains the authority of the Commonwealth's Air Pollution Control Board to provide for participation in the EPA-administered cap and trade system for NOx and SO_2 to the fullest extent permitted by federal law. However, the bill prohibits the Board from requiring that electric generating facilities located in a nonattainment area, including those operated by a municipality, meet NOx and SO_2 compliance obligations without the purchase of allowances from in-state or out-of-state facilities. It amends and reenacts Va. Code § 10.1-1328.

Senate Bill 110. This bill expands the authority given to localities to provide loans for the initial acquisition and installation of clean energy improvements, such as distributed generation renewable energy sources and energy efficiency improvements. Specifically, it gives localities the power to place liens equal in value to the loan against any property where such clean energy systems are being installed. It further allows the locality to bundle the loans for transfer to private lenders in such a manner that would allow the liens to remain in full force to secure the loans. It amends and reenacts Va. Code § 15.2-958.3.

Senate Bill 645. This bill prohibits the State Corporation Commission from approving an agreement between a local governing body and an electric utility for the underground installation of an electric transmission line of at least 150 kilovolts if a feasible overhead alternative exists, unless all localities in which the line passes request that the line be installed underground. It amends and reenacts Va. Code § 15.2-2404.

Significant Legislation Carried over to the 2011 Session. Following are summaries of certain energy-related bills that were carried over to the 2011 session of the Virginia General Assembly. *These proposals in their current form would have no direct impact on Virginia municipal power systems.*

House Bill 327. This bill would establish an energy efficiency standard under which investor-owned electric utilities are required to reduce the consumption by their retail customers in the Commonwealth, through implementation of energy efficiency and conservation programs. By 2026, electric consumption would have to be reduced by 19 percent less than the consumption level currently projected for such year. Between 2011 and 2026, utilities would be required to meet interim benchmarks established by the State Corporation Commission.

House Bill 675. This bill would require the State Corporation Commission, as a condition of approving the construction of an underground or overhead transmission line, to establish certain conditions to minimize adverse environmental impact and the aesthetic appearance of the right-of-way.

House Bill 1236. This bill would require investor-owned electric utilities and natural gas distribution companies to provide information to customers to support and encourage conservation actions. The bill would require the State Corporation Commission to determine the type of information and issue guidelines indicating what information is to be (i) included with customers' periodic bills, (ii) sent annually to customers in reports, and (iii) made accessible to customers on the Internet.

House Bill 1274/Senate Bill 647. This bill would require standing committees of the General Assembly to request that the State Corporation Commission or the Joint Legislative Audit and Review Commission prepare an assessment of the economic impact, on customers and public utilities in the Commonwealth, of any proposed state law or other mandate that affects the use, delivery, availability or regulation of energy in the Commonwealth. The assessment would be required to be completed within 24 months.

WEST VIRGINIA LEGISLATION

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

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

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

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

Competition. West Virginia has not deregulated its electric utility industry. In 2001, the West Virginia Legislature failed to pass a resolution that would have triggered previously enacted legislation initiating the restructuring of the West Virginia electric utility industry. Accordingly, West Virginia currently does not have statutes similar to those in Ohio concerning electric utility competition.

Greenhouse Gas Emissions. In 2007, the West Virginia Legislature passed S.B. 337, authorizing the Secretary of the Department of Environmental Protection to establish a greenhouse gas inventory ("*GHG Inventory*") for West Virginia. The legislation authorized the Secretary to adopt rules establishing GHG Inventory requirements for all sources that emit greater than a *de minimis* amount of GHGs on an annual basis. The reporting requirements are not mandatory for those entities not subject to the Secretary's current air pollution reporting requirements. Naturally occurring emissions need not be reported and reporting entities will be permitted to provide existing and ongoing documented inventories, such as those provided to the Chicago Climate Exchange Registry and other widely recognized and verified GHG inventory programs, to fulfill completely their West Virginia program reporting requirements.

Alternative and Renewable Energy Portfolio Standard. On June 30, 2009 the West Virginia Legislature passed the "Alternative and Renewable Energy Portfolio Act" (HB103) (for purposes of this section, the "*Act*"). The Legislature later amended the Act with passage of HB408 and SB350 on November 19, 2009 and March 13, 2010, respectively. Similar to legislation in neighboring states, the Act requires "electric utilities" to obtain twenty-five percent of the power they sell in West Virginia from "alternative or renewable energy resources" by the year 2025. The requirement is phased in, starting with a ten percent requirement by 2015 and 15 percent by 2020. However, these requirements also terminate effective June 30, 2026. The term "alternative energy resources" includes, among other technologies, advanced coal technologies and pumped-storage hydropower. The term "renewable energy resources" includes solar, wind, and run-of-the-river hydropower.

The Act did not extend its portfolio requirements to AMP, as "electric utility" was limited to generators and distributors selling electricity to retail customers in West Virginia. Also excluded from the statutory definition were West Virginia municipally-owned electric facilities, rural electric cooperatives, and utilities serving less than 30,000 residential customers. However, the Act mandated that the WVPSC initiate a proceeding to consider, among other things, adopting, by rule, portfolio requirements for such entities.

On June 30, 2010, the WVPSC issued its proposed rules (the "*Proposed Rules*"). Under the Proposed Rules, West Virginia municipally-owned electric facilities, rural electric cooperatives, and utilities serving less than 30,000 residential customers would be included in the definition of "electric utility" and, therefore, be subject to the portfolio requirements of the Act. The Proposed Rules do not extend the requirements to generators and distributors that do not sell electricity to retail customers, such as AMP. Initial comments to the Proposed Rules were to be submitted by August 30, 2010. Reply comments were due September 15, 2010.

Alternative and Renewable Energy Credits. The Act also required the creation of a system of tradeable credits to establish, verify and monitor the generation and sale of alternative and renewable energy mandated under the Act's portfolio standards. A utility would receive one credit for each megawatt hour of alternative energy generated or purchased and two credits for each megawatt hour of renewable energy generated or purchased. The provision allowing for the award of credits based on a utility's generation or purchase of alternative or renewable energy is important to West Virginia electric systems and AMP because it enhances the value of their existing and proposed renewable energy resources.

In issuing its June 30, 2010 Proposed Rules discussed above, the WVPSC also set forth its draft rules for the credit trading system. Under the Proposed rules, to receive a renewable energy credit, the electricity must be generated at a renewable energy resource facility approved and certified by the WVPSC. To be certified, the facility must, among other things, operate within the service area of PJM. Importantly, the Proposed Rules also would extend eligibility for the award of credits beyond electric utilities to qualifying non-utility generators and distributors of electricity, such as AMP. With their inclusion in the definition of "electric utility," West Virginia municipally-owned electric facilities, rural electric cooperatives, and utilities serving less than 30,000 residential customers also would be eligible to be awarded credits under the Proposed Rules. Initial comments to the Proposed Rules were to be submitted by August 30, 2010. Reply comments are due September 15, 2010.

Emissions Reductions and Energy Efficiency Standard. The Act also provided for the award of credits to electric utilities for the implementation of greenhouse gas emission reduction or offset projects and investments in energy efficiency and demand-side energy initiative projects. With their inclusion in the definition of "electric utility" under the June 30, 2010 Proposed Rules, West Virginia municipally-owned electric facilities, rural electric cooperatives, and utilities serving less than 30,000 residential customers would be eligible for such credits. Neither the Act nor the Proposed Rules extend eligibility for these credits to non-utility generators or distributors, such as AMP.

Net metering. On June 30, 2010, the WVPSC adopted final rules pursuant to the Act establishing procedures relating to net metering arrangements and the interconnection of eligible electric generating facilities (the "*Net Metering Rules*"). Among other things, the Net Metering Rules limit the maximum nameplate capacity that may be contributed by residential Customer-generators, commercial Customer-generators, and industrial Customer-generators to 25 kilowatts, 500 kilowatts and 2 megawatts, respectively. Significantly, the rules define West Virginia municipally-owned electric facilities, rural electric cooperatives, and utilities serving less than 30,000 residential customers as "electric utilities," thereby requiring that they must offer net metering to Customer-generators. However, such entities are not obligated to offer net metering to Customer-generators with nameplate capacity exceeding 50 kilowatts.

Special rates for energy intensive industrial consumers. In an effort to retain and attract certain energy–intensive industries to West Virginia, the West Virginia Legislature passed SB656 on March 9, 2010. The legislation authorized the WVPSC to establish special rates for energy-intensive industrial consumers of electric power. Qualifying industrial consumers must first attempt to negotiate with their utility a joint filing requesting such rates. If agreement is not reached, then the consumer may submit a petition to the WVPSC for the special rate. To qualify for a special rate, a consumer must, among other things, have a contract demand of at least 50,000 kW of electric power under normal operating conditions; create or retain at least 25 full-time jobs in the West Virginia; invest at least $500,000 in fixed assets in West Virginia; and demonstrate that without the special rate, the facility is not economically viable. The legislation tasks the WVPSC with determining whether the excess revenue or revenue shortfall caused by the special rate should be allocated among the utility's other customers..

TAX LEGISLATION

Bills have been and in the future may be introduced that could impact the issuance of tax-exempt bonds 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 are no proceedings or transactions relating to the issuance, sale or delivery of the Series 2010 Bonds. AMP reports that there is no litigation pending or, to the knowledge of AMP, threatened against or affecting AMP, in any way questioning or in any manner affecting the validity or enforceability of the Series 2010 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 his knowledge threatened, against AMP is material to the Project. Further, General Counsel is of the opinion that, except as described in this Official Statement, no such litigation is pending or, to its knowledge threatened, that would be material to the financial condition of AMP taken as a whole.

CONTINUING DISCLOSURE UNDERTAKING

Pursuant to a Continuing Disclosure Agreement to be entered into by AMP simultaneously with the delivery of the Series 2010 Bonds (the "*Continuing Disclosure Agreement*"), AMP will covenant for the benefit of the Bondowners and the "Beneficial Owners" (as defined in the Continuing Disclosure Agreement) of the Series 2010 Bonds to provide, on an annual basis, by November 30 of each year, commencing with the report for AMP fiscal year ended December 31, 2010, certain financial information and operating data relating to each of the Large Participants (the "*Annual Disclosure Report*"), and to provide notices of the occurrence of certain enumerated events with respect to the Series 2010 Bonds, if material. Pursuant to amendments to Securities and Exchange Commission Rule 15c2-12 (as the same may be further amended from time to time, "*Rule 15c2-12*") which became effective on July 1, 2009, 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, and with the State Information Depository established by the State of Ohio (the "*SID*"). The notices of such material events will be filed by or on behalf of AMP the MSRB (and with such SID). 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 Agreement attached hereto as APPENDIX H. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

As will be provided in the Continuing Disclosure Agreement, if AMP fails to comply with any provision of the Continuing Disclosure Agreement, any Bondowner or "Beneficial Owner" of the Series 2010 Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause AMP to comply with its obligations under the Continuing Disclosure Agreement. "Beneficial Owner" will be defined in the Continuing Disclosure Agreement to mean any person holding a beneficial ownership interest in Series 2010 Bonds through nominees or depositories (including any person holding such interest through the book-entry only system of DTC). IF ANY PERSON SEEKS TO CAUSE AMP TO COMPLY WITH ITS OBLIGATIONS UNDER THE CONTINUING DISCLOSURE AGREEMENT, IT IS THE RESPONSIBILITY OF SUCH PERSON TO DEMONSTRATE THAT IT IS A "BENEFICIAL OWNER" WITHIN THE MEANING OF THE CONTINUING DISCLOSURE AGREEMENT.

As described under "APPENDIX F – Book-Entry System" herein, upon initial issuance, the Series 2010 Bonds will be issued in book-entry-only form through the facilities of DTC, and the ownership of one fully registered Series 2010 Bond for each maturity, in the aggregate principal amount thereof, will be registered in the name of Cede & Co., as nominee for DTC. For a description of DTC's current procedures with respect to the enforcement of bondowners' rights, see "APPENDIX F – Book-Entry System" herein.

UNDERWRITING

The Series 2010 Bonds are being purchased by J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, BMO Capital Markets GKST Inc., Edward D. Jones & Co., L.P., The Huntington Investment Company, KeyBanc Capital Markets Inc., Samuel A. Ramirez & Co., Inc., Raymond James & Associates Inc., SunTrust Robinson Humphrey, Inc. and Wells Fargo Bank, National Association (the "*Underwriters*") pursuant to a Purchase Contract (the "*Purchase Contract*") between AMP and J.P. Morgan Securities LLC, as representative of the Underwriters. The Purchase Contract sets forth the Underwriters' obligation to purchase the Series 2010 Bonds at a purchase price reflecting an aggregate underwriters' discount of $2,314,552 from the initial public offering price on the cover of this Official Statement, subject to certain terms and conditions, including the approval of certain matters by counsel. The Purchase Contract provides that the Underwriters will purchase all of the Series 2010 Bonds if any are purchased.

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

J.P. Morgan Securities LLC ("*JPMS*"), one of the Underwriters of the Series 2010 Bonds, has entered into negotiated dealer agreements (each, a "*Dealer Agreement*") with each of UBS Financial Services Inc. ("*UBSFS*") and Charles Schwab & Co., Inc. ("*CS&Co.*") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase Series 2010 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2010 Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

BMO Capital Markets is the trade name for certain capital markets and investment banking services of Bank of Montreal and its subsidiaries, including BMO Capital Markets GKST Inc. which is a direct, wholly-owned subsidiary of Harris Financial Corp. which is itself a wholly-owned subsidiary of Bank of Montreal.

RATINGS

The Series 2010 Bonds have been rated "A" by Fitch Inc., "A1" by Moody's Investors Service, Inc. and "A" by Standard & Poor's, a division of The McGraw Hill Companies, Inc.

Certain information and materials not included in this Official Statement were furnished to the rating agencies. A securities rating is not a recommendation to buy, sell or hold securities. There is no assurance that a rating, once obtained, will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the opinion of the rating agency, circumstances so warrant. Any such downward revision or withdrawal could have an adverse effect on the marketability or market price of the Series 2010 Bonds. AMP has not undertaken any responsibility after issuance of the Series 2010 Bonds to assure the maintenance of the ratings applicable thereto or to oppose any revision or withdrawal of such ratings.

TAX MATTERS

SERIES 2010 BONDS

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Circular 230 Notice

Any discussion of U.S. federal tax issues set forth in this Official Statement relating to the Series 2010 Bonds was written in connection with the promotion and marketing of the transactions described in this Official Statement. Such discussion is not intended or written to be legal or tax advice with respect to the Series 2010 Bonds to any person, and is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any U.S. federal tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

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General

The following is a summary of the principal U.S. federal income tax consequences of the purchase, ownership and disposition of the Series 2010 Bonds. This discussion does not purport to be a complete analysis of all the potential tax consequences of such purchase, ownership and disposition and is based upon the Code, Treasury regulations (whether final, temporary or proposed), and rulings and judicial decisions in effect as of the date hereof. Those laws are subject to change, possibly with retroactive effect. This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular investor in light of that investor's individual circumstances or to certain types of investors subject to special treatment under the U.S. federal income tax laws (including persons whose functional currency is not the U.S. dollar, entities classified as partnerships for U.S. federal income tax purposes, life insurance companies, regulated investment companies, real estate investment trusts, dealers in securities or currencies, banks, tax-exempt organizations or persons holding Series 2010 Bonds in a tax-deferred or tax-advantaged account, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, persons who hold Series 2010 Bonds as part of a hedging, straddle, integrated, conversion or constructive sale transaction, persons who have ceased to be U.S. citizens or to be taxed as resident aliens or persons liable for the alternative minimum tax) and does not discuss any aspect of state, local or foreign tax laws. This discussion applies only to U.S. holders and non-U.S. holders (each defined below) of Series 2010 Bonds who purchase their Series 2010 Bonds in the original offering at the original offering price, and who hold their Series 2010 Bonds as capital assets. This discussion does not address any tax consequences applicable to a holder of an equity interest in a holder of Series 2010 Bonds. In particularly, this discussion does not address any tax consequences applicable to a partner in a partnership holding Series 2010 Bonds. If a partnership holds Series 2010 Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Thus, a person who is a partner in a partnership holding Series 2010 Bonds should consult his or her own tax advisor.

This summary only addresses Series 2010 Bonds with the features described herein.

Prospective purchasers are urged to consult their own tax advisors with respect to the U.S. federal and other tax consequences of the purchase, ownership and disposition of the Series 2010 Bond before determining whether to purchase Series 2010 Bonds.

In this discussion, the term "U.S. Holder" means a beneficial owner of Series 2010 Bonds that is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (b) the trust was in existence on August 20, 1996 and properly elected to continue to be treated as a United States person. As used herein, the term "non-U.S. Holder" means a beneficial owner Series 2010 Bonds that is not a U.S. Holder.

U.S. Holders

Interest on Series 2010 Bonds.

Payments of interest on the Series 2010 Bonds will be included in gross income for U.S. federal income tax purposes by a U.S. Holder as ordinary income at the time the interest is paid or accrued in accordance with the U.S. Holder's regular method of accounting for tax purposes.

Market Discount.

If a U.S. Holder purchases a Series 2010 Bond for an amount that is less than its issue price (or, in the case of a subsequent purchaser, its stated redemption price at maturity), such U.S. Holder will be treated as having purchased such Series 2010 Bond at a "market discount," unless the amount of such market discount is less than a specified de minimis amount. For this purpose, the "revised issue price" of a Series 2010 Bond generally equals its issue price, increased by the amount of any original issue discount that has been accrued on such Series 2010 Bond and decreased by the amount of any payments previously made on such Series 2010 Bond that were not qualified stated interest payments.

Under the market discount rules, a U.S. Holder is required to treat any partial principal payment on, or any gain realized on the sale, exchange, retirement or other disposition of, a Series 2010 Bond as ordinary income to the extent of the lesser of (i) the amount of such payment or realized gain, or (ii) the amount of market discount that has not previously been included in gross income and is treated as having accrued on such Series 2010 Bond at the time of such payment or disposition. Market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of such Series 2010 Bond, unless the U.S. Holder elects to accrue market discount on the basis of semiannual compounding.

A U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a Series 2010 Bond with market discount until the maturity of such Series 2010 Bond or certain earlier dispositions, because a current deduction is only allowed to the extent the interest expense exceeds an allocable portion of market discount. A U.S. Holder may elect to include market discount in income currently as it accrues (on either a ratable or semiannual compounding basis), in which case the rules described above regarding the treatment as ordinary income of gain upon the disposition of such Series 2010 Bond and upon the receipt of certain cash payments and regarding the deferral of interest deductions will not apply. Generally, such currently included market discount is treated as ordinary interest for U.S. federal income tax purposes. Such an election will apply to all debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies, and may be revoked only with the consent of the IRS.

Premium.

If a U.S. Holder purchases a Series 2010 Bond for an amount that is greater than the sum of all amounts payable on such Series 2010 Bond after the purchase date, other than payments of qualified stated interest, such U.S. Holder will be considered to have purchased such Series 2010 Bond with "amortizable bond premium" equal in amount to such excess. A U.S. Holder may elect to amortize such premium using a constant yield method over the remaining term of such Series 2010 Bond and may offset interest otherwise required to be included in respect of such Series 2010 Bond during any taxable year by the amortized amount of such premium for the taxable year. However, if a Series 2010 Bond may be optionally redeemed after the U.S. Holder acquires it at a price in excess of its stated redemption price at maturity, special rules will apply that could result in a deferral of the amortization of a portion of the bond premium until later in the term of such Series 2010 Bond (as discussed in more detail below). Any election to amortize bond premium applies to all taxable debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

The following rules apply to any Series 2010 Bond that may be optionally redeemed after the U.S. Holder acquires it at a price in excess of its stated redemption price at maturity. The amount of amortizable bond premium attributable to such Series 2010 Bond is equal to the lesser of (1) the difference between (A) such U.S. Holder's tax basis in the Series 2010 Bond and (B) the sum of all amounts payable on such Series 2010 Bond after the purchase date, other than payments of qualified stated interest or (2) the difference between (X) such U.S. Holder's tax basis in such Series 2010 Bond and (Y) the sum of all amounts payable on such Series 2010 Bond after the purchase date due on or before the early call date, described below, other than payments of qualified stated interest. If a Series 2010 Bond may be redeemed on more than one date prior to maturity, the early call date and amount payable on the early call date that produces the lowest amount of amortizable bond premium, is the early call date and amount payable that is initially used for purposes of calculating the amount pursuant to clause (2) of the previous sentence. If an early call date is not taken into account in computing premium amortization and the early call is in fact exercised, a U.S. Holder will be allowed a deduction for the excess of the U.S. Holder's tax basis in the Series 2010 Bond over the amount realized pursuant to the redemption. If an early call date is taken into account in computing premium amortization and the early call is not exercised, the Series 2010 Bond will be treated as "reissued" on such early call date for the call price. Following the deemed reissuance, the amount of amortizable bond premium is recalculated pursuant to the rules of this section "Premium." The rules relating to a Series 2010 Bonds that may be optionally redeemed are complex and, accordingly, prospective purchasers are urged to consult their own tax advisors regarding the application of the amortizable bond premium rules to their particular situation.

Disposition of Series 2010 Bonds.

Except as discussed above, upon the sale, exchange, redemption or retirement of a Series 2010 Bond, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or retirement (other than amounts representing accrued and unpaid interest) of such Series 2010 Bond and such U.S. Holder's adjusted tax basis in such Series 2010 Bond. A U.S. Holder's adjusted tax basis in a Series 2010 Bond generally will equal such U.S. Holder's initial investment in the Series 2010 Bond increased by any original issue discount included in income (and accrued market discount, acquisition premium, if any, if the U.S. Holder has included such market discount in income) and decreased by the amount of any payments, other than qualified stated interest payments, received and amortizable bond premium taken with respect to such Series 2010 Bond. Such gain or loss generally will be long term capital gain or loss if the Series 2010 Bond has been held by the U.S. Holder at the time of disposition for more than one year. If the U.S. holder is an individual, long term capital gain will be subject to reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

New Legislation

On March 30, President Obama signed into law the Health Care and Education Reconciliation Act of 2010 (the "Reconciliation Act"). The Reconciliation Act, which will be effective for taxable years beginning after December 31, 2012, will require certain U.S. Holders who are individuals, estates or trusts, to pay a special 3.8% tax on all or a portion of the interest and other income from the Series 2010 Bonds. Prospective purchasers should consult their tax advisors as to the applicability of such tax.

Non-U.S. Holders

A non-U.S. holder who is an individual or corporation (or an entity treated as a corporation for U.S. federal income tax purposes) holding Series 2010 Bonds on its own behalf will not be subject to U.S. federal income tax on payments of principal of, or premium (if any), or interest (including original issue discount, if any) on Series 2010 Bonds, unless the non-U.S. holder is a direct or indirect 10% or greater shareholder of AMP, a controlled foreign corporation related to AMP or a bank receiving interest described in section 881(c)(3)(A) of the Code. To qualify for the exemption from taxation, the Withholding Agent, as defined below, must have received a statement from the individual or corporation that:

- is signed under penalties of perjury by the beneficial owner of the Series 2010 Bonds,

- certifies that the owner is not a U.S. holder, and

- provides the beneficial owner's name and permanent residence address.

A "Withholding Agent" is the last U.S. payor (or non-U.S. payor who is a qualified intermediary, U.S. branch of a foreign person or withholding foreign partnership) in the chain of payment prior to payment to a non-U.S. holder (that itself is not a Withholding Agent). Generally, this statement is made on an IRS Form W-8BEN, which is effective for the remainder of the year of signature and three full calendar years thereafter, unless a change in circumstances makes any information on the form incorrect. Notwithstanding the preceding sentence, a Form W-8BEN with a U.S. taxpayer identification number will remain effective until a change in circumstances makes any information on the form incorrect, provided the Withholding Agent reports at least annually to the beneficial owner on IRS Form 1042-S. The beneficial owner must inform the Withholding Agent within 30 days of any change and furnish a new Form W-8BEN. A non-U.S. holder of Series 2010 Bonds that is not an individual or corporation (or an entity treated as a corporation for U.S. federal income tax purposes) holding Series 2010 Bonds on its own behalf may have substantially increased reporting requirements. In particular, in the case of Series 2010 Bonds held by a foreign partnership or foreign trust, the partners or beneficiaries rather than the partnership or trust will be required to provide the certification discussed above, and the partnership or trust will be required to provide certain additional information.

A non-U.S. holder of Series 2010 Bonds whose income from such Series 2010 Bonds is effectively connected with the conduct of a U.S. trade or business generally will be taxed as if the holder were a U.S. holder (and, if the non-U.S. holder of Series 2010 Bonds is a corporation, possibly subject to a branch profits tax at a 30% rate or lower rate as may be prescribed by an applicable tax treaty), provided the holder furnishes to the Withholding Agent an IRS Form W-8ECI.

Certain securities clearing organizations, and other entities that are not beneficial owners may be able to provide a signed statement to the Withholding Agent. In that case, however, the signed statement may require a copy of the beneficial owner's Form W-8BEN.

Generally, a non-U.S. holder will not be subject to U.S. federal income tax on any capital gain recognized on retirement or disposition of Series 2010 Bonds, unless the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the retirement or disposition of such Series 2010 Bonds, and that gain is derived from sources within the United States. Certain other exceptions may apply, and a non-U.S. holder in these circumstances should consult his tax advisor.

Series 2010 Bonds will not be includible in the estate of a non-U.S. holder unless the decedent was a direct or indirect 10% or greater shareholder of AMP or, at the time of the decedent's death, income from such Series 2010 Bonds was effectively connected with the conduct by the decedent of a trade or business in the United States.

Information Reporting and Backup Withholding

Information reporting requirements, on IRS Form 1099, generally apply to (i) payments of principal of and interest on Series 2010 Bonds to a noncorporate U.S. Holder within the United States or by a U.S. paying agent or other U.S. intermediary, including payments made by wire transfer from outside the United States to an account maintained in the United States, and (ii) payments to a noncorporate U.S. Holder of the proceeds from the sale of Series 2010 Bonds effected by a U.S. broker or agent or at a U.S. office of a broker.

Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with the backup withholding rules. Compliance with the identification procedures described in the preceding section will establish an exemption from backup withholding for those non-U.S. holders who are not exempt recipients.

Owners of Series 2010 Bonds. Although the Series 2010 Bonds will be issued as "Build America Bonds," AMP will elect to receive a cash subsidy payment from the United States Treasury equal to thirty-five percent (35%) of the interest payable by AMP on the Series 2010 Bonds. UNDER NO CIRCUMSTANCES WILL THE OWNERS OF THE SERIES 2010 BONDS RECEIVE OR BE ENTITLED TO A CREDIT AT ANY TIME AGAINST THE TAX IMPOSED BY THE CODE.

OHIO TAX CONSIDERATIONS

In the opinion of Peck, Shaffer & Williams LLP, Bond Counsel, interest on the Series 2010 Bonds will be exempt from taxes levied by the State of Ohio and its subdivisions, including the Ohio personal income tax, and will also be excludable from the net income base used in calculating the Ohio corporate franchise tax.

ADVISORS

AMP has retained PNC Capital Markets LLC as financial advisor (the "*Financial Advisor*") and Kensington Capital Advisors, LLC as Financial Products Advisor (the "*Financial Products Advisor*") in connection with the issuance of the Series 2010 Bonds. Neither the Financial Advisor nor the Financial Products Advisor is obligated to undertake, and neither has undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

APPROVAL OF LEGAL MATTERS

GENERAL

Certain legal matters incident to the authorization, issuance and delivery of the Series 2010 Bonds by AMP are subject to the approving opinion of Peck, Shaffer & Williams LLP, Bond Counsel. The approving opinion of Bond Counsel, in substantially the form set forth as APPENDIX E-1 to this Official Statement, will be delivered with the Series 2010 Bonds.

Certain federal tax matters regarding the Series 2010 Bonds will be passed upon for AMP by Sidley Austin LLP, Federal Tax Counsel. The form of its opinion regarding the Series 2010 Bonds is set forth as APPENDIX E-2 to this Official Statement.

Certain legal matters will be passed upon for AMP by its General Counsel, Chester Willcox & Saxbe LLP. Certain legal matters will be passed upon for the Underwriters by Nixon Peabody LLP.

POWER SALES CONTRACT

In connection with the issuance of the Series 2008A Bonds, counsel for each of the Participants ("*Local Counsel*") delivered to AMP their opinions to the effect that such Participant duly authorized and executed the Power Sales Contract. In reliance on the opinions of Local Counsel for the Participants located in their states, Michigan, Ohio, Virginia and West Virginia counsel for AMP ("*State Counsel*") delivered in connection with the issuance of the Series 2008A Bonds their opinions as to the validity and enforceability of the Power Sales Contract as to the Participants located therein.

In 2007, the legislatures of Virginia and West Virginia enacted similar statutes expressly authorizing municipalities therein to enter into long-term take-or-pay contracts, including step up provisions, with out-of-state corporations, including non-profit corporations. In March 2008, the legislature of Michigan enacted amendments to existing statutes expressly authorizing municipalities therein to enter into long-term take-or-pay contracts, including step up provisions, with out-of-state persons. Each State Counsel expressly stated in its opinion that such opinion was given without reliance upon the Fallback Provision.

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

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 2010 Bonds.

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

AMERICAN MUNICIPAL POWER, INC.

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

By /s/ Robert W. Trippe
Senior Vice President of Finance and
Chief Financial Officer

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APPENDIX A

THE PARTICIPANTS

Participant	Allocation (kW)	Allocation (%)	Participant	Allocation (kW)	Allocation (%)
Danville, Virginia	49,760	13.52%	Carey	1,990	0.54%
Hamilton	35,000	9.51	Jackson Center	1,393	0.38
Bowling Green	35,000	9.51	Hubbard	1,294	0.35
Cleveland	24,880	6.76	Grafton	1,294	0.35
Piqua	19,904	5.41	Arcanum	1,194	0.32
Celina	14,928	4.06	Pioneer	995	0.27
Tipp City	9,952	2.70	Oak Harbor	995	0.27
Painesville	9,952	2.70	New Martinsville, West Virginia	995	0.27
Hudson	9,952	2.70	Monroeville	995	0.27
Cuyahoga Falls	9,952	2.70	Milan	995	0.27
Coldwater, Michigan	9,952	2.70	Holiday City	995	0.27
Galion	9,952	2.70	Edgerton	995	0.27
Jackson	8,161	2.22	Genoa	896	0.24
Bedford, Virginia	7,862	2.14	Lakeview	796	0.22
Bryan	7,500	2.04	Deshler	746	0.20
Minster	6,966	1.89	Woodville	498	0.14
New Bremen	5,971	1.62	Waynesfield	498	0.14
Front Royal, Virginia	5,971	1.62	Plymouth	498	0.14
Martinsville, Virginia	5,772	1.57	Pemberville	498	0.14
Orrville	4,976	1.35	Greenwich	498	0.14
Napoleon	4,976	1.35	Elmore	498	0.14
Dover	4,976	1.35	Shiloh	398	0.11
Amherst	4,976	1.35	Mendon	398	0.11
Columbiana	4,379	1.19	Beach City	398	0.11
Wellington	3,981	1.08	Sycamore	299	0.08
Versailles	3,981	1.08	Ohio City	299	0.08
Shelby	3,981	1.08	Republic	199	0.05
St. Marys	3,881	1.08	Eldorado	199	0.05
Wapakoneta	2,986	0.81	Bradner	199	0.05
Clyde	2,986	0.81	Bloomdale	199	0.05
Niles	2,886	0.78	Arcadia	199	0.05
Richlands, Virginia	2,588	0.70	New Knoxville	149	0.04
Montpelier	2,488	0.68	Prospect	100	0.03
Newton Falls	1,990	0.54			
Marshall, Michigan	1,990	0.54	Total(1)	368,000	100.00%

(1) Percentages may not add to total due to rounding.

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APPENDIX B

INFORMATION ON THE SIX PARTICIPANTS WITH THE LARGEST PSCR SHARES

Presented in this Appendix B is selected financial information concerning the six largest Participants (the "*Large Participants*") in terms of their PSCR Shares, that is their respective shares of AMP's Entitlement to the output of the PSEC, Replacement Power and transmission services.

Each of the Ohio Large Participants – Cleveland, Hamilton, Bowling Green, Piqua and Celina - is required by law to file its annual audited financial statements with the Ohio Auditor of State and reference is made to their annual audits on line at www.auditor.state.oh.us. Furthermore, Cleveland and Hamilton have had separate annual audits prepared of the results of the operations of their Electric Systems, and such audits are also available on line with the Ohio Auditor of State. Danville, Virginia has posted its recent annual audits online at www.danville-va.gov – Departments, Finance, Accounting, CAFR. None of the Large Participants is contractually obligated to AMP to continue to make available audits of its Electric System on its website or otherwise.

The fiscal years of Virginia local governments end on June 30, and Danville's data are for the most part presented as of June 30, 2009.

A difference in the presentation of assessed valuation for the Large Participants should be noted. Pursuant to Virginia law, the assessed valuation information for Danville is based on 100 percent of appraised value of real property. For the Ohio Large Participants, the assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. Tangible personal property taxes on (i) manufacturing equipment, (ii) furniture and fixtures and (iii) inventory was phased-out over a four-year period, ending in 2009.

The Large Participants are participants in several other AMP sponsored projects for which selected data and related information are presented this Appendix B. Reference is made to the "AMERICAN MUNICIPAL POWER, INC. – Other Projects" in the forepart of this Official Statement for brief descriptions of the projects and the related financings.

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

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SECTION I

LARGE PARTICIPANTS' PEAK DEMAND AND PSCR SHARES

PARTICIPANT	2009 PEAK DEMAND (Kilowatts)	PSCR SHARES (Kilowatts)	PSCR SHARES (Percent)	CUMULATIVE PSCR SHARE (Percent)
1. Danville, Virginia	217,572	49,760	13.52%	13.52%
2. Hamilton, Ohio	139,000	35,000	9.51	23.03
3. Bowling Green, Ohio	99,115	35,000	9.51	32.54
4. Cleveland, Ohio	289,600	24,880	6.76	39.30
5. Piqua, Ohio	60,000	19,904	5.41	44.71
6. Celina, Ohio	41,813	14,928	4.06	48.77
TOTAL	847,100	179,472*	48.77%**	

* Of AMP's 368 MW Ownership Interest (23.26%) of the 1,582 MW of the PSEC.

** Of the 100% of PSCR Shares of all 68 Participants.

SECTION II

LARGE PARTICIPANTS' INFORMATION

DANVILLE, VIRGINIA

PSCR Rank	1
PSCR Share	13.52%
Municipality Established	1793
Electric System Established	1886
County	N/A
Basis of Accounting	Accrual
2009 Peak Demand (kW)	217,572

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

YEAR	POPULATION
1990	53,056
2000	48,411
2009	44,400 (est.)

Source: U.S. Bureau of Census.

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

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

BUILDING PERMITS

2007	2008	2009
$50,274,554	$61,390,113	$27,659,787

Source: City of Danville

ASSESSED VALUATION

2007	2008	2009
$2,497,659,386	$2,531,311,088	$2,664,746,381

Source: City of Danville

UNEMPLOYMENT

2007	2008	2009	2010*
7.3%	9.2%	13.4%	13.5%

Source: Virginia Workforce Connection;
https://www.vawc.virginia.gov/
* As of May 2010, not seasonally adjusted.

MEDIAN FAMILY INCOME

1990	2000
$27,752	$36,024

Source: U.S. Bureau of Census

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

Since 2007, Danville has purchased the majority of its power from AMP. The City utility owns and maintains 118 miles of transmission and distribution lines and has 17 substations. The City of Danville owns and operates a three-unit hydroelectric generating plant with a maximum capacity of 10.5 MW, a 750 kW unit at the Talbott Dam site and three 2000 kVa diesel generators in the service area. The City utility also has two generators, a 200 kW back-up diesel generator at its water treatment plant and a 150 kW mobile generator for the pump stations. In fiscal year 2009, the Danville electric system employed 116 people.

In 2009, the Danville Electric System served 38,335 residential, commercial and industrial customers. (As of February 2008, Danville changed its definition of customer count to reflect the consolidation of meters under one payor and such change is reflected in Section IV of the Appendix B). The following table lists the City's five largest customers by energy purchased in 2009 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (fiscal 2009)	% of Total System Revenues
1.Intertape	Clear Tape Manufacturer	62,549,100	4.55%
2.Danville Regional Med	Hospital	25,150,464	1.95
3.Nestle	Food Processing	22,344,640	1.69
4.Swedwood	Furniture Manufacturer	20,524,431	1.61
5.Shorewood Packaging	Manufacturer of Cardboard Boxes	11,963,054	0.93

In 2009, the electric system also provided the City of Danville with 23,347,797 kWh for general municipal purposes.

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

Danville
($000)

	2007	2008	2009
Revenue			
Power Sales	$88,910	$90,182	$98,950
Other Income	-	-	-
Total Revenue	88,910	90,182	98,950
Operating Expense*			
Power Costs	61,233	62,566	69,843
O&M Expense	7,075	7,870	8,716
Total Operating Expense	68,308	70,436	78,559
Net Revenue Available for Debt Service	20,603	19,746	20,391
General Obligation Debt Service	1,979(1)	2,129	2,251(2)
Depreciation	3,915	4,049	5,498
Net Non-Operating Revenue (Excl. Interest Exp.)	4,098	2,681	1,848
Net Transfers	(8,524)	(9,063)	(9,063)
Net Assets 7/1	120,314	131,794	141,150
Net Assets 6/30	131,794	141,150	149,438
Year End Balance			
General Obligation Bonds(1)	19,558(1)	19,221	27,319(2)

* Excluding Depreciation.

(1) The City of Danville issued $5 million of GO Bonds to fund capital improvements in fiscal year 2006-2007.

(2) The City of Danville issued $9.8 million of GO Bonds to fund capital improvements in fiscal year 2008-2009.

HAMILTON, OHIO

PSCR Rank	2
PSCR Share	9.51%
Municipality Established	1791
Electric System Established	1893
County	Butler
Basis of Accounting	Accrual
2009 Peak Demand (kW)	139,000

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

YEAR	POPULATION
1990	61,368
2000	60,690
2009	62,746 (est.)

Source: U.S. Bureau of Census 1990-2009.

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

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

BUILDING PERMITS

2007	2008	2009
$39,217,568	$64,449,865	$95,464,332

Source: City of Hamilton

ASSESSED VALUATION

2007	2008	2009
$946,741,748	$915,653,090	$952,929,910

Source: City of Hamilton

UNEMPLOYMENT

2007	2008	2009	2010*
5.7%	6.7%	11.4%	11.2%

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

*As of May 2010, not seasonally adjusted

MEDIAN FAMILY INCOME

1990	2000
$28,117	$41,936

Source: U.S. Bureau of Census

Electric System: The Electric System is headed by a director who reports directly to the Deputy City Manager/Managing Director of Operations. The Electric System has approximately 120 full time employees. Certain administrative functions such as finance, legal and billing are shared by the Electric System and other City departments. The Electric System operates thermal, hydroelectric, and combustion turbine generation facilities and supplemental resources. Operation of the Electric System's transmission and distribution facilities and the generation facilities is under the direction of the Director of Electric.

The thermal and natural gas generation facilities have an aggregate summer capability of approximately 115 MW. The Greenup Hydroelectric Plant is a run-of-the-river hydroelectric facility with a capacity of approximately 70.2 MW. The City's license granted by the Federal Energy Regulatory Commission ("*FERC*") for operating the Greenup Hydroelectric Plant expires in 2026. The City also operates the Hamilton Hydro Plant, also a run-of-the-river hydroelectric facility, with a capacity rating of 1.94 MW. The City's license granted by the FERC for operating the Hamilton Hydro Plant expires in 2031.

For supplemental resources, the City also has executed an agreement with Duke Energy (formerly Cinergy Corp.) ("*Duke*") that provides banking and firming services to increase the reliability of the output of the Greenup Facilities. This arrangement requires Duke to supply 50 MW per hour to the City during peak periods and 25 MW per hour during off-peak periods on a firm basis. If Duke does not deliver, the City will receive liquidated damages, which means Duke will make the City whole financially for the costs incurred due to Duke's inability to deliver. This agreement extends through December 31, 2010.

The City is also a member of OMEGA JV2, a joint venture of 36 Ohio municipalities, that has acquired, and installed near the loads they serve, gas-fired and diesel generating units for peaking and other power supply purposes. A "Purchaser Participant" with a 23.87% undivided ownership interest in these units, the City is also a "Financing Participant" responsible for 30.45% (subject to an increase of up to 25% of such percentage) of the debt service on the $50,260,000 bonds issued by AMP to finance a portion of the cost of these units. Debt service on these AMP bonds is approximately $4 million annually for 20 years ending January 1, 2021.

The City has arranged transmission service under the Midwest Independent System Operator open access transmission tariff.

In 2009, the Hamilton electric system served 29,181 residential, commercial and industrial customers. The following table lists the City's five largest customers by energy purchased in 2009 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (2009)	% of Total System Revenues
1. Mohawk Paper	Paper Mill	31,040,745	4.20%
2. Cincinnati Bell Technical Solutions	Data Center	20,462,381	2.26
3. Fort Hamilton Hughes Hospital	Health Care	12,873,202	1.58
4. General Electric Aircraft	Aircraft Engines	8,520,969	1.19
5. City Water Treatment South Plant	Municipal Water Production	8,446,200	1.12

In 2009, other than the municipal use listed in the table above, the City waste water reclamation facility purchased 8,200,570 kWh representing 1.04% of the total system revenues. The City facilities pay for their electric use. The remaining municipal use is for street lighting, is un-metered and is recovered from all municipal customers through the loss factor in base rates.

The City and AMP have entered into agreements pursuant to which Hamilton would agree to sell AMP a 48% undivided ownership interest in the Greenup Hydroelectric Plant ("*Greenup*") for $139 million contingent on AMP's successfully financing and placing in service a new hydroelectric facility, the Meldahl Hydroelectric Plant ("*Meldahl*"), with an expected capability of approximately 105 MW, for which the City currently holds a FERC license. Under the agreement, the City would have the right to a majority (approximately 51.4%) of the output of Meldahl and a corresponding obligation for the costs of operation, including debt service. The FERC has approved AMP as a co-licensee. Hamilton expects to apply the bulk of the $139 million proceeds from the sale of the minority interest in Greenup to the retirement of debt incurred for Greenup. See "Revenue Bonds" in the following table.

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

Hamilton
($000)

	2007	2008	2009
Revenue			
Power Sales	$62,221	$65,049	$60,307
Other Income	706	88	871
Total Revenue	62,927	65,137	61,178
Operating Expense*			
Power Costs	25,019	22,993	20,036
O&M Expense	19,460	25,913	19,255
Total Operating Expense	44,479	48,906	39,291
Net Revenue Available for Debt Service	18,448	16,231	21,887
General Obligation Debt Service	1,279[(1)]	1,180[(2)]	250[(3)]
Revenue Debt Service	13,101	13,064	17,643
Depreciation	9,987	10,077	10,455
Net Non-Operating Revenue (Excl. Interest Exp.)	922	890	51
Net Transfers	-	(60)	(183)
Net Assets 1/1	3,112	4,363	3,343
Net Assets 12/31	4,363	3,343	6,514
Year End Balance			
General Obligation Bonds and Notes	6,070	18,170	-
Revenue Bonds	148,144	146,463	169,384[(3)]

* Excluding depreciation.

(1) The City issued $6.07 million of Bond Anticipation Notes for its Electric System in 2007, retiring $7.02 million of Bond Anticipation Notes resulting in net reduction in General Obligation Debt of $0.95 million.

(2) The City issued $18.2 million of Bond Anticipation Notes for its Electric System in 2008, retiring $6.07 million of Bond Anticipation Notes resulting in net reduction in General Obligation Debt of $12.1 million.

(3) The City issued $18.62 million of Electric System Revenue Bonds in 2009 and $14.52 million of Taxable Electric System Build America Revenue Bonds in 2009 to currently refund bond anticipation notes and provide funding for electric system transmission and distribution improvements. With the issuance of the Build America Revenue Bonds, the City will be entitled to receive an interest subsidy payment of 35% from the U.S. Treasury.

BOWLING GREEN, OHIO

PSCR Rank	3
PSCR Percentage	9.51%
Municipality Established	1833
Electric System Established	1942
County	Wood
Basis of Accounting	Accrual
2009 Peak Demand (kW)	99,115

Location, Population and Government: The City of Bowling Green is a charter city located in Wood County, approximately 15 miles south of Toledo, in the northwest quadrant of the state. The Mayor, who is elected to a four-year term, and a City Council of seven members, including a Council President, govern the City. The table below sets forth historical population figures for Bowling Green since 1990.

YEAR	POPULATION
1990	28,176
2000	29,636
2009	28,775 (est.)

Source: U.S. Bureau of Census

Electric System: Authority over the Bowling Green Electric System is vested in the Board of Public Utilities. A Superintendent, who reports in turn to the Director of Utilities, manages the Electric System. The Electric System serves a community covering 10.2 square miles, and also serves the adjoining Village of Portage with retail power and the Village of Tontogany at wholesale. In 2009, sales to Tontogany totaled $351,433, or approximately 0.89 percent of total system revenues. Bowling Green provides exclusive service to all electric consumers within its city limits.

Bowling Green is in the First Energy Transmission Service Area. In 2009, Bowling Green purchased 100% of its power from AMP or through the AMP sponsored OMEGA JV5 (the Belleville project) and OMEGA JV2 (the distributed generation project). Bowling Green is also a participant in OMEGA JV6, AMP's Combustion Turbine Project and the AMP prepaid purchase power transaction. The City utility owns and maintains 220 miles of transmission and distribution lines and has six substations. The City does not own directly any generating facilities. In 2009, the Bowling Green utility employed 38 people.

The City has a 15.73% (6,608 kW) undivided ownership share of interest in the OMEGA JV5 Belleville hydroelectric project. As of December 31, 2009, the OMEGA JV5 Beneficial Interest Certificates ("*BICs*") were outstanding in the amount of $117,598,609, of which the City's share is $18,502,181. The City's share of debt service on the BICs ranges from approximately $1.441 million through 2024 to approximately $1.717 million in 2025 through 2029. The City is subject to a maximum step-up of 25% in these amounts in the event of other OMEGA JV5 participant defaults.

Pursuant to the OMEGA JV5 Joint Venture Agreement, the City is obligated to a number of covenants, including an obligation to set rates to maintain a 110% debt coverage ratio annually. In 2005, Bowling Green failed to comply with this covenant. The City met its debt coverage obligation for 2006, 2007, and 2008. Bowling Green's 2009 audit has not yet been released.

The City is also a member of OMEGA JV2, a joint venture of 36 Ohio municipalities, which acquired and installed gas-fired and diesel generating units for peaking and other power supply purposes near the loads they serve. An "Owner Participant" with a 14.32% undivided ownership interest in these units, the City is also a "Financing Participant" responsible for 18.27% (subject to an increase of up to 25% of such percentage) of the debt service on the $50,260,000 bonds issued by AMP to finance a portion of the cost of these units. Debt service on these AMP bonds is approximately $4 million annually for 20 years ending January 1, 2021, with the City's share being approximately $730,800 annually.

Bowling Green is also a member of OMEGA JV6, a joint venture of 10 Ohio municipalities. The joint venture owns the 7.2 MW AMP/Green Mountain Energy Wind Farm located in Bowling Green and is Ohio's only utility-scale wind farm. The facility features four 1.8 MW wind turbines. The City owns 56.94% of the project. On July 1, 2004, AMP issued $9.8 million adjustable rate revenue bonds. Debt service on these bonds is approximately $1 million annually.

The City purchases 11 MW of power from AMP under a power schedule for AMP's Combustion Turbine Project. Based on the 3.89% swapped, fixed interest rate payable by AMP and the existing amortization schedule agreed to with KeyBank as the issuer of the CT Letter of Credit, Bowling Green's 7.7% responsibility for such debt service will be approximately $88,000 annually through 2023.

The City is also a Prepay Participant with an obligation to purchase 3.8% of 171 MW (or 6.5 MW), equal to approximately $2.5 million for each of the years 2009 through 2012.

In 2009, the Bowling Green electric system served 14,575 residential, commercial and industrial customers. The following table lists the City's five largest customers by energy purchased in 2009 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (2009)	% of Total System Revenues
1. Bowling Green State University	Higher Education	79,603,500	14.98%
2. Southeastern Container	Manufacturing	60,980,000	11.28
3. Cooper Standard Automotive	Manufacturing	19,614,600	4.04
4. Phoenix Technologies	Manufacturing	15,582,948	3.02
5. Toledo Molding & Die	Manufacturing	11,582,400	2.58

Economic Base: Bowling Green's economy is based on a mix of industrial and commercial development. The City's major industries include higher education, health care, hospitality, and light industrials.

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

BUILDING PERMITS

2007	2008	2009
$21,470,634	$74,480,726	$1,790,543

Source: Wood County Auditor's Office

ASSESSED VALUATION

2007	2008	2009
$523,952,438	$514,754,046	$504,973,630

Source: Ohio Municipal Advisory Council

UNEMPLOYMENT

2007	2008	2009	2010*
4.3%	5.3%	8.3%	8.7%

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

*As of May 2010, not seasonally adjusted

MEDIAN FAMILY INCOME

1990	2000
$36,799	$51,804

Source: U.S. Bureau of Census

The following table presents certain financial data respecting the City's Electric System for the calendar years shown, on an accrual basis. The presentation is generally consistent with the flow of revenues of the Electric System required by the OMEGA JV5 Joint Venture Agreement.

Bowling Green
($000)

	2006	2007	2008
Revenue			
Power Sales	$35,739	$36,369	$34,419
Other Income	1,125	1,516	908
Total Revenue	36,864	37,885	35,327
Operating Expense*			
Power Costs	27,646	26,294	24,483
O&M Expense	4,146	3,953	4,899
Total Operating Expense	31,792	30,247	29,382
Net Revenue Available for Debt Service	5,071	7,638	5,945
General Obligation Debt Service	86	84	82
OMEGA JV5 Debt Service(1)	1,658	1,659	1,660
OMEGA JV2 Debt Service(1)	699	681	679
OMEGA JV6 Debt Service(1)(2)	48	486	577
Revenue Debt Service	1,504	2,308	1,096
Depreciation	1,127	1,142	1,141
Net Non-Operating Revenue (Excl Interest Exp.)	107	(406)	(9)
Net Transfers	-	-	-
Net Assets 1/1	13,785	17,632	22,852
Net Assets 12/31	17,632	22,852	27,480
Year End Balance			
General Obligation Bonds	671	611	550
OMEGA JV2	7,273	6,904	6,516
OMEGA JV6	4,808	4,407	3,935
Bond Anticipation Notes	4,916	4,216	3,266

* Excluding depreciation.
(1) OMEGA JV debt service is included in Power Costs, recovered through Bowling Green's PCA.
(2) OMEGA JV6 debt service payments for February through December 2006 were made from excess bond proceeds.

On November 24, 2009, AMP issued, on behalf of the City, a Bond Anticipation Note (BAN) in the principal amount of $2,886,000 that, together with $380,000 provided by the City, was applied to pay at its maturity a previously issued AMP BAN in the principal amount of $3,266,000. The new AMP BAN bears interest at the rate of 2.00% per annum and is stated to mature on November 23, 2010. Also, on March 18, 2010 AMP issued on behalf of the City, a new BAN in the principal amount of $570,000. The note bears interest at the rate of 2.00% and is stated to mature on March 17, 2011.

Beginning in 1998, Bowling Green began entering into long-term power supply requirements agreements with customers. Agreements had been reached with over 2,000 customers through 2002. Agreements signed before July 1, 2002 gave customers a discount of $0.005 per kWh off the applicable rate through December 31, 2008. Agreements signed after July 1, 2002 gave customers a discount of $0.0025 per kWh off the applicable rate for a period of 10 years. In exchange, the customer agreed to buy all of its power from Bowling Green through the end of the agreement. The discounts awarded to customers for 2007 through 2009 are as follows:

Year	Discount Awarded
2007	$1,500,451
2008	1,194,339
2009	444,437

Currently over 2,341 customers have long-term contracts representing approximately 60% of the City's annual kWh sales. In January 2001, Bowling Green began a customer choice program after a substantial number of its customers had entered into long-term power supply requirements contracts with the City. On March 1, 2004 the City opted to end its customer choice program and closed its system to competition. As part of this process, the City extended the discount program to 1,388 of the customers who were then under contract. This discount program ends December 31, 2010.

CLEVELAND, OHIO

PSCR Rank	4
PSCR Percentage	6.76%
Municipality Established	1796
Electric System Established	1906
County	Cuyahoga
Basis of Accounting	Accrual
2009 Peak Demand (kW)	289,600

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

Legislative authority is vested in a 19-member Council. The terms of Council members and the Mayor are four years. All Council members are elected from wards. The present terms of the Mayor and Council members expire in January 2014. The table below set forth historical population figures for Cleveland since 1990.

YEAR	POPULATION
1990	505,616
2000	478,403
2009	431,363 (est.)

Source: U.S. Bureau of Census

Economic Base: Cleveland's economy is based on a mix of industrial and commercial development. The City's major industries include health care, retail sales, hospitality, dairy products and light industrials.

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

BUILDING PERMITS

2007	2008	2009
$146,198,000	$129,921,000	$128,318,820

Source: City of Cleveland Official Statement , April 2010 for 2007-2008, City of Cleveland CPP for 2009

ASSESSED VALUATION

2007	2008	2009
$6,114,332,000	$5,937,459,000	$5,513,219,000

Source: City of Cleveland Official Statement, April 2010 pg. A-28

UNEMPLOYMENT

2007	2008	2009	2010*
7.6%	8.9%	11.1%	11.3%

Source: City of Cleveland Official Statement, April 2010 (for 2007 and 2008; Ohio Labor Market Information, http://lmi.state.oh.us/ (for 2009 and 2010)
*As of May 2010, not seasonally adjusted

MEDIAN FAMILY INCOME

1990	2000
$22,448	$30,286

Source: U.S. Bureau of Census

Electric System. Authority over the Cleveland electric system is vested in the Board of Control. The Board of Control consists of the Mayor and 14 directors of the City's departments. Cleveland Public Power's rates are subject to approval by the City Council and fixed by the Board of Control. The City's Department of Public Utilities operates the Division of Cleveland Public Power ("*CPP*") for the purpose of supplying electric energy to customers located primarily in the City of Cleveland. Under the Constitution of the State and the Charter of the City, the City has authority to own, operate and regulate CPP, and in connection therewith, to acquire property, construct facilities, provide electric energy throughout the service area and perform other necessary functions to operate and maintain CPP.

CPP is in the Cleveland Electric & Illuminating ("*CEI*") Transmission Service Area, an operating company of First Energy Corp. In 2009, CPP purchased approximately 85% of its power from AMP. The City utility owns and maintains 50 miles of transmission and 900 miles of distribution lines and has 33 substations. The City owns three 16.2 MW combustion turbine units and leases six 1.825 MW diesel generators, all of which are used for peak load and emergency purposes. City of Cleveland municipal customers accounted for 18.9% of CPP's revenue in 2009.

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

In addition to the power it purchased from AMP in 2009, CPP obtained its remaining power and energy requirements (approximately 15%) through short- and long-term agreements with various regional utilities and other power suppliers for power delivered through CEI interconnections, from CPP's three combustion turbine generating units and various arrangements for the exchange of short-term power and energy. To reduce its reliance on the wholesale market, in addition to the Prairie State project, CPP intends to participate in two other generation projects through its membership in AMP. These projects are both hydro electric generation projects and are expected to be completed and operational in 2013 and 2014.

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

CPP continues to be successful in winning contracts with commercial and industrial customers, some of which were previously customers of CEI. However, CEI has also been able to obtain contracts with former CPP customers. Recent additions to CPP's large commercial and industrial customer base include the Cleveland Museum of Art, the Cuyahoga County Juvenile Court & Detention Center, Expedient Communications, the Hanna Theater, Ohio Technical College, Pierre's Ice Cream, Veteran's Development, and National Plating. CPP believes that it has been successful in competing head-to-head with CEI for large commercial and industrial customer accounts within CPP's service area because of slightly lower rates, better customer service, and increased reliability of its service.

CPP's rates have historically been lower than CEI's rates, and its current average rates for residential, small commercial, and large commercial customers are approximately 2.22%, 23.07% and 5.2%, respectively, below CEI's average system rates. While CPP loses a small number of customers each year for a variety of reasons, including customer relocation and population loss, it has seen a net gain of customers from CEI in each of the last six years.

In 2009, the Cleveland electric system served 74,850 residential, commercial and industrial customers. The following table lists the City's five largest customers by energy purchased in 2009 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (2009)	% of Total System Revenues
1. The Medical Center Co.	Consortium of Various Facilities	255,829,957	9.43%
2. Cargill, Inc	Salt Mining	35,626,207	2.11
3. NEORSD – Easterly	Sewage Facility	25,615,588	1.34
4. Cleveland Browns Stadium	Professional Football	18,607,431	1.25
5. Cleveland Thermal – Lakeside Ave.	Commercial Heating and Air Conditioning	14,729,348	0.96

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

Cleveland
($000)

	2007	2008	2009
Revenue			
Power Sales	$155,171	$158,106	$155,865
Other Income	4,061	2,118	169
Total Revenue	159,232	160,224	156,034
Operating Expense*			
Power Costs	83,523	86,850	90,550
O&M Expense	36,892	37,311	37,886
Total Operating Expense	120,415	124,161	128,436
Net Revenue Available for Debt Service	38,817	36,063	27,598
General Obligation Debt Service		-	-
Revenue Debt Service	17,011	18,483	19,625
Depreciation	17,056	17,682	17,785
Net Non-Operating Revenue (Excl. Interest Exp.)	(98)	2,680	(334)
Net Transfers	-	-	-
Net Assets 1/1	186,575	197,178	205,779
Net Assets 12/31	197,178	205,779	203,679
Year End Balance			
General Obligation Bonds	-	-	-
Revenue Bonds	194,260	261,301	255,623

* Excluding depreciation.

In April 2008, the City issued $93,712,880 in current interest and capital appreciation public power system revenue bonds and from the proceeds refunded $20,325,000 of its public power system revenue bonds. In September 2010, the City issued $23,915,000 in public power system revenue bonds and from the proceeds refunded $26,425,000 of its public power system revenue bonds.

The City is a Prepay Participant with an obligation to purchase 58.48% of 171 MW (or 100 MW), equal to approximately $38.0 million for each of the years 2010 through 2012.

PIQUA, OHIO

PSCR Rank	5
PSCR Percentage	5.41%
Municipality Established	1823
Electric System Established	1933
County	Miami
Basis of Accounting	Accrual
2009 Peak Demand (kW)	60,000

Location, Population and Government: The City of Piqua is a charter city located in Miami County, immediately off of Interstate 75 and State Route 36, in the southwest quadrant of the state. Piqua is governed by five commissioners representing five wards. Election of the commissioners is city-wide and is nonpartisan. Elected commissioners serve a term of four years. The Mayor of Piqua is also known as the President of the Commission. The Mayor serves a two year term. The table below sets forth historical population figures for Piqua since 1990.

YEAR	POPULATION
1990	20,612
2000	20,738
2009	20,553 (est.)

Source: U.S. Bureau of Census

Economic Base: Piqua's economy is based on a nearly equal mix of industrial, commercial and residential development. The City's major industries include various manufactures, including plastic production, juvenile furniture manufacturing, and manufacturing/fabrication of metal products.

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

BUILDING PERMITS

2007	2008	2009
$14,960,000	$6,747,000	$3,913,845

Source: City of Piqua

ASSESSED VALUATION

2007	2008	2009
$354,618,720	$361,883,510	$344,645,420

Source: Miami County Auditors Office

UNEMPLOYMENT

2007	2008	2009	2010*
6.3%	8.1%	12.2%	10.7%

Source: Miami County Jobs and Family Services Dept. for 2007-2009,
2010 per Ohio Labor Market Information, http://lmi.state.oh.us/
*As of May 2010, not seasonally adjusted

MEDIAN FAMILY INCOME

1990	2000
$29,073	$41,804

Source: U.S. Bureau of Census

Electric System: Authority over the Piqua electric system, established in 1933, is vested with the City Commission. A Power System Director, who reports in turn to the City Manager, manages the electric system. The municipal electric system serves a community covering approximately 11.8 square miles. Piqua does not exercise its right to exclusively serve within its city limits, and a few residential customers within the city limits are served by Dayton Power and Light Company.

Piqua is in the Dayton Power & Light Company transmission service area. In 2006, Piqua purchased none of its power from AMP; all purchases were made from Cinergy Services Corp. under a full requirements agreement. As of January 1, 2007, however, Piqua became an all requirements customer of AMP. The City utility owns and maintains 14 miles of transmission lines, 160 miles of distribution lines and six substations. In 2009, the electric system employed 26 people.

In 2009, the Piqua electric system served 10,555 residential, commercial and industrial customers. The following table lists the City's five largest customers by energy purchased in 2009 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (2009)	% of Total System Revenues
1. Evenflo	Manufacturer of Juvenile Furniture	12,501,420	3.14%
2. ITW Welding	Welding Rod Manufacturer	11,084,850	3.25
3. Jackson Tube	Manufacturer of Steel Tubing	10,222,800	3.72
4. Plastic Recycle Technology	Plastic Reprocessing	8,046,921	2.35
5. Polysource	Plastic Resin Products	7,380,720	2.06

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

Piqua ($000)	2007	2008	2009
Revenue			
Power Sales	$20,827	$23,651	$23,023
Other Income	156	162	152
Total Revenue	20,983	23,813	23,175
Operating Expense*			
Power Costs	17,030	18,247	16,803
O&M Expense	3,761	3,947	3,780
Total Operating Expense	20,791	22,194	20,583
Net Revenue Available for Debt Service	192	1,619	2,592
General Obligation Debt Service	404	406	407
Depreciation	1,628	1,652	1,664
Net Non-Operating Revenue (Excl. Interest Exp.)	680	743	286
Net Transfers	-	_	_
Net Assets 1/1	42,957	42,143	42,803
Net Assets 12/31	42,143	42,803	43,976
Year End Balance			
General Obligation Bonds	1,484	1,129	765

* Excluding depreciation.

CELINA, OHIO

PSCR Rank	6
PSCR Percentage	4.06%
Municipality Established	1834
Electric System Established	1901
County	Mercer
Basis of Accounting	Accrual
2009 Peak Demand (kW)	41,813

Location, Population and Government: The City of Celina is a statutory city, located in Mercer County, Ohio, in the west-central quadrant of Ohio, on the northwest corner of Grand Lake St. Marys, the largest inland lake in Ohio. The City is approximately 60 miles from each of Dayton, Ohio and Fort Wayne, Indiana and approximately 100 miles from Columbus, Ohio. The City is the County seat of Mercer County. The executive power of the City is vested in the Mayor, President of Council and Council, Auditor, Treasurer, City Law Director, Director of Public Service, and Director of Public Safety. The Mayor, Council President and Council Members, Auditor, Treasurer and Law Director are all elected to four year terms. The table below sets forth historical population figures for Celina since 1990.

YEAR	POPULATION
1990	9,650
2000	10,303
2009	10,220 (est.)

Source: U.S. Bureau of Census

Economic Base: Celina's economy is based on a mix of industrial and commercial development. The City's major industries include health care, retail sales, hospitality, agriculture, livestock and light industrials.

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

BUILDING PERMITS

2007	2008	2009
$25,326,807	$2,687,098	$1,190,000

Source: City of Celina

ASSESSED VALUATION

2007	2008	2009
$174,540,600	$175,345,590	$164,447,230

Source: Ohio Municipal Advisory Council

UNEMPLOYMENT

2007	2008	2009	2010*
3.8%	4.9%	8.8%	7.7%

Source: Ohio Labor Market Information, http://lmi.state.oh.us/
*As of May 2010 not seasonally adjusted

MEDIAN FAMILY INCOME

1990	2000
$32,666	$44,901

Source: U.S. Bureau of Census

Electric System: Authority over the Celina Electric System is vested in the City Council. A superintendent, who reports in turn to the director of public service, manages the Electric System. The Electric System serves a community covering approximately 175 square miles and approximately 653 miles of distribution lines. The City currently purchases all of its electric power from AMP, and then distributes the electricity through power lines owned and maintained by the City. Celina is in the Dayton Power & Light Transmission Service area.

In 2009, the Celina Electric System served 7,707 residential, commercial and industrial customers. The following table lists the City's five largest customers by energy purchased in 2009 and as a percentage of total system revenues during that year.

Customer	Type of Business	kWh Purchased (2009)	% of Total System Revenues
1. Celina Aluminum Precision Technology	Automotive Parts Industry	35,102,888	9.30%
2. Crown Equipment Corp	Lift Trucks	13,382,680	3.45
3. Reynolds & Reynolds	Offset & Letterset Printing	7,942,559	2.06
4. Wal-Mart	Retail	4,958,400	1.56
5. Pax Machine	Metal Stamping	3,878,513	1.02

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

	Celina ($000) 2006	2007	2008
Revenue			
Power Sales	$12,345	$12,637	$15,516
Other Income	60	87	70
Total Revenue	12,405	12,723	15,586
Operating Expense*			
Power Costs	8,582	8,909	12,653
O&M Expense	1,855	2,030	3,123
Total Operating Expense	10,437	10,939	15,776
Net Revenue Available for Debt Service	1,968	1,784	(190)
General Obligation Debt Service	452	455	456
Depreciation	821	819	863
Net Non-Operating Revenue (Excl. Interest Exp.)	140	242	223
Net Transfers	(69)	(9)	(13)
Net Assets 1/1	16,105	17,238	18,381
Net Assets 12/31	17,238	18,381	17,467
Year End Balance			
General Obligation Bonds	2,463	2,078	1,683

* Excluding depreciation.

SECTION III

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

SECTION III

Summary of Large Participants' area, population, assessed valuation and unemployment rates

Participant	County	Area (Sq. Miles)[1]	Population[2]			Property Tax Base Assessed Valuation ($000)[3]			Unemployment Averages[4]			
			1990	2000	2009	2007	2008	2009	2007	2008	2009	2010[5]
Danville, Virginia	N/A	43.9	53,056	48,411	44,400	$2,497,659	$2,531,311	$2,664,746	7.3%	9.2%	13.4%	13.5%
Hamilton, Ohio	Butler	22.1	61,368	60,690	62,746	946,742	915,653	952,930	5.7	6.7	11.4	11.2
Bowling Green	Wood	10.2	28,176	29,636	28,775	523,952	514,754	504,974	4.3	5.3	8.3	8.7
Cleveland, Ohio	Cuyahoga	82.4	505,616	478,403	431,363	6,114,332	5,937,459	5,513,219	7.6	8.9	11.1	11.3
Piqua	Miami	12.1	20,612	20,738	20,553	354,619	361,884	344,645	6.3	8.1	12.2	10.7
Celina, Ohio	Mercer	4.4	9,650	10,303	10,220	174,541	175,346	164,447	3.8	4.9	8.8	7.7

(1) Source: Wikipedia website for Participant.
(2) Source: U.S. Census Bureau for years 1990 and 2000, estimated for 2009.
(3) Source: Ohio Participants, except Cleveland and Piqua - Ohio Municipal Advisory Council; Cleveland, April 2010 Official Statement; Piqua for 2007-2009; Danville, Virginia City audits.
(4) Source: Ohio Participants, except as noted for Cleveland and Piqua, Ohio Labor Market Information website; Cleveland, City of Cleveland (for 2007-2008); Piqua, Miami County Job and Family Services Department (2007-2009); Danville, Virginia Workforce Connection website. For participants with populations of less than 25,000, unemployment averages reflect those for the county.
(5) As of May 2010, not seasonally adjusted.

SECTION IV

LARGE PARTICIPANTS' RESIDENTIAL, INDUSTRIAL AND COMMERCIAL INFORMATION

LARGE PARTICIPANTS' RESIDENTIAL, INDUSTRIAL AND COMMERCIAL INFORMATION

Large Participants' Information
Residential, Industrial, and Commercial

	2007			2008			2009		
	Customers	**kWh Sales (x 1,000)**	**Revenue (x $1,000)**	**Customers**	**kWh Sales (x 1,000)**	**Revenue (x $1,000)**	**Customers**	**kWh Sales (x 1,000)**	**Revenue (x $1,000)**
Cleveland									
Residential	67,734	418,958	45,559	68,678	413,731	45,832	66,834	409,158	45,357
Commercial	6,794	506,961	53,355	6,789	508,834	55,135	6,674	478,351	52,789
Industrial	21	620,848	45,107	22	611,729	45,508	22	585,847	43,408
Other	1,300	78,439	10,834	1,312	77,000	10,700	1,320	90,222	14,218
Total:	75,849	1,625,206	154,855	74,891	1,611,294	157,175	74,850	1,563,578	155,772
Danville, Virginia									
Residential	36,994	493,485	45,277	29,830	475,057	47,436	29,373	478,692	50,740
Commercial	11,482	348,727	31,806	9,019	339,762	33,255	8,917	324,503	32,284
Industrial	47	154,852	11,266	40	160,697	8,451	45	172,165	13,803
Total:	48,517	997,064	88,349	38,889[1]	975,515	89,142	38,335[1]	975,361	96,827
Hamilton									
Residential	26,539	271,453	26,128	26,481	256,585	25,963	26,242	247,087	24,828
Commercial	2,976	201,453	20,128	2,952	200,343	20,829	2,894	192,197	20,123
Industrial	47	157,690	11,506	48	166,424	12,775	45	153,672	11,844
Total:	29,562	630,596	57,762	29,481	623,351	59,567	29,181	592,957	56,795
Bowling Green									
Residential	12,505	104,739	8,555	12,595	102,793	8,081	12,602	100,869	9,426
Commercial	1,782	63,622	4,532	1,914	68,404	4,737	1,881	70,532	5,840
Industrial	82	350,871	23,480	93	343,093	22,169	92	297,962	23,083
Total:	14,369	519,233	36,567	14,602	514,290	34,987	14,575	469,363	38,349
Piqua									
Residential	9,165	94,311	7,027	9,504	91,290	8,036	9,390	87,344	8,242
Commercial	1,169	114,643	7,496	1,172	113,026	8,235	1,147	108,735	8,521
Industrial	22	110,687	6,277	23	110,693	7,216	18	91,860	6,311
Total:	10,656	319,641	20,800	10,699	315,008	23,487	10,555	287,939	23,074
Celina									
Residential	6,771	74,573	5,070	6,733	73,838	5,903	6,819	71,054	6,577
Commercial	840	53,539	3,530	862	53,080	4,220	874	51,167	4,672
Industrial	15	91,417	4,522	17	89,634	5,590	14	76,728	5,921
Total:	7,626	219,529	13,122	7,612	216,552	15,713	7,707	198,949	17,169

Source: Participant.
[1] As of February 2008, Danville changed its definition of customer count, which now reflects consolidation of meters under one payor.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACT

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

Definitions and Explanations of Terms.

AMP Entitlement shall mean AMP's Ownership Interest in the PSEC, including its rights to the capacity and energy from PSEC derived from its Ownership Interest in PSEC under the Project Agreements.

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 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 reimburse AMP for Development Costs, to finance or refinance any cost, expense or liability paid or incurred or to be paid or incurred by AMP in connection with the planning, investigating, engineering, permitting, licensing, financing, acquiring and construction of Ownership Interest and any other Power Sales Contract Resources, and the refurbishing, operating, maintaining, improving, repairing, replacing, retiring, decommissioning or disposing of the AMP Entitlement or otherwise paid or incurred or to be paid or incurred by AMP in connection with the performance of its obligations under the Power Sales Contract or any Related Agreement, and shall include revenue bonds, notes, bank loans, commercial paper, or any other evidences of indebtedness issued by AMP (including any legal successor thereto) to refund any outstanding revenue bonds, notes, bank loans, commercial paper, or any other evidences of indebtedness issued by AMP (including any legal successor thereto) for any of the foregoing purposes, as well as the repayment of interim financing for its Ownership Interest or other Power Sales Contract Resources Developmental Costs advanced by AMP. Bonds shall also include any interest rate hedge, swap instrument and the effect thereof, where the context is appropriate.

Commercial Operation Date shall mean the first day of the month following AMP's receipt of notice that both Units of PSEC are in operation on a commercial basis for purposes of making capacity and energy available.

Commercial Operation of First Unit shall mean the first day of the month following AMP's receipt of notice that the first Unit of PSEC is in operation on a commercial basis for purposes of making capacity and energy available.

Contiguous Coal Reserves shall mean the twelve (12) million tons of coal located in reserves that are contiguous to the Coal Reserves sold to AMP.

Contract or Power Sales Contract shall mean the Power Sales Contract dated as of November 1, 2007, between AMP and the 68 Participants.

Demand Charge shall mean the rate or charge to the Participants principally designed to recover fixed costs of Power Sales Contract Resources.

Developmental Costs shall mean all development costs incurred by AMP in furtherance of its acquisition of the Ownership Interest and legal, engineering, accounting, advisory and other financing costs relating thereto, or other Power Sales Contract Resources which are to be reimbursed to AMP from the proceeds of Bonds.

Energy Charge shall mean the rate or charge to the Participants, principally designed to recover variable costs of the output of Power Sales Contract Resources.

Environmental Account shall mean the account of the Reserve and Contingency Subfund that may be used from time to time to mitigate PSEC or other Power Sales Contract Resources 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 of, allowances or offsets from Participants, AMP or others and Change-in-Law Taxes.

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

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

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

NERC shall mean the North American Electric Reliability Corporation or its successor organization approved by the Federal Energy Regulatory Commission to fulfill the Federal Power Act statutory role as the Electric Reliability Organization.

O&M Expenses of a Participant shall mean (i) the ordinary and usual operating expenses, of its Electric System including purchased power expense and all amounts payable by the Participant to or for the account of AMP under the Power Sales Contract, including its obligations for Step Up Power; and (ii) to the extent not included in (i), all other items included in operating expenses under generally accepted accounting principles as adopted by the Governmental Accounting Standards Board or other applicable authority; provided, however, that if any amount payable by the Participant under the Power Sales Contract is prohibited by applicable law or by an existing contract from being paid as an O&M Expense of the Participant's Electric System, such amount shall be payable from any available funds of the Participant's Electric System and shall constitute an O&M Expense of the Participant's Electric System at such time as such law or contract shall permit or terminate.

Operating Agreement shall mean the agreement or agreements between AMP and the other owners of undivided ownership interests in PSEC or other Power Sales Contract Resources for the operation, fuel and maintenance, including repairs and replacements, thereof.

Ownership Interest shall mean the 23.26% undivided ownership interest in PSEC acquired by AMP.

Participants Committee shall mean a committee of AMP's Board of Trustees consisting of Participants, the members of which, in the aggregate, have not less than thirty-three percent (33%) of the PSCR Shares, organized and operating in accordance with the terms of the Power Sales Contract.

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

Points of Delivery shall mean the points at which AMP shall be required to deliver power and energy to or for the benefit of each of the respective Participants pursuant to the Power Sales Contract at the PSR.

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

Postage Stamp Rates or PSR means the total delivered cost to Participants for Demand Charges, Energy Charges and any power cost adjustments at the Points of Delivery, as specified in the Rate Schedule.

Project Agreements shall mean collectively the various contracts among the co-owners, including AMP, of the PSEC and PSGC.

Project Costs shall mean all costs incurred in connection with the planning, investigating, licensing, siting, permitting, engineering, financing, equipping, construction and acquisition of the Project including Developmental Costs and the costs of any necessary transmission facilities or upgrades required to interconnect PSEC with the PJM RTO and transmit power and energy to the Participants, any payments of taxes or in lieu of taxes and interest during construction of the Project, initial inventories, including the purchase of any inventories of emission allowances or other environmental rights, working capital, spares and other start up related costs, related environmental compliance costs, legal, engineering, accounting, advisory and other financing costs relating thereto and the refurbishing, improving, repairing, replacement, retiring, decommissioning or disposing of the Project, or otherwise paid or incurred or to be paid or incurred by or on behalf of the Participants or AMP in connection with its performance of its obligations under the Power Sales Contract, any Trust Indenture or any Related Agreement and may include the cost of the prepayment for Replacement Power.

PSCR Share for any Participant expressed in kilowatts (kW) shall mean such Participant's nominal entitlement to power and associated energy from the Power Sales Contract Resources such that the sum of all PSCR shares (in kW) equals the AMP Entitlement (in kW); subject to a pro rata adjustment if the AMP Entitlement is changed in the event the aggregate capacity of PSEC is different than 1,582 MW. 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 such that the sum of all such PSCR shares (in %) is one hundred percent (100%).

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

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 said Contract.

Rate Stabilization Account shall mean the account of the Reserve and Contingency Subfund that may be used from time to time to moderate volatility of the PSR.

RE shall mean the Regional Entity, such as ReliabilityFirst Corporation, that is designated by a delegation agreement with NERC that has been approved by the Federal Energy Regulatory Commission to develop, implement, monitor and enforce the reliability standards of NERC and the Regional Entity as approved by the Federal Energy Regulatory Commission.

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

Related Agreements shall mean the Project Agreements, any Operating Agreement, agreements for interconnection of PSEC or other Power Sales Contract Resources to the appropriate transmission system, including, any agreements for Supplemental Transmission Service and the interconnection agreement for the interconnection of PSEC to the MISO transmission system, agreements for the purchase of electric power and energy, other agreements for Transmission Service to enable AMP to meet its obligations to deliver electric power and energy for the Participants at their respective Secondary Points of Delivery pursuant to the Power Sales Contract, and all other agreements of greater than one (1) year in length entered into by AMP for the acquisition of Power Sales Contract Resources, all as the same may be amended from time to time.

Replacement Power shall mean power and energy purchased by AMP (i) after the effective date of the Power Sales Contract but prior to the Commercial Operation Date for delivery to the Participants provided that such purchase is approved by a Super Majority of the Participants; (ii) on or after the Commercial Operation Date to back-up all or any portion of the output of the Project's generation facilities or to replace the same during periods in which any unit of the PSEC is not, for any reason, in service or is derated or otherwise incapable of generating its full nominal capability; or (iii) when, in AMP's estimation and in accordance with procedures approved by the Participants Committee, to purchase from or sell to the market, perform commodity swaps or other like transactions such as capacity swaps, reliability exchanges and reserve sharing arrangements, will lower the expected PSR or is consistent with Prudent Utility Practices.

Reserve and Contingency Subfund shall have the meaning set forth in a Trust Indenture and refers to a special subfund, 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 facilities and equipment, to mitigate environmental impacts, achieve environmental compliance or purchase allowances (Environmental Account) to stabilize or mitigate rate increases to the Participants (Rate Stabilization Account) and to meet other requirements of a Trust Indenture for which other funds are not, by the terms of a Trust Indenture, immediately available.

RTO shall mean any one of the Regional Transmission Organizations approved by the Federal Energy Regulatory Commission or its successors or assigns, the territory of which includes the transmission systems to which the Point of Delivery is connected.

Secondary Points of Delivery shall mean the receipt point for each Participant which is either (i) a metered point of interconnection with the transmission or distribution system of the Participant or (ii) any other metered point of interconnection designated by a Participant for ultimate delivery of power and energy from the Points of Delivery to such Secondary Delivery Point under the Power Sales Contract;

provided; however, that the Secondary Point of Delivery with respect to any Participant may, with AMP's written approval (which approval shall not be unreasonably withheld), be changed by such Participant.

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

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

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

Supplemental Transmission Service shall mean the power delivery service under any agreements, tariffs and rate schedules necessary or convenient to transmit power and energy made available to or for the benefit of any Participant for delivery from the Points of Delivery to a Secondary Point of Delivery.

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

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.

Unit shall mean either of the two distinct electricity generating systems of PSEC, each consisting of a pulverized coal boiler, a steam turbine generator with an expected nominal generating capacity of approximately 791 MW, and all associated auxiliaries and systems.

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 the Participants, AMP (i) shall borrow, and capitalize from the proceeds of such borrowing, all or a portion of the amounts otherwise payable by the Participants in respect of AMP's Revenue Requirements prior to the Commercial Operation of First Unit and (ii) may borrow, and capitalize from the proceeds of such borrowing, all or a portion of the amounts otherwise payable by the Participants in respect of AMP's Revenue Requirements prior to the Commercial Operation Date and for a reasonable time thereafter, or (iii) to the extent that AMP, upon the request and subject to the approval of the Participants Committee, does not borrow and capitalize from the proceeds of such borrowing all of AMP's Revenue Requirements prior to the Commercial Operation of First Unit and for a reasonable period thereafter, AMP shall, to such extent and only upon not less than one hundred twenty (120) days prior written notice, bill the Participants for their PSCR Shares of up to twenty-five percent (25%) of AMP's Revenue Requirements for such period or, with the approval of a Super Majority of the Participants, up to one hundred percent (100%) of AMP's Revenue Requirements for such period.

(C) Upon the request and subject to approval of a Super Majority of the Participants, in order to decrease the amount of capitalized interest which may otherwise be accrued prior to the Commercial Operation Date, AMP may purchase and sell and deliver to the Participants, power and energy under the Power Sales Contract from Power Sales Contract Resources in pro rata amounts up to the amounts listed in the Power Sales Contract for such period and in such amounts as determined appropriate by the Participants Committee, at rates which cover all costs of such power and which may include all or any portion of AMP's Revenue Requirements for such period; provided, however, that any Participant may elect not to receive such energy and only be charged the Demand Charge portion of Revenue Requirements relating to such interest during construction.

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

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

(i) shall fulfill its obligations under the Project Agreements and shall monitor the performance of the EPC Contractor in its planning, development, engineering, acquisition, construction and equipping of the Project; and following the Commercial Operation Date shall use its best efforts to ensure that the Project and all integral parts thereof are staffed, operated, maintained, refurbished, replaced, retired, decommissioned and disposed in accordance with the Project Agreements and Prudent Utility Practice; and to work diligently with PSGC to obtain, or cause to be obtained, all Federal, state and local permits, licenses and other rights and regulatory approvals necessary therefor; and

(ii) shall undertake the financing of costs of placing the Project in Commercial Operation (including financing costs, legal, engineering, accounting and financial advisory fees and expenses and the Developmental Costs) and any other capital costs required by the Project Agreements; and

(iii) shall utilize to the extent available pursuant to the Project Agreements and in the best interests of the Participants, the Project as the primary Power Sales Contract Resource to fulfill its obligations to deliver power and energy to the Participants at the Point of Delivery and respective Secondary Points of Delivery and utilize Replacement Power, when prudent and appropriate, as a secondary Power Sales Contract Resource; and

(iv) may undertake, or cause to be undertaken, the acquisition of other Power Sales Contract Resources, in addition to the Project, as AMP deems necessary or desirable to enable AMP to deliver electric power and energy to the Participants at their respective 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 additional Power Sales Contract Resources shall be subject to approval of the Participants Committee if (a) such obligations are for periods greater than one (1) year or (b) if such obligations are for other than Replacement Power during deratings or planned or forced outages of PSEC or other Power Sales Contract Resources; and

(v) may, at the direction of the Participants Committee, utilize funds from the Reserve and Contingency Subfund, 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 PSEC; and

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

(vii) shall submit to the Participants Committee for approval, the general plan of financing for the Project along with any proposed material changes to such general plan as the same may be proposed from time to time.

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

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

(D) In addition to such sales of power and energy to any entity permitted by the Power Sales Contract, AMP may to the extent authorized or required by the Project Agreements (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 PSEC 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 by-product not required for operation of PSEC or any other Power Sales Contract Resource or (ii) sell, lease or otherwise dispose of on a temporary or permanent basis any other rights or interests associated with any Power Sales Contract Resource; provided, however, that prior to entering into any such agreement on a permanent basis, or for any term of five (5) years or longer, AMP shall have determined that such disposition will not adversely affect the tax or regulatory status of AMP or any Bonds.

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

(F) AMP covenants that it shall, prior to entering into any such agreements and in consultation with the Participants Committee, adopt, maintain and revise from time to time a written policy respecting any variable rate indebtedness and hedge or swap agreements entered into under the Power Sales Contract, including the circumstances and terms under which any such agreements may be terminated.

(G) Other than for sales of two (2) months or less, AMP shall be obligated to provide the Participants a right of first refusal with respect to Power Sales Contract Resources, it is understood by the Participants that it may be in the best interests of the Participants for AMP to resell such Power Sales Contract Resources immediately and that it may be impracticable for AMP to effectively communicate a bona fide offer to all the Participants of such Power Sales Contract Resources under the circumstances.

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

(i) all costs incurred by AMP under the Related Agreements, including, without limitation, all costs to AMP of any Replacement Power, and the cost of Transmission Service for delivery of electric power and energy under the Power Sales Contract to the Points of Delivery as well as any costs incurred in the event AMP defaults on its obligations and a third party is brought in to perform whatever duties or obligations are not being performed by AMP;

(ii) all costs incurred by AMP for the operation and maintenance of all Power Sales Contract Resources, including but not limited to, the costs of equipment and other leases, an appropriate allocation of AMP's energy control center, metering and other common costs of AMP reasonably allocable to Power Sales Contract Resources and not otherwise recovered by the Service Fee or other fees or charges, such as AMP's Energy Control Center charges, that AMP charges the Participants pursuant to other agreements, the cost to AMP of taxes, payments in lieu of taxes, all permits, licenses and related fees, related to any Power Sales Contract Resource, including any taxes, incurred by AMP, the cost of insurance and damage claims to the extent associated with any Power Sales Contract Resource, any fuel and fuel related costs, pollution control or emissions costs, fees and allowances, cost of any refunds to any Participant pursuant to the provisions of the Power Sales Contract and (to the extent not paid out of the proceeds of Bonds or related investment income) legal, engineering, accounting and financial advisory fees and expenses;

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

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

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

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

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

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

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

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

(xii) additional amounts, if any, 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 or expenditure associated with compliance with reliability standards monitored and enforced by NERC and or the applicable RE where PSEC is interconnected to the electric system.

less amounts arising from any Operating Agreement and amounts available as a result of any appropriate refunds, rebates, miscellaneous revenues or other distributions relating to the PSEC and any sales of surplus power or any Power Sales Contract Resource (after payment of all associated costs and expenses incurred by AMP in connection therewith) 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 (xii) 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 (J) below, then and to such extent such other application shall be required, such funds shall be so applied.

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

(C) The rates and charges to each of the Participants under the Power Sales Contract, as set forth on the Rate Schedule, shall be a uniform PSR to the primary Points of Delivery.

(D) After consultation with the Participants Committee, the Board of Trustees of AMP will determine and establish the initial Rate Schedule to be effective, on or about the Commercial Operation of First Unit, to meet AMP's Revenue Requirements. At such intervals as the Board of Trustees of AMP shall determine appropriate, but in any event not less frequently than at the end of each quarter during each Contract Year, the Participants Committee and the Board of Trustees of AMP shall review and, if necessary, the Board of Trustees shall revise prospectively the Rate Schedule to ensure that the rates and charges under the Power Sales Contract continue to cover AMP's estimate of all of the Revenue Requirements and to recognize, to the extent not inconsistent with the Power Sales Contract, other factors and changes in service conditions as it determines appropriate. AMP shall transmit to each Participant a copy of each revised Rate Schedule, setting forth the effective date thereof, for delivery not less than thirty (30) days prior to such effective date. Each Participant agrees that the revised Rate Schedule, as determined from time to time by the Board of Trustees of AMP, shall be deemed to be substituted for the Rate Schedule previously in effect and agrees to pay for electric power and energy 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 AMP Board of Trustees, the Rate Schedule shall be structured so as to consist of: (i) a Demand Charge, principally designed to recover fixed costs, including the fixed costs of Transmission Service, associated with providing Power Sales Contract Resources; (ii) an Energy Charge, principally designed to recover the variable costs of providing the output of Power Sales Contract Resources (including base fuel costs) and the variable costs of Transmission Service; (iii) a Power Cost Adjustment Factor designed to adjust either or both the Demand Charge or Energy Charge upward or downward to reflect monthly changes in fuel and environmental costs and purchased power, any power sales to third parties and any changes in the cost of Transmission Service; (iv) the Service Fee; and (v) a Participant specific rate for Supplemental Transmission Service for each Secondary Delivery Point to the extent AMP incurs costs related thereto. The determination of the Power Cost Adjustment Factor each month shall be made by appropriate officials designated by the Board of Trustees of AMP according to methodology determined by the Participants Committee and approved by the Board of Trustees, no specific action by the Participants Committee 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 AMP Board of Trustees and the Participants Committee, or required under the terms of a Related Agreement or a Trust Indenture, in each month after the establishment of the initial Rate Schedule, AMP shall render to each Participant a monthly invoice showing the amount payable by such Participant under the Power Sales Contract with respect to Power, Transmission Service, including any Supplemental Transmission Service or other charges, credits, adjustments or true-ups, applicable to such Participant with respect to the immediately preceding month. Prior to the Commercial Operation of First Unit, such invoice may include payments with respect to any Bonds issued as well as Replacement Power. Such Participant shall pay such amounts to AMP, at 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 more than the fifteenth (15th) day after the date of the issuance of the monthly invoice.

(F) If any Participant does not make a required payment in full in funds available for use by AMP (or its designee) on or before the close of business on the due date thereof, a delayed-payment charge on the unpaid amount due for each day over-due will be imposed at a rate per annum equal to the lesser of (i) the maximum rate permitted by law, and (ii) two percent (2%) per annum above the rate available to AMP through its short-term credit facilities as the same may be adjusted from time to time, together with any damages or losses incurred by AMP, or through AMP, or any other Participant, as a result of such failure to make timely payment which is not compensated by such delayed-payment charge.

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

(H) In the event that at any time AMP shall determine that it has rendered an invoice containing a billing error, AMP shall furnish promptly to each Participant whose invoice was in error a revised invoice, clearly marked as such, with the error corrected. If the revised invoice indicates that the Participant has been undercharged, the difference between the amount paid by the Participant and the correct amount, together with interest (from the date of payment by the Participant of the incorrect amount to the due date of the invoice next submitted to the Participant after AMP has furnished the revised invoice) at the rate which would apply under the Power Sales Contract to overdue payments by such Participant, less two percent (2%), shall be paid by the Participant to AMP (or such other person designated by AMP) at such time and in such manner as shall provide to AMP (or such other person so designated) funds available for use by AMP (or its designee) on the due date of such next invoice. If the revised invoice indicates that the Participant has been overcharged, the difference between the correct amount and the amount paid by the Participant, together with interest (from the date of payment by the Participant of the incorrect amount to the due date of the invoice next submitted to the Participant after AMP has furnished the revised invoice) at the rate which would apply under the Power Sales Contract to overdue payments by such Participant, less two percent (2%), shall be subtracted by AMP from the invoice next submitted to such Participant (and paid by AMP to the Participant in funds available for use by the Participant on the due date of such next invoice if, but only to the extent by which, the amount so due to the Participant exceeds the amount of the next invoice). The date of payment by the Participant shall mean the date on which funds in the amount so paid first become available for use by AMP (or its designee).

(I) The obligations of each Participant to make its payments shall constitute obligations of such Participant payable as an O&M Expense of its Electric System. No Participant shall be required to make payments under the Power Sales Contract except from the revenues of its Electric System and from other funds of such system legally available therefor. In no event shall any Participant be required to make payments under the Power Sales Contract from tax revenues, or any other source of funds other than its Electric System's funds, but it may elect, in its sole discretion, to do so. The obligations of each Participant to make payments described under this heading in respect of any month or other billing period shall be on a "take-or-pay" basis and, therefore, shall not be subject to any reduction, whether by offset, counterclaim, or otherwise, such payment obligations of such Participant shall not be conditioned upon the performance by AMP or any other Participant of its obligations under the Power Sales Contract, or any other agreement, and such payments shall be made whether or not either Unit of PSEC, any other component of the Project or any other Power Sales Contract Resource is completed, operable, operating and, as long as Bonds remain outstanding, notwithstanding the suspension, interruption, interference, reduction or curtailment, in whole or in part, for any reason whatsoever, of the AMP Entitlement or the Participant's PSCR Share, including Step Up Power, if any; provided, however, that nothing contained in the Power Sales Contract shall be construed to prevent or restrict such 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; and provided, further, however, that if a court of competent jurisdiction shall determine in a final decision that is not subject to appeal that the "take-or-pay" provision of the Power Sales Contract is illegal, unconstitutional or otherwise unenforceable, the provisions of this paragraph shall ipso facto be deemed to have been amended to read as follows:

> (I) The obligation of the Participant to make payments under this paragraph shall constitute an obligation of the Participant payable as an O&M expense of its Electric System, and such payments shall be made in respect of any month under the Power Sales Contract, on a "take-and-pay" basis, whether or not such Participant actually accepts delivery of its PSCR Share, unless, and then only to the extent, such month was within a period in which its Share of Power Contract Resources was Unavailable to the Participant. The Participant shall not be required to make payments under the Power Sales Contract except from the revenues of its Electric System and from other funds of such Electric System legally available therefor. In no event shall any Participant be required to make payments under the Power Sales Contract from tax revenues, but nothing herein shall be construed to preclude the same. The obligations of the Participant to make payments under this section in respect to any month shall not be subject to any reduction, whether by offset, counterclaim, or otherwise, and, so long as any Energy is made available by AMP during such month (whether or

not such the Participant actually accepts delivery thereof), such payment obligations of such the Participant shall not be conditioned upon the performance by any of the other Participants of their respective obligations under any Related Agreement, or by AMP or any of the other Participants under any other agreement; provided, however, that nothing contained herein shall be construed to prevent or restrict such Participant from asserting any rights which it may have against AMP under the Power Sales Contract or any provision of law, including institution of legal proceedings for specific performance or recovery of damages.

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

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

Force Majeure. Neither AMP nor any Participant shall be considered to be in default in respect to any obligation under the Power Sales Contract (other than the obligation of each Participant to make payments) if prevented from fulfilling such obligation by reason of Force Majeure. A party rendered unable to fulfill any such obligation by reason of Force Majeure shall exercise due diligence to remove such inability with all reasonable dispatch and such party shall promptly communicate with the other regarding such Force Majeure, its expected length and the actions being taken to remove the same.

Insurance. Subject to the provisions of the Project Agreements for the PSEC, 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 Power Sales Contract Resources, 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 the Project Agreements, any Trust Indenture and Prudent Utility Practice. AMP may procure additional insurance, if such insurance is required under the terms of the Project Agreements, otherwise the procurement of additional insurance shall be 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 Power Sales Contract Resources 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 Power Sales Contract Resources.

Bonds; Trust Indenture; Power Sales Contract. AMP shall issue Bonds for the purpose of paying Project Costs as well as all or any part of the costs of planning, engineering, siting, permitting, acquiring, constructing, improving, repairing, restoring, renewing or refurbishing Power Sales Contract Resources, including, without limitation, reimbursement of all Developmental Costs or to refund any outstanding Bonds, all upon such terms and pursuant to one or more Trust Indentures having such terms as AMP, in its sole discretion and exclusive judgment, deems necessary or desirable to enable AMP to fulfill satisfactorily its obligations under the Power Sales Contract; provided, however, that AMP shall not issue Bonds having a final maturity date extending beyond the later of 2057 or the initial estimated useful life of the Project, as estimated, in a report or certificate of an independent engineer or engineering firm or corporation having a national reputation for experience in electric utility matters. All Bonds, any Trust Indenture, and all revenues and other funds of AMP allocable to the Participants and to this Power Sales Contract, other than the Service Fee, shall be separate and apart from all other borrowings, indentures, revenues, and funds of AMP. AMP shall not pledge or assign any of its right, title or interest in, to or under any of the foregoing, the Power Sales Contract or any Power Sales Contract Resources, or otherwise make available any thereof, to secure or pay any indebtedness or obligation of AMP or as otherwise expressly permitted by the Power Sales Contract.

Disposition or Termination of PSEC or other Power Sales Contract Resources.

For so long as any Bonds are outstanding, except as otherwise permitted in the Power Sales Contract, AMP shall not sell or otherwise dispose of, in whole or in part, the AMP Ownership Interest without the consent of a Super Majority of the Participants; provided, however, that AMP may act without the consent of a Super Majority of the Participants if such sale or disposition is required under the terms of a Project Agreement or any Trust Indenture. The Power Sales Contract does 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 arrangements permitted by the Power Sales Contract or (iii) the mortgaging, pledging or encumbering of all or any portion of Ownership Interest in PSEC or any other Power Sales Contract Resources pursuant to any Trust Indenture to secure any Bonds. Subject to the provisions of the Project Agreements, any facilities of the PSEC shall be terminated and AMP shall cause such facilities to be salvaged, discontinued, decommissioned, and disposed of or sold in whole or in part on such terms as both the AMP Board of Trustees and the Participants Committee determine to be reasonable and appropriate when:

(a) so required pursuant to the applicable Project Agreement; or

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

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

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

(B) Each Participant covenants and agrees that, unless the Power Sales Contract has been assigned, it shall not sell, lease or otherwise dispose of all or substantially all of its Electric System except on 180 days' prior written notice to AMP and, in any event, shall not so sell, lease or otherwise dispose of the same unless AMP shall reasonably determine that all of the following conditions are met: (i) such Participant shall assign the Power Sales Contract and its rights thereunder (except as otherwise provided in the last sentence of this paragraph) in writing to the purchaser or lessee of the Electric System and such purchaser or lessee, as assignee of rights and obligations of such Participant under the Power Sales Contract, shall assume in writing all obligations (except to the extent theretofore accrued) of such Participant under the Power Sales Contract or such Participant shall post a bond or other security, in either case reasonably acceptable to AMP, to assure its obligations under the Power Sales Contract are fulfilled and clauses (iv) (a), (b) and (c) below are satisfied; (ii) if and to the extent necessary to reflect such assignment and assumption, AMP and such assignee shall enter into an agreement supplemental to the Power Sales Contract to clarify the terms on which power and energy are to be sold 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 regulatory or tax status of AMP or any Bonds. Notwithstanding the foregoing, if AMP reasonably determines that the assignment of the Power Sales Contract, pursuant to the immediately preceding sentence in connection with the sale, lease or other disposition of a Participant's Electric System, could reasonably be expected to result in any increase in the rates and charges to any of the remaining Participants for power and energy and associated Transmission Service made available under the Power Sales Contract, AMP may, by delivery of written notice thereof sent no later than 120 days following receipt by AMP of notice sent pursuant to the immediately preceding sentence, refuse to approve such sale, lease or other disposition and, should the Participant nonetheless and in contravention of the provisions of the Power Sales Contract proceed with such sale, lease or other disposition, terminate, effective upon such sale, lease or other disposition, all of such Participant's rights under the Power Sales Contract (except to the extent of any rights theretofore accrued); provided, however, that prior to the effective date of any such termination AMP shall have arranged for the assignment by such Participant of its rights (except as otherwise in the last sentence of this paragraph) and obligations (except to the extent theretofore accrued) under the Power

Sales Contract to another entity which assumes in writing all obligations of such Participant (except to the extent theretofore accrued) and which satisfies each of the conditions set forth in clauses (ii) through (iv) of the immediately preceding sentence; provided, further, that nothing contained in this paragraph shall be construed to prevent or restrict any Participant from issuing mortgage revenue bonds (subject to the provisions of (E) below this heading) secured by a mortgage of the property and revenues of such Participant's Electric System, including a franchise. Each Participant agrees to cooperate in effecting any assignment pursuant to the immediately preceding sentence.

(C) Each Participant covenants and agrees that it shall take no action the effect of which would be to prevent, hinder or delay AMP from the timely fulfillment of its obligations under the Power Sales Contract, any Related Agreement, any then outstanding Bonds or any Trust Indenture; provided, however, that nothing contained in the Power Sales Contract shall be construed to prevent or restrict such Participant from asserting any rights which it may have against AMP 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 covenant shall not be construed as requiring such Participant to expend any funds which are derived from sources other than the operation of its Electric System, although nothing herein shall be construed as preventing such Participant from doing so.

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

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

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

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

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

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

(B) (i) If any Participant shall fail to pay any amounts due under the Power Sales Contract, or to perform any other obligation 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 and during such default, the defaulting Participant shall not be entitled to any vote on the Participants Committee or any matter which requires a vote of the Participants; but, the obligations of the Participant under the Power Sales Contract shall continue in full force and effect. AMP shall forthwith notify such Participant of such termination.

(ii) Upon the termination of entitlement to a PSCR Share as provided in the preceding paragraph, AMP shall attempt to sell the defaulting Participant's PSCR share, first to other Participants, then to Members who are not Participants and then to other persons, and, to the extent such defaulting Participant's obligations are not thereby fulfilled, each non-defaulting Participant shall purchase, for so long as such default remains uncured, a pro rata share of the defaulting Participant's entitlement to its PSCR Share which, together with the shares of the other non-defaulting Participants, is equal to the defaulting Participant's PSCR Share in kilowatts ("Step Up Power"); provided; however, that no such termination shall reduce the defaulting Participant's obligations under the succeeding paragraph; and, provided further, however, that the sum of all such increases for each non-defaulting Participant pursuant to this paragraph shall not exceed, without consent of the non-defaulting Participant, an accumulated maximum kilowatts equal to twenty-five percent (25%), or such lesser percentage as set forth in any

Trust Indenture, of such non-defaulting Participant's initial PSCR Share in kilowatts prior to any such increases. AMP shall mail written notice 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 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 remaining Participants as Step Up Power. 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. 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, or in the performance of any of the covenants and conditions of the Power Sales Contract; or in the event Participant shall for any reason be rendered incapable of fulfilling its obligations thereunder; or final judgment for payment of money shall be rendered against Participant which adversely affects its ability to fulfill its obligations, and any such judgment shall not be discharged within 60 days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which, or pursuant to which, such judgment shall have been granted, or entered, in such manner as to stay the execution of, or levy under, such judgment, order, decree, or process or the enforcement thereof, or any proceeding shall be instituted with the consent or acquiescence of Participant for the purpose of effecting a compromise between Participant and its creditors, or for the purpose of adjusting the claims of such creditors pursuant to any Federal or State statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Participant's rights under the Power Sales Contract; or if (a) Participant is adjudged insolvent by a court of competent jurisdiction which assumes jurisdiction of Participant's Electric System, or (b) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of Participant, a receiver or trustee of Participant or of the whole or any part of Participant's Electric System and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof; or if Participant shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, which would place jurisdiction of Participant's Electric System in other than Participant; then, in addition to all other remedies, including the remedy of specific performance, AMP shall have the right and power to, and may, at its sole option, by notice in writing to the Participant, apply for the appointment of a receiver of rents, income and profits of the Participant's Electric System received or receivable by Participant as a matter of right and as security for the amounts due AMP without consideration of the value of Participant's Electric System, or the solvency of any person or persons liable for the payment of such amounts, the rents, income and profits of the

Participant's Electric System received or receivable by Participant being hereby assigned by Participant to AMP as security for payment of the sum or sums now or hereafter secured by the Power Sales Contract.

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

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

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

Modification or Amendment. The Power Sales Contract shall not be amended, modified or otherwise changed except by written instrument executed and delivered by AMP and each of the Participants; provided, however that the Power Sales Contract shall not in any event be amended, modified or otherwise changed in any manner that will materially adversely affect the security afforded by the provisions of the Power Sales Contract for the payment of the principal, interest, and premium, if any, on the Bonds, except as, and to the extent, permitted by any Trust Indenture.

Dispute Resolution. The Parties agree to negotiate in good faith to settle any and all disputes arising 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 in this section for resolving any particular dispute.

Term of Contract. The Power Sales Contract shall remain in effect until December 31, 2057, and thereafter, unless otherwise required by law, until (i) the date the principal of, premium, if any, and interest on all Bonds have been paid or deemed paid in accordance with any applicable Trust Indenture; and (ii) a Super Majority of the Participants recommends the Power Sales Contract be terminated; provided, however, that each Participant shall remain obligated to pay to AMP its respective share of the costs of terminating, discontinuing, disposing of, and decommissioning all Power Sales Contract Resources except those Power Sales Contract Resources 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. In the event that a Super Majority of the Participants does not elect to terminate the Power Sales Contract, each Participant that so elects may continue to receive its PSCR Share of the power and energy available to AMP from such Power Sales Contract Resources at rates which reflect the lack of payments with respect to Bonds and any Participant that does not so elect may discontinue taking any power and energy under the Power Sales Contract and shall have no other liability except as otherwise specified in the Power Sales Contract.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST INDENTURE

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

Definitions

"AMP Operating Expenses" means for any period AMP's Service Fee (as defined in the Power Sales Contract) and AMP's reasonable and necessary current expenses for the operation, repair and maintenance of AMP's Ownership Interest in the PSEC, 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 PSEC Fund, insurance premiums, engineering expenses relating to maintenance, repair and operation, fees and expenses of the Trustee, Depositories, Paying Agents and the Bond Registrar, legal expenses (including the costs of any actions to defend AMP's rights under any Project Agreement), fees of consultants, any taxes which may be lawfully imposed on or are fairly allocable to AMP with respect to the PSEC, or payments in lieu of such taxes, or the income therefrom, operating lease payments, the Operating Component of the Cost of Contracted Services, and the cost of Replacement Power (as defined in the Power Sales Contract) and all other payments, not chargeable to the capital account of the PSEC, to be made by AMP under the Power Sales Contract and any other expenses required or permitted to be paid by AMP under the provisions of the Master Indenture or by law, 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 Derivative Agreements (excluding Derivative Agreements related to Subordinate Obligations), 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.

"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 PSEC for a Fiscal Year, as the same may be amended from time to time, all in accordance with the provisions of the Master Indenture.

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

"Commercial Operation Date" means the first date of the month following AMP's receipt of notice that both Units of PSEC are in operation on a commercial basis for purposes of making capacity and energy available.

"Commercial Operation Date of First Unit" means the first date of the month following AMP's receipt of notice that one Unit of PSEC is in operation on a commercial basis for purposes of making capacity and energy available.

"Cost," as applied to the Project, means, without intending thereby to limit or restrict any proper definition of such word, Costs of Issuance, Developmental Costs, amounts owed by AMP pursuant to the terms of the Project Agreements (including, but not limited to, Progress Payments and, if AMP exercises its rights to purchase the Contiguous Coal Reserves, amounts due and owing pursuant to the Right of Purchase and Right of First Refusal), all other costs incurred in connection with the planning, investigating, licensing, siting, permitting, engineering, financing, equipping, construction and acquisition of the Project including the costs of any necessary transmission facilities or upgrades required to interconnect PSEC with the PJM RTO and transmit power and energy to the Participants, any payments of taxes or in lieu of taxes and interest during construction of the Project, initial inventories, including the purchase of any inventories of emission allowances or other environmental rights, working capital, spares and other start up related costs, related environmental compliance costs, legal, engineering, accounting, advisory and other financing costs relating thereto and the refurbishing, improving, repairing, replacement, retiring, decommissioning or disposing of the Project, or otherwise paid or incurred or to be paid or incurred by or on behalf of the Participants or AMP in connection with its performance of its obligations under the Power Sales Contract, any Trust Indenture or any Related Agreement and may include the cost of the prepayment for Replacement Power (as defined in the Power Sales Contract).

"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 institution 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 clause (i) of this definition;

provided, however, that interest shall be excluded from the determination of Debt Service Requirement to the extent that provision for payment of the same is made from the proceeds of the Indebtedness or otherwise provided so as to be available for deposit into the Capitalized Interest Account or similar account not later than the date of delivery of and payment for such Indebtedness; and provided further that, 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.

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

"Gross Revenues" means "Revenues" means revenues, as determined in accordance with generally accepted accounting principles, from all payments, proceeds, rates, fees, charges, rents all other income derived by or for AMP for the use of and for the output, services and facilities furnished by or from the Power Sales Contract Resources, and all rights to receive the same, whether in the form of accounts receivable, contract rights, credits or other rights, and the proceeds of such rights whether now owned or held or hereafter coming into existence, including (a) payments received pursuant to the Power Sales Contract and for capacity, energy and other products of the PSEC 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, and (iii) any gifts, grants, donations or contributions or borrowed funds.

"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 PSEC and payable from Gross Revenues and (e) all installment sales and capital lease obligations relating to the PSEC, 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 Land Banks, and (v) 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).

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

"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.

"Parity Common Reserve Account Requirement" means, with respect to all Parity Obligations secured by the Parity Common Reserve Account, the amount provided in a Supplemental Indenture. The Parity Common Reserve Account Requirement may be satisfied with cash, Investment Obligations or Reserve Alternative Instruments, or any combination of the foregoing, as AMP may determine from time to time.

"Parity Debt" means all Parity Obligations incurred or assumed by AMP, including Parity Debt

Service Components, and not evidenced by Bonds which (a) are designated as Parity Debt in the documents pursuant to which it was incurred, (b) are incurred in compliance with the provisions of the Master Indenture or are a reimbursement obligation for a Credit Facility supporting Parity Obligations incurred in compliance with the provisions of the Master Indenture, and (c) may be accelerated only in compliance with the procedures set forth in the Master Indenture.

"Parity Obligations" means Bonds and Parity Debt.

"Principal Requirement" for any Fiscal Year or any other period, as the context may require, as applied to Bonds of any Series then Outstanding, means the total of the sums that would be deemed to accrue on such Bonds during such Fiscal Year or other period if the principal of the Current Interest Bonds of such Series were deemed to accrue daily in equal amounts during such Year or period, employing the applicable methods of calculation set forth in the definition of Debt Service Requirement; provided, however, that principal shall be excluded from the determination of Principal Requirement to the extent that any principal is to be paid from the proceeds of Bonds or other available moneys or from investment (but not reinvestment) earnings thereon if such proceeds or other moneys shall have been invested in Defeasance Obligations and to the extent such earnings may be determined precisely.

"Reserve Alternative Instrument" means an irrevocable insurance policy or surety bond or an irrevocable letter of credit, guaranty or other facility deposited in the Parity Common Reserve Account or a Special Reserve Account in lieu of or in partial substitution for the deposit of cash and Investment Obligations in satisfaction of the Parity Common Reserve Account Requirement or a Special Reserve Account Requirement.

"Revenue Available For Debt Service" means the pro forma amount, indicated in an Officer's Certificate delivered to the Trustee, that is certified by such Officer to be the excess, of the Gross Revenues in any 12 consecutive months of the last 18 calendar months preceding the date of such Certificate, 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, all as estimated 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 the Supplemental Indenture or 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.

"Unit" means either of the two distinct electricity generating systems of PSEC, each consisting of a pulverized coal boiler, a steam turbine generator with an expected nominal generating capacity of approximately 791 MW, and all associated auxiliaries and systems.

"Variable Rate Indebtedness" means any portion of Indebtedness the interest rate on which is not established at the time of incurrence at a fixed or constant rate until maturity.

Acquisition and Construction Subfund

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

The Depository or Depositories may only disburse moneys from the Acquisition and Construction Subfund upon the receipt of a requisition signed by an AMP Representative, stating to whom the payment is to be made, the general purpose for which the obligation was incurred and that each charge is a proper charge against the Cost of the Project and, if the payment is not made to someone other than AMP, the obligation has not been the basis for a prior requisition.

Upon the completion of the Project, AMP shall deliver to the Depository or Depositories a certificate of an AMP Representative, approved by the Board of AMP by appropriate resolution, setting forth (A) the Date of Commercial Operation, or if the Acquisition and Construction Subfund is no longer needed, the reasons therefor in reasonable detail and (B) stating that requisitions have been made for the payment of all obligations which are payable from the Acquisition and Construction Subfund, delivered to the Depository or Depositories with an Opinion of Counsel to the effect that there are no mechanic's, materialmen's or other comparable liens on any property constituting a part of the Project. As soon as practicable after such certification is delivered by AMP to the Depository or Depositories, the balance of the Acquisition and Construction Subfund not reserved by AMP to payment of any remaining Cost 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.

Establishment of PSEC Fund and Other Subfunds; Application of Gross Receipts and Net Revenues

Creation of PSEC Fund, Subfunds and Accounts. AMP shall create on its books a special fund to be known as the "American Municipal Power, Inc. Prairie State Campus Fund" (the "PSEC Fund"). In addition to the Acquisition and Construction Subfund, the following subfunds and accounts are established in the PSEC 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 four special accounts to be known as the Operating Account, the Working Capital 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 Capitalized Interest Account, the Interest Account, the Derivatives Payments Account, the Principal Account, the Sinking Account, the Redemption Account, the Parity Common Reserve Account and any Special Reserve Accounts identified by Series or otherwise; and

(iv) 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 hereby established six special accounts to be known as the Renewal and Replacement Account, the Overhaul Account, the Capital Improvement Account, the Rate Stabilization Account, the Environmental Improvement Account and the Self-Insurance Account; and

(vi) with a Depository, a General Subfund.

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.

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 subaccount equal to the sum of the AMP Operating Expenses budgeted for such month in the Annual Budget;

(ii) transfer to the Depository for the Working Capital Account an amount that together with funds then held to the credit of such account will make the total amount then to the credit of such account equal to ten percent (10%) the amount of the AMP Operating Expenses provided for the current Fiscal Year in the Annual Budget;

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

(1) to the credit of the Interest Account, after first taking into account any accrued interest deposited from the proceeds of any Bonds and the advice of AMP contained in an Officer's Certificate respecting any transfers from Capitalized Interest Account and, subject to the requirements of the Master Indenture, from the Acquisition and Construction Subfund by deducting the sum of such amounts from the amount of interest otherwise payable, such amount of such amount as is required to make the amount to the credit of the Interest Account equal to so much of the Interest Requirement that shall have accrued during the then current Interest Period between the first Deposit Day in such Period and such Deposit Day; provided, however, that except as specified above, the amount so deposited on account of the then current Interest Requirement on each Deposit Day after the delivery of the Bonds of any Series under the provisions of the Master Indenture up to and including the Deposit Day immediately preceding the first Interest Payment Date thereafter of the Bonds of such Series shall be that amount which when multiplied by the number of such deposits will be equal to the amount of such current Interest Requirement respecting such Bonds during such first Interest Period; and provided, further, that in making such deposits, the Trustee shall take into account any excess moneys to the credit of the Parity Common Reserve Account and any Special Reserve Account that are to be transferred to the Interest Account or any subaccount thereof prior to any Interest Payment Date, should moneys held therein exceed the Parity Common Reserve Account Requirement and/or Special Reserve Account Requirement, as applicable,

(2) to the credit of the Derivatives Payments Account, the amount, if any, of any Derivative Obligations due under the terms of a Derivative Agreement to be paid to a Derivative Agreement Counterparty, on a parity with interest on Bonds, prior to the next Deposit Day,

(3) to credit of the Principal Account, beginning on the Deposit Day specified in the applicable Supplemental Indenture that is prior to the first month in which any Serial Bond matures, such amount as is required to make the amount to the credit of the Principal Account equal to so much of the Principal Requirement that shall have accrued to and including such Deposit Day during the then current period between the first Deposit Day in such period and the Principal Payment Date,

(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 first Deposit Day in such period and the mandatory Sinking Fund redemption date, and

(5) at such time or times as provided in Supplemental Indentures and Parity Debt Indentures, (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.

(iv) set aside with a Depository for deposit into the Subordinate Obligations Subfund, an amount which together with funds then held to the credit of the Subordinate Obligations Subfund will make the total amount then to the credit of the Subordinate Obligations Subfund equal to the entire aggregate amount of Subordinate Obligations; and

(v) pay to a Depository for deposit into the various accounts in the Reserve and Contingency Subfund, the amounts, if any, provided in the Annual Budget.

The balance, if any, remaining after making the transfers provided in clauses (i), (ii), (iii), (iv) and (v) 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.

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, first from the Working Capital Account and then from the Rate Stabilization Account to pay AMP Operating Expenses (except Fuel Expense) as the same come due and payable.

Working Capital Account. Amounts on deposit in the Working Capital Account shall be available to pay AMP Operating Expenses. To the extent moneys held in the Bond Subfund or Subordinate Obligations Subfund and the General Account and the Reserve and Contingency Subfund are insufficient to make required interest and principal payments, moneys in the Working Capital Account shall be used prior to any withdrawal from the Parity Common Reserve Account or Special Account Reserve, if any, to satisfy any deficiency.

General Account. Moneys credited to the General Account may by used by AMP for any lawful purpose related to the PSEC, 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, Working Capital Account, Parity Common Reserve Account or Special Account Reserve, if any, to satisfy any deficiency.

Deposit and Application of Money in the Parity Common Reserve Account and Any Special Reserve Account; Replenishment of Deficiencies

(a) If a Supplemental Indenture or a Parity Debt Indenture provides that the Parity Obligations issued or incurred thereunder are to be additionally secured by the Parity Common Reserve Account, AMP shall deposit, from the proceeds of such Parity Obligations or from any other available sources, concurrently with the delivery of and payment for such Parity Obligations, to the Parity Common Reserve Account such amount as is required to make the balance to the credit of such Account equal to the Parity Common Reserve Account Requirement. If a Supplemental Indenture or a Parity Debt Indenture provides that the Parity Obligations issued thereunder are to be secured by a Special Reserve Account, AMP shall fund, from the proceeds of such Parity Obligations or from any other available sources, at the time or times and in the manner specified in the applicable Supplemental Indenture or Parity Debt Indenture, such Special Reserve Account in an amount equal to the Special Reserve Account Requirement for such Parity Obligations.

(b) Unless the applicable Supplemental Indenture or a Parity Debt Indenture shall otherwise provide or modify the following, AMP may deposit with the Trustee a Reserve Alternative Instrument in satisfaction of all or any portion of the Parity Common Reserve Account Requirement or may substitute a Reserve Alternative Instrument for all or any portion of the cash or another Reserve Alternative Instrument credited to the Parity Common Reserve Account, provided that the following minimum provisions have been fulfilled:

(i) The Reserve Alternative Instrument shall be payable (upon the giving of notice as required thereunder) to remedy any deficiency in the appropriate subaccounts in the Interest Account, the Principal Account and the Sinking Account, or in an account for the payment of interest, or in an account or accounts for the payment of principal, in order to provide for the timely payment of the principal (whether at maturity or pursuant to a Sinking Fund Requirement or an amortization requirement therefor) of and interest on the Parity Obligations secured thereby.

(ii) The provider of a Reserve Alternative Instrument shall be (A) an insurance company or other financial institution that has been assigned, for obligations insured by the provider of the Reserve Alternative Instrument, a rating by at least two Rating Agencies in one of the two highest rating categories (without regard to gradations by numerical modifier or otherwise) or (B) a commercial bank, insurance company or other financial institution the obligations payable or guaranteed by which have been assigned a rating by at least two Rating Agencies in one of the two highest rating categories (without regard to gradations by numerical modifier or otherwise).

(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 PSEC resulting from any emergency, engineering and architectural fees and premiums on insurance carried under the terms of the Master Indenture; (c) money in the Capital Improvement Account may be used for paying the costs of fixtures, machinery, equipment, furniture, real property and additions to, or improvements, extensions or enlargements of, the PSEC; (d) money held in the Rate Stabilization Account may be, at AMP's direction, transferred to any other account or subfund, including the payment of interest, principal or redemption of Indebtedness; (e) money held in the Environmental Improvements Account may be used for the mitigation of PSEC or other Power Sales Contract Resources, environmental improvements or otherwise to moderate the costs of environmental compliance; and (f) money in the Self-Insurance Account may be used to pay any losses or liabilities for which AMP was self-insured or uninsured.

Depositories and Investment of Funds

Security for Deposits. All money received by AMP pursuant to the provisions of the Master Indenture shall be deposited with the Trustee or one or more Depositories and, in the case of deposits with the Trustee, be trust funds under the Master Indenture, and shall not be subject to the lien of any creditor of AMP.

All money deposited with and held by the Trustee or any Depository in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured, for the benefit of AMP and the Owners, either (a) by lodging with a bank or trust company chosen by the Trustee or Depository or, if then permitted by law, by setting aside under control of the trust department of the bank or trust company holding such deposit, as collateral security, Government Obligations or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States or applicable state law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the furnishing of security as provided in clause (a) above is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Trustee or any Depository to give security for the deposit of any money with it for the payment of the principal of or the redemption premium, if any, or the interest on any Parity Obligations or Subordinate Obligations, or for the Trustee or any Depository to give security for any money that shall be represented by Investment Obligations purchased under the provisions of this Article as an investment of such money.

Investment of Money. Money held for the credit of all funds, accounts and subaccounts established under the Master Indenture and held by the Trustee shall, in accordance with the written directions of AMP, be continuously invested and reinvested by the Trustee or the Depositaries, whichever is applicable, in Investment Obligations to the extent practicable.

No Investment Obligations pertaining to any Series of Bonds in any fund, account or subaccount held by the Trustee or any Depository shall mature on a date beyond the latest maturity date of the Bonds of such Series Outstanding at the time such Investment Obligations are deposited.

AMP shall either enter into agreements with the Trustee or any Depository for the investment of any money required or permitted to be invested under the Master Indenture or give the Trustee or any Depository written directions respecting the investment of such money, subject, however, to the provisions of the Master Indenture, and the Trustee or such Depository shall then invest such money in accordance with such agreements or directions.

Except as provided in the Master Indenture with respect to the Parity Common Reserve Account, Investment Obligations shall mature or be redeemable at the option of the holder thereof not later than the respective dates when the money held for the credit of such funds, accounts and subaccounts will be required for the purposes intended.

Investment Obligations in the Parity Common Reserve Account shall mature or be redeemable at the option of the Trustee not later than the final maturity date of the Parity Obligations to which such Parity Common Reserve Account is pledged.

Money held for the credit of all funds, accounts and subaccounts established under the Master Indenture and held by the Trustee shall, in accordance with the written directions of AMP, be continuously invested and reinvested by the Trustee or the Depositaries, whichever is applicable, in Investment Obligations to the extent practicable. Except as provided in the Master Indenture with respect to the disposition of investment income, the particular investments to be made and other related matters in respect of investments shall, as to each Series of Bonds, be provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Valuation. For the purpose of determining the amount on deposit in any fund, account or subaccount established under the Master Indenture, Investment Obligations in which money in such fund, account or subaccount is invested shall, so long as no Event of Default shall have occurred and continue, be valued at Amortized Cost. During the pendency of any Event of Default, Investment Obligations in which money in such fund, account or subaccount is invested shall be valued at the lower of Amortized Cost or market.

All Investment Obligations in all of the subfunds, accounts and subaccounts established under the Master Indenture shall be valued as of the Business Day immediately preceding each Principal Payment Date and, at the written request of an AMP Representative, each or any Interest Payment Date.

Certain Covenants of AMP

Covenants to Construct and Maintain the Project. Subject to the provisions of the Project Agreements, AMP will fulfill all of its obligations under such Project Agreements, including its obligations in respect of the construction, operation and maintenance of the PSEC. AMP will further take all lawful measures required to issue and sell Bonds required to pay the Costs of the Project subject to the Incurrence Test.

Insurance. AMP covenants that it will retain the services of an Independent Insurance Consultant to advise AMP with respect to appropriate insurance coverage and programs of self-insurance to protect the PSEC Fund. To the extent not otherwise provided in accordance with the provisions of the Project Agreements, AMP covenants that it will maintain a practical insurance program, with reasonable terms, conditions, provisions and costs, which AMP determines (i) will afford adequate protection against loss caused by damage to or destruction of the PSEC or any part thereof and (ii) will include reasonable liability insurance on all of the PSEC for bodily injury and property damage resulting from the construction or operation of the PSEC.

Subject to the provisions of the Project Agreements, AMP further covenants that, immediately after any substantial damage to or destruction of any part of the PSEC, it will cause plans and specifications for repairing, replacing or reconstructing the damaged or destroyed property (either in accordance with the original or a different design) and an estimate of the cost thereof to be prepared.

Subject to the provisions of the Project Agreements, the proceeds of all insurance received in the circumstances described in the preceding paragraph shall be paid to a Depository and made available for, and shall to the extent necessary be applied to, the repair, replacement or reconstruction of the damaged or destroyed property, and such disbursements by the Depository for such purposes shall be made in accordance with the provisions of the Master Indenture for payments from the Construction Subfund to the extent that such provisions may be applicable.

Incurrence Test. Subsequent to the Commercial Operation Date, additional Parity Obligations may be issued or incurred only in compliance with the following Incurrence Test:

(a) AMP may issue or incur Parity Obligations at one time or from time to time in any form or combination of forms permitted by the Master Indenture for the purpose of providing funds, with any other available funds, for additional Costs of the Project, AMP shall file or cause to be filed with the Trustee an Officer's Certificate (which may rely upon certificates or other documentation delivered by an Independent Consultant) certifying that (i) the Debt Service Coverage Ratio is not less than 1.10x Maximum Annual Debt Service Requirement for all of the Parity Obligations, including the proposed additional Parity Obligations, that will be Outstanding immediately following the issuance of such proposed Parity Obligations, and (ii) the Debt Service Coverage Ratio is not less than 1.00x of the Maximum Annual Debt Service Requirement for all of the Indebtedness, including the proposed additional Parity Obligations, that will be Outstanding immediately following the issuance of such proposed Parity Obligations. The Officer's Certificate shall detail (x) the improvements to be financed by such additional Parity Obligations, (y) the relative necessity of such improvements to the proper maintenance and operation of the PSEC and (z) the effect of the such improvements on the useful life of the PSEC.

(b) AMP may incur Parity Obligations for the purpose of refunding or reissuing any Outstanding Indebtedness if, prior to the incurrence of such Parity Obligations, either (i) the Trustee receives from AMP an Officer's Certificate (which may rely upon certificates or other documentation delivered by an Independent Consultant) stating that, taking into account the Parity Obligations proposed to be incurred, the Parity Obligations to remain Outstanding after the refunding 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 the Debt Service Coverage Ratio, 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.

(c) For purposes of demonstrating compliance with the Incurrence Test set forth in paragraphs (a) or (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 Test 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 Indebtedness as a Parity Obligation only in compliance with the Incurrence Test. In addition, AMP may incur Short-Term Indebtedness as Subordinate Obligations under the Master Indenture.

(e) Notwithstanding the foregoing provisions, nothing contained in the Master Indenture shall preclude AMP from incurring any obligation under a Credit Facility.

(f) 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 PSEC 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 PSEC, 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 PSEC and, if necessary, it will revise its plan of operation in relation to the collection of bills for such services and facilities, so that such deficiency will be made up before the end of the Fiscal Year following that Fiscal Year in which such deficiency occurred. Should any deficiency not be made up in such following Fiscal Year, the requirement therefor shall be cumulative and AMP shall continue to revise such rates until such deficiency shall have been completely made up.

Power Sales Contract; Project Agreements. 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 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 all of its obligations under the Project Agreements and take such actions and proceedings from time to time as shall be necessary to protect and safeguard the security for the payment of the Bonds afforded by the provisions of such Project 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 Project 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 AMP Entitlement 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 PSEC, and the proceeds thereof shall be applied to the replacement of the properties so sold, exchanged or disposed of or shall be transferred first to the Parity Common Reserve Account and any Special Reserve Account pro rata to the extent of any deficiency therein, then to the Reserve and Contingency Subfund to the extent of any deficiency therein, and then to the Acquisition and Construction Subfund or to the Redemption Account in 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 PSEC if it determines by resolution:

1. that such property is no longer needed or is no longer useful in connection with the PSEC, or

2. that the sale, exchange or other disposition thereof would not materially adversely affect the operating efficiency of the PSEC,

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 PSEC 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 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) and (b) above, the Trustee may, and upon the written request of the Owners or Holders of not less than a majority in aggregate principal amount of Parity Obligations then outstanding shall, by notice to AMP, declare the principal of all Parity Obligations then Outstanding immediately due and payable. If, however, at any time after the principal of the Parity Obligations shall been accelerated and before the entry of final judgment or decree in any suit instituted on account of such default, money sufficient to pay the principal of all matured Parity Obligations and all arrears of interest, if any, upon all Parity Obligations then Outstanding (including any sinking fund requirement, but excluding the principal on any Parity Obligation not due and payable in accordance with its terms) shall have been deposited with the Trustee and all other defaults known to the Trustee in the observance of the covenants contained in the Bonds, any Parity Debt, the Master Indenture or any Parity Debt Indenture shall have been remedied to the satisfaction of the Trustee, the Trustee shall rescind and annul such declaration.

Remedies. Upon the happening and continuance of any Event of Default, then and in every case the Trustee may, and upon the written request of the Owners or Holders of not less than a majority in aggregate principal amount of Parity Obligations then outstanding shall, proceed to enforce its rights and the rights of the Owners and Holders of the Parity Obligations then Outstanding under applicable laws and under the Master Indenture by such suits or other actions, in equity or at law.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Owners or Holders of not less than a majority of the aggregate principal amount of the Parity Obligations then Outstanding, shall, subject to appropriate indemnification, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Master Indenture by any acts which may be unlawful or in violation of the Master Indenture, or (ii) to preserve or protect the interests of the Owners and Holders, provided that such request and the action to be taken by the Trustee are not in conflict with any applicable law or the provisions of the Master Indenture and, in the sole judgment of the Trustee, are not unduly prejudicial to the interest of the Owners and Holders not making such request..

Control of Proceedings. Anything in the Master Indenture to the contrary notwithstanding, the Owners or Holders of a majority in aggregate principal amount of Parity Obligations at any time Outstanding shall have the right, subject to the provisions of the Master Indenture relating to indemnification of the Trustee, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Master Indenture, provided that such direction shall be in accordance with law and the provisions of the Master Indenture, and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of any Owners or Holders not joining in such direction, and provided further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability, and provided further that nothing shall impair the right of the Trustee in its discretion to take any other action under the Master Indenture which it may deem proper and which is not inconsistent with such direction by the Owners or Holders.

Restriction on Individual Action. Except in respect of an Owner's or Holder's right to enforce payment of a Parity Obligation, no Owner or Holder shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or Parity Debt or for the execution of any trust under the Master Indenture or for any other remedy under the Master Indenture unless such Owner or Holder previously shall (a) has given to the Trustee written notice of the Event of Default on account of which suit, action or proceeding is to be instituted, (b) has requested the Trustee to take action after the right to exercise such powers or right of action, as the case may be, shall have accrued, (c) has afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Master Indenture or to institute such action, suit or proceedings in its or their name, and (d) has offered to the Trustee reasonable security and 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; (d) add to the covenants and agreements of AMP in the Master Indenture other covenants and agreements thereafter to be observed by AMP or to surrender any right or power in the Master Indenture reserved to or conferred upon AMP, (e) obtain a Credit Facility, Reserve Alternative Instrument, a Derivative Agreement, or other credit enhancement; provided, however, that no Rating Agency shall reduce or withdraw its rating on any of the Parity Obligations then Outstanding as a consequence of any such provision of such Supplemental Indenture, (f) enable AMP to comply with its obligations, covenants and agreements made in the Master Indenture or in any Parity Debt Indenture for the purpose of maintaining the tax status of interest on any Tax-Exempt Parity Obligations, provided that such change shall not materially adversely affect the security for any Parity Obligations, or (g) 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.

Defeasance of Series 2010 Bonds

Under the terms of the Fifth Supplemental Indenture, AMP at any time may terminate (i) all its obligations under the Fifth Supplemental Indenture ("*Legal Defeasance Option*") or (ii) its obligations in respect of certain covenants made therein and in the Master Indenture, and the operation of the event of default described above in (d) under the heading "**Defaults and Remedies** – *Events of Default*" ("Covenant Defeasance Option") with respect to Series 2010 Bonds. AMP may exercise the Legal Defeasance Option notwithstanding its prior exercise of the Covenant Defeasance Option.

If AMP exercises the Legal Defeasance Option, the maturity of the Series 2010 Bonds may not be accelerated because of an Event of Default. If AMP exercises the Covenant Defeasance Option, the maturity of the Series 2010 Bonds may not be accelerated because of an Event of Default specified in the event of default described above in (d) under the heading "**Defaults and Remedies** – *Events of Default*".

Notwithstanding the exercise of either the Legal Defeasance Option or Covenant Defeasance Option or both, (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Series 2010 Bonds, (iii) rights of Holders to receive payments of principal, premium, if any, and interest, (iv) rights relating to the application of Trust funds, (v) the rights, obligations and immunities of the Trustee hereunder and (vi) the rights of Holders as beneficiaries hereof with respect to the property deposited with the Trustee payable to all or any of them, shall survive until the affected Series 2010 Bonds or certain obligations thereunder have been satisfied and discharged have been paid in full.

AMP may exercise the Legal Defeasance Option or the Covenant Defeasance Option only if:

(a) AMP has irrevocably deposited or caused to be irrevocably deposited in trust with the Trustee (i) cash and/or (ii) Defeasance Obligations which through the scheduled payments of principal and interest in respect thereof in accordance with their terms are in an amount sufficient to pay principal, interest and premium, if any, on such Series 2010 Bonds not therefore delivered to the Trustee for cancellation and all other sums payable hereunder by AMP with respect to such Series 2010 Bonds when scheduled to be paid pursuant to mandatory sinking fund requirements and to discharge the entire indebtedness on such Series 2010 Bonds when due;

(b) AMP delivers to the Trustee a certificate from a nationally recognized firm of independent public accountants or other financial consultants not unacceptable to the Trustee expressing its opinion that the payments of principal and interest when due and without reinvestment of the deposited Defeasance Obligations plus any deposited cash without investment will provide cash at such times and in such amounts (but, in the case of the Legal Defeasance Option only, not more than such amounts) as will be sufficient to pay in respect of the Series 2010 Bonds so affected (i) principal in accordance with the mandatory sinking fund requirements for such Series 2010 Bonds, (ii) interest when due and (iii) all other sums payable hereunder by AMP with respect to such Series 2010 Bonds;

(c) in the case of the Legal Defeasance Option, 95 days pass after the deposit is made and during the 95-day period no Default triggered by certain events relating to bankruptcy, insolvency, reorganization or other related proceedings occurs which is continuing at the end of the period;

(d) no event that constitutes, or event that with the passage of time and/or giving of notice would constitute, an Event of Default has occurred and is continuing on the day of such deposit and after giving effect thereto;

(e) in the case of an exercise of the Legal Defeasance Option, AMP shall have delivered to the Trustee an Opinion of Counsel experienced in Federal income tax matters stating that (i) AMP has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of the Fifth Supplemental Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of Series 2010 Bonds will not recognize income, gain or loss for federal tax purposes as a result of such legal defeasance and will be subject to federal tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred;

(f) in the case of an exercise of the Covenant Defeasance Option, AMP shall have delivered to the Trustee an Opinion of Counsel experienced in Federal income tax matters to the effect that the Holders of Series 2010 Bonds will not recognize income, gain or loss for Federal tax purposes as a result of such covenant defeasance and will be subject to federal tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

(g) AMP delivers to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent to the satisfaction and discharge of the Series 2010 Bonds to the extent contemplated by fifth Supplemental Indenture have been complied with;

(h) AMP delivers to the Trustee an Opinion of Counsel experienced in Federal bankruptcy matters to the effect that in a case under the Bankruptcy Code in which AMP is the debtor, the court would hold that the deposited money or Defeasance Obligations would not be in the bankruptcy estate of AMP (or any affiliate that deposited the money or Defeasance Obligations); and

(i) any condition established for such defeasance by any Rating Agency shall have been satisfied with respect to the exercise of any Legal Defeasance Option or Covenant Defeasance Option.

Special Covenants Relating to Series 2010 Bonds

For purposes of this subheading, the following terms have the following meanings:

"2010 Bonds" means AMP's Prairie State Energy Campus Revenue Bonds, Series 2010 (Federally Taxable – Issuer Subsidy – Build America Bonds).

"Federal Subsidy" means an amount equal to 35% of each scheduled interest payment on the 2010 Bonds payable in accordance with Section 6431 of the Code.

"Federal Subsidy Payment" means the amount of the Federal Subsidy actually paid to and received by the Trustee in respect of an Interest Payment Date on the 2010 Bonds.

Federal Subsidy Payments as Gross Receipts. The definition of Gross Revenues as used in computing the Incurrence Test in Section 707 and the rate covenant in Section 708 of the Master Indenture shall include on an accrual basis the Federal Subsidy; provided, however, that if the Federal Subsidy Payment in respect of any Interest Payment Date is less that the Federal Subsidy in respect of such Date, then until the next Interest Payment Date in respect of which the full Federal Subsidy shown in Schedule 1 is received, AMP shall receive credit for purposes of such Section 707 and 708 of the percentage of the Federal Subsidy determined by dividing the Federal Subsidy Payment received by the amount of the full Federal Subsidy scheduled for such Interest Payment Date.

APPENDIX E-1

PROPOSED FORM OF OPINION OF PECK, SHAFFER & WILLIAMS LLP

____________, 2010

American Municipal Power, Inc.
Columbus, Ohio

Ladies and Gentlemen:

We have examined the transcript of proceedings relating to the $300,000,000 Prairie State Energy Campus Project Revenue Bonds, Series 2010 (Federally Taxable – Issuer Subsidy – Build America Bonds) (the "Bonds") issued by American Municipal Power, Inc. ("AMP") to make a deposit to the Acquisition and Construction Account to finance capital expenditures, costs and expenses associated with the Prairie State Energy Campus (the "PSEC"), to fund a deposit to the Parity Common Reserve Account, to fund capitalized interest on the Bonds and to pay the costs of issuance of the Bonds. The transcript documents include executed counterparts of: (i) Resolution No. 10-08-2960 adopted by the Board of Trustees of AMP on August 19, 2010 (the "Resolution"); (ii) the Power Sales Contract dated as of November 1, 2007 (the "Power Sales Contract") between AMP and 68 of its members, located in Ohio, Virginia Michigan and West Virginia (the "Participants"); (iii) the Master Trust Indenture dated as of November 1, 2007 between AMP and U.S. Bank National Association, as trustee (the "Master Indenture"); (iv) the Fifth Supplemental Indenture, dated as of September 1, 2010, between AMP and U.S. Bank National Association, as trustee (the "Fifth 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 Chester, Willcox & Saxbe LLP, as general counsel to AMP, 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 September 22, 2010 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 E-2

PROPOSED FORM OF OPINION OF SIDLEY AUSTIN LLP

________ __, 2010

American Municipal Power, Inc.
Columbus, Ohio

Re: $300,000,000 American Municipal Power, Inc.
Prairie State Energy Campus Project Revenue Bonds
Series 2010 (Federally Taxable – Issuer Subsidy – Build America Bonds)

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. 10-08-2960 adopted on August 19, 2010 by the Board of Trustees of AMP authorizing the Bonds (the "Authorizing Resolution");

(ii) the Power Sales Contract dated as of November 1, 2007 between AMP and 68 of its members, located in Ohio, Virginia, Michigan and West Virginia (such members, the "Participants," and such contract, the "Power Sales Contract");

(iii) the Master Trust Indenture dated as of November 1, 2007 between AMP and U.S. Bank National Association, as trustee (the "Master Indenture");

(iv) the Fifth Supplemental Indenture dated as of September 1, 2010 between AMP and U.S. Bank National Association, as trustee (the "Fifth Supplemental Indenture");

(v) the Tax Certificate delivered on the date hereof by AMP (the "Tax Certificate") in which it has made certain representations and covenants concerning current and future compliance with the Internal Revenue Code of 1986, as amended (the "Code"); and

(vi) the Certificate of each of the Participants in which each Participant has made certain representations and covenants concerning current and future compliance with the Code (the "Participant Certificates"), and

(vii) the Certificate of Prairie State Generating Company, LLC ("PSGC") in which PSGC has made certain representations and covenants concerning current and future compliance with the Code (the "PSGC Certificates").

and other documents, proceedings and matters relating to the federal tax status of the Bonds as we deemed relevant to this opinion.

For purposes of rendering this opinion, we have assumed that the Authorizing Resolution, the Power Sales Contract, the Master Indenture and the Fifth Supplemental Indenture has been duly authorized, executed and delivered by the parties thereto and is valid and binding in accordance its terms.

We have assumed, without independent verification, (i) the genuineness of certificates, records and other documents submitted to us and the accuracy and completeness of the statements contained therein; (ii) that all documents and certificates submitted to us as originals are accurate and complete; (iii) that all documents and certificates submitted to us as copies are true and correct copies of the originals thereof; and (iv) that all information submitted to us, and all representations and warranties made, in the Tax Certificate and otherwise are accurate and complete. We have also assumed, without independent investigation, the correctness of the opinion of Peck, Shaffer & Williams LLP, Bond Counsel, delivered in connection with the issuance of the Bonds, that the Bonds constitute valid and binding obligations of AMP.

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 circumstance, we are of the opinion that, under existing law, assuming compliance by AMP with certain covenants in the Authorizing Resolution and the Tax Certificate, and requirements of the Code, regarding the use, expenditure and investment of proceeds of the Bonds and the timely payment of certain investment earnings to the United States, PSGC with covenants contained in the PSGC Certificate and the applicable requirements of the Code, the Participants with covenants contained in the Participant Certificates and the applicable requirements of the Code, the Bonds constitute "qualified bonds" within the meaning of Section 54AA(g) of the Code and are eligible for the credit payable by the federal government under Section 6431 of the Code (the "Refundable Credit"). Failure by AMP, PSGC or the Participants to comply with such covenants and requirements, or failure to timely request the Refundable Credit with respect to each interest payment of the Bonds, may result in a delay or forfeiture of all or a portion of the Refundable Credit and may cause the Bonds to cease to be treated as qualified bonds either prospectively from the date of determination or retroactively to their date of issuance.

Other than as described herein, we have not addressed, and are not opining on any tax matters relating to the Bonds. Further, we express no opinion as to the effect of any change to any document pertaining to the Bonds or of any action taken or not taken where such change is made or action is taken or not taken without our approval or in reliance upon the advice of counsel other than ourselves with respect to the qualification of the Bonds as qualified bonds under Section 54AA(g) of the Code.

More generally, we express no opinion with respect to the procedures regarding, and the availability of funds with respect to, the payment of the Refundable Credit by the federal government. Further, there is no assurance that the federal government (a) will continue to pay the Refundable Credit for the term of the Bonds, (b) will not reduce the Refundable Credit during the term of the Bonds, and (c) will not attempt to offset the Refundable Credit against another amount the federal government asserts is owed by AMP to the federal government.

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. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur, and we have no obligation to update this opinion in light of such actions or events.

You have received the opinion of Peck Shaffer & Williams 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.

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.

IRS Circular 230 Disclosure: To comply with certain U.S. Treasury regulations, we inform you that, unless expressly stated otherwise, any U.S. federal tax advice contained in this communication, including attachments, was not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on such taxpayer by the Internal Revenue Service. In addition, if any such tax advice is used or referred to by other parties in promoting, marketing or recommending any partnership or other entity, investment plan or arrangement, then (i) the advice should be construed as written in connection with the promotion or marketing by others of the transaction(s) or matter(s) addressed in this communication, and (ii) the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Respectfully submitted,

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APPENDIX F

BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Series 2010 Bonds. The Series 2010 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 the Series 2010 Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned and operated by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2010 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 2010 Bonds, except in the event that use of the book-entry system for the Series 2010 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2010 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 2010 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 2010 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2010

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 2010 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2010 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2010 Bonds may wish to ascertain that the nominee holding the Series 2010 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2010 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 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2010 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from AMP or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or AMP, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of AMP or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2010 Bonds at any time by giving reasonable notice to AMP or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

AMP may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this Appendix F concerning DTC and DTC's book-entry system has been obtained from sources that AMP believes to be reliable, but neither AMP nor the Underwriters takes any responsibility for the accuracy thereof.

APPENDIX G

R·W·BECK
An SAIC Company

September 22, 2010

Board of Trustees
American Municipal Power, Inc.
1111 Schrock Rd., Suite 100
Columbus, Ohio 43229

Members of the Board of Trustees:

Subject: ***Consulting Engineer's Report***
American Municipal Power, Inc.
Prairie State Energy Campus Project

Presented herewith is a summary of the results of our studies, investigations and analyses undertaken in connection with the proposed issuance by American Municipal Power, Inc. ("AMP") of its Prairie State Energy Campus Project Revenue Bonds, Series 2010 (Federally Taxable – Issuer Subsidy – Build America Bonds) (the "Series 2010 Bonds").

The Series 2010 Bonds are being issued pursuant to a Master Trust Indenture dated as of November 1, 2007 (the "Master Trust Indenture"), entered into between AMP and U.S. Bank National Association, Cincinnati, Ohio, as trustee (the "Trustee"), as supplemented by the Fifth Supplemental Indenture (the "Series 2010 Supplemental Indenture"), dated as of September 1, 2010 and between AMP and the Trustee. The Master Trust Indenture, as so supplemented and as heretofore and further supplemented and amended from time to time, is herein called the "Indenture."

AMP currently intends to designate the Series 2010 Bonds as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). AMP expects to receive a cash subsidy payment from the United States Treasury equal to 35 percent of the interest payable on the Series 2010 Bonds (the "Federal Subsidy").

As used in this Report, the capitalization of any word or term not normally capitalized indicates that such word or term shall have the meaning assigned to it in the particular agreement or other document discussed or is defined in AMP's Official Statement prepared in connection with the Series 2010 Bonds (the "Official Statement"). References to and descriptions of such agreements or documents in this Report represent our understanding of certain general principles thereof, but do not purport to be complete and are qualified in their entirety by reference to such agreements or documents. For a more complete discussion, see the Official Statement, including certain appendices thereto for summaries of certain provisions of the agreements or documents referred to herein.

The Series 2010 Bonds are being issued by AMP to (i) finance capital expenditures, costs and expenses associated with the AMP's share of the Prairie State Energy Campus ("PSEC"); (ii) fund capitalized interest on the Series 2010 Bonds for six months beyond the expected completion dates of Units 1 and 2 of the PSEC, which are December 2011 and August 2012, respectively; (iii) fund a deposit to the Debt Service Reserve Account; and (iv) pay the cost of issuance of the Series 2010 Bonds.

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AMP has a 23.26 percent undivided ownership interest ("Ownership Interest") in the 1,582 megawatt ("MW") (nominal rating) [1] PSEC as a tenant in common with the Illinois Municipal Electric Agency ("IMEA"), Indiana Municipal Power Agency ("IMPA"), Kentucky Municipal Power Agency ("KMPA"), Missouri Joint Municipal Electric Utility Commission ("MJMEUC"), Northern Illinois Municipal Power Agency ("NIMPA"), Prairie Power, Inc. ("PPI," formerly Soyland Power Cooperative, Inc.), Southern Illinois Power Cooperative ("SIPC"), and Lively Grove Energy Partners, LLC ("Lively Grove Energy"), a wholly-owned indirect subsidiary of Peabody Energy Corporation ("Peabody Energy"). AMP, IMEA, IMPA, KMPA, MJMEUC, NIMPA, PPI, SIPC, and Lively Grove Energy are collectively referred to as "PSEC Owners".

The PSEC consists of a 1,582 MW (nominal rating) twin unit coal-fired electric generating facility (the "Generating Facility"), an underground coal mine (the "Mine"), a coal combustion waste disposal facility and other ancillary support equipment located in Washington, St. Clair and Randolph Counties, Illinois. AMP's Ownership Interest in the PSEC is referred to herein as the "Project". The PSEC also includes the costs and reimbursements for upgrades to and the construction of certain regional transmission facilities required to interconnect the PSEC to the bulk transmission grid and the purchase of approximately 200 million tons of underground coal reserves located directly beneath and adjacent to the PSEC site.

This Report summarizes the results of the investigations and analyses of R. W. Beck, Inc., an SAIC company ("R. W. Beck" or "Consulting Engineer"), up to the date of this Report. Changed conditions occurring or becoming known after such date could affect the material presented herein to the extent of such changes. We have not been retained by AMP to update this Report beyond the date hereof.

Reference is made to the section in the Official Statement entitled "CERTAIN FACTORS AFFECTING AMP, THE PARTICIPANTS AND THE ELECTRIC INDUSTRY" for a discussion of certain factors in the electric industry which will have an impact on the business affairs and financial condition of both public and private electric utilities. Such factors include implementation of the Energy Policy Act of 2005; changes in environmental regulations (including potential climate change legislation); and fuel price volatility. AMP has considered the potential impacts of factors that would materially impact the business, operations, and financial condition of AMP and PSEC, including sensitivity analyses for potential carbon regulations. See the section herein entitled "PROJECTED FINANCING REQUIREMENTS AND OPERATING RESULTS – Sensitivity Analysis".

Nothing contained in this Report is intended to indicate conditions with respect to the safety or security regarding the PSEC or to conformance with agreements, codes, permits, rules or regulations of any party having jurisdiction with respect to the construction, operation, and maintenance of the PSEC, which matters are outside the scope and purposes of this Report.

AMERICAN MUNICIPAL POWER, INC.

INTRODUCTION

Effective July 1, 2009, AMP filed the necessary documents with the Secretary of State of the State of Ohio and changed its name from American Municipal Power-Ohio, Inc. to American Municipal Power, Inc.

[1] The 1,582 MW rating reflects the contractual capacity and the approximate projected net summer capability of the Project. The annual average capability is projected to be approximately 1,584 MW.

AMP was formed in 1971 under Ohio Revised Code Chapter 1702 as a nonprofit corporation. AMP operates on a cooperative basis for the mutual benefit of its members (the "Members"). All but one Member own and operate electric utility distribution systems and in some cases generating assets. As of August 1, 2010, AMP had 128 Members located in 6 states. There are 82 Members in Ohio, 30 in Pennsylvania, 6 in Michigan, 5 in Virginia, 2 in West Virginia and 3 in Kentucky. For information concerning the AMP organization and its Members, see the section in the Official Statement entitled "AMERICAN MUNICIPAL POWER, INC."

PROJECT PARTICIPANTS

Of the 128 AMP Members, 68 (the "Participants") have entered into a Power Sales Contract dated as of November 1, 2007 with AMP (the "Power Sales Contract"), pursuant to which the Participants are to receive Power Sales Contract Resource Shares (the "PSCR Shares") of the nominal power and associated energy from the Power Sales Contract Resources, principal among which is the Project. For additional information concerning the Power Sales Contract, see Appendix C to the Official Statement entitled "SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACT". There are 60 Participants located in Ohio, two in Michigan, five in Virginia, and one in West Virginia. See Appendix A to the Official Statement entitled "THE PARTICIPANTS" for a list of the Participants and their respective PSCR Shares of the Project represented in kilowatts ("kW") and percent.

The following table sets forth the aggregate demand and energy requirements for the Participants over the historical period 2004 through 2009.

HISTORICAL POWER AND ENERGY REQUIREMENTS OF THE PARTICIPANTS

Fiscal Year	Peak Demand (MW)	Percent Change	Energy Requirements (GWh)	Percent Change
2004	1,977.9	-	10,176	-
2005	2,131.5	7.8%	10,546	3.6%
2006	2,160.9	1.4%	10,247	-2.8%
2007	2,159.4	-0.1%	10,607	3.5%
2008	2,046.0	-5.2%	10,470	-1.3%
2009	1,989.7	-2.8%	9,742	-7.0%
Compound Average Growth Rate 2004-2009		0.1%		-0.9%

The changes in demand and energy requirements from year to year reflect the net effects of variations in population and economic activity in the service areas of the Participants, incremental and decremental load impacts, and variations in weather conditions. Since December 2007, the United States has been in a historically deep and protracted recession. While most economists believe that the recession ended during late summer 2009[2], the recovery has not been as robust as prior, deep recessions. Across the counties within which the Participants provide service, total employment and gross regional product declined over 2007-2009 by 4.0 percent on a weighted average basis. Similarly, at the state levels, the unemployment rate increased from 5.2 percent to 9.8 percent.[3] However, employment and gross regional product are expected to recover over the next several years, eclipsing the 2007 levels by 2013 and 2012 for employment and gross regional product, respectively. Over the 2009-2025 period, employment and gross regional product, across the counties within which the Participants provide service, are expected to grow at average annual rates of 1.0 percent and 1.8 percent per year, respectively.[4]

Peak summer temperatures were slightly milder than normal during 2009 across the regions served by the Participants. In addition, average weather conditions during 2009, represented by heating and cooling degree days, were also milder than normal. Across the regions served by the Participants, cooling degree days were 14 percent lower than normal, and heating degree days were 3 percent lower than normal. While 2008 exhibited similar peak weather conditions to those exhibited during 2009, summer 2008 was on average warmer than normal and much warmer than 2009. This exacerbated the decline in energy requirements between 2008 and 2009 shown in the table above.

The following table shows the projected aggregate peak demand and energy requirements for the Participants for selected years through 2025. The forecasted requirements were prepared by R. W. Beck in August 2010 based on econometric models developed for each individual Participant and reflect normal weather conditions throughout the forecast period. The forecast of the demand and energy requirements does not reflect additional demand-side management or conservation measures that may be undertaken in the future by AMP and/or the Participants.

PROJECTED POWER AND ENERGY REQUIREMENTS OF THE PARTICIPANTS [1]

Calendar Year	Peak Demand (MW)	Annual Percent Change	Energy Requirements (GWh)	Annual Percent Change
2009 [2]	1,989.7		9,742	
2010	2,019.9	1.5%	9,926	1.9%
2015	2,143.5	1.2%	10,546	1.2%
2020	2,282.6	1.3%	11,244	1.3%
2025	2,433.7	1.3%	12,001	1.3%
Compound Average Annual Growth Rate 2009-2025		1.3%		1.3%

[1] Projected power and energy requirements do not reflect the impact of conservation measures that may be undertaken in the future by the Participants.
[2] Represents the actual aggregate peak demand and energy requirements for the Participants.

2 The National Association of Business Economists released the results of a survey of economic forecasters, completed in September 2009, which indicated that 80% of respondents believed the recession ended in the third quarter of 2009. The National Bureau of Economic Research is the organization most often looked to for economic cycle dating, but it typically does not make pronouncements regarding the start or end dates of recessions until at least several months after the fact.

3 For purposes of computing average economic data by county or state, 2009 system energy requirements are used as weights. Data regarding unemployment rates was obtained from the Bureau of Labor Statistics.

4 Historical and projected employment and gross regional product data discussed herein are based on data published by Woods and Poole Economics, Inc., in their 2010 State Profiles.

In August 2008, AMP authorized a 3-year energy efficiency start-up program (referred to as "Efficiency Smart") which consists of two tiers. Tier 1 consists of an educational and community-based initiative for all the AMP Members. Tier 2 consists of a subscription effort designed to enlist Members who wish to actively pursue a set of 10 energy efficiency programs. If all the Prairie State Participants subscribe to and participate in all 10 of the Efficiency Smart programs, based on information provided by AMP, the projected energy requirements shown in the table above are estimated to be approximately 3 percent lower in 2015 and 8 percent lower in 2025. For more information on AMP's Efficiency Smart program see the section in the Official Statement entitled "AMERICAN MUNICIPAL POWER, INC. – AMP's Integrated Resource Strategy and Approach to Sustainability – Energy Efficiency."

PSEC OWNERSHIP

Prairie State Generating Company, LLC ("PSGC"), which was originally a wholly-owned subsidiary of Peabody Energy and is currently a subsidiary of Prairie State Energy Campus Management, Inc., has been developing the PSEC since its inception in 2001. Prairie State Energy Campus Management, Inc. is an Indiana not-for-profit corporation controlled by the PSEC Owners. Pursuant to an amended and restated Project Development Agreement, dated June 19, 2007, PSGC sold the right to purchase undivided interests in the PSEC to KMPA, IMEA, IMPA, MJMEUC, NIMPA, PPI, SIPC, Lively Grove Energy and Marigold Energy. Marigold Energy was a wholly-owned indirect subsidiary of Peabody Energy that was created by Peabody Energy solely for the purpose of owning a 23.26 percent interest in the PSEC. AMP entered into several agreements with affiliates of Peabody Energy to acquire the 23.26 percent interest in the PSEC that was held by Marigold Energy. AMP acquired the 23.26 percent interest in PSEC through the purchase of Marigold Energy on December 20, 2007. AMP renamed Marigold Energy to "AMP 368 LLC," which is a wholly owned subsidiary of AMP. For additional information concerning PSEC ownership, see the section in the Official Statement entitled "PRAIRIE STATE ENERGY CAMPUS-GENERAL."

Each PSEC Owner's percentage ownership in the PSEC is shown in the following table. Ownership interests in MW are based on a net guaranteed contractual minimum PSEC capability of 1,582 MW.

PSEC Owner	Ownership Interest - %	Ownership Capability – MW
AMP	23.26	368
IMEA	15.17	240
IMPA	12.64	200
MJMEUC	12.33	195
PPI	8.22	130
SIPC	7.90	125
KMPA	7.82	124
NIMPA	7.60	120
Lively Grove Energy	5.06	80
Total	100.00	1,582

A brief description of the PSEC Owners, other than AMP and the Peabody Energy subsidiary, follows.

- IMEA is a municipal joint action agency established in 1984 that provides full-requirements total power and energy services to 32 municipal electric systems and one rural electric membership cooperative located throughout the State of Illinois.

- IMPA is a municipal joint action agency established in 1980 and provides full-requirements power and energy services to 52 municipal electric systems located throughout the State of Indiana.

- MJMEUC is a municipal joint action agency established in 1979 which serves 58 municipal electric systems located throughout the State of Missouri on either a project or full requirements power and energy supply basis.

- KMPA is a municipal joint action agency established in 2004 which will utilize its share of the PSEC output to serve the baseload power and energy requirements of two municipal electric systems located in the western part of the Commonwealth of Kentucky.

- NIMPA is a municipal joint action agency established in 2004 which will serve the baseload power and energy requirements of three municipal electric systems located in the northern portion of the State of Illinois.

- PPI is a member-owned, not-for-profit electric generation and transmission cooperative which serves various portions of the total power and energy requirements of 10 rural electric membership cooperatives located in the central portion of the State of Illinois.

- SIPC is a member-owned, not-for-profit electric generation and transmission cooperative which serves various portions of the total power and energy requirements of six rural electric membership cooperatives located in the southern portion of the State of Illinois.

Collectively, AMP and the other seven public power entities described above currently serve all or a portion of the power and energy requirements of a total estimated population in excess of 2.5 million people located in nine states.

PSEC AGREEMENTS

The PSEC is being developed and constructed pursuant to numerous agreements executed between PSGC and the PSEC Owners including:

- Participation Agreement and Project Management Agreement

- Coal Combustion Waste ("CCW") Disposal Site Agreement

- Mine Construction Management Agreement and Mine Technical Services Agreement

- CCW Disposal Site Construction Management Agreement and CCW Disposal Site Technical Services Agreement

For more information regarding the PSEC Agreements, see the section in the Official Statement entitled "PRAIRIE STATE ENERGY CAMPUS."

PSEC DESCRIPTION

The PSEC will consist of the Generating Facility, the Mine, a coal combustion waste storage and disposal facility, rail and water delivery facilities, and ancillary support equipment located in Washington, St. Clair and Randolph Counties in southwestern Illinois.

PSEC SITE

The site on which the PSEC will be located, excluding the initial CCW disposal sites, covers in excess of 3,700 acres either currently owned, under option for purchase, or planned to be purchased by PSGC. This total acreage includes approximately 2,100 acres for the Generating Facility and its buffer zone and primary access route, over 800 acres for a future CCW disposal Site in closer proximity to the Generating Facility, approximately 700 acres for potential additional Mine access facilities and associated buffer zones and corridors, and the remainder for land purchased by PSGC to provide the acreage necessary to support these facilities and provide adequate buffers, rights of way, and access to the PSEC's facilities and equipment.

GENERATING FACILITY

The Generating Facility of the PSEC will consist of two supercritical coal-fired generating units with an expected nominal net capability of 800 MW each. The plant design will incorporate state-of-the-art emissions control technology consistent with other plants that have been successfully permitted in the recent past.

The steam generators, or boilers, will be supercritical, pulverized coal-fired, sliding pressure, balanced draft units manufactured by The Babcock & Wilcox Company with membrane furnace wall construction, superheaters, reheaters, and economizers, designed to accommodate the use of the PSEC coal reserves. Natural gas will be used for startup and flame stabilization. The steam generators will be designed to continuously deliver steam flow as required to produce a unit net output of approximately 800 MW each and will deliver main steam at approximately 3,800 psia and 1,055°F at the superheater outlet, with reheat steam at approximately 1,055°F at the reheater outlet.

Flue gas exiting the steam generator will pass through air quality control system ("AQCS") equipment designed and furnished by Siemens Power Generation, Inc. The PSEC is designed to meet best available air pollution control technology. The air pollution control technology will consist of (i) low nitrogen oxide ("NO_x") burners; (ii) a selective catalytic reduction system for NO_x control; (iii) an activated carbon injection system for mercury control; (iv) a hydrated lime injection system for hydrofluoric acid removal; (v) dry electrostatic precipitators ("ESPs") for particulate control; (vi) wet flue gas desulfurization systems ("FGD") for sulfur dioxide ("SO_2") control; and (vii) wet ESPs for aerosol control. Similar individual emission control devices are operating in commercial environments today. The Generating Facility design is intended to comply with all emissions regulations and permit conditions, including all state and federal regulations.

The steam turbine-generators were supplied by Toshiba International Corporation and have a nominal rated capacity of 900 MW each at an exhaust pressure of 3.0 inches of mercury. Each steam turbine will be a 3,600 rpm, extraction condensing, reheat type unit, using approximately 3,700 psia, 1,050 °F/1,053 °F throttle steam and eight stages of steam extraction for feedwater heating and feedwater pump supply. Each steam turbine will be designed for continuous operation and will be located in an enclosed structure with a bridge crane for each turbine within the enclosure. The electric generators will be rated at 1,020 kVa and will be direct-driven, two-pole, synchronous, 3,600 rpm, 60 Hz, primary hydrogen-cooled machines with secondary water cooling.

Purchase contracts between PSGC and Siemens Power Generation, Inc., for the AQCS equipment and between PSGC and Toshiba International Corporation for the steam turbine generators were executed in June 2007. A purchase contract between PSGC and The Babcock & Wilcox Company for the steam generators was executed in July 2007. Each of these purchase contracts contains guarantees for delivery and performance from each respective equipment supplier and liquidated damages provisions.

Steam exiting the turbines will be condensed by a two-shell, single pressure, water-cooled, surface condenser with stainless steel tubes. Circulating water from mechanical draft cooling towers will be used as cooling water. The circulating water system for each generating unit will include three 33-percent-capacity circulating water pumps and one auxiliary 100-percent-capacity cooling water pump.

Water for the PSEC will be supplied from the Kaskaskia River, with the water intake facility located approximately 14 miles west of the PSEC site. The PSEC's water withdrawal permit allows PSGC to withdraw up to 30 million gallons per day ("MGD") from the Kaskaskia River for a period extending through September 2042. The water withdrawal permit includes a withdrawal restriction that protects the Kaskaskia River during low flow conditions. If the river flow drops below certain levels, PSGC will either rely on water stored in an on-site raw water pond or purchase additional water pursuant to a water purchase agreement with the Illinois Department of Natural Resources ("IDNR"). The raw water pond will have a 30-day storage capacity. The agreement with the IDNR is a 40-year agreement that allows PSGC to purchase water stored at the Carlyle and Shelbyville Lakes in Illinois. If needed, water would be released into the Kaskaskia River and could be withdrawn by PSGC at a rate of up to approximately 15 MGD.

Coal will be delivered to the coal storage and transfer areas of the Generating Facility at a rate of 2,600 tons per hour ("tph") from the adjacent Mine. The coal handling system will be sized to transport 24 hours worth of coal from the Mine storage to the Generating Facility storage pile in 10 hours. Reclaimed coal will be conveyed by the coal pile reclaim conveyor(s) at 2,600 tph to surge bins. Space has been allocated for an inactive coal storage pile that will accommodate approximately 60 days of full load operation under normal operational conditions and an active coal storage pile that will accommodate approximately 10 days of full load operation under normal operational conditions.

Natural gas will be supplied through a newly constructed approximately 6-mile long pipeline to interconnect the Generating Facility to the Ameren gas distribution system.

Bottom ash and fly ash will be collected and combined with the FGD waste and transported to the CCW storage area.

Wastewater produced from Generating Facility operations, including boiler blowdown, cooling tower blowdown, and wastewater treatment effluent, will normally be reused in the ash handling and FGD systems.

AMENDED AND RESTATED EPC AGREEMENT

On October 14, 2006, PSGC and Bechtel Power Corporation ("Bechtel") signed an exclusive Letter of Intent under which Bechtel defined the scope and technical requirements of the Generating Facility, and the parties established the terms and conditions for negotiation of a Target Price Engineering, Procurement and Construction Agreement (the "TPEPC Contract"). Bechtel also specified, bid, evaluated and developed purchase orders for the award of the boilers, steam turbines, air quality control systems and certain balance of plant equipment. PSGC and Bechtel executed the TPEPC Contract on June 19, 2007 and PSGC simultaneously issued a Limited Notice to Proceed to Bechtel. Full Notice to Proceed was issued to Bechtel by PSGC on October 1, 2007.

The TPEPC Contract was a time and materials contract that contained a target only price – rather than a fixed price – of $2.9 billion, which included base and incentive fees, and targeted completion dates and performance levels.

On July 23, 2010, in an effort to provide greater cost, schedule and performance certainty and enhanced warranty coverage, PSGC and Bechtel entered into an Amended and Restated Engineering, Procurement and Construction Agreement ("Restated EPC Contract") which replaced the TPEPC Contract with a revised lump sum turnkey contract for the completion of the Generating Facility. The Restated EPC Contract requires Bechtel to manage the engineering, design, construction and start-up of the Generating Facility at a total fixed price and guaranteed schedule for each Unit of the Generating Facility, each of which may be adjusted pursuant to the terms of the Restated EPC Contract. The Restated EPC Contract contains a fixed price of $3.999 billion. The Restated EPC Contract also includes incentives for early completion, bonuses for Unit performance improvements above guaranteed values, and liquidated damages in the event the guaranteed substantial completion dates of either or both Units of the Generating Facility are delayed or in the event Unit performance is below guaranteed values.

Bechtel is a global engineering, construction and project management company with more than a century of experience on complex projects. Bechtel is in the process of constructing several thousand megawatts of coal-fired generating facilities worldwide.

THE MINE

The Generating Facility will be located adjacent to underground coal reserves, purchased by the PSEC Owners from Peabody Energy, which have been estimated by PSGC to be sufficient to supply all the coal needs for the PSEC for at least 30 years of full load operations. The estimated quantity of coal contained in the dedicated coal reserves was confirmed by Skelly and Loy in an independent mine study, commissioned by certain of the PSEC Owners and dated August 2007, which was updated by Skelly and Loy in an addendum letter report, dated April 24, 2008, and in November 5, 2008 responses to inquiries made to Skelly and Loy in support of this Report. The PSEC Owners acquired their proportionate undivided interests in the coal reserves at their respective closings. There are also additional coal reserves adjacent to the existing PSEC coal reserves that are owned by Peabody and may be acquired in the future. Due to the proximity of the coal reserves to the Generating Facility, the PSEC will not rely on any outside source of transportation for fuel deliveries under normal operating conditions.

The Mine plan for the PSEC, developed and submitted by PSGC in 2007, includes a room and pillar design with a single portal for access to the underground reserves in the southeastern portion of those reserves (the "Mine Plan"). Plans for the addition of a second mine portal or other access facilities in the northern portion of the available coal reserves are being considered for a future date to provide additional manpower access and facilitate coal deliveries to the Generating Facility. PSGC would move forward to add a second mine portal or other access facilities if they are determined to be economically feasible.

All necessary permits required to construct and operate the Mine portal have been issued. Skelly and Loy indicated that the use of a single portal is considered standard practice for existing and new Illinois Basin coal mines and should be adequate to supply the PSEC with sufficient fuel from the coal reserves.

At various times in 2008 and 2009, the Mine Safety and Health Administration ("MSHA"), the Federal entity responsible for the approval of the Mine Plan, as well as its ongoing construction and operational monitoring and compliance, suggested various modifications to the original Mine Plan submitted by PSGC in 2007. PSGC believed such modifications exceeded levels necessary to reflect sound, safe and efficient mining practices. After unsuccessful attempts at negotiation by PSGC, MSHA effectively imposed, in August 2009, the use of a revised plan that included certain major modifications to underground mining techniques. PSGC accepted this revised plan in order to continue initial Mine development but simultaneously objected to many of the revisions that would be imposed by the revised plan during future mining to support PSEC operations. Thereafter, on September 17, 2009, MSHA issued two citations. The citations were considered "technical" in nature, as MSHA and PSGC agreed in advance that they were to be issued, and there was no immediate jeopardy to continued Mine development under the revised plan due to such issuance. Subsequently, PSGC entered into discussions with MHSA seeking a reasonable and amicable resolution to the differences in the two plans, which proved unsuccessful. The issuance of the two citations allowed PSGC to pursue litigation through the administrative appeals process established by the Federal Mine Safety and Health Review Commission ("MSHA Commission"), the body responsible for the adjudication of disputes arising under the Federal Mine Safety and Health Act of 1977, as amended.

PSGC is pursuing such action in an attempt to force a return to the mining techniques contained in the original PSGC Mine Plan, which PSGC believes are more appropriate for the Mine's specific characteristics. Hearings were held on February 9, 2010 and the administrative law judge's decision, issued on May 21, 2010, ruled against PSGC on all issues. PSGC has subsequently requested an appeal to the full MSHA Commission, which has been granted, and filed its brief with the MSHA Commission on July 30, 2010. The MSHA Solicitor was required to file its brief within 30 days thereafter. A ruling is not expected from the MSHA Commission until sometime in 2011.

Simultaneously, PSGC has been working with MSHA on a performance-based evaluation of mining techniques that should eventually allow PSGC to achieve the efficiency and cost of mining as outlined in the original PSGC Mine Plan. MSHA has approved plans by PSGC for depth of cuts that are nearly one and a half times the MSHA plan imposed on PSGC in August 2009, which will allow the annual per ton operating cost to be only slightly higher than the costs contained in the original Mine Plan. MSHA has also approved a test area to evaluate mining operations utilizing entry cuts that are wider than the MSHA revised plan and closer to the width of cuts requested in the original PSGC Mine Plan. If PSGC is unsuccessful in obtaining final approval for the entire Mine operation for the widths and depths of cuts contained in the original Mine Plan, or at a minimum, a compromise plan which contains reasonable and supportable requirements that would allow efficient operations without compromising safety, PSGC reports that with the current widths and depths of cut approvals, the projected capital costs of the Mine development and the annual per ton operating costs of the Mine would be slightly higher than those assumed in the Projected Operating Results herein. Further, the amount of recoverable coal reserves available to the Project would be lower than originally expected and may not be sufficient to provide fuel for baseload operations for a full 30-year operating period of the Project. As stated earlier, there are additional coal reserves, adjacent to the existing PSEC coal reserves, that may be acquired in the future.

The PSEC design includes rail access to accommodate certain amounts of coal purchases from third parties in the event of an extended mine disruption, as well as to facilitate the delivery of limestone and major pieces of equipment and for the disposal of CCW.

PSGC has signed a technical services agreement with Peabody Energy for Mine construction management oversight and a technical services agreement with Peabody Energy to support the Mine operation and maintenance. Peabody Energy is the world's largest private-sector coal company, with 2009 sales of 244 million tons of coal and $6.0 billion in revenues and operates other mines in the vicinity of the PSEC utilizing the same coal seam as the PSEC's coal reserves.

Coal Combustion Waste Disposal Facilities

CCW will consist of fly ash, bottom ash, FGD waste, and reject materials from the Mine breakers. All CCW generated by the PSEC will be transported via rail to the Jordan Grove Mine site, which is a new disposal site under development and is located approximately nine miles southwest of the Generating Facility. The Jordan Grove Mine site is a closed surface coal mine that has partially depleted its reserves and comprises approximately 1,060 acres.

The Jordan Grove Mine site has a permitted disposal life of 23 years for the total CCW expected to be generated by the PSEC. The site was previously owned by an affiliate of Peabody Energy, and ownership was transferred to PSGC in 2010. All permits necessary for cell development and construction were originally issued to an affiliate of Peabody Energy and have subsequently been transferred to PSGC.

PSGC has begun design and construction activities on the first disposal cell at the Jordan Grove Mine site, which is scheduled to be completed and ready to accept CCW from the Generating Facility by the end of 2010. Based on assumed CCW, surface characteristics and seismic conditions, initial cell design activities revealed certain disposal height limitations and unforeseen site conditions and obstructions that will likely reduce the expected available disposal life of the Jordan Grove Mine site without additional capital expenditures to remediate these conditions. As of the date of this Report, PSGC estimates that the initial development plan for the Jordan Grove Mine site will likely result in approximately 12 to 14 years of CCW disposal capability, which is less than the permitted disposal life.

PSGC will continue to review remediation strategies to extend the disposal capability of the Jordan Grove Mine site further and, consistent with its CCW Plan approved in January 2007, is evaluating an additional CCW disposal site for development in the future that would be located closer to the PSEC and would be capable of disposing of all CCW generated by the Generating Facility for the remainder of the 30-year operating period not provided for by disposal at the Jordan Grove Mine site. PSGC projects that the development of such additional disposal facility could result in annual savings on CCW disposal costs of approximately 45 to 50 percent compared to the current annual CCW disposal estimate at the Jordan Grove Mine site. Land has been procured, and initial site investigations and preliminary development activities have begun on the alternate CCW disposal site. PSGC plans to begin utilizing such site in 2015, and it is evaluating the best use of the Jordan Grove Mine site, thereafter, including maintaining it as a back-up disposal facility.

PSGC has engaged a third party contractor, Headwaters Resources, Inc., to develop and operate the Jordan Grove Mine site CCW disposal facility at the direction of PSGC for at least the near term period of PSEC operations.

ELECTRICAL INTERCONNECTION

The PSEC's Generating Facility will be interconnected to the Midwest Independent System Operator ("MISO") regional transmission grid through four new 345-kV electrical interconnections to the Ameren/IP system. The Generating Facility will be connected through 27-kV to 345-kV generator step-up transformers to a new PSEC switchyard, which will be connected to a new Ameren Services Company ("Ameren") switchyard (the "Ameren Switchyard") via 345-kV overhead tie lines. Pursuant to studies conducted by MISO, network upgrades to the regional transmission system will also be required beyond the Ameren Switchyard to accommodate the interconnection of the PSEC.

The construction of the Ameren Switchyard and all necessary transmission upgrades are being undertaken by Ameren pursuant to the terms of a Large Generator Interconnection Agreement (the "LGIA") and a Facilities Construction Agreement ("FCA") that were originally entered into among PSGC, MISO, and Ameren to facilitate PSGC's original 1,500 MW interconnection request for the PSEC. Subsequently, PSGC requested an increase in the capacity to be interconnected to the MISO system (from 1,500 MW to 1,650 MW), and MISO undertook the necessary studies to determine the impact of interconnecting an additional 150 MW and subsequently approved the request subject to certain minor modifications to the required network upgrades.

The parties were unable to agree on certain modifications to the LGIA and the FCA, primarily those related to the proposed change to PSGC's recovery of the network upgrade costs through cash payments or transmission credits of only 50 percent that PSGC is required to pay for, as opposed to 100 percent recovery, which was included in the original LGIA and FCA. As a result, MISO filed an unexecuted LGIA at the Federal Energy Regulatory Commission ("FERC") on November 13, 2007 requesting FERC resolution ("November 2007 LGIA"). FERC issued an order on January 11, 2008, accepting the November 2007 LGIA, which was in effect from that date. On November 20, 2008, FERC issued a finding that the 100 percent crediting mechanism should apply to the network upgrades for the original 1,500 MW interconnection request, and the 50 percent cost recovery should apply only to specific incremental upgrades associated with PSGC's second interconnection request for 150 MW. FERC required MISO to make a compliance filing revising the LGIA accordingly. On January 21, 2009, MISO submitted a completed Compliance Interconnection Agreement ("Compliance IA") with related changes, and, on May 1, 2009, FERC issued an order accepting the compliance filing.

Based on the Compliance IA, the interconnection facilities and required transmission upgrades have been estimated by Ameren, and further adjusted by PSGC to include cost escalation and contingency, to cost approximately $118 million. In late 2009, Ameren revised its rate treatment of the upgrades upon receipt of FERC approval and refunded to the PSEC Owners approximately 30 percent of the total payments expected to be made for the upgrades. The PSEC Owners will continue to pay Ameren to complete the remaining upgrades, but Ameren has indicated the PSEC Owners should receive reimbursement of the majority of remaining payments made by the end of 2010. The estimate included in the PSEC capital costs for the interconnection facilities and required transmission upgrades is $0.6 million, which reflects the amounts to be reimbursed by Ameren.

The Ameren Switchyard was completed and placed into operation in late 2009. A Certificate of Convenience and Necessity for construction of the transmission upgrades was granted to Ameren by the

State of Illinois in May 2007. As of the end of August 2010, all of the permits and easements needed by Ameren to complete construction of the transmission upgrades have been obtained, and all of the properties required for easements have been signed. The transmission upgrades are expected to be completed by the end of 2010 which supports the expected commercial operation date of December 2011 for PSEC Unit 1. Following completion of the transmission upgrades, the PSEC will have the ability to deliver its entire expected output anywhere within the MISO footprint.

PSGC Management and Staffing

In accordance with the Participation Agreement, PSGC is responsible for managing the construction and operation of PSEC. As of the end of August 2010, PSGC had filled a total of 155 permanent staff positions, including PSGC's key management positions of President and Chief Executive Officer, Senior Vice President of Power Operations, Vice President of Generation, Vice President - Mining, Director of Finance and Administration, and Director of Human Resources.

PSGC takes direction from the Management Committee, which was established by the PSEC Owners pursuant to the Participation Agreement. The PSEC Owners have delegated authority to the Management Committee for overall direction and oversight of all activities, budgets, contracts, financial arrangements, staffing and other functions relating to the PSGC and the PSEC. The Management Committee is comprised of one representative of each PSEC Owner, with pro-rata voting based on the respective ownership interest of each PSEC Owner. The officers of the Management Committee include Chairman, Vice Chairman, Secretary, and Treasurer.

Six standing committees have been established to address specific issues and to advise the Management Committee on such issues based on the collective utility industry experience of each PSEC Owner's representative on the respective committee. These committees include (i) the Engineering and Operations Committee to develop and examine issues, policies, procedures and methods to maximize PSEC safety, reliability, availability and maintainability consistent with prudent utility practice and cost effectiveness; (ii) the Environmental Fuels and By-Products Committee to develop PSEC environmental, fuels and by-products plans, policies and procedures; (iii) the Finance and Accounting Committee to provide input and direction in the development and implementation of PSEC's finance and accounting function; (iv) the Human Resources Committee to develop PSEC benefit plans and personnel policies and procedures, and to provide staff support for PSEC's human resources function; (v) the Audit Committee to recommend an auditor to the Management Committee and to prepare for initial and future internal and contract audits and the preparation of tax documents; and (vi) the Legislative Affairs Committee to provide input regarding legislative and regulatory matters, communication of objectives and values including commitment to environmental stewardship, and strategies that support the business goals of the PSEC Owners. AMP has designated one or more individuals from its staff to participate on each of these committees.

For information concerning PSGC management and staffing, see the sections in the Official Statement entitled "PARTICIPATION AGREEMENT" and "PSGC PERSONNEL."

Construction Status

Bechtel was issued Full Notice to Proceed, as required under the TPEPC Contract, on October 1, 2007. As of the end of August 2010, PSGC reported that, for activities related solely to the Restated EPC Contract, engineering efforts were approximately 94 percent complete, construction activities were approximately 48 percent complete, start-up activities were approximately 3 percent complete, and overall efforts were approximately 49 percent complete. These latest percentage complete parameters were reported by Bechtel in mid-September 2010 and are reportedly based on a revised schedule developed by Bechtel in August 2010 under the Restated EPC Contract. The percent complete values for construction and overall efforts were both approximately four percent below the reported values in Bechtel's prior monthly status report due to the reforecasting of the total level of effort necessary to complete the Generating Facility commensurate with the increase in schedule and total budgeted expenditures under the Restated EPC Contract relative to the TPEPC Contract. The reforecasting will only affect future monthly reporting and should have no material effect on actual construction progress relative to the revised schedule. Unit 1 of the PSEC is scheduled by Bechtel to be substantially complete, as per the Restated EPC Contract, by December 6, 2011, and Unit 2 of the PSEC is scheduled by Bechtel to be substantially complete by August 1, 2012. PSGC and Bechtel currently report that they expect to meet these scheduled completion dates for both units.

Burns & McDonnell Engineering Company ("Burns & McDonnell") has served as Owner's Engineer to PSGC since 2003 and is under contract to do so through the construction period of the Generating Facility. Burns & McDonnell's primary responsibilities consist of assuring technical and contractual compliance with the engineering and design requirements of the TPEPC and Restated EPC Contracts and reviewing design drawings, equipment and materials purchases, responding to construction inquiries, and monitoring construction, startup, commissioning and testing activities on the Generating Facility. Burns & McDonnell is a full-service global engineering, architecture, construction, environmental and consulting firm founded in 1898, and has a staff of over 2,500 representing virtually all design disciplines.

As of the date of this Report, purchase orders for all of major equipment have been executed by PSGC, the sum of which represents a considerable portion of the cost under the Restated EPC Contract. Contracts for much of the remaining Generating Facility equipment will be awarded over the remainder of 2010. Bechtel will administer all such contracts initially on behalf of the PSEC Owners. Approximately 70 percent of items and services to be procured under the Restated EPC Contract price had been procured through executed commitments with firm or 90 percent firm pricing through June 2010.

Equipment and construction specifications for the Mine have been issued, and construction activities on the Mine portal began in early May of 2008. As of the end of July 2010, approximately 60 percent of construction activities on the Mine had been completed, which is within the schedule. Over 90 percent of the expected total equipment and contract costs of the Mine had been committed to in the form of either actual purchases or signed commitments for equipment, materials and supplies and construction services with fixed prices.

On August 18, 2009, the Mine slope construction process reached the coal seam, and PSGC has subsequently begun to extract some coal from the Mine as part of bottom development construction activities. Mine construction is on schedule to be completed well in advance of the need for coal supply to the Generating Facility.

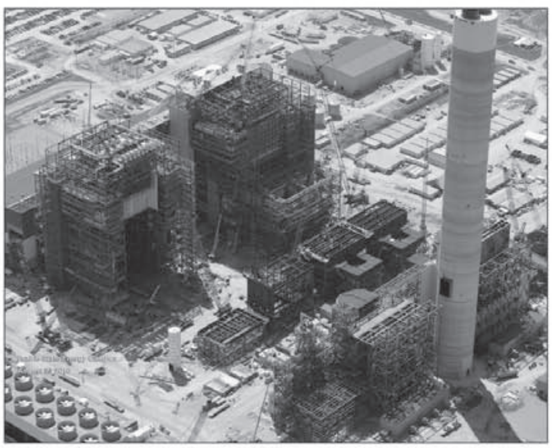
As of the end of August 2010, construction of the major auxiliary systems remained ahead of schedule. The water line from the Project to the Kaskaskia River was complete and commissioned, and the raw water pond has been partially filled to the level needed for fire protection. PSGC reported that Ameren is ahead of schedule for external transmission system upgrades, which were nearly completed as of the end of August 2010, and are expected to be complete by the end of 2010. Both the Ameren switchyard located adjacent to the Generating Facility and the natural gas pipeline were completed and commissioned in late 2009, each ahead of schedule and under budget.

PSEC Progress Photographs

The following presents recent photographs of the key construction activities at the PSEC.

Aerial View, Late August 2010

Power Block Aerial View, Late August 2010



Power Block and Emissions Controls Erection, August 2010

Power Block, August 2010

Jordan Grove CCW Disposal Site, April 2010

Mine Aerial View, Late August 2010

STATUS OF PERMITS AND APPROVALS

The PSEC must be designed, constructed, and operated in compliance with applicable federal, state, and local regulations, guidelines, policies, codes, standards, and laws. The following table lists the current status of the key permits and approvals required from various federal, state, and local agencies before the PSEC can be constructed and placed into commercial operation.

Status of Key Generating Facility and Mine Permits and Approvals

APPROVAL	RESPONSIBLE AGENCY	CURRENT STATUS	COMMENTS
FEDERAL			
"No Hazard" Determination	Federal Aviation Administration ("FAA") Obstruction Evaluation Services ("OES")	Determinations for the stack, turbine buildings, and boiler buildings issued May 2007 and expired November 30, 2008. January 15, 2008 email from FAA stated that no extension was necessary and construction could continue.	Required for construction and to demonstrate no hazards to aviation. There is a requirement to submit a supplemental notice when structures achieve final height.
Hazardous Waste Identification Number	United States Environmental Protection Agency ("USEPA")	To be obtained prior to start of operation, if necessary.	Required for the management and disposal of materials used in plant operations, such as solvents and paints, categorized as hazardous waste. Disposal must follow manifest tracking system.
Oil Spill Prevention Control and Countermeasure Plan	USEPA	To be prepared prior to the start of operation, if needed.	Required as per 40 CFR 112, Oil Pollution Prevention regulations, if the PSEC stores more than 1,320 gallons at the Site). Plan must be prepared before start of operation.
Clean Water Act Section 10 and Section 404 Permits	U. S. Corps of Engineers ("USCOE")	Renewal of Nationwide Permits[5] 7, 12, 13, 14, and 33 issued February 23, 2007.	Required for construction of intake or outfall structures in navigable waters of the US and for discharge of dredge or fill material into jurisdictional water.

[5] Nationwide permits are general permits intended to provide a streamlined form of Department of the Army authorization for activities that result in minimal individual and cumulative adverse effects on the aquatic environment and to satisfy other public interest review factors.

Status of Key Generating Facility and Mine Permits and Approvals			
APPROVAL	**RESPONSIBLE AGENCY**	**CURRENT STATUS**	**COMMENTS**
Risk Management Plan	USEPA	Must be submitted prior to receipt of ammonia at site.	Required under 40 CFR 68 to address potential accidental releases of hazardous chemicals stored onsite in greater than a threshold quantity.
Threatened and Endangered ("T&E") Species Determination	US Fish and Wildlife Service	USCOE Section 404 permit states that USCOE has determined that the activity will have no effect on endangered species.	Required to assess impact of PSEC on local species.
STATE			
Air Quality Construction Permit	Illinois Environmental Protection Agency ("IEPA")	Issued April 28, 2005. Became effective August 24, 2007**.**	Required to construct an air emissions source. Sets forth air emission limits, monitoring, and reporting requirements. Was appealed to and upheld by the USEPA Environmental Appeals Board and the 7th Circuit Court of Appeals in August 2006 and August 2007, respectively.
Title IV Acid Rain Permit	IEPA	Included in Air Quality Construction Permit.	Necessary for compliance with SO_2 allowance requirements.
Title V Permit to Operate	IEPA	To be applied for prior to April 2011.	Will incorporate all air quality permit requirements into one document
Water Withdrawal	Illinois Department of Natural Resources ("IDNR")	Approval issued September 17, 2002. Expires September 17, 2042	Allows withdrawal of water from the Kaskaskia River.
National Pollutant Discharge Elimination System ("NPDES") General Permit for Discharges of Stormwater Associated with Construction Activities	IEPA	Permit No. ILR10 effective August 11, 2008. Expires July 31, 2013.	Required for stormwater management during construction.

Status of Key Generating Facility and Mine Permits and Approvals			
APPROVAL	**RESPONSIBLE AGENCY**	**CURRENT STATUS**	**COMMENTS**
NPDES Permit for Discharge of Wastewater from Industrial Activities	IEPA	NPDES Permit No. IL0076996 issued December 5, 2005. Permit effective through November 30, 2010. Renewal application submitted March 23, 2010.	Required for discharge of cooling tower blowdown. Includes stormwater.
NPDES Permit for Stormwater Discharges Associated with Industrial Activities	IEPA	Not required	Included in NPDES permit for wastewater discharge.
Joint Permit for Water Obstruction and Encroachment	USCOE and IDNR	Permit No. DS2002134 issued September 17, 2002 and reissued June 24, 2005. Expires September 17, 2042.	Required for construction of intake structures, outfalls, and culverts.
Cultural and Historical Resources Determination	Illinois Historic Preservation Office ("IHPO")	Various "clearance" and "no further action" letters issued in 2005 and 2006.	Required to assess the impact of the PSEC on cultural and historical resources.
MINE AND CCW PERMITS			
Coal Combustion Waste Disposal Authorization	IDNR	Permit No. 378 issued by IDNR October 30, 2007. Expires October 29, 2012.	Authorizes waste disposal and reclamation operations at the Jordan Grove mine. Capacity at the Jordan Grove mine for CCW disposal is currently estimated at 12 to 14 years.
NPDES Permit for Discharge of Wastewater from Industrial Activities	IEPA	Permit IL0077844 issued July 9, 2008. Expires June 30, 2013.	Required for discharge of alkaline mine drainage and stormwater at the Jordan Grove mine.
NPDES Permit for Discharge of Wastewater from Industrial Activities	IEPA	NPDES Permit No. IL0077526 issued February 27, 2006. Permit expires January 31, 2011.	Required for discharge of alkaline mine drainage at the Lively Grove Mine.
Mining and Reclaim Operations	IDNR	Permit No. 373, Renewal No. 1 issued June 23, 2010. Expires June 22, 2015.	Authorizes mining and reclamation operations at the Lively Grove Mine.

Based on our review, PSEC has identified the key permits and approvals required from various federal, state, and local agencies necessary to construct and operate the PSEC. PSEC has obtained all of the permits required for construction of the PSEC. Certain of the permits and approvals that will be required for operation have not yet been obtained and certain of the permits/approvals will require renewal. PSEC reports that it will apply for needed permits and approvals and for renewal of expired permits and approvals when required. We did not identify any technical or engineering circumstance that would prevent the issuance or renewal of such permits and approvals. In addition, the Generating Facility should be capable of ultimately complying with the emissions limits and other conditions set forth in the key permits and approvals that we reviewed.

ENVIRONMENTAL CONSIDERATIONS

In 1998, the USEPA promulgated the "NO_X State Implementation Plan Call Rule" for the purpose of controlling NO_x emissions in much of the Eastern United States. Subsequently, Section 126 Petitions filed with the USEPA by certain states imposed similar requirements on additional (upwind) states, including Illinois. In 2003 and 2004, under the NOx SIP Call and Section 126 petitions, the USEPA began administering the NO_X Budget Trading Program as a market-based cap-and-trade program to reduce NO_X emissions. On May 12, 2005, the USEPA adopted the Clean Air Interstate Rule ("CAIR") aimed at further controlling the emissions of NO_X. The CAIR program was designed to impose NO_X requirements similar to the NOx Budget Trading Program, which the USEPA had planned to cease administering after 2008. As required by the USEPA rules, Illinois adopted rules to implement CAIR requirements that were to impose additional NO_X allowance obligations on certain emission sources, including the PSEC. Under CAIR, affected facilities, such as the PSEC, were to be assigned allowances from the state's available pool of allowances each year in accordance with formulae based upon the facilities' historical operations and rule-specified emissions factors. The first phase of the newly-adopted CAIR was to take effect in 2009, with additional ratcheting of allocated allowances beginning in 2015.

On July 11, 2008, the United States Court of Appeals for the District of Columbia Circuit ("Court") decided to vacate CAIR in response to petitions for review challenging various aspects of the rule. Because the Court found more than several fatal flaws in CAIR and the USEPA adopted CAIR as one integral action, the Court vacated CAIR and its associated Federal Implementation Plan in its entirety and remanded both to the USEPA to promulgate a rule that is consistent with the Court's opinion. The Court noted that in the absence of CAIR, the NO_X SIP Call (NO_X Budget) trading program would continue, because USEPA terminated the program only as part of the CAIR rulemaking. The Court noted that continuation of the NO_X SIP Call should mitigate any disruption that might result from vacating CAIR at least with regard to NO_X, and, in addition, downwind states retain their statutory right to petition for immediate relief from unlawful interstate pollution.

On October 21, 2008, the Court issued an Order related to CAIR. The Order directed the Petitioners (the state of North Carolina and others) to address "(1) whether any party is seeking vacatur of the Clean Air Interstate Rule, and (2) whether the court should stay its mandate until [USEPA] promulgates a revised rule." The Court on December 23, 2008 temporarily reinstated CAIR so that USEPA could rewrite the cap-and-trade rule to be in compliance with the Court's July 2008 decision. As a result of the Court's most recent ruling, 28 mostly eastern states, including Illinois and the District of Columbia must reduce NO_X beginning January 1, 2009 by requiring power plants to participate in an interstate cap-and-trade system administered by USEPA that caps emissions in two stages or through measures devised by individual states.

On July 6, 2010, the USEPA issued a proposed rule to reduce NO_X and SO_2 emissions from power plants in 31 states. This rule is known as the "Transport Rule" and would apply to the PSEC if promulgated as currently proposed. This rule is intended as a replacement to the CAIR, which the US Court of Appeals for the District of Columbia Circuit ordered EPA to revise two years ago. The comment period is underway and a final rule is expected in the summer of 2011.

The PSEC is subject to Title IV of the Clean Air Act Amendments of 1990 (Acid Rain Provisions) whereby each unit within the PSEC must possess SO_2 allowances to cover its emissions. In addition, should CAIR remain in effect, SO_2 allowances will need to be surrendered at a ratio of 2.86 allowances per ton of emissions beginning in 2015, an increase over the 2.0 allowances per ton of emissions required from 2010 - 2014. As a new facility, the PSEC will not be allocated any SO_2 allowances under CAIR and must purchase all its allowance requirements from the marketplace. The future cost of SO_2 allowances will be market dependent and could be lower or higher than the values for such allowances assumed herein.

Based on information provided by PSGC, the impact of complying with NO_X rules (purchasing ozone season and annual allowances) has been estimated in the Projected Operating Results using conservative assumptions based on CAIR NO_X allocations and projected NO_X allowances under the Transport Rule, should that rule be promulgated and implemented as proposed.

As a result of commitments made to the United States Fish & Wildlife Service in response to concerns expressed regarding the impact the PSEC could have in the Mingo Wildlife Refuge in southeastern Missouri, the Air Permit contains requirements for PSEC to surrender additional SO_2 allowances above those otherwise required by the Acid Rain Program in an amount equal to 25 percent of the actual SO_2 emissions from the units until CAIR or a CAIR-like program which requires further SO_2 emission reductions from PSEC is adopted and in effect. This agreement is not expected to have an impact on PSEC since CAIR is currently in effect and is expected to continue, or will be replaced by the Transport Rule. If, for some reason, CAIR is again vacated, and if there is not another federal or state program requiring SO_2 emission reductions from PSEC in effect by the time the units commence operation, PSEC will be required to surrender additional SO_2 allowances as agreed upon. The Projected Operating Results are reflective of the more stringent CAIR requirements.

Since the issuance of the Initial Feasibility Study[6], several developments have occurred with regard to the Clean Air Mercury Rule ("CAMR"). Petitions for review of two final rules promulgated by the USEPA were heard before a three judge panel of the United States Court of Appeals for the District of Columbia Circuit on December 6, 2007. The first rule removed coal and oil-fired electric generating units ("EGUs") from the list of sources whose emissions are regulated under Section 112 of the Clean Air Act ("CAA"). The second rule set performance standards pursuant to Section 111 of the CAA for new coal-fired EGUs and established total mercury emission limits for states and certain tribal areas, along with a cap-and-trade program for new and existing coal-fired EGUs. On February 8, 2008, the Court recommended these two rules be vacated. A mandate was issued by the Court on March 14, 2008, formally overturning the two rules. The order eliminated the CAMR, and the regulation of mercury emissions from coal-fired EGUs now falls under the requirements of Section 112, Maximum Available Control Technology ("MACT") standards. There are, however, no MACT standards for mercury in place at the current time, and the USEPA is not expected to issue a proposed rule until March 2011. However, as the IEPA accounted for the possibility that the CAMR would be challenged, case-by-case MACT

[6] R. W. Beck was engaged by AMP to prepare an Initial Project Feasibility Study for the PSEC. This study was completed in August 2007.

requirements were incorporated by the IEPA into the control technology determinations contained in the Air Permit conditions. As required by IEPA, PSGC submitted a source-specific MACT analysis and determination for mercury which is included in the Air Permit.

Illinois has adopted mercury emission standards for new EGUs that apply to the PSEC. The rule requires EGUs that have not commenced commercial operation before January 1, 2009 to meet either an emission standard of 0.0080 lb mercury/GWh (gross electrical output) or achieve a minimum 90 percent reduction of input mercury PSEC's air permit takes into account the adopted Illinois standards for mercury emissions.

The possibility of regulating greenhouse gases such as CO_2 is receiving a great deal of attention within the United States Congress, many state legislatures and the USEPA. On July 11, 2008, the USEPA released an Advance Notice of Proposed Rulemaking soliciting public input relating to climate change. No rulemakings have been proposed to date. Similarly, Illinois has not announced specific plans to regulate CO_2. Illinois has announced target reductions for CO_2, and Illinois is a member of the Midwest Greenhouse Gas Accord, which is a regional organization currently evaluating different programs and methodologies for CO_2 control.

Since the preparation of the Initial Feasibility Study, there has been additional new proposed legislation introduced in the US Senate to limit CO_2 emissions. The proposed bills apply to a broad spectrum of industry sectors, including the electric utility industry. At this time, there does not appear to be a consensus as to what the level of future regulation of CO_2 emissions will be (if any), or the costs associated with that regulation, but any such costs would impact the PSEC and the entire energy industry, including future market prices for electricity. Since the method and the specific details of potential regulation are not presently known, the financial impact to the PSEC cannot be specifically determined and the cost impact to the PSEC could be significant. As of the date of this Report, no federal legislation has been passed to address CO_2 emissions. It is likely that some form of regulation at the state, regional, and/or federal level will occur at some point in the future.

The U. S. House of Representatives passed H.R. 2454, the American Clean Energy and Security Act of 2009 (ACES), on June 26, 2009. This bill was sponsored by Energy and Commerce Committee Chair Henry Waxman and Energy and Environment Subcommittee Chair Ed Markey (referred to herein as "ACES" or the "Waxman-Markey Bill"). The Waxman-Markey Bill is a comprehensive energy bill that includes a cap-and-trade global warming reduction plan designed to reduce economy-wide, greenhouse gas emissions 17 percent below 2005 levels by 2020 increasing to 83 percent below 2005 levels by 2050. Other provisions include new renewable requirements for utilities, studies and incentives regarding new carbon capture and sequestration technologies, energy efficiency incentives for homes and buildings, and grants for green jobs, among other things.

On May 12, 2010, Senators John Kerry and Joseph Lieberman released their draft climate change bill, entitled the American Power Act (referred to herein as the "Kerry-Lieberman Bill"). The draft bill addresses the impacts of climate change and the benefits of transitioning to a clean energy economy and establishes targets for reducing global warming pollution.

The outcome of Senate consideration of the Waxman-Markey Bill, Kerry-Lieberman Bill or other climate change legislation to address CO_2 emissions cannot be predicted at this time.

For purposes of demonstrating the potential impact of CO_2 costs on the projections set forth herein, R. W. Beck conducted a sensitivity analysis that included an estimate of CO_2 costs in the projected power costs of the Project. The sensitivity analysis was based on a CO_2 emission rate from the PSEC of 2,200 lb/MWh. For the Sensitivity Case, CO_2 cost estimates were based on an analysis of the Kerry-Lieberman Bill.

The results for the sensitivity cases indicate that the projected annual costs of the Project over the period 2012 through 2025 on average are estimated to be lower than the projected market prices in the MISO-East region where the PSEC is located. For more information see the section of this Report entitled "PROJECTED FINANCING REQUIREMENTS AND OPERATING RESULTS – Sensitivity Analysis."

There are several regulations that are either proposed, promulgated, or in the discussion stages as of the date of this Report. These regulations, if implemented, could increase capital expenditures and operations and maintenance costs at existing and new generating facilities. Such potential regulations involve particulate matter of 2.5 microns or less, regional haze, regional visibility, mercury control, water intake structure regulations, potential ratcheting of SO_2 and NO_X allowances beyond 2010, and toxic emissions control. Even though some of these regulations have already been promulgated, many, if not all, of the promulgated regulations are still in the implementation phase. Therefore, the timing and specific requirements that might be imposed on the PSEC are not presently known.

GENERATING FACILITY OPERATIONS

The Generating Facility will be operated and maintained primarily by permanent PSGC staff, with technical advice and operational expertise solicited from various qualified PSEC Owners and qualified third parties as determined by PSGC to be in its best interests. The Mine will be staffed entirely with PSGC personnel. Under the terms of the Mine Technical Services Agreement, Peabody Energy will provide technical services in support of ongoing Mine operations and maintenance as necessary for a period at least through the fifth anniversary of the substantial completion date of Unit 2 of the Generating Facility.

PSEC PERFORMANCE AND OPERATIONS AND MAINTENANCE COSTS

In developing the Projected Operating Results for the PSEC, R. W. Beck relied primarily on information supplied by PSGC, which was reviewed for reasonableness relative to other similar coal-fired generating facilities with which we are familiar.

Based on information provided by PSGC, the development of the Projected Operating Results for the PSEC was based on an assumed net plant capacity of 1,584 MW, considering some allowance for degradation, and an average net plant heat rate of 9,390 Btu/kWh, which includes an allowance for degradation over time and with full auxiliary equipment usage. The PSEC's annual availability factor was assumed to be approximately 88 percent, and we assumed the PSEC would be dispatched by all PSEC Owners at maximum annual output into the MISO market based on projected market price levels.

Since each of the PSEC Owners acquired and has rights to its proportionate share of the underground coal reserves, AMP's annual coal costs consist of 23.26 percent of the total projected fixed and variable operations and maintenance expenses associated with the mining and delivery by conveyor of that coal to the Generating Facility. Estimates for the annual cost of coal for the PSEC were provided by PSGC and were based on the 2007 Mine plan approved by the PSEC Owners in July 2007, and the most recent update to the Mine plan prepared by PSGC approved by the Management Committee in February 2010.

Annual estimates were based on details provided by PSGC and assume an annual escalation rate based on the assumed rate of general inflation on all cost elements within the Mine plan.

The projected operations and maintenance expenses and limestone, ammonia, and other reagent usage rates were provided by PSGC and were based on the latest information provided by PSGC at the time of this Report. Emissions rates were also based on projections provided by PSGC.

Projected fixed operating costs relating to the PSEC included expected annual costs for labor, fixed operations and maintenance expenses, spare parts, major maintenance, contingencies, insurance, property taxes and administrative and overhead costs. Projected variable operating costs for the PSEC included limestone and other reagent usage, and the projected costs for ash disposal, chemicals, start-up fuel, water, water treatment, emissions allowances, and MISO charges related specifically to generating unit dispatch and operations. Emissions allowances were based on our projections of future emissions allowance costs. All other operations and maintenance expenses, with the exception of property taxes and insurance, were escalated from 2011 values provided by PSGC at the assumed rate of general inflation.

R. W. Beck reviewed PSGC's projections for operations and maintenance expenses and PSEC performance parameters and compared these estimates to its database of coal-fired generating resources, and determined that these estimates, adjusted for direct comparison to other coal-fired generating facilities with which we are familiar, were within the range expected.

SCHEDULE

For the purpose of the Projected Operating Results, we assumed that the first unit of the PSEC would be substantially completed and ready for continuous energy production by January 1, 2012, and the second by August 1, 2012, based on the first full months following the guaranteed dates contained in the Restated EPC Contract, which are December 6, 2011, and August 1, 2012, respectively. Based on our review of the overall PSEC schedule, its construction status as of the date of this Report, equipment procurement and delivery status and Bechtel's ability, we believe this schedule is aggressive but achievable provided that construction management, construction oversight and contract incentives are pursued aggressively throughout the remaining construction period by Bechtel and the PSEC Owners, and that construction issues that have occurred in the past are quickly resolved.

CAPITAL COSTS

The estimated capital costs for construction of the Project as projected by PSGC are summarized in the following table. The total construction costs include those for the Restated EPC Contract costs, transmission facilities net of the reimbursements to be received by the Project, Mine development, coal reserves, land and all PSGC development and implementation costs through the construction of the PSEC. The fixed price contained in the Restated EPC Contract is $3.999 billion for the two units and includes all costs associated with the engineering, design, equipment, material, construction and start-up of the Generating Facility. Additional contingency and escalation estimates were also added to each line item by PSGC within the most recently approved PSEC budget to account for the expected future costs for equipment, materials and supplies, commodities and labor costs that had not been firmly committed at the time the revised budget was prepared.

Coal reserve purchases represent those applicable to AMP's entitlement share, and reflect the terms applicable to AMP's acquisition of its incremental interests at various times during the development of the PSEC. Development and Owner's Construction Period, Start-up and Other Costs reflect actual development and other costs incurred through July 2010, as well as all other costs projected through the completion of the Project for PSEC Owners' engineering, environmental consultants, financial and legal consultants and PSGC staff expenses, insurance programs, construction management, initial inventories, spare parts, and initial working capital contained in the most recent PSEC budget approved by the Management Committee in September 2010.

Estimated PSEC Capital Costs

Description	Total PSEC[1] $(000)	AMP Share $(000)
Restated EPC Contract [2]	$ 4,031,523	
Coal Mine Construction	202,840	
Transmission Upgrades [3]	640	
Development and Owners' Construction Costs, Start-up and Other Costs [4]	647,915	
Land, Sales and Property Taxes, and Fees [5]	50,648	
Contingency Allowance [6]	-	
Total PSEC Capital Costs	**$ 4,933,566**	**$ 1,147,548 [7]**
AMP Share of Other Project Costs [8]		1,643
PSEC Coal Reserve Purchases [9]		26,612
Total PSEC Costs Allocable to AMP Share		**$ 1,175,803**

[1] Based on 100 percent of the projected Project costs. Each line item in the budget includes a contingency allowance on projected unexpended and uncommitted funds through the expected completion dates of each unit of the Generating Facility.
[2] The amount shown reflects the fixed price of $3.999 billion contained in the Restated EPC Contract plus adjustments to account for $12 million of sales tax and a $21 million change order for Force Majeure.
[3] The estimate included for the interconnection facilities and required transmission upgrades is $0.6 million, which reflects the amounts to be reimbursed by Ameren.
[4] Includes construction costs that are outside of the Restated EPC Contract, development costs, management costs, construction management costs, infrastructure improvements, start-up costs, initial inventories and other PSGC costs. The total does not reflect an amount of $24 million of estimated reimbursements and credits anticipated sometime after commercial operation of the PSEC. AMP's share of such reimbursements could be used to reduce the annual operating costs of the Project.
[5] Reflects estimates of property taxes through 2011, and land costs and sales taxes.
[6] Contingency allowances have been included in each line item of the budget and total approximately $40 million.
[7] Reflects AMP's 23.26% share of the Project.
[8] Reflects AMP's 23.26% share of development fees, fees to be paid to Peabody Energy following the completion of Unit 2 and a credit for estimated start-up revenues.
[9] AMP's contracted amount for its allocation of the PSEC's coal reserves.

TRANSMISSION SERVICES

To deliver the output of the PSEC, (i) transmission upgrades required to interconnect the PSEC to the MISO[7] transmission system must be completed; and (ii) AMP should obtain firm point-to-point transmission service under the MISO Open Access Transmission Tariff ("MISO OATT") to deliver the PSEC output (or a portion thereof) to the PJM[8] border with MISO for those Participants that are located within PJM, unless a lower cost and equally reliable method of delivery can be employed by AMP. AMP has confirmed a request for 184 MW of firm point-to-point transmission service to the PJM/MISO border under the MISO OATT. The service is available without the need for additional transmission upgrades.

In addition, AMP has requested an additional 71 MW of firm point-to-point transmission service to the PJM/MISO border. MISO has completed a System Impact Study for the 71 MW request and has determined that no additional transmission upgrades are required to grant the request.

In 2009 and 2010, American Transmission Systems, Inc. (ATSI), Duke Energy Ohio and Duke Energy Kentucky (collectively Duke) submitted filings at FERC requesting termination of their status as transmission operator / owner in MISO to be effective June 2011 and January 2012, respectively, and integration of their loads and generation into PJM. As of the date of this report, FERC has granted conditional approval of ATSI's request and has not yet taken action on Duke's request. Full integration of ATSI and Duke into PJM will result in certain AMP Members' loads and resources being integrated into PJM rather than MISO. AMP intervened in both of the FERC proceedings for ATSI and Duke. In the ATSI proceeding, AMP requested clarification of its ability to use MISO resources, including PSEC, and its rights to receive point-to-point transmission across MISO and whether or not it would be required to pay for system upgrades that would not have been necessary had the loads remained in MISO. FERC indicated that these issues would be addressed in conjunction with ATSI's replacement arrangements. Depending on how FERC rules on these issues, AMP may need to submit additional requests for firm point-to-point transmission service from PSEC to the PJM/MISO border in order to serve the incremental amount of Member PSEC nominations (over 255 MW) that will be need to be delivered on a firm basis to the PJM/MISO border.

In July 2010, MISO filed certain revisions to its transmission cost allocation methodologies included in the MISO OATT. These revisions include proposed changes to its existing seams arrangement with PJM where firm point-to-point transmission service is discounted to zero. MISO proposes that all external transactions sinking outside MISO, including PJM, will be subject to a new Multi Value Project charge (the "MVP charge") that will recover the cost associated with certain new transmission facilities

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[7] The Midwest Independent Transmission System Operator, Inc. (MISO) is a non-profit, member-based organization that provides open access to transmission markets, long-term transmission planning, and transparent prices and manages the security-constrained economic dispatch of generation over its 15 state territory. MISO's energy markets operations include Day-Ahead, Real-Time and Financial Transmission Rights markets.

[8] PJM Interconnection ("PJM") is a regional transmission organization ("RTO") that coordinates the movement of wholesale electricity over 13 states and the District of Columbia. PJM provides open access to transmission markets, long-term transmission planning and reliability, and operates a wholesale energy market. PJM's energy markets operations include Day-Ahead, Real-Time and Financial Transmission Rights markets. PJM also operates capacity markets.

constructed within the MISO region. As of the date of this report, FERC has not issued a ruling on MISO's proposed changes. If FERC approves MISO's proposed changes to its seams arrangement with PJM, such changes could result in the MVP charge being assessed to AMP for point-to-point transmission service over the MISO system to the PJM/MISO border. Since the MVP charge is for new facilities that have not yet been constructed, MISO performed an analysis that estimated the 40-year levelized MVP charge at $2.10/MWh. Since FERC has not yet approved MISO's proposed changes to its seams arrangement, MISO's proposed MVP charge has not been included in the Projected Operating Results included in this Report.

In the Locational Marginal Pricing ("LMP") markets in PJM and MISO, the "basis differential" risks will be borne by AMP and the Participants as follows:

- AMP bears the risk of the energy market basis differentials caused by congestion and marginal losses from the PSEC Bus to the delivery point at the PJM/MISO border for AMP's share of PSEC being delivered to PJM. Costs associated with this risk will be included in Project power costs to be paid by all Participants.

- PJM Participants bear the risk of the difference in LMPs from the PJM/MISO border to their delivery points. If AMP MISO Participants take delivery of PSEC, they would bear the risk of the difference in LMPs from the PSEC Bus to their delivery points. If available, MISO and PJM market hedging products may be used to help manage this risk. Historical price differentials between the Project and the Participants' delivery points have ranged from $5/MWh to $8/MWh in Ohio and Michigan and $5/MWh to $11/MWh in Virginia from July 2009 through June 2010. The range in LMPs for PJM Participants includes the projected $2.00/MWh differential from the PSEC Bus to the PJM/MISO border which will be included in the Project power costs to be paid by all Participants

- Participants in PJM bear the risk of price differentials in the PJM capacity market prices between Locational Deliverability Areas ("LDAs") established within PJM. As somewhat analogous to the energy market basis differentials, the capacity market may settle at different prices between the LDAs (i.e., the Participants may have to pay a different, higher price to serve their loads than the revenue they would receive from the capacity of the Project delivered to the PJM/MISO border). This is a risk for any Load Serving Entity ("LSE") meeting its capacity needs from resources outside of its LDA.

- AMP will be assessed the costs of pancaked charges in the form of RTO administration fees and ancillary services charges for the point-to-point service to the PJM/MISO border (based on the existing PJM and MISO seams arrangement and rate design). Costs associated with this risk will be included in Project power costs to be paid by all Participants. Under the current seams arrangement, firm point-to-point transmission charges are discounted to zero. Since FERC has not yet approved MISO's proposed changes to its seams arrangement, MISO's proposed MVP charge has not been included in the Projected Operating Results included in this Report.

An estimate of the LMP basis differential cost risk that will be borne by AMP and included in Project power costs has been reflected in the projected operating results included herein.

PROJECTED FINANCING REQUIREMENTS AND OPERATING RESULTS

PROJECTED FINANCING REQUIREMENTS

The projected financing requirements for the Project are based on a plan of finance that AMP has developed to finance its share of the PSEC. See the section in the Official Statement entitled "PLAN OF FINANCE." At the request of AMP, and based on information provided by AMP and its financial advisors, J.P. Morgan Securities Inc. prepared a projection of the remaining financing requirements for the Project, including estimates of the deposits to the Construction Fund, deposits to the Capitalized Interest Account, deposits to a Debt Service Reserve Account, and the costs of issuance and other expenses. The results of the foregoing, referred to herein as "AMP's Plan of Finance", have been used in the preparation of the Projected Operating Results (as later defined) that are presented herein. Such estimates were prepared in September 2010 based on then existing market conditions and the results could vary depending upon market conditions prevailing at the time AMP completes the financing of the cost of construction of the Project.

As summarized in the following table, the total estimated par amount of Bonds that will be required by AMP to finance its Ownership Interest in the PSEC, including construction costs, interest during construction, deposits to a Debt Service Reserve Account, original issue discount and bond issuance expenses is estimated to be approximately $1,696.8 million. Such amount could increase if the final cost of construction of AMP's share of the PSEC is greater than the total construction costs shown in the following table.

Total Estimated Financing Requirements [1]

Description	$ (000)
AMP Share of PSEC Costs[2]	$1,175,803
AMP Share of PSEC Capital Improvements through 2016 [3]	36,024
AMP Costs [4]	14,000
Working Capital [5]	5,000
Additional Contingency Allowance [6]	112,000
Total Construction Costs	$1,342,827
Less: Estimated Interest Earnings [7]	(18,837)
Deposit to Project Construction Funds [8]	$1,323,990
Capitalized Interest [9]	227,151
Deposit to Debt Service Reserve Account [10]	111,829
Issuance Expenses and Other [11]	21,289
Total Estimated Bond Proceeds	$1,684,259
Net Bond Discount [12]	12,541
Total Estimated Par Amount of Bonds	$1,696,800

[1] Amounts shown are estimates based on AMP's Plan of Finance.
[2] Based on AMP's share of PSEC capital costs and PSEC coal reserve.
[3] Based on AMP's share of the PSEC estimated capital improvements over the period 2011 through 2016.
[4] Allowance for AMP costs during the construction period.
[5] Allowance for one month of operating costs.
[6] Additional contingency allowances for (i) potential EPC Contract bonuses for performance, output and schedule not included in the EPC budget; (ii) additional costs associated with possible delays in Commercial Operation for interest payments and Project overhead and pre-operations cost increases; (iii) increases in capital improvements over the first five full years of operation; and (iv) potential change orders equal to approximately 7.5 percent of AMP's share of the estimated remaining construction costs of the Project.
[7] Estimated interest earnings on unexpended fund balances in the Project Construction Fund during the construction period.
[8] Estimated net deposit to the Project Construction Funds. Reflects a transfer from remaining taxable construction funds equal to approximately $5.7 million for a portion of the capitalized interest on the Series 2010 Bonds.
[9] Represents estimated interest costs on all prior series of bonds allocable to Unit 1 to February 1, 2012 and allocable to Unit 2 to November 1, 2012 and on the Series 2010 Bonds through six months past the in-service dates of the PSEC units net of interest earnings on unexpended balances in the Capitalized Interest Fund and Debt Service Reserve Account. Includes a transfer from remaining taxable construction funds equal to approximately $5.7 million for a portion of the capitalized interest on the Series 2010 Bonds.
[10] Based on the maximum aggregate annual debt service on the $1,696,800,000 total aggregate principal amount of Bonds assumed to be issued (which includes the Series 2010 Bonds) and the Debt Service Reserve funds requirement as defined in the Master Trust Indenture.
[11] Estimated expenses associated with bond underwriter fees, legal fees, bond insurance and other expenses incurred in connection with the bond financings.
[12] Includes $10.8 million of Original Issue Discount on the Series 2008A Bonds and $2.8 million of Original Issue Discount on the Series 2009A Bonds.

As discussed in the section in the Official Statement entitled "PLAN OF FINANCE," AMP will finance the estimated remaining costs of its Ownership Interest in the PSEC through the issuance of the Series 2010 Bonds. AMP's Plan of Finance assumes that capitalized interest will be funded for six months after the scheduled in-service dates allocable to each unit. Capitalized interest was funded from the proceeds of prior bonds allocable to Unit 1 to February 1, 2012, and allocable to Unit 2 to November 1, 2012 (which were six months after the originally scheduled in-service dates of August 2011 and May 2012, respectively).

Capitalized interest on the Series 2010 Bonds will be funded from proceeds to the Revised Scheduled In-Service Dates (December 2011 for Unit 1 and August 2012 for Unit 2). Additionally, AMP intends to utilize a portion of the proceeds of the Series 2009B Bonds credited to the 2009B Acquisition and Construction Account to fund capitalized interest on the Series 2010 Bonds for the six month period occurring after the Revised Scheduled In-Service Dates (i.e., through June 15, 2012 on the Series 2010 Bonds allocable to Unit 1 and through February 15, 2013 on the Series 2010 Bonds allocable to Unit 2).

The proceeds of the Series 2010 Bonds, in the principal amount of $300,000,000 will be used to (i) finance capital expenditures, costs and expenses associated with the AMP's share of the PSEC; (ii) fund capitalized interest on the Series 2010 Bonds for six months beyond the assumed completion dates of Units 1 and 2 of the PSEC, which are December 2011 and August 2012, respectively; (iii) fund a deposit to the Debt Service Reserve Account; and (iv) pay the cost of issuance of the Series 2010 Bonds.

PROJECTED OPERATING RESULTS

R. W. Beck has prepared projections of the net power costs that will be the basis of the charges to the Participants for the Project ("Projected Operating Results") for the period 2011 through 2025. These Projected Operating Results are consistent with our understanding of the terms and conditions of the Power Sales Contract and the Indenture. The Projected Operating Results set forth the costs that comprise the Postage Stamp Rate ("PSR") as defined in the Power Sales Contract. The PSR is a uniform rate that will apply to all of the Participants. The Projected Operating Results also include a projection of the activities in the funds that are defined in the Indenture and Power Sales Contract. The Projected Operating Results are set forth in the attached Table 1 and are based on the considerations and assumptions set forth in the section of the Report entitled "Principal Considerations and Assumptions."

Lines 1 through 6 of Table 1 present the projected revenues from the Project. Participant revenues are shown on Line 1, and represent the annual cost of the Project to the Participants, net of other revenues available to reduce the Participant payments. The Participant revenues were developed by subtracting the other revenues (shown on lines 2 through 5 of Table 1) from the Total Revenue Requirements (shown on line 29 of Table 1). Interest earnings are shown on line 2 and were computed based on the projected annual unexpended amounts in (i) the General Subfund, Reserve and Contingency Subfund, and Debt Service Account based on an interest earnings rate of 1 percent, and (ii) a Debt Service Reserve Account based on an interest earnings rate of 4 percent. Short-term market sales are set forth on line 3, which represent the projections of sales of energy from the Project that are in excess of the energy required by the Participants under the Power Sales Contract, are shown on line 3 of Table 1. Transfers from the Reserve and Contingency Subfund are shown on line 4 and represent estimated amounts available in the Renewal and Replacement Account remaining from the prior year after expenditures for renewal and replacement expenditures for the Project. The projected Federal Subsidy payments from the United States Treasury equal to 35 percent of the interest payable on the Series 2009C Taxable Bonds (BABs) and the Series 2010 Bonds are shown on line 5 – Other Revenues.

Lines 7 through 20 present the projected operating costs of the Project. Lines 7 through 12 contain the fixed operating costs including fixed O&M, insurance, property taxes and AMP administrative and general costs. Lines 13 through 18 contain the variable operating costs including coal mining costs, environmental costs and variable O&M.

To provide for on-going working capital, line 22 reflects assumed deposits from Revenues to a Working Capital Reserve Account equal to 5 percent of total monthly operating costs.

Replacement power costs are shown on line 19 of Table 1. Replacement power represents the cost of power that must be purchased from the market to replace capacity and energy from the Project when one or both units of the PSEC are either undergoing scheduled maintenance or are forced to shut down. For purposes of these projections, the amount of replacement power purchased was assumed to be sufficient to provide for an 85 percent capacity factor within each month. Replacement power costs include the cost of purchased capacity and energy, as well as additional transmission costs associated with the delivery of the purchased power.

Lines 23 through 25 of Table 1 present the projected debt service associated with the bonds issued for the Project based on the debt service schedules reflected in AMP's Plan of Finance and a total principal amount of bonds issued of approximately $1,696.8 million. Such amount could increase if the final cost of construction of AMP's share of the PSEC is greater than the total projected cost of approximately $1,346.0 million.

The Master Trust Indenture provides for six separate accounts in the Reserve and Contingency Subfund: (1) the Overhaul Account, (2) the Renewal and Replacement Account, (3) the Capital Improvements Account, (4) the Rate Stabilization Account, (5) the Environmental Improvement Account, and (6) the Self-Insurance Account. For purposes of the Projected Operating Results set forth herein, activity was projected only in the Renewal and Replacement Account.

The projected costs of future major maintenance and capital improvement to the PSEC that are not funded from bond proceeds are assumed to be paid for by funds in the Renewal and Replacement Account. The Renewal and Replacement Account is assumed to be funded from deposits from Revenues, shown on line 26 of Table 1, and are equal to (i) 10 percent of annual debt service payments or (ii) the estimated expenditures from the account for that year, which ever is greater. The estimated amounts available in the Renewal and Replacement Account remaining at the end of each year are assumed to be used to reduce Participant payments in the next year.

Total revenue requirements shown on line 29 of Table 1 were computed by summing total operating expenses, the annual deposit to the Working Capital Reserve Account, the total debt service requirement, and the total annual deposit to the Reserve and Contingency Subfund.

SENSITIVITY ANALYSIS

The Projecting Operating Results presented on Table 1 (the "Base Case") do not include any assumed cost impacts that would result from future CO_2 regulation. However, in order to demonstrate the potential impact of CO_2 costs on the Base Case, a sensitivity case was developed. It should be noted that other sensitivity cases could have been considered, including sensitivity analyses for other assumptions and considerations that pertain to the Base Case, and that the sensitivity case included herein is not intended to reflect the full range of possible changes.

A brief discussion of the principal assumptions utilized in the sensitivity analysis is presented below.

1. In preparing the sensitivity case, estimated CO_2 costs have been based on an analysis of the proposed American Power Act ("Kerry-Lieberman Bill"). The Kerry-Lieberman Bill is similar to the Waxman-Markey Bill and includes provisions for (i) renewable energy resource standards and energy efficiency standards and (ii) the regulation of CO_2 and other greenhouse gas emissions in a cap-and-trade system with declining free allowances to limit emissions to 4.75 percent below the 2005 level beginning 2013, 17 percent below the 2005 level beginning 2020, 42 percent below the 2005 level beginning 2030, and 83 percent below the 2005 level beginning 2050.

2. Based on our analysis of the Kerry-Lieberman Bill, CO_2 allowance costs are estimated to be $11/ton beginning in 2015 and increasing to $30/ton by 2025.

3. The Kerry-Lieberman Bill includes a provision to allocate CO_2 emission allowances to address cost impacts to consumers and businesses and to support clean energy technologies. Beginning in 2013 and annually through 2029, emission allowances are directed to compensate for increases in energy bills. This allowance value is provided through local distribution companies ("LDCs") for electricity and natural gas, and through states for home heating oil. The LDCs get the largest share of allowances in the early years after adjusting for distributions to reserves, merchant coal generators, and long-term contracts. New coal plants that begin operation on or after January 1, 2009 and before January 1, 2013 can be included in the calculation of allowance allocations. From 2013 until 2015, the LDCs get 51 percent of the overall climate program's credits for free. The amount decreases down to 35 percent from 2016 to 2025, 32 percent in 2026, 24 percent in 2022, 16.5 percent in 2028 and 8.5 percent in 2029. Merchant coal companies get up to 10 percent of the allowances for free and long-term contracts with no pass through would get up to 4.3 percent.

4. Based on the above, the estimated allocations of free allowances available to the AMP Project Participants allocable to the Project (as a percent of the estimated CO_2 emissions of the Project) that could be used to offset the cost of CO_2 emissions associated with the Project are projected to decline over time from approximately 80 percent in 2015 to 50 percent in 2025.

5. In addition, we have not assumed any response by the PSEC Owners to reduce CO_2 emissions from the PSEC by installing carbon capture equipment.

The results for the sensitivity cases indicate that the projected annual costs to the Participants of the Project over the study period 2012 through 2025 on average are estimated to be (i) higher by approximately $6/MWh under the sensitivity case compared to the Base Case results shown in $/MWh on line 43 of Table 1, and (ii) lower than the projected market prices in the MISO-East region where the PSEC is located.

There is considerable uncertainty with respect to the future regulation of CO_2 emissions and the emission allowance values and future costs that may result from such regulations. While we have used the CO_2 cost assumptions described above for the sensitivity case, R. W. Beck offers no assurances as to the reasonableness of these CO_2 cost estimates or the likelihood that the regulation of CO_2 emissions, if ultimately implemented, will resemble the regulation assumed under the Kerry-Lieberman Bill.

ANALYSIS OF PROJECT RISK

AMP will continue to address and monitor the potential internal, market and external risks associated with the PSEC. While some of the risks associated with the PSEC have been, or will be, addressed by AMP and PSGC, many risk elements will remain through the life of the PSEC. In order to manage the risks associated with the PSEC, AMP and PSGC plan to put in place proper risk management procedures and programs that will monitor and manage the risks of the PSEC and continually monitor and update such procedures and programs.

The highest risk associated with the PSEC appears to be the potential for future legislation aimed at reducing CO_2 and other emissions. PSGC has been monitoring and analyzing the potential impacts of CO_2 legislation on the PSEC and believes that the PSEC layout is such that adequate space for the retrofit of potential CO_2 capture technologies exists, and that the PSEC site is located in a region with potential opportunities for geologic sequestration. It will be important for AMP and the other PSEC Owners to continue to monitor the status of future legislation and control options, and to make technical and economic decisions at the appropriate times as to the best methods of compliance with such potential legislation.

AMP has conducted a range of sensitivity analyses to estimate the potential impact that future CO_2 legislation could have on the Project. However, due to the considerable uncertainty with respect to the future regulation of CO_2 emissions and the emission allowance values that may result, AMP is unable to determine the ultimate impacts of such potential legislation on the Project, the Participants, or the electric industry, but such impacts could be significant.

PARTICIPANT ANALYSIS

POWER SUPPLY RESOURCES

The Members of AMP receive their power supply from a mix of resources that include:

- wholesale power purchases through AMP and on the open market from investor-owned utilities and marketers;
- energy produced at AMP's 213 MW, coal-fired Richard H. Gorsuch Generating Station near Marietta, Ohio[9];
- individual Member-owned generation facilities; and
- municipal generation joint ventures such as the 42 MW Belleville Hydroelectric Project at the Belleville Locks and Dam on the Ohio River; the 7.2 MW AMP/Green Mountain Energy Wind Farm located near Bowling Green, Ohio and approximately 334 MW of distributed peaking generation (either owned by AMP or a municipal joint venture), using natural gas and diesel fuels, and strategically sited throughout Ohio.

In addition to PSEC, AMP is also developing additional power projects that are scheduled to be commercially available beginning in 2014. For additional information concerning these additional power projects, see the section in the Official Statement entitled "AMERICAN MUNICIPAL POWER, INC. – OTHER PROJECTS – COMBINED HYDROELECTRIC PROJECTS" AND "– GREENUP AND MELDAHL".

[9] The Gorsuch plant is scheduled to be retired in December 2010.

AMP is currently developing three other hydroelectric projects, the 88 MW Cannelton hydroelectric generating facility, the 76 MW Smithland hydroelectric generating facility and the 44 MW Willow Island hydroelectric generating facility (the "Hydro Projects"), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Seventy-nine AMP Members have entered into Power Sales Contracts for the purchase of the capacity and energy from the Hydro Projects. All three of these hydroelectric projects are projected to be commercially available by July 1, 2014.

Four of the Members in Michigan are members of the Michigan South Central Power Agency ("MSCPA"), which owns and operates a 50 MW (summer rating) power plant in Litchfield, Michigan on behalf of the MSCPA members. The members of MSCPA also own 76 MW of peaking units and hydro resources. Also, MSPCA purchases partial requirements service from AMP on behalf of the MSCPA members.

Three of the Members in Virginia are members of the Blue Ridge Power Agency. These three Members have purchased all requirements power from AMP since July 2006.

For additional information concerning the power supply resources of AMP and its Members, see the section in the Official Statement entitled "AMERICAN MUNICIPAL POWER".

POWER SUPPLY PLANS

Beginning in 2006, AMP has contracted with R. W. Beck to develop and update long-term power supply plans for its Members. R. W. Beck has prepared reports for each of the Members (that were Members at the time that the respective report was prepared) that included a 20-year load forecast, a 20-year optimal power supply plan and the key inputs and assumptions used to develop the plan. The first reports were provided to Members in February 2007, and updates were prepared in June 2009 and November 2009.

In developing the plan for each Member, a generation expansion plan was developed assuming that the Member could participate in "slices" of future AMP generating resources equal to 15 percent of the Member's projected peak demand in the final year of the study period (plus an allowance for 12 percent reserves). The generating resource options have included future generic base load coal, natural gas-fired combined cycle and peaking resources, the proposed AMPGS project[10], the PSEC Project, the Hydro Projects, and proposed future wind plants. The purchase power options have included a 5-year peak load 5x16[11] contract, a 10-year base load 7x24[12] contract, as well as spot market purchases. The generation expansion plan was developed by considering shares (in terms of slices) of each of these options. The optimal power supply plan was developed by selecting the optimal power supply strategy (amount and timing of resource additions) that minimized the total net present value of power supply costs and risks over a 20-year projected period.

For the initial power supply plans provided in February 2007 for 119 AMP Members, the AMPGS project was included as an option for those Members that were participating in the development phase of the AMPGS project. The PSEC Project and the Hydro Projects were included as an option for all Members. The initial power supply plan developed for each Member was intended to give that Member an

[10] AMPGS refers to the American Municipal Power Generating Station, which AMP originally proposed to develop as a two-unit, 960 MW coal-fired generating station to be located in Meigs County, Ohio.

[11] Power is delivered five days per week for 16 hours per day.

[12] Power is delivered seven days per week for 24 hours per day.

indication of the optimal amount, timing, and type of power supply resources needed over the 20-year study period 2008-2027.

Additionally, R. W. Beck was engaged by AMP to prepare an Initial Project Feasibility Study for the PSEC. This study was completed in August 2007 and provided to all Members that had indicated an interest in potential participation in the PSEC.

The Members subsequently made their determination whether to participate in the Project, as well as the desired level of participation, based on the studies and analyses regarding the Member's generation expansion plan and the Initial Project Feasibility Study, as well as certain other factors and information that individual Members may have considered. As previously discussed, 68 of the Members elected to become Participants and have entered into the Power Sales Contract with AMP for the Project.

In June 2009, R. W. Beck was engaged by AMP to prepare a 20-year power supply plan ("June 2009 Power Supply Plan") for 126 AMP Members. The June 2009 Power Supply Plan for each Member consisted of a "Base Case", which included the existing generating resources that each Member owns, existing generating resources that AMP owns and operates on behalf of the Members, and the future generating resources that each Member has under contract with AMP. The future resources included AMPGS, PSEC, and the Hydro Project. The "Optimal Resource Plan" indicated the generating resource additions each Member should consider making during the 2012-2031 period to minimize expected power supply costs. In addition to the Optimal Resource Plan, the June 2009 Power Supply Plan for each Member included an alternative scenario plan that considered the impacts of implementing the AMP Energy Efficiency programs on each Member's resource decisions. The plans also took into consideration the Renewable Portfolio Standards (RPS) that had been adopted at the state level.

The results of the June 2009 Power Supply Plan indicated that there is a need for additional intermediate and peaking type generating resources. The Optimal Resource Plan (with the AMP Energy Efficiency programs) reflected an aggregate of 285 MW of additional hydro capacity (consisting of the 70 MW Greenup Project, 105 MW Meldahl Project, and 110 MW of other future hydro capacity), 697 MW of combustion turbine capacity and 1,007 MW of combined cycle capacity to be installed by 2020.

In November 2009, R.W. Beck was engaged by AMP to update the June 2009 plans to reflect a substantial increase in the capital cost estimate of AMPGS and to consider alternative portfolios including a portfolio with and without AMPGS. The lowest cost resource plan reflected the cancellation of AMPGS and included the recovery of the sunk costs of AMPGS with the additional resource options to include the Greenup Project, Meldahl Project, combined cycle projects, combustion turbine projects and the two fixed-price purchased power contracts. After consideration of the results of the update and other information provided by the AMP staff, the AMPGS Participants Committee voted to cancel the development of AMPGS as a coal-fired facility.

BENEFICIAL USE ANALYSIS

In accordance with the Power Sales Contract, we prepared an analysis to determine if each Participant could beneficially utilize its PSCR Share of the Project. This analysis was based on each Participant's expected PSCR Share at the time the Initial Feasibility Study was prepared in August 2007 when AMP's expected ownership interest in the PSEC was 18.96 percent or approximately 300 MW. The PSCR Shares were subsequently modified and differ from those assumed at the time that the beneficial use analysis was prepared.

In August 2007, we prepared three types of analyses to determine if each Participant could beneficially utilize its share of the Project. The three analyses included:

- a comparison of its PSCR Share as a percent of peak demand for selected years,
- an analysis of potential surplus energy including identifying surplus energy sales from PSEC and incremental surplus energy sales from existing Participant resources as a result of adding its PSCR Share, and
- an analysis of each Participant's projected power costs and risks, with and without its PSCR Share.

We have updated the first type of analysis (a comparison of PSCR Share as a percent of peak demand for selected years) for each of the 68 Participants.

Power plants, such as PSEC, that are designed to generate energy at its maximum capability when available are considered "base-load" plants because these plants are expected to be available to meet base (or minimum) load requirements. Therefore, in developing a power supply plan a utility will generally plan for enough capacity from base load plants or contracts at least equal to its projected minimum load. Most utilities plan for around 50-55 percent of their projected peak demand to be supplied from base-load type generation. If a utility has more base-load generation than its hourly load requirements, it must reduce the output of the base load plant or sell the surplus energy in a given hour. Because all the Participants are in regions where surplus energy can readily be sold, this planning criterion is less critical.

AMP's PSEC Project capacity is approximately 17.2 percent of the Participants' aggregate peak demand in 2015. In aggregate, the Participants can beneficially use the Project capacity to meet their base load requirements. The attached Table 2 compares the Participants' 2009, 2015 and 2025 peak demands with their respective shares in the Project. As shown in Table 2, there is no Participant with a PSCR Share greater than 50 percent of its projected peak demand in the years 2009, 2015, and 2025. Based on this criterion, each of the Participants can beneficially use the PSEC capacity to meet its base load requirements.

This analysis summarized in Table 2 does not take into account the other base-load resources that are currently available or may be available by 2015 to the Participants. Several of the Participants are also participating in AMP's Hydro Projects, the Greenup Project and the Meldahl Project.

PRINCIPAL CONSIDERATIONS AND ASSUMPTIONS

In the preparation of this Report and the conclusions that follow, we have made certain assumptions with respect to conditions that may occur in the future. While we believe these assumptions are reasonable for the purpose of this Report, they are dependent upon future events and actual conditions may differ from those assumed herein. In addition, we have used and relied upon certain information and assumptions provided to us by others, but have not independently verified the information and offer no assurances with respect thereto. We believe the use of such information and assumptions is reasonable for the purposes of this Report. However, some assumptions will invariably not materialize due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those forecasted to the extent that actual future conditions differ from those assumed by us or from information or assumptions provided to us by others.

The principal considerations and assumptions made by us and the principal information and assumptions provided to us by others include the following:

1. The projections of demand and energy requirements for the period 2010 through 2025 for the 68 Prairie State Participants were based on load forecasts prepared in July 2010. In aggregate, the Participants' demand and energy requirements are projected to increase at a compound average annual growth rate of 1.3 percent, over the period 2009 through 2025. The methodology, data sources, and major assumptions relied on to develop the load forecasts are provided below.
    a) The load forecast for each Participant is based primarily on a multiple regression model that relates energy and demand requirements to some combination of population, per capital income, gross regional product, and/or employment for the counties surrounding the Participants and weather conditions in the vicinity of the Participant.
    b) Adjustments to results for certain Participants were made based on AMP's knowledge of local factors affecting such Participants' future peak demand and energy requirements.
    c) Projected economic data were provided by Woods and Poole Economics, Inc., a widely used source for such projections in the electric utility industry.
    d) Normal weather conditions are assumed to prevail throughout the forecast period.
    e) The future influence on energy requirements of the economic, demographic, and weather variables, on which the regression models are based, is assumed to be similar to the influence of such factors estimated over the recent historical period.
    f) The recent historical averages of relationships between energy requirements and peak demand are assumed to represent reasonable approximations of the future values of such load relationships.
    g) The forecast results do not reflect any additional demand-side management, conservation, or energy efficiency programs that may be undertaken in the future by the Participants or by AMP on behalf of the Participants.
    h) It was assumed that any changes in the current regulatory or competitive environment would not materially affect the forecast of demand and energy requirements for the Participants through 2025.

2. General inflation was based on the consensus projections prepared by Blue Chip Economic Indicators in March 2010. The Blue Chip forecast reflects the impacts of the economic recession in 2008 and 2009 and a projected long-term average rate of inflation of 2.4 percent annually over the period 2010 through 2025.

3. Operating characteristics and costs of the PSEC were assumed to be as follows:
    a) The Generating Facility will consist of two, coal-fired generating units with a nominal rating of 791 MW for each unit, totaling 1,582 MW for the plant. This rating reflects its contractual capacity. The approximate net summer rating of the PSEC is projected to be 1,584 MW, which includes an allowance for degradation.
    b) For the purpose of the Projected Operating Results, we assumed that the first unit of the PSEC would be substantially completed and ready for continuous energy production by January 1, 2012, and the second by August 1, 2012, based on the first full months

following the guaranteed dates contained in the Restated EPC Contract, which are December 6, 2011, and August 1, 2012, respectively.

c) The net plant heat rate will be 9,390 Btu/kWh, based on estimates provided by PSGC and including an allowance for degradation over time.

d) A four percent forced outage rate and one month scheduled maintenance period was assumed for each unit of the Generating Facility each year, resulting in an overall average annual availability factor for the PSEC of 88 percent. The PSEC will be fully dispatched into the MISO marketplace each year at an average annual capacity factor of approximately 85 percent.

e) The projected output of the PSEC was based on a computer simulation of the generating units as they would operate in MISO. It was assumed that PSGC will fully dispatch and utilize the PSEC in the MISO market and would purchase energy from the market to provide replacement power when the PSEC is not available. The average annual capacity factor resulting from such simulations was approximately 85 percent. The estimated annual energy output based on a capacity rating of 1,584 MW is projected to average approximately 11,794 GWh per year. AMP's 23.26 percent entitlement of the estimated annual energy is 2,743 GWh per year.

f) The projections of coal mining costs were based on information provided by PSGC, were based on 2010 updates to the original Mine plan, developed in February 2008, and assume $14.76 per ton in 2010, escalated by inflation thereafter.

g) Non-fuel operation and maintenance costs for the PSEC were estimated by PSGC.

4. Construction characteristics of the PSEC were assumed to be as follows:

a) The PSEC will be designed and constructed in accordance with the terms and conditions and technical specifications of the TPEPC and Restated EPC Contract.

b) All licenses, consents and approvals, consent modifications that have not or cannot be obtained until the PSEC is complete and in full operation, and other less significant licenses, consents, and approvals that must be secured during the PSEC construction and after the date of this Report, will be obtained in a timely manner.

c) PSGC will employ experienced and properly trained operations and maintenance staff in adequate number for the Generating Facility and Mine and will align the management and daily operations of the PSEC with the economic objectives of the PSEC Owners.

d) The PSEC will be capable of operation as a reliable and economical source of power and energy provided that (i) no technical, legal or regulatory changes have a substantially adverse impact on its operation, (ii) the Generating Facility is at all times maintained, preserved, reconstructed and kept in good repair, working order and condition, and (iii) all necessary repairs, replacements and renewals are made in a timely manner.

e) The Mine will be developed and operated, as projected by PSGC, according to the Mine plan approved by the PSEC Owners in July 2007 as updated and approved by the PSEC Management Committee in February 2010.

f) No material changes will be made to the key Project Agreements or the Restated EPC Contract from their current terms and conditions.

5. The total projected construction cost for AMP's 23.26 percent ownership share of the PSEC was estimated to be approximately $1,175.8 million, based on the budget approved by the Management Committee in September 2010. In addition, the projected bond requirements include additional contingency allowances for (i) potential EPC Contract bonuses for performance, output and schedule not included in the EPC budget; (ii) additional costs associated with possible delays in Commercial Operation for interest payments and Project overhead and operations cost increases; (iii) increases in capital improvements over the first five full years of operation; and (iv) potential change orders equal to approximately 7.5 percent of AMP's share of the estimated remaining construction costs of the Project.

6. All costs associated with the Project prior to the in-service dates of the two generating units would be funded through a combination of short-term borrowing instruments and bonds issued by AMP beginning in 2008 and that AMP would capitalize interest such debt obligations bonds to six months beyond the then scheduled in-service dates of Units 1 and 2, respectively. The projected financing requirements for the Project reflect AMP's Plan of Finance. In June 2008, AMP issued the Series 2008A Bonds in the principal amount of $760,655,000. In March 2009, AMP issued the Series 2009A Bonds in the principal amount of $166,565,000. In October 2009, AMP issued the 2009B Bonds in the principal amount of $83,745,000 and the 2009C Bonds in the principal amount of $385,835,000. Interest has been capitalized on all prior series of bonds allocable to Unit 1 to February 1, 2012 and allocable to Unit 2 to November 1, 2012. The proceeds of the Series 2010 Bonds will be used to (i) finance capital expenditures, costs and expenses associated with the AMP's share of the PSEC; (ii) fund capitalized interest on the Series 2010 Bonds for six months beyond the assumed completion dates of Units 1 and 2 of the PSEC, which are December 2011 and August 2012, respectively; (iii) fund a deposit to the Debt Service Reserve Account; and (iv) pay the cost of issuance of the Series 2010 Bonds. A portion of the proceeds of the Series 2009B Taxable Bonds will be used to pay the portion of the capitalized interest on the Series 2010 Bonds allocable to the six month periods following the assumed completion dates of Units 1 and 2 of the PSEC.

7. The projections of various elements of the Projected Operating Results set forth herein were based on the following interest earnings and interest expense rate assumptions and are consistent with AMP's Plan of Finance:

   a) Interest earnings rates on monies in the Revenue Subfund, General Subfund, the Reserve and Contingency Subfund, Debt Service Account, Capitalized Interest Account and Construction Account at an average annual interest rate of 1.0 percent.

   b) Interest earnings rates on monies in the Debt Service Reserve Accounts at an average annual interest rate of 4.0 percent.

   c) Actual interest rates on the Series 2008A Bonds, Series 2009A Bonds, Series 2009B Taxable Bonds, and Series 2009C Taxable Bonds (BABs).

8. The principal installments and debt service schedules for each series of projected bonds included in AMP's Plan of Finance were based upon the assumptions that:

   a) A total of approximately $1,696.8 million of permanent debt would be required and issued over the period 2008 through 2010 to fund the total estimated cost of construction of the Project including the amounts required to fund capitalized interest, reserves and issuance expenses.

b) Principal installments would begin in 2013 and debt service payments (principal and interest) would be based on level debt service over the 35-year period 2013 through 2047.

9. Emission rates for the PSEC were based on information provided by PSGC, based on permit levels.

10. Environmental assumptions for the PSEC regarding emission allowance costs were developed based upon information and third party studies currently available. Projections of allowance costs for SO_2 and NO_X are based on EPA estimates and R. W. Beck's proprietary model that projects the marginal cost of pollutant reductions to comply with the current environmental regulations. The actual price of allowances in the future will be market dependent and could be lower or higher than the cost estimates assumed herein.

11. The Projecting Operating Results presented on Table 1 do not include any assumed cost impacts that would result from future CO_2 regulation. Under the Sensitivity Case, CO_2 emissions costs were generally based on an analysis of the Kerry-Lieberman Bill. While we have used these CO_2 values for this sensitivity case, R. W. Beck and AMP are not endorsing these values since there is considerable uncertainty with respect to the future regulation of CO_2 emissions and the emission allowance values that may result from such regulation.

12. PSGC will take necessary actions to interconnect the PSEC with MISO and AMP will take necessary actions to obtain firm point-to-point transmission service under the MISO OATT to deliver a portion of the output of the PSEC to the PJM/MISO border for those Participants that are located within PJM.

13. Transmission costs in the Postage Stamp Rate include the projected cost of MISO congestion costs, marginal losses costs, RTO administrative fees, and ancillary service charges incurred to deliver PSEC power to the delivery point (PJM/MISO border) and were estimated at $2.50/MWh. Under the current seams arrangement, firm point-to-point transmission charges are discounted to zero. Since FERC has not yet approved MISO's proposed changes to its seams arrangement, MISO's proposed MVP charge has not been included in the Projected Operating Results included in this Report.

14. The Participants, or AMP on their behalf, will take the necessary actions to modify their transmission service to designate the PSEC as a new Network Resource either in PJM or in MISO, depending on their location and AMP's plans for transmission delivery.

15. PSGC will successfully secure all contracts, permits, agreements, or other arrangements necessary to develop, construct, and operate the PSEC.

16. The Participant PSCR Shares of the Project as set forth in Appendix A of the Official Statement will remain unchanged.

17. PSGC will develop and construct an additional CCW disposal site in the future that would be capable of disposing of all CCW generated by the Generating Facility for the 30-year operating period not provided for by disposal at the Jordan Grove Mine site at the annual disposal costs assumed.

18. PSGC will receive the necessary approvals to operate the Mine under the original Mine Plan as submitted to the MSHA in 2007 and updated and approved by the PSEC Owners in February 2010.

19. AMP will receive Federal Subsidy payments from the United States Treasury on or about each interest payment date equal to 35 percent of the interest payable on the Series 2009C Taxable Bonds (BABs) and on the Series 2010 Bonds.

The power cost projections herein have been prepared based on the assumption that all contracts, agreements, statutes, rules and regulations (hereinafter described as "contractual and legal requirements") that have been relied upon by R. W. Beck in preparing these projections will be fully enforceable in accordance with their terms and conditions. We make no representations or warranties, and provide no opinion, concerning the enforceability or legal interpretation of such contractual and legal requirements.

The power costs set forth in this Report have been projected assuming no significant changes in the electric utility industry through the year 2025. Due to uncertainties caused by variable factors, including factors that influence the cost of all energy sources, we can give no assurance as to the reasonableness of the rates of escalation with respect to fuel costs and operating costs. Additionally, changes in costs, technology, legislation and regulation could affect the considerations and assumptions. In particular, future fuel cost and environmental factors could affect the assumptions set forth herein. In summary, any changes in costs, technology, legislation and regulation could affect the considerations and assumptions, which could impact the results of the projected power costs. For discussions of regulation, competition and other factors affecting the electric utility industry, see the section in this Report entitled "Factors Affecting the Electric Industry" and see the section in the Official Statement entitled "CERTAIN FACTORS AFFECTING AMP, THE PARTICIPANTS AND THE ELECTRIC INDUSTRY".

CONCLUSIONS

Based upon the foregoing principal considerations and assumptions and upon the studies and analyses as summarized or discussed in this Report, which Report should be read in its entirety in conjunction with the following, we are of the opinion that:

1. PSGC has identified and obtained the key permits and approvals required from various federal, state, and local agencies necessary to construct and operate the PSEC. Certain other permits and approvals that will be required have not yet been obtained or have expired or will expire and will require renewal. We did not identify any technical or engineering circumstance that would prevent the issuance or renewal of such other permits and approvals. In addition, the Generating Facility should be capable of ultimately complying with the emissions limits and other conditions set forth in the key permits and approvals that we reviewed.

2. The costs assumed herein at this stage of its development are reasonable for the PSEC's construction and operation, provided proper management of the Restated EPC Contract and other construction activities is undertaken by Bechtel on behalf of the PSEC Owners and provided that PSGC employs experienced and properly trained operations and maintenance staff in adequate number for the Generating Facility and the Mine.

3. Barring unforeseen circumstances relative to the accessibility of the coal reserves dedicated to the PSEC or future disruptions to the coal mining operations of the PSEC, sufficient coal will be available from the dedicated coal reserves of a quality and type that is compatible for use in the Generating Facility to allow for its full expected operation for a period of approximately 30 years.

4. The cost of extracting coal from the Mine, as projected by PSGC, is consistent with the final Mine plan approved by the PSEC Owners in July 2007 and updated and approved by the PSEC Owners in February 2010, based on independent reviews by Skelly and Loy in August 2007 and April 2008.
5. The operating characteristics of the PSEC will be similar to those of other base load super-critical coal-fired generating units equipped with BACT pollution control technology (as determined by the Illinois EPA) which are being proposed or are in operation, and the PSEC is capable of being developed by PSGC and constructed by Bechtel according to its development and construction schedules.
6. Provided the Generating Facility and Mine are designed, constructed and maintained as proposed by PSGC, and required renewals and replacements are made to each on a timely basis, the PSEC's Generating Facility should have a useful operating life of at least 40 years.
7. Upon completion of the transmission upgrades required to interconnect the PSEC to the MISO system, the entire expected output of the PSEC can be delivered into the MISO marketplace.
8. The portion of the output of the PSEC applicable to the PJM Participants can be delivered to the MISO/PJM border upon completion of any additional required transmission system upgrades beyond those required for deliverability of PSEC into the MISO marketplace. If additional transmission system upgrades are required for firm point-to-point transmission service to the MISO/PJM border, the projected Postage Stamp Rate may increase.
9. Relative to the projected market prices in the MISO-East region where the PSEC will be located, the Project represents a reasonable cost long-term base-load power supply option for the Participants.
10. The amounts of capacity and energy from the Project, after giving effect to the sale of a portion of the Project output in the short-term energy market, can be beneficially utilized by the Participants in serving their respective long-range base-load power and energy requirements.

We have reviewed the Official Statement to which this Report is appended and, in our opinion, the information presented therein which is taken from our Report or which otherwise is attributed to us is accurately presented.

Respectfully submitted,

/s/ R.W. Beck, Inc.

AMP
Prairie State Energy Campus Project
Projected Operating Results - Base Case - No CO_2 Emission Costs

	Description		2012	2013	2014	2015	2016	2017	2018
	REVENUES:								
1	Participant Revenues [1]	$000	$113,054	$170,128	$167,964	$166,154	$167,909	$169,497	$173,538
2	Interest Earnings [2]	$000	281	4,932	4,968	4,971	4,979	4,972	4,953
3	Short-term (Market) Sales [3]	$000	2,005	2,908	2,994	2,830	2,873	2,942	3,020
4	Transfers from R&C Fund [4]	$000	0	6,283	11,149	11,261	11,270	11,275	8,947
5	Other Revenues [5]	$000	6,216	14,197	14,578	14,578	14,578	14,578	14,578
6	*Total Revenues [6]*	$000	$121,556	$198,448	$201,653	$199,795	$201,609	$203,264	$205,035
	OPERATING EXPENSES [7]:								
	Fixed Operating Costs:								
7	Fixed O&M	$000	$10,864	$15,705	$16,082	$16,468	$16,863	$17,268	$17,682
8	Insurance & Property Taxes [8]	$000	1,883	2,658	2,658	2,658	2,658	2,658	2,658
9	Transmission Costs [9]	$000	4,991	7,046	7,047	7,047	7,042	7,042	7,043
10	AMP A&G Costs [8]	$000	220	225	230	236	242	247	253
11	Bank and Trustee Fees [8]	$000	122	125	128	131	134	137	141
12	*Fixed Operating Costs*	$000	$18,080	$25,759	$26,146	$26,540	$26,940	$27,353	$27,778
	Variable Operating Costs:								
13	Coal Mining Costs	$000	$16,148	$23,342	$23,907	$24,480	$25,051	$25,650	$26,270
14	SO_2 Emissions Costs	$000	728	1,248	1,406	1,503	1,591	1,676	1,716
15	NO_x Emissions Costs	$000	166	241	249	257	264	272	279
16	CO_2 Emissions Costs	$000	0	0	0	0	0	0	0
17	Variable O&M	$000	12,779	18,473	18,919	15,817	16,186	16,573	16,974
18	*Variable Operating Costs*	$000	$29,822	$43,304	$44,481	$42,057	$43,092	$44,172	$45,239
19	**Replacement Capacity & Energy Purchases [10]**	$000	4,322	6,434	6,830	6,915	7,228	7,409	7,631
20	*Total Operating Expenses*	$000	$52,223	$75,497	$77,457	$75,511	$77,260	$78,933	$80,647
21	Net Revenues [11]	$000	$69,333	$122,950	$124,196	$124,284	$124,349	$124,331	$124,388
22	Deposit to Working Capital Reserve Account [12]	$000	$218	$315	$323	$315	$322	$329	$336
	DEBT SERVICE: [13]								
23	Principal	$000	$17,436	$20,562	$21,393	$22,328	$23,400	$24,495	$25,657
24	Interest [14]	$000	45,396	90,925	91,219	90,371	89,352	88,234	87,118
25	*Total Debt Service Requirement*	$000	$62,832	$111,487	$112,612	$112,699	$112,752	$112,729	$112,775
	RESERVE AND CONTINGENCY SUBFUND (Deposits to R&C Accounts):								
26	Renewal and Replacement Account [15]	$000	6,283	11,149	11,261	11,270	11,275	11,273	11,277
27	*Total R&C Fund*	$000	$6,283	$11,149	$11,261	$11,270	$11,275	$11,273	$11,277
28	Amounts Available from R&C Subfund to Transfer to General Subfund [16]	$000	$6,283	$11,149	$11,261	$11,270	$11,275	$8,947	$8,896
29	**Total Revenue Requirements [17]**	$000	$121,556	$198,448	$201,653	$199,795	$201,609	$203,264	$205,035
	AVERAGE PROJECT COSTS:								
30	Net Costs to Participants [18]	$000	$113,054	$170,128	$167,964	$166,154	$167,909	$169,497	$173,538
31	- Net Fixed Costs	$000	$83,233	$126,823	$123,483	$124,098	$124,817	$125,325	$128,299
32	- Net Variable Costs (Excludes Coal Mining)	$000	$13,673	$19,962	$20,575	$17,577	$18,041	$18,521	$18,969
33	- Coal Mining Costs	$000	$16,148	$23,342	$23,907	$24,480	$25,051	$25,650	$26,270
34	Net Capacity	MW	261.0	368.4	368.4	368.4	368.4	368.4	368.4
35	Gross Energy	GWh	1,996.5	2,818.3	2,818.8	2,818.7	2,816.9	2,816.7	2,817.1
36	Plus: Replacement Energy Purchases [19]	GWh	81.0	114.3	114.3	114.3	114.3	114.3	114.3
37	Less: Project Surplus Energy Sales [20]	GWh	(134.2)	(189.2)	(189.7)	(189.7)	(187.8)	(187.6)	(188.0)
38	Net Energy	GWh	1,943.2	2,743.4	2,743.4	2,743.4	2,743.4	2,743.4	2,743.4
39	Capacity Factor	%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
40	*Net Fixed Costs*	*$/KW-mo*	26.58	28.68	27.93	28.07	28.23	28.35	29.02
41	*Net Variable Costs (Excludes Coal Mining)*	*$/MWh*	7.04	7.28	7.50	6.41	6.58	6.75	6.91
42	*Coal Mining Costs*	*$/MWh*	8.09	8.28	8.48	8.68	8.89	9.11	9.33
43	*Average Costs to Participants [21]*	*$/MWh*	58.18	62.01	61.22	60.57	61.20	61.78	63.26

AMP
Prairie State Energy Campus Project
Projected Operating Results - Base Case - No CO_2 Emission Costs

	Description		2019	2020	2021	2022	2023	2024	2025
	REVENUES:								
1	Participant Revenues [1]	$000	$175,331	$176,932	$178,843	$180,673	$182,613	$184,537	$186,567
2	Interest Earnings [2]	$000	4,957	4,962	4,968	4,973	4,978	4,984	4,990
3	Short-term (Market) Sales [3]	$000	3,052	3,089	3,228	3,233	3,346	3,395	3,383
4	Transfers from R&C Fund [4]	$000	8,896	8,846	8,794	8,737	8,679	8,620	8,564
5	Other Revenues [5]	$000	14,578	14,578	14,578	14,578	14,578	14,578	14,578
6	*Total Revenues [6]*	$000	$206,814	$208,408	$210,411	$212,194	$214,194	$216,114	$218,081
	OPERATING EXPENSES [7]:								
	Fixed Operating Costs:								
7	Fixed O&M	$000	$18,107	$18,541	$18,986	$19,442	$19,909	$20,386	$20,876
8	Insurance & Property Taxes [8]	$000	2,658	2,658	2,658	2,658	2,658	2,658	2,658
9	Transmission Costs [9]	$000	7,037	7,031	7,041	7,030	7,035	7,031	7,019
10	AMP A&G Costs [8]	$000	259	266	272	279	285	292	299
11	Bank and Trustee Fees [8]	$000	144	148	151	155	158	162	166
12	*Fixed Operating Costs*	$000	$28,205	$28,644	$29,109	$29,564	$30,046	$30,530	$31,018
	Variable Operating Costs:								
13	Coal Mining Costs	$000	$26,877	$27,501	$28,199	$28,833	$29,546	$30,237	$30,908
14	SO_2 Emissions Costs	$000	1,756	1,797	1,842	1,884	1,931	1,976	2,020
15	NO_x Emissions Costs	$000	284	290	299	304	313	319	324
16	CO_2 Emissions Costs	$000	0	0	0	0	0	0	0
17	Variable O&M	$000	17,366	17,769	18,220	18,630	19,090	19,537	19,970
18	*Variable Operating Costs*	$000	$46,283	$47,357	$48,560	$49,652	$50,880	$52,069	$53,223
19	**Replacement Capacity & Energy Purchases [10]**	$000	7,849	7,847	8,148	8,341	8,575	8,728	9,003
20	*Total Operating Expenses*	$000	$82,338	$83,848	$85,817	$87,557	$89,502	$91,327	$93,244
21	Net Revenues [11]	$000	$124,476	$124,560	$124,594	$124,637	$124,692	$124,787	$124,838
22	Deposit to Working Capital Reserve Account [12]	$000	$343	$349	$358	$365	$373	$381	$389
	DEBT SERVICE: [13]								
23	Principal	$000	$26,922	$28,335	$29,827	$31,419	$33,066	$34,838	$36,703
24	Interest [14]	$000	85,926	84,584	83,115	81,556	79,951	78,259	76,432
25	*Total Debt Service Requirement*	$000	$112,848	$112,918	$112,942	$112,975	$113,017	$113,097	$113,136
	RESERVE AND CONTINGENCY SUBFUND (Deposits to R&C Accounts):								
26	Renewal and Replacement Account [15]	$000	11,285	11,292	11,294	11,297	11,302	11,310	11,314
27	*Total R&C Fund*	$000	$11,285	$11,292	$11,294	$11,297	$11,302	$11,310	$11,314
28	Amounts Available from R&C Subfund to Transfer to General Subfund [16]	$000	$8,846	$8,794	$8,737	$8,679	$8,620	$8,564	$8,502
29	**Total Revenue Requirements [17]**	$000	$206,814	$208,408	$210,411	$212,194	$214,194	$216,114	$218,081
	AVERAGE PROJECT COSTS:								
30	Net Costs to Participants [18]	$000	$175,331	$176,932	$178,843	$180,673	$182,613	$184,537	$186,567
31	- Net Fixed Costs	$000	$129,047	$129,575	$130,283	$131,021	$131,732	$132,468	$133,344
32	- Net Variable Costs (Excludes Coal Mining)	$000	$19,406	$19,856	$20,361	$20,818	$21,334	$21,832	$22,315
33	- Coal Mining Costs	$000	$26,877	$27,501	$28,199	$28,833	$29,546	$30,237	$30,908
34	Net Capacity	MW	368.4	368.4	368.4	368.4	368.4	368.4	368.4
35	Gross Energy	GWh	2,814.7	2,812.5	2,816.3	2,812.2	2,814.2	2,812.5	2,807.5
36	Plus: Replacement Energy Purchases [19]	GWh	114.3	114.3	114.3	114.3	114.3	114.3	114.3
37	Less: Project Surplus Energy Sales [20]	GWh	(185.6)	(183.4)	(187.2)	(183.1)	(185.1)	(183.4)	(178.4)
38	Net Energy	GWh	2,743.4	2,743.4	2,743.4	2,743.4	2,743.4	2,743.4	2,743.4
39	Capacity Factor	%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
40	*Net Fixed Costs*	*$/KW-mo*	29.19	29.31	29.47	29.63	29.80	29.96	30.16
41	*Net Variable Costs (Excludes Coal Mining)*	*$/MWh*	7.07	7.24	7.42	7.59	7.78	7.96	8.13
42	*Coal Mining Costs*	*$/MWh*	9.55	9.78	10.01	10.25	10.50	10.75	11.01
43	*Average Costs to Participants [21]*	*$/MWh*	63.91	64.49	65.19	65.86	66.56	67.27	68.01

Footnotes:

[1] Participant Revenues are equal to Total Revenues (Line 6) less other revenues (Lines 2 - 5).

[2] Projected interest earnings on unexpended amounts in the General Subfund, R&C Subfund, and Debt Service Subfund, based on interest earnings rate of 1.0%, and projected interest earnings on unexpended amounts in a debt service reserve based on interest earnings rate of 4.0%.

[3] Estimated short-term market sales of energy from the Project which are expected to be in excess to the energy required under the Power Sales Contract with the Participants.

[4] Estimated amounts available in the R&C Subfund remaining from the prior year after expenditures for renewals and replacements to the Project.

[5] Projected cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Series 2009C Taxable Bonds (BABs) and the Series 2010 Bonds.

[6] Equal to Total Revenue Requirements (Line 29).

[7] Unless otherwise noted, based on information provided by PSGC and AMP.

[8] Estimate based on information provided by AMP.

[9] Transmission costs include the projected cost of MISO congestion costs and marginal losses costs, RTO administrative fees, and ancillary service charges incurred to deliver PSEC power to the delivery point (PJM/MISO border) and were estimated at $2.50/MWh. Under the current seams arrangement, firm point-to-point transmission charges are discounted to zero. Since FERC has not yet approved MISO's proposed changes to its seams arrangement, MISO's proposed MVP charge has not been included in these Projected Operating Results.

[10] Estimated cost of replacement power purchased from the short-term energy market to replace Project power during scheduled and forced outages.

[11] Equal to Total Revenues (Line 6) less Total Operating Expenses (Line 20).

[12] Deposit to Working Capital Reserve Account equal to 5% of the total monthly Operating Expenses.

[13] Estimated debt service on bonds projected to be issued to finance the total cost of construction of the Project as reflected in AMP's Plan of Finance. Reflects level debt service payments over the 35-year period 2013 - 2047.

[14] Interest expense shown reflects the full interest payable on the Series 2009C Taxable Bonds (BABs) and the Series 2010 Bonds. The projected cash subsidy payment from the United States Treasury equal to 35% of the interest payable on these bonds is shown on Line 5.

[15] Deposit to Renewal & Replacement Account equal to the greater of 10% of debt service or the estimated renewals and replacements for such year.

[16] Amount available in the R&C Subfund estimated to be remaining at the end of the year after expenditures for renewals and replacments to the Project.

[17] Equal to the sum of Line 20, Line 22, Line 25, and Line 27.

[18] From Line 1.

[19] The quantity of replacement power purchased from the short-term energy market to replace Project power during scheduled and forced outages.

[20] The quantity of short-term market energy sales that are expected to be in excess of the energy required under the Power Sales Contract with the Participants.

[21] Average Costs to Participants equal Line 1 / Line 38.

AMP
Prairie State Energy Campus Project
Participant Peak Demand and Project Share Amounts in Megawatts

Participant [1]	2009 Peak Demand (MW)	2015 Peak Demand (MW)	2025 Peak Demand (MW)	Shares of Prairie State Project (MW)	(as % of 2009 Peak Demand)	(as % of 2015 Peak Demand)	(as % of 2025 Peak Demand)
1 Amherst	26.367	31.224	38.009	4.976	18.9%	15.9%	13.1%
2 Arcadia	1.089	1.034	1.088	0.199	18.3%	19.3%	18.3%
3 Arcanum	5.198	4.782	4.953	1.194	23.0%	25.0%	24.1%
4 Beach City	3.097	3.162	3.700	0.398	12.9%	12.6%	10.8%
5 Bedford, Va [2]	54.760	54.885	59.412	7.862	14.4%	14.3%	13.2%
6 Bloomdale	1.330	1.351	1.617	0.199	15.0%	14.7%	12.3%
7 Bowling Green	99.115	103.857	135.021	35.000	35.3%	33.7%	25.9%
8 Bradner	1.469	1.488	1.741	0.199	13.5%	13.4%	11.4%
9 Bryan	42.709	46.057	54.217	7.500	17.6%	16.3%	13.8%
10 Carey	14.029	13.592	14.589	1.990	14.2%	14.6%	13.6%
11 Celina	41.813	45.190	47.638	14.928	35.7%	33.0%	31.3%
12 Cleveland	289.600	323.707	378.475	24.880	8.6%	7.7%	6.6%
13 Clyde	35.941	38.295	47.186	2.986	8.3%	7.8%	6.3%
14 Coldwater, MI [3]	55.565	59.822	73.101	9.952	17.9%	16.6%	13.6%
15 Columbiana	15.485	17.795	21.858	4.379	28.3%	24.6%	20.0%
16 Cuyahoga Falls	99.377	118.891	152.341	9.952	10.0%	8.4%	6.5%
17 Danville, VA	217.570	235.858	267.189	49.760	22.9%	21.1%	18.6%
18 Deshler	4.403	4.109	4.109	0.746	16.9%	18.2%	18.2%
19 Dover	44.765	50.781	57.547	4.976	11.1%	9.8%	8.6%
20 Edgerton	5.870	5.915	6.371	0.995	17.0%	16.8%	15.6%
21 Eldorado	1.117	1.199	1.402	0.199	17.8%	16.6%	14.2%
22 Elmore	3.311	3.521	3.876	0.498	15.0%	14.1%	12.8%
23 Front Royal, VA [2]	39.845	47.147	53.904	5.971	15.0%	12.7%	11.1%
24 Galion	22.354	23.142	24.099	9.952	44.5%	43.0%	41.3%
25 Genoa	3.844	3.914	4.297	0.896	23.3%	22.9%	20.9%
26 Grafton	6.318	6.581	7.497	1.294	20.5%	19.7%	17.3%
27 Greenwich	3.673	3.859	4.613	0.498	13.6%	12.9%	10.8%
28 Hamilton	139.000	153.254	154.113	35.000	25.2%	22.8%	22.7%
29 Holiday City	3.957	3.502	4.022	0.995	25.1%	28.4%	24.7%
30 Hubbard	14.070	13.939	14.124	1.294	9.2%	9.3%	9.2%
31 Hudson	42.049	46.983	51.154	9.952	23.7%	21.2%	19.5%
32 Jackson	33.027	33.979	37.238	8.161	24.7%	24.0%	21.9%
33 Jackson Center	4.253	3.872	4.019	1.393	32.8%	36.0%	34.7%
34 Lakeview	2.552	2.761	3.148	0.796	31.2%	28.8%	25.3%
35 Marshall, MI [3]	23.082	23.382	24.571	1.990	8.6%	8.5%	8.1%
36 Martinsville, VA [2]	42.300	40.168	40.985	5.772	13.6%	14.4%	14.1%
37 Mendon	1.434	1.332	1.353	0.398	27.8%	29.9%	29.4%
38 Milan	2.347	2.473	2.592	0.995	42.4%	40.2%	38.4%
39 Minster	19.895	23.071	28.765	6.966	35.0%	30.2%	24.2%
40 Monroeville	9.790	9.472	9.472	0.995	10.2%	10.5%	10.5%
41 Montpelier	14.330	14.030	16.115	2.488	17.4%	17.7%	15.4%
42 Napoleon	30.421	31.339	34.453	4.976	16.4%	15.9%	14.4%
43 New Bremen	12.438	11.929	12.290	5.971	48.0%	50.1%	48.6%
44 New Knoxville	2.450	2.478	3.041	0.149	6.1%	6.0%	4.9%
45 New Martinsville, WV	8.491	9.910	10.932	0.995	11.7%	10.0%	9.1%
46 Newton Falls	10.075	9.647	9.997	1.990	19.8%	20.6%	19.9%
47 Niles	63.196	66.660	70.010	2.886	4.6%	4.3%	4.1%
48 Oak Harbor	5.593	5.626	5.954	0.995	17.8%	17.7%	16.7%
49 Ohio City	1.323	1.352	1.465	0.299	22.6%	22.1%	20.4%
50 Orrville	55.777	59.886	61.019	4.976	8.9%	8.3%	8.2%
51 Painesville	52.550	53.969	60.879	9.952	18.9%	18.4%	16.3%
52 Pemberville	3.750	2.981	3.298	0.498	13.3%	16.7%	15.1%
53 Pioneer	7.363	7.197	8.740	0.995	13.5%	13.8%	11.4%
54 Piqua	60.000	66.189	74.281	19.904	33.2%	30.1%	26.8%
55 Plymouth	2.754	2.992	3.293	0.498	18.1%	16.6%	15.1%
56 Prospect	2.121	2.199	2.329	0.100	4.7%	4.5%	4.3%
57 Republic	0.681	0.743	0.849	0.199	29.2%	26.8%	23.4%
58 Richlands, VA [2]	21.500	20.190	21.062	2.588	12.0%	12.8%	12.3%
59 Shelby	23.698	24.259	26.492	3.981	16.8%	16.4%	15.0%
60 Shiloh	1.143	1.092	1.197	0.398	34.8%	36.4%	33.3%

AMP
Prairie State Energy Campus Project
Participant Peak Demand and Project Share Amounts in Megawatts

	Participant [1]	2009 Peak Demand (MW)	2015 Peak Demand (MW)	2025 Peak Demand (MW)	Shares of Prairie State Project (MW)	Shares of Prairie State Project (as % of 2009 Peak Demand)	Shares of Prairie State Project (as % of 2015 Peak Demand)	Shares of Prairie State Project (as % of 2025 Peak Demand)
61	St. Marys	36.828	39.335	43.817	3.881	10.5%	9.9%	8.9%
62	Sycamore	1.457	1.422	1.565	0.299	20.5%	21.0%	19.1%
63	Tipp City	29.354	29.993	34.278	9.952	33.9%	33.2%	29.0%
64	Versailles	13.813	14.501	17.761	3.981	28.8%	27.5%	22.4%
65	Wapakoneta	31.847	34.259	38.591	2.986	9.4%	8.7%	7.7%
66	Waynesfield	2.272	2.202	3.022	0.498	21.9%	22.6%	16.5%
67	Wellington	13.570	14.410	17.710	3.981	29.3%	27.6%	22.5%
68	Woodville	3.160	3.397	3.828	0.498	15.8%	14.7%	13.0%
69	Total Prairie State	1,989.729	2,143.536	2,433.674	368.000	18.5%	17.2%	15.1%

[1] Members are Ohio municipalities, except as otherwise noted.
[2] Members of Blue Ridge Power Agency that are also Members of AMP.
[3] Members of Michigan South Central Power Agency that are also Members of AMP.

APPENDIX H

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Agreement (this "Disclosure Agreement"), is executed and delivered as of _________ __, 2010 by American Municipal Power, Inc. ("AMP") in connection with the issuance of AMP Prairie State Energy Campus Project Revenue Bonds, Series 2010 (Federally Taxable – Issuer Subsidy – Build America Bonds) (the "Series 2010 Bonds"). The Series 2010 Bonds are being issued pursuant to a Master Trust Indenture, dated as of November 1, 2007 (as heretofore supplemented, the "Master Trust Indenture"), as supplemented by the Fifth Supplemental Indenture, dated as of September 1, 2010, each between AMP and U.S. Bank National Association, Cincinnati, Ohio, as trustee (the "Trustee"), in each such case, in substantially the form thereof heretofore provided to the Participating Underwriters. The Master Trust Indenture, as so supplemented, is herein called the "Indenture". AMP covenants and agrees as follows:

1. PURPOSE OF THE DISCLOSURE AGREEMENT. This Disclosure Agreement is being executed and delivered by AMP for the benefit of the holders of the Series 2010 Bonds and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). AMP acknowledges that it is undertaking responsibility for any reports, notices or disclosures that may be required under this Agreement. AMP and its officials and its employees shall have no liability by reason of any act taken or not taken by reason of this Disclosure Agreement except to the extent required for the agreements contained in this Disclosure Agreement to satisfy the requirements of the Rule.

2. DEFINITIONS. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by AMP pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean, for purposes of this Disclosure Agreement, any person who is a beneficial owner of a Series 2010 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.

"Fiscal Year" shall mean the twelve-month period at the end of which financial position and results of operations are determined. Currently, AMP's and each MOP's Fiscal Year begins January 1 and continues through December 31 of the same calendar year, with the exception of the City of Danville, Virginia, whose Fiscal Year begins July 1 and ends June 30 of the following calendar year as specified in Section 4 hereof.

"Listed Events" shall mean, with respect to the Series 2010 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;

(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 or events affecting the tax-exempt status of the Series 2010 Bonds;

(7) modifications to rights of holders;

(8) bond calls;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Series 2010 Bonds;

(11) rating changes.

"MOP" shall mean an "obligated person" within the meaning of the Rule. Each of the cities of Danville, Virginia; Hamilton, Ohio; Bowling Green, Ohio; Cleveland, Ohio; Piqua, Ohio; and Celina, Ohio, is deemed a MOP.

"MSRB" means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

"Official Statement" shall mean the Official Statement dated September 22, 2010 relating to the Series 2010 Bonds.

"Participating Underwriter" shall mean each original Underwriter of the Series 2010 Bonds required to comply with the Rule in connection with the offering of such Series 2010 Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

3. PROVISION OF ANNUAL REPORTS.

3.1 AMP shall, or shall cause the Dissemination Agent to, provide to the MSRB via EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Such Annual Report shall be filed on a date (the "Filing Date") that is not later than November 30 of the succeeding Fiscal Year commencing with the report for the fiscal year ending December 31, 2010. Not later than ten (10) days prior to the Filing Date, AMP shall provide the Annual Report to the Dissemination Agent (if applicable). In such case, the Annual Report must be submitted in electronic format and accompanying information as prescribed by the MSRB and (i) may be submitted as a single document or as separate documents comprising a package, (ii) may include by specific reference other information as provided in Section 4 of this Disclosure Agreement, and (iii) shall include such financial statements as may be required by the Rule.

3.2 The annual financial statements of the MOPs shall be prepared on the basis of generally accepted accounting principles, will be copies of the audited annual financial statements and will be filed with the MSRB when they become publicly available. Such annual financial statements may be filed separately from the Annual Report.

3.3 If AMP or the Dissemination Agent (if applicable) fails to provide an Annual Report to the MSRB by the date required in subsection (a) hereto AMP or the Dissemination Agent, if applicable, shall send a notice to the MSRB in substantially the form attached hereto as Exhibit B.

4. CONTENT OF ANNUAL REPORTS. Except as otherwise agreed, any Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, (i) an updated table presenting the Participants and their allocation in the PSEC expressed in kilowatts and percentages as shown on page A-1 of the Official Statement, and (ii) with respect to the MOPs, annual statistical and financial information, including operating data as described in Exhibit A attached hereto. For purposes of the Annual Report, it is recognized that the fiscal year for the City of Danville, Virginia begins on July 1 and ends on June 30 of the following calendar year and, as such, annual statistical and financial information for such City will be as of the end of its fiscal year.

Any or all of such information may be included by specific reference from other documents, including offering memoranda of securities issues with respect to which AMP or a MOP is an "obligated person" (within the meaning of the Rule), which have been filed with the MSRB via EMMA or the Securities and Exchange Commission. If the document included by specific reference is a final Official Statement, it must be available from the MSRB via EMMA. AMP shall clearly identify each such other document so included by specific reference.

5. REPORTING OF LISTED EVENTS. AMP will provide in a timely manner to the MSRB via EMMA, if any, notice of any of the Listed Events, if material.

6. TERMINATION OF REPORTING OBLIGATION. AMP's obligations under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of all the Series 2010 Bonds.

7. DISSEMINATION AGENT. American Municipal Power, Inc. shall be the Dissemination Agent. AMP may, from time to time, appoint or engage another Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

8. AMENDMENT. Notwithstanding any other provision of this Disclosure Agreement, AMP may amend this Disclosure Agreement, if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws, to the effect that such amendment is not inconsistent with or is required by the Rule.

9. ADDITIONAL INFORMATION. Nothing in this Disclosure Agreement shall be deemed to prevent AMP from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If AMP chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, AMP shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

10. DEFAULT. Any Beneficial Owner may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause AMP to file its Annual Report or to give notice of a Listed Event. The Beneficial Owners of not less than a majority in aggregate principal amount of Series 2010 Bonds outstanding may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of AMP hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Indenture or the Series 2010 Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of AMP to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

It shall be a condition precedent to the right, power and standing of any person to bring an action to compel performance under this Disclosure Agreement that, such person, not less than 30 days prior to commencement of such action, shall have actually delivered to AMP notice of such person's intent to commence such action and the nature of the non-performance complained of, together with reasonable proof that such person is a person otherwise having such right, power and standing, and AMP shall not have cured the non-performance complained of.

Neither the commencement nor the successful completion of an action to compel performance under this Disclosure Agreement shall entitle any person to any other relief other than an order or injunction compelling performance.

11. BENEFICIARIES. This Disclosure Agreement shall inure solely to the benefit of the Participating Underwriter and Beneficial Owners from time to time of the Series 2010 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 B to the Official Statement.

(b) The audited financial statements for the electric system or, if separate financial statements are not prepared and audited for the electric system, then the audited general purpose financial statements of the MOP. The basis of presentation of such financial statements shall be generally accepted accounting principles or such other manner of presentation as may be required by law.

EXHIBIT B

NOTICE OF FAILURE TO FILE ANNUAL REPORT

RE: American Municipal Power, Inc. Prairie State Energy Campus Project Revenue Bonds, Series 2010 (Federally Taxable – Issuer Subsidy – Build America Bonds)

CUSIP NO.___________

Dated: ___________ __, 2010

NOTICE IS HEREBY GIVEN that American Municipal Power, Inc. ("AMP") has not provided an Annual Report as required by Section 3 of the Continuing Disclosure Agreement, which was entered into in connection with the above-named Series 2010 Bonds issued pursuant to that certain Master Trust Indenture, dated as of November 1, 2007, as supplemented by the Fifth Supplemental Indenture, dated as of September 1, 2010, each between AMP and U.S. Bank National Association, Cincinnati, Ohio, as trustee. AMP anticipates that the Annual Report will be filed by ___________.

Dated: _________________

AMERICAN MUNICIPAL POWER, INC.

By: ______________________________________
Senior Vice President of Finance and
Chief Financial Officer