American Municipal Power, Inc.

Interim Consolidated Financial Statements
September 30, 2019

American Municipal Power, Inc.
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September 30, 2019 (Unaudited) and December 31, 2018

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Report of Independent Auditors

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

We have reviewed the accompanying consolidated interim financial information of American Municipal Power, Inc. and its subsidiaries, which comprise the consolidated balance sheet as of September 30, 2019, and the related consolidated statements of revenues and expenses, of changes in member and patron equities, and of cash flows for the nine-month periods ended September 30, 2019 and 2018.

Management's Responsibility for the Consolidated Interim Financial Information

The Company's management is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of the consolidated interim financial information in accordance with accounting principles generally accepted in the United States of America.

Auditors' Responsibility

Our responsibility is to conduct our review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

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

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Other Matter

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of American Municipal Power, Inc. and its subsidiaries as of December 31, 2018, and the related consolidated statements of revenues and expenses, of changes in member and patron equities, and of cash flows for the year then ended (not presented herein), and in our report dated April 18, 2019, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2018, is consistent, in all material respects, with the audited consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers LLP

December 6, 2019

American Municipal Power, Inc.
Consolidated Balance Sheets
September 30, 2019 (Unaudited) and December 31, 2018

	September 30, 2019	December 31, 2018
Assets		
Utility plant		
Electric plant in service	$ 4,886,707,100	$ 4,878,808,405
Accumulated depreciation	(693,920,928)	(586,625,010)
Total utility plant	4,192,786,172	4,292,183,395
Nonutility property and equipment		
Nonutility property and equipment	23,505,923	23,505,923
Accumulated depreciation	(15,683,943)	(13,945,084)
Total nonutility property and equipment	7,821,980	9,560,839
Construction work-in-progress	36,160,709	20,107,609
Plant held for future use	34,881,075	34,881,075
Coal reserves	21,328,626	21,945,584
Trustee funds and other assets		
Trustee funds	253,921,998	304,309,796
Trustee funds - restricted	161,925,511	166,157,567
Financing receivables - members	2,136,093	3,031,611
Regulatory assets	559,772,129	534,392,822
Prepaid assets	72,636,303	55,493,606
Intangible and other assets, net of accumulated amortization of $5,924,196 and $5,350,880 respectively	38,571,835	42,948,772
Total trustee funds and other assets	1,088,963,869	1,106,334,174
Current assets		
Cash and cash equivalents	122,970,869	124,268,956
Cash and cash equivalents - restricted	19,039,562	22,261,566
Trustee funds	222,099,126	233,343,168
Trustee funds - restricted	2,290,760	101,703,014
Collateral postings	22,057,212	19,400,134
Accounts receivable	105,278,263	112,704,511
Interest receivable	12,955,959	27,015,633
Financing receivables - members	21,417,262	15,727,043
Inventories	12,853,263	14,039,009
Regulatory assets	42,062,791	23,599,557
Prepaid expenses and other assets	20,386,660	18,913,732
Total current assets	603,411,727	712,976,323
Total assets	$ 5,985,354,158	$ 6,197,988,999

American Municipal Power, Inc.
Consolidated Balance Sheets
September 30, 2019 (Unaudited) and December 31, 2018

	September 30, 2019	December 31, 2018
Equities and Liabilities		
Member and patron equities		
Contributed capital	$ 828,968	$ 828,968
Patronage capital	88,001,012	83,379,309
Total member and patron equities	88,829,980	84,208,277
Long-term debt		
Term debt	5,246,022,366	5,303,898,034
Term debt on behalf of others	18,499,998	19,354,165
Revolving credit loan	181,700,000	210,100,000
Total long-term debt	5,446,222,364	5,533,352,199
Current liabilities		
Accounts payable	104,505,404	108,735,245
Accrued interest	33,970,257	118,105,405
Term debt	105,479,412	161,049,412
Term debt on behalf of others	34,174,167	29,805,167
Regulatory liabilities	4,257,336	4,156,109
Other liabilities	31,713,856	29,233,974
Total current liabilities	314,100,432	451,085,312
Other noncurrent liabilities		
Asset retirement obligations	7,123,284	6,840,083
Regulatory liabilities	77,495,752	66,529,229
Other liabilities	51,582,346	55,973,899
Total other noncurrent liabilities	136,201,382	129,343,211
Total liabilities	5,896,524,178	6,113,780,722
Total equities and liabilities	$ 5,985,354,158	$ 6,197,988,999

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

American Municipal Power, Inc.
Consolidated Statements of Revenues and Expenses
Nine Months Ended September 30, 2019 and 2018 (Unaudited)

	September 30, 2019	September 30, 2018
Revenues		
Electric revenue	$ 860,717,143	$ 933,974,678
Service fees	8,771,457	8,899,543
Programs and other	14,990,228	10,777,903
Total revenues	884,478,828	953,652,124
Operating expenses		
Purchased electric power	356,019,726	410,207,023
Production	119,847,628	122,027,482
Fuel	105,018,694	109,201,303
Depreciation and amortization	110,085,012	113,697,284
Administrative and general	12,724,617	12,681,169
Property and real estate taxes	9,108,885	8,642,301
Programs and other	17,138,878	12,603,758
Total operating expenses	729,943,440	789,060,320
Operating margin	154,535,388	164,591,804
Nonoperating revenues (expenses)		
Interest expense	(223,801,351)	(242,301,338)
Interest income, subsidy	59,235,989	53,031,074
Interest and other income	14,651,677	27,291,525
Total nonoperating expenses	(149,913,685)	(161,978,739)
Net margin	$ 4,621,703	$ 2,613,065

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

American Municipal Power, Inc.
Consolidated Statements of Changes in Member and Patron Equities
Nine Months Ended September 30, 2019 and 2018 (Unaudited)

	Contributed Capital	Patronage Capital	Total
Balances at December 31, 2017	$ 828,968	$ 80,591,975	$ 81,420,943
Net margin	-	2,613,065	2,613,065
Balances at September 30, 2018	$ 828,968	$ 83,205,040	$ 84,034,008
Balances at December 31, 2018	$ 828,968	$ 83,379,309	$ 84,208,277
Net margin	-	4,621,703	4,621,703
Balances at September 30, 2019	$ 828,968	$ 88,001,012	$ 88,829,980

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

American Municipal Power, Inc.
Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2019 and 2018 (Unaudited)

	September 30, 2019	September 30, 2018
Cash flows from operating activities		
Net margin	$ 4,621,703	$ 2,613,065
Adjustments to reconcile net margin to net cash used in operating activities		
Depreciation and amortization	110,085,012	113,697,284
Amortization of bond premium, net of amortization of bond discount and amortization of deferred financing costs	(16,224,697)	(9,685,487)
Accretion of interest on asset retirement obligations	182,191	178,287
Loss on disposal of utility property and equipment	209,022	691,641
Unrealized loss (gain) on investments	(3,136,159)	(1,682,576)
Changes in assets and liabilities		
Collateral postings	(2,657,078)	(6,687,483)
Accounts and interest receivable	21,485,922	16,056,953
Inventories	1,191,642	(3,199,975)
Regulatory assets and liabilities, net	(19,753,327)	(35,103,972)
Prepaid expenses and other assets	(14,970,666)	(18,544,183)
Accounts payable and other liabilities	(9,776,436)	(5,006,225)
Accrued interest	(84,135,148)	(96,028,549)
Asset retirement obligations	101,010	261,005
Net cash provided by operating activities	(12,777,009)	(42,440,215)
Cash flows from investing activities		
Purchase of property plant, equipment and construction work-in progress	(33,761,532)	(15,711,386)
Sale of property, plant and equipment	383,542	743,339
Proceeds from sale of investments	837,690,637	1,125,152,097
Purchase of investments	(669,261,208)	(348,985,782)
Net cash provided by investing activities	$ 135,051,439	$ 761,198,268

American Municipal Power, Inc.
Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2019 and 2018 (Unaudited)

	September 30, 2019	September 30, 2018
Cash flows from financing activities		
Proceeds from revolving credit loan	36,800,000	18,500,000
Payments on revolving credit loan	(65,200,000)	(114,800,000)
Cost of issuance of debt	(2,164,050)	(751,469)
Principal payments on term debt	(326,800,000)	(755,685,000)
Principal payments on term debt on behalf of others	(22,726,167)	(15,206,039)
Proceeds from issuance of term debt	231,849,397	99,236,387
Proceeds from issuance of term debt on behalf of others	26,241,000	21,872,000
Proceeds from financing receivables - members	2,000,248	9,518,816
Funding of financing receivables - members	(6,794,949)	(658,802)
Net cash used in financing activities	(126,794,521)	(737,974,107)
Net change in cash, cash equivalents and restricted cash	(4,520,091)	(19,216,054)
Cash, cash equivalents and restricted cash		
Beginning of period	146,530,522	159,860,982
End of period	$ 142,010,431	$ 140,644,928
Supplemental disclosure of cash flow information		
Cash paid during the period for interest, net of amount capitalized	$ 307,936,499	$ 338,329,887
Supplemental disclosure of noncash investing and financing activities		
Capital expenditures included in accounts payable	$ 41,057,530	$ 38,039,858

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

1. Description of Business

American Municipal Power, Inc. ("AMP") is a not-for-profit Ohio corporation organized to provide electric capacity and energy and to furnish other services to its members on a cooperative basis. AMP is a tax-exempt organization for federal tax purposes under Section 501(c) (12) of the Internal Revenue Service Code ("IRC"). As AMP derives its income from the exercise of an essential government function and will accrue to a state or a political subdivision there of; AMP's income is excludable from gross income under IRC Section 115. AMP is a membership organization comprised of 84 municipalities throughout Ohio, 29 municipalities in Pennsylvania, six municipalities in Michigan, six municipalities in Kentucky, five municipalities in Virginia, two municipalities in West Virginia, one municipality in Indiana, one municipality in Maryland, and one joint action agency in Delaware, all but one of which own and operate electric systems. AMP purchases and generates electric capacity and energy for sale to its members. AMPO, Inc. is a for-profit subsidiary that provides electric and natural gas aggregation consulting services to both members and nonmembers in Ohio.

In addition, AMP serves as a project manager for Ohio members participating in joint venture projects to share ownership of power generation and transmission facilities, known as Ohio Municipal Electric Generation Agency Joint Ventures: 2, 4, 5, and 6 ("OMEGA" "JV2," "JV4," "JV5," and "JV6") (collectively, the "OMEGA Joint Ventures"). AMP is closely aligned with Ohio Municipal Electric Association ("OMEA"), the provider of legislative liaison services to AMP and 80 Ohio public power communities. AMP members have also formed Municipal Energy Services Agency ("MESA") whose purpose is to provide administrative, management and technical services to AMP, its members, OMEA and the OMEGA Joint Ventures.

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

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

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

AMP Transmission LLC, a wholly owned and consolidated subsidiary of AMP, is an Ohio not-for-profit formed to own and provide transmission services in Delaware, Indiana, Kentucky, Maryland, Michigan, Ohio, Pennsylvania, Virginia and West Virginia for the Members.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include all entities in which AMP has control, which are its majority-owned subsidiaries. The interim consolidated financial statements have been prepared without audit. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The interim consolidated financial statements as of September 30, 2019 should be read in conjunction with the consolidated financial statements and the notes thereto for the year ended December 31, 2018. The accompanying interim consolidated financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results of the interim periods presented. Operating results for the nine-months ended September 30, 2019 are not necessarily indicative of the results to be expected for the full year ending December 31, 2019.

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

Utility Plant

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

The Company has ownership interest in two generation plants, Greenup, a hydroelectric plant with 48.60% ownership, and Prairie State with 23.26% ownership.

	September 30, 2019	December 31, 2018
Greenup		
Utility plant in service	$ 140,733,524	$ 139,000,000
Prairie State		
Utility plant in service	$ 1,153,308,973	$ 1,152,778,050
Construction work-in-progress	4,524,636	1,441,680

AMP's reserves from Prairie State are valued at $21,328,626 and $21,945,584 (net of depletion) as of September 30, 2019 and December 31, 2018, respectively.

Nonutility Property and Equipment

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

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

Plant Held for Future Use
In November 2009, the participants in the AMP Generating Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. This pulverized coal plant was estimated to be a $3 billion project, but the project's targeted capital costs increased by 37% and the engineer, procure and construct contractor could not guarantee that the costs would not continue to escalate. At the termination date, minimal construction had been performed on the AMPGS Project at the Meigs County site. AMP still intends to develop this site for the construction of a generating asset; however, at September 30, 2019, the type of future generating asset had not been determined.

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

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

The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract. These stranded costs are being recovered through collections from Participants and Members over a 15 year term and from service fee and other member related revenues over the same term. At September 30, 2019, AMP has a remaining regulatory assets of $18,195,225 for the recovery of these abandoned construction costs.

Trustee Funds
AMP maintains funds on deposit with the trustees ("trustee funds") under its various trust indentures securing bonds issued for its various projects. Investments of the trustee funds include money market funds and debt securities. The debt securities are classified as held-to-maturity in accordance with ASC 320 *Investments – Debt and Equity Securities,* and are recorded at amortized cost. The debt securities mature at various dates through January 2030. The money market funds are valued at the net asset value of the underlying fund determined on the valuation date.

Realized gains and losses on investment transactions are determined on the basis of specific identification. Gross unrealized holding gains as of September 30, 2019 and 2018 were $3,136,159 and $1,682,576, respectively. Gross unrealized holding gains and losses are included in interest and other income in the consolidated statements of revenues and expenses.

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

Intangible and Other Assets
Included in intangible assets are two interconnections contracts for offsite facilities which were a part of the acquisition cost for the AMP Fremont Energy Center ("AFEC") project. These contracts were valued at $28,665,190, and are net of $5,924,196 and $5,350,880 of accumulated amortization as of September 30, 2019 and December 31, 2018, respectively. The contracts are being amortized over a 37.5 year period at a rate of $764,405 per year, which is recognized in depreciation and amortization in the accompanying consolidated statements of revenues and expenses.

Prepaid Assets
AMP prepays for 25-year power supply solar agreements (the "Prepaid Agreements") which are included in prepaid assets in the accompanying consolidated balance sheets. The amount of the Prepaid Agreements was $76,988,397 and $58,706,033 as of September 30, 2019 and December 31, 2018, respectively. AMP is amortizing the cost of the power over the life of the Prepaid Agreements. AMP records the amount expected to be amortized over the next twelve months as a current asset in prepaid expenses and other assets in the accompanying consolidated balance sheets, which was $4,766,552 and $3,782,419 as of September 30, 2019 and December 31, 2018, respectively.

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

AMP has determined each of its power purchase and power sales contracts which meet the definition of a derivative instrument qualifies to be accounted for as normal purchases and normal sales.

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

The maturities of the swaps highly correlate to forecasted purchases of natural gas, during time frames through December 2027. Under such agreements, AMP pays the counterparty at a fixed rate and receives from the counterparty a floating rate per MMBtu ("decatherm" or "Dth") of natural gas. Only the net differential is actually paid or received. The differential is calculated based on the notional amounts under the agreements. Notional amounts under contracts were $179,245,135 and $208,243,970 at September 30, 2019 and December 31, 2018, respectively.

On the short term agreements, there was an unrealized loss of $14,942,985 and $13,453,375 at September 30, 2019 and December 31, 2018, respectively, which is included in other liabilities. On the long-term agreements, there was an unrealized loss of $47,668,429 and $50,025,466 at September 30, 2019 and December 31, 2018, respectively, which is included in other liabilities. A net loss of $867,427 and $394,309 was recognized in fuel on AMP's consolidated statements of revenues and expenses for the nine-month periods ending September 30, 2019 and 2018, respectively. Net margin loss or gain is deferred via regulatory liabilities or assets for recovery in future periods. The losses from the natural gas contracts do not result from other-than-temporary declines in market value.

Restricted Cash

Restricted cash primarily includes cash from members for contractual restrictions on rate stabilization plans held in trust for the benefit of the members.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In 2016, the FASB issued ASU 2016-02, *Leases* (*Topic 842*). This standard is intended to improve financial reporting about leasing transactions. Amongst other changes, the standard will require both operating and capital leases to be recognized on the balance sheet and require incremental disclosures around the amount, timing and uncertainty of cash flows arising from leases. This standard was adopted January 1, 2019. Based on the Company's current leases, the impact of this standard did not have a material impact on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses of Financial Instruments*. The new guidance requires an allowance to be recorded for all expected credit losses for financial assets. The allowance for credit losses is based on historical information, current conditions, and reasonable and supportable forecasts. This standard is effective for the Company's 2023 fiscal year, however early adoption is permitted. The impact of adopting this standard is not expected to have a material impact on the consolidated financial statements.

3. Revolving Credit Loan and Term Debt

Revolving Credit Loan

AMP has a revolving credit loan facility ("Facility") with a syndicate of nine lenders. The Facility allows AMP to obtain loans with different interest rates and terms and letters of credit. The Facility expires on May 3, 2022. AMP's base borrowing capacity under the Facility is $600,000,000, with an accordion feature to expand to $850,000,000. At September 30, 2019, AMP had $181,700,000 outstanding under the Facility and the effective interest rate was 2.8685**%.** At December 31, 2018, AMP had $210,100,000 outstanding under the Facility and the effective interest rate was 3.3474%.

Term Debt

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

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

	September 30, 2019	December 31, 2018
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009A	$ -	$ 11,835,000.00
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009B	32,950,000	35,585,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009C	385,835,000	385,835,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2010	300,000,000	300,000,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2015A	507,875,000	507,875,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2015B	63,370,000	135,350,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2015C	-	95,100,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2017A	64,910,000	65,850,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2019A	168,455,000	-
AMP Prairie State Energy Campus Project Revenue Bonds, Escrow	-	96,435,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009B	497,005,000	497,005,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009C	21,610,000	48,860,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009D	9,305,882	9,305,882
AMP Combined Hydroelectric Project Revenue Bonds, Series 2010A	132,750,000	132,750,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2010B	1,109,995,000	1,109,995,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2010C	116,000,000	116,000,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2016A	209,530,000	209,530,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2018A	99,530,000	99,530,000
AMP Combined Hydroelectric Project Revenue Bond, Escrow	28,390,000	28,390,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010A	12,285,000	21,190,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010B	260,000,000	260,000,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010C	20,000,000	20,000,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010D	4,570,000	4,570,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010E	300,000,000	300,000,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2016A	78,825,000	79,455,000
AMP Fremont Energy Center Project Revenue Bonds, Series 2012B	364,895,000	374,720,000
AMP Fremont Energy Center Project Revenue Bonds, Series 2017A	124,385,000	124,385,000
AMP Fremont Energy Center Project Revenue Bonds, Escrow	127,630,000	127,630,000
AMP Greenup Hydroelectric Project Revenue Bonds, Series 2016A	124,035,000	125,300,000
AMP Solar Electric Prepayment Project Revenue Bonds, Series 2019A	55,195,000	-
Subtotal	5,219,330,882	5,322,480,882
Less: Current portion	(105,479,412)	(161,049,412)
Plus: Unamortized premium and discount, net	165,632,582	176,100,510
Plus: Unamortized debt issuance costs, net	(33,461,686)	(33,633,946)
Long-term debt	$ 5,246,022,366	$ 5,303,898,034

4. Fair Value of Financial Instruments

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

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

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

Level 2 Pricing inputs are either directly or indirectly observable in the market as of the reporting date, other than quoted prices in active markets included in Level 1. Level 2 includes those financial instruments that are valued using models or other valuation methodologies based on assumptions that are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Liabilities in this category include natural gas swaps.

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

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

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

	September 30, 2019		December 31, 2018	
Financial Instruments	**Carrying Value**	**Estimated Fair Value**	**Carrying Value**	**Estimated Fair Value**
Assets				
Debt securities held in trustee funds, restricted and non-restricted	$ 515,511,318	$ 547,431,560	$ 619,800,572	$ 630,473,514
Liabilities				
Fixed rate term debt, including current maturities, AMP	5,384,963,466	7,003,548,383	5,403,481,392	6,464,674,005
Fixed rate term debt, including current maturities, on behalf of others	52,674,165	52,674,165	49,159,332	49,159,332
Variable rate term debt, including current maturities, AMP	-	-	95,100,000	95,100,000

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

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

The following tables set forth AMP's financial assets and financial liabilities that are accounted for on a recurring basis at fair value by level within the fair value hierarchy as of September 30, 2019 and December 31, 2018. As required by the fair value measurement standard, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. AMP's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

	September 30, 2019			
	Level 1	Level 2	Level 3	Total
Assets				
Money market funds	$ 124,726,077	$ -	$ -	$ 124,726,077
	$ 124,726,077	$ -	$ -	$ 124,726,077
Liabilities				
Natural gas swaps	$ -	$ 62,611,414	$ -	$ 62,611,414
	$ -	$ 62,611,414	$ -	$ 62,611,414

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets				
Money market funds	$ 185,712,973	$ -	$ -	$ 185,712,973
	$ 185,712,973	$ -	$ -	$ 185,712,973
Liabilities				
Natural gas swaps	$ -	$ 63,478,841	$ -	$ 63,478,841
	$ -	$ 63,478,841	$ -	$ 63,478,841

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

5. Regulatory Assets and Liabilities

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

Regulatory assets and liabilities consist of the following:

	September 30, 2019	December 31, 2018
Regulatory assets		
Asset retirement costs	$ 1,270,074	$ 780,385
Debt service costs	399,280,167	378,967,525
Abandoned construction costs	18,195,225	17,448,612
Projects on behalf of	22,640,021	2,333,432
Operating and maintenance expenditures	38,969,155	53,033,590
Fair value of derivative instruments	62,611,414	63,478,841
Rate stabilization programs	28,339,925	9,623,061
Pension plan and postretirement healthcare plan obligations	8,747,689	9,428,405
Closure of Gorsuch Project costs	12,223,202	12,747,365
Other	9,558,048	10,151,163
Total regulatory assets	601,834,920	557,992,379
Current portion	(42,062,791)	(23,599,557)
Noncurrent portion	$ 559,772,129	$ 534,392,822
Regulatory liabilities		
Capital improvement expenditures	$ 1,366,722	$ 1,091,635
Debt service costs	835,422	977,279
Projects on behalf of	7,500,169	1,225,963
Operating and maintenance expenditures	35,243,208	23,795,989
Working capital expenditures	14,944,588	14,944,588
Rate stabilization programs	17,686,263	15,801,530
Other	4,176,716	12,848,354
Total regulatory liabilities	81,753,088	70,685,338
Current portion	(4,257,336)	(4,156,109)
Noncurrent portion	$ 77,495,752	$ 66,529,229

6. Revenue

Revenues are recognized in an amount that reflects the consideration AMP expects to receive in exchange for goods or services, when control of the promised goods or services is transferred to AMP's customers. Our primary types of revenue streams are Electric, Service fees, and Program and other.

The nature of AMP's revenue from contracts provides an unconditional right to consideration upon service delivery; therefore, no customer contract assets or liabilities exist. The unconditional right to consideration is represented by the balance in AMP's Accounts Receivable. AMP does not typically incur costs that would be capitalized to obtain or fulfill a contract.

Electric revenue – Electricity is provided on demand throughout the month, measured by meters located at delivery points located at Member interconnections. Electric rates, which are approved by the AMP board of trustees, are designed to recover actual costs incurred, generally purchased power and operations, exclusive of depreciation and amortization, and debt service requirements. At the time of rate design, all costs to be recovered are not known and as such, the use of estimates is required. Differences between expected, estimated costs and actual costs incurred are reconciled and recovered from or returned to customers through future adjustments to rates. Electric revenues are variable based on quantities delivered, influenced by seasonal business and weather patterns.

Service fees – AMP collects service fees from its members which entitle members to various AMP-provided services not based on electric consumption. AMP also collects service fees for utilization of its Energy Control Center. Fee structure is based on membership class.

Program and other – Programs include optional service offerings to members such as line worker training.

AMP has determined that, as it relates to its contracts with customers, its obligation to deliver electricity, services, and programs are satisfied over time as the customer simultaneously receives and consumes benefits as AMP performs. Billings typically occur monthly with related payments due within 30 days, depending on contract requirements. In no event does the timing between payment and delivery of the goods and services exceed one year. In general, revenue recognized from contracts with customers is equivalent to the value of the electricity, services, and programs supplied and billed each period and an estimate for delivery completed during the period but not yet billed to customers. Therefore, AMP recognizes revenue in an amount equal to what AMP has the right to bill customers.

AMP has revenue contract performance obligations with the same or similar characteristics, and management reasonably expects that the financial statement impact of applying the new revenue ASU guidance to a portfolio of contracts would not differ materially from applying this guidance to the individual contracts or performance obligations within the portfolio. Therefore, AMP has elected the portfolio approach in applying the new revenue guidance.

7. Commitments and Contingencies

Environmental Matters

AMP is subject to regulation by federal and state authorities with respect to air and water quality control and other environmental matters. All referenced legislative and regulatory comment filings can be found on AMP's website.

Federal Greenhouse Gas Emission Standards

On August 31, 2018, USEPA proposed the Affordable Clean Energy (ACE) rule, designed to impose greenhouse gas emissions reductions at large power plants by improving operating efficiency. AMP submitted comments on October 30, 2018 that were generally supportive of the proposal. The final ACE rule was issued on June 19, 2019. As an applicable source, Prairie State is evaluating the rule and assessing potential obligations.

RICE NESHAP

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

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Cross-State Air Pollution Rule
This USEPA rule requires large electric generating units to purchase allowances for air pollutant emissions impacting air quality in downwind states. AMP owned or operated facilities subject to this rule either have been allocated sufficient allowances for continued operation or, if necessary, are able to purchase allowances as needed to comply.

Clean Water Act §401/§404 permits
Permits are required when performing activities that impact streams and other water bodies, such as the construction of generation or distribution assets. The jurisdictional boundary between the state and federal authority is delineated in the definition of "waters of the United States" (or WOTUS). U.S. EPA posted a signed pre-publication final rule on September 12, 2019, revising the definition of WOTUS. The current rule defining WOTUS has been enjoined by the federal courts in some parts of the country. AMP staff are monitoring ongoing litigation and rulemaking activities.

Other Commitments

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

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

The Complaint alleges that Voith's material breaches caused extensive damages to AMP. The Complaint notes that the contracts entitled AMP to withhold payment from Voith, and AMP withheld approximately $40 million in payments from Voith to offset the damages and costs incurred by AMP and its general contractors due to Voith's material breaches of the Contracts. The Complaint alleges that AMP's damages are at least $40 million. After taking an agreed extension, Voith filed its Answer and Counterclaim on October 16, 2017. Voith's Answer denied AMP's claims, and Voith's Counterclaim for breach of contract and unjust enrichment made the following allegations against AMP:

(a) that a series of material interferences, hindrances, delays and defective performance by AMP, MWH and other Installation Contractors adversely impacted Voith, absolve Voith from liability to AMP, and make AMP liable to Voith;

(b) that AMP materially breached its contract with Voith by inappropriately modifying and increasing Voith's scope of work and refusing to pay Voith for the added scope and legitimate requests for additional payments;
(c) that AMP has failed and refused to pay the balance of the contract price and other amounts owed to Voith under the contract; and
(d) that Voith has been damaged in an amount in excess of $40M, plus interest and attorney fees.

On December 1, 2017, AMP filed its Answer and denied liability to Voith. On January 30, 2018, the parties exchanged initial disclosures that listed potential witnesses and provided preliminary damage calculations. Voith listed over 100 potential witnesses, and Voith identified over $65 Million in damages based upon claims for outstanding Change Requests and Work Change Directives on the hydro projects. (Cannelton: $19.5M; Smithland: $20.5M; Willow Island: $10.7M; Meldahl: $14.6M). AMP listed over 70 potential witnesses, and AMP identified over $90M in gross damages, without including any contractual limitations or caps on damages. (Cannelton: approx. $32M; Smithland: approx. $25M; Willow Island: approx. $25M; Meldahl: approx. $22M). Both sides are claiming pre-judgment and post-judgment interest and other damages and all damage calculations will be the subject of expert witness reports. AMP is currently working with its damages experts on these calculations; likewise, Voith has stated it is working with its damages experts on its calculations. It is therefore unlikely that the full measure and categories of damages sought in this matter will be known until the close of expert discovery.

On August 5, 2019 the Court again extended the case schedule in this matter at Voith's request. The current case schedule establishes the following deadlines:

December 6, 2019	Affirmative Expert Reports
April 10, 2020	Defensive Expert Reports
June 5, 2020	Fact Discovery Completed
August 7, 2020	Rebuttal Expert Reports
October 30, 2020	Expert Discovery Completed
December 18, 2020	Dispositive Motion Deadline

The Magistrate Judge will be monitoring the discovery in this case closely. The Parties have had, and will continue to have, status conferences with the Magistrate Judge roughly every month during the discovery phase of the case.

Both sides have responded to initial written discovery on October 5, 2018 and produced ESI discovery in mid-December. Fact depositions have begun and are expected to continue through the end of the fact discovery in June 2020.

On February 4, 2019, Voith informed AMP that Voith's prior ESI production on December 17, 2018 had a serious technical error in which a substantial amount of Voith's ESI was not produced. Voith accordingly made a supplemental production on May 10, 2019.

At the request of the Magistrate Judge during the May 2019 status conference, the Parties began the process of selecting a mediator to serve in this case. After interviews were conducted with potential mediators, the Parties have agreed on John Wolf from Baltimore to serve as the mediator. Mr. Wolf has met separately with AMP and Voith in early August 2019, and the mediation process has commenced. A mediation session has been set for December 11-13, 2019 in Baltimore.

AMP will vigorously pursue its claims and defend against Voith's Counterclaim. All costs associated with these claims are project costs recoverable from the project participants under their power sales agreement with AMP.

Other

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

8. Subsequent Events

On December 4, 2019, AMP issued, pursuant to the PSEC MTI, its Prairie State Energy Campus Project Revenue Bonds, consisting of three series: $127,315,000 Refunding Series 2019B Bonds (the "PSEC 2019B Bonds"), $87,485,000 Refunding Series 2019C Bonds (the "PSEC 2019C Bonds"), and $148,380,000 Refunding Series 2019D (Federally Taxable) Bonds (the "PSEC 2019D Bonds" and, together with the PSEC 2019B Bonds and the PSEC 2019C Bonds, the "PSEC 2019 Bonds"). The PSEC 2019 Bonds were issued to (i) refund a portion of AMP's outstanding Prairie State Energy Campus Project Revenue Bonds, Series 2009C (Federally Taxable-Issuer Subsidy-Build America Bonds) (the "PSEC 2009C Bonds"), issued on October 15, 2009 in the aggregate principal amount of $385,835,000, (ii) refund a portion of AMP's Prairie State Energy Campus Project Revenue Bonds, Refunding Series 2015A (the "PSEC 2015A Bonds"), issued on January 14, 2015 in the aggregate principal amount of $507,875,000, (iii) refund AMP's outstanding Prairie State Energy Campus Project Revenue Bonds, Refunding Series 2015B (Subseries 2015B-2) (the "PSEC 2015B-2 Bonds" and, together with the PSEC 2009C Bonds and the PSEC 2015A Bonds the "Refunded Bonds"), issued on January 14, 2015 in the aggregate principal amount of $63,370,000, and (iv) pay costs of issuance of the PSEC 2019 Bonds. Specifically, a portion of the proceeds of the PSEC 2019 Bonds and other available funds under the Indenture were applied to refund the PSEC 2009C Bonds, the PSEC 2015A Bonds, and the PSEC 2015B-2 Bonds as shown below:

PSEC 2009C Bonds

Maturity Date - February 15	Principal Amount	Redemption Date	Redemption Price
2034	$25,885,000	February 15, 2020	100%
2039	77,435,000	February 15, 2020	100%
	$103,320,000		

PSEC 2015A Bonds

Maturity Date - February 15	Principal Amount	Redemption Date	Redemption Price
2023	$27,075,000	February 15, 2020	100%
2024	29,290,000	February 15, 2020	100%
2025	30,455,000	February 15, 2020	100%
2030	35,195,000	February 15, 2022	100%
2031	37,055,000	February 15, 2022	100%
2032	31,945,000	February 15, 2022	100%
2033	33,625,000	February 15, 2022	100%
	$224,640,000		

PSEC 2015B-2 Bonds

Maturity Date - February 15	Principal Amount	Redemption Date	Redemption Price
2036	$63,370,000	February 15, 2020	100%

AMP will deposit a portion of the proceeds of the PSEC 2019 Bonds in an escrow to pay a portion of the principal of and interest on such PSEC 2009C Bonds on the February 13, 2020 redemption date.

To effect the refunding of the PSEC 2015A Bonds and the PSEC 2015B-2 Bonds, a sufficient amount of the proceeds of the PSEC Series 2019 Bonds and certain other funds available under the Indenture were deposited in one or more escrow accounts (each, an “Escrow Fund”) established by AMP with U.S. Bank National Association (the “Escrow Agent”), and were invested in certain noncallable direct obligations or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America (the “Defeasance Obligations”) that mature in amounts and pay interest at rates sufficient to pay, when due, the principal, applicable redemption premiums, if any, and interest on PSEC 2015A Bonds and the PSEC 2015B-2 Bonds through their respective maturity or redemption dates, as applicable. The sufficiency of each Escrow Fund, including Defeasance Obligations and the income thereon, to pay such amounts were verified by Samuel Klein and Company, Certified Public Accountants. On the date of issuance of the PSEC 2019 Bonds, the Escrow Agent was given irrevocable instructions to call the callable Refunded Bonds for redemption on the applicable redemption dates and at the applicable redemption prices.

The Company has evaluated subsequent events through December 6, 2019 as this was the date the interim consolidated financial statements were available to be issued.