American Municipal Power, Inc.

Consolidated Financial Statements
December 31, 2016 and 2015

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Report of Independent Auditors

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

We have audited the accompanying consolidated financial statements of American Municipal Power, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of revenues and expenses, of changes in member and patron equities, and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Municipal Power, Inc. and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

April 19, 2017

American Municipal Power, Inc.
Consolidated Balance Sheets
December 31, 2016 and 2015

	December 31, 2016	December 31, 2015
Assets		
Utility plant		
Electric plant in service	$ 3,976,142,251	$ 1,961,747,992
Accumulated depreciation	(313,992,944)	(209,239,897)
Total utility plant	3,662,149,307	1,752,508,095
Nonutility property and equipment		
Nonutility property and equipment	21,132,273	26,687,366
Accumulated depreciation	(9,827,151)	(15,075,399)
Total nonutility property and equipment	11,305,122	11,611,967
Construction work-in-progress	848,457,212	2,542,984,068
Plant held for future use	34,881,075	35,444,960
Coal reserves	23,537,987	24,289,252
Trustee funds and other assets		
Trustee funds	333,791,713	240,911,289
Trustee funds - restricted	785,796,709	781,814,925
Financing receivables - members	5,049,613	9,917,087
Notes receivable	2,797,002	2,918,329
Regulatory assets	416,798,128	331,928,040
Investment in The Energy Authority	10,211,442	10,211,442
Intangible and other assets, net of accumulated amortization of $3,822,025 and $3,057,620, respectively	27,270,915	32,776,674
Total trustee funds and other assets	1,581,715,522	1,410,477,786
Current assets		
Cash and cash equivalents	131,846,461	107,158,983
Cash and cash equivalents - restricted	11,360,258	33,587,383
Trustee funds	243,125,116	255,746,345
Trustee funds - restricted	11,316,075	21,303,628
Investments	67,205	14,574,681
Collateral postings	25,216,992	23,315,857
Accounts receivable	87,363,342	87,651,299
Interest receivable	30,221,054	23,065,760
Financing receivables - members	26,337,558	17,398,543
Notes receivable	-	49,796,786
Inventories	8,403,648	8,010,440
Regulatory assets	13,253,508	24,680,286
Prepaid expenses and other assets	7,306,074	5,521,148
Total current assets	595,817,291	671,811,139
Total assets	$ 6,757,863,516	$ 6,449,127,267

American Municipal Power, Inc.
Consolidated Balance Sheets
December 31, 2016 and 2015

	December 31, 2016	December 31, 2015
Equities and Liabilities		
Member and patron equities		
Contributed capital	$ 826,968	$ 813,018
Patronage capital	77,061,450	66,813,898
Total member and patron equities	77,888,418	67,626,916
Long-term debt		
Term debt	5,926,965,916	5,512,629,764
Term debt on behalf of Central Virginia Electric Cooperative	21,062,499	21,916,666
Revolving credit loan	203,500,000	350,900,000
Total long-term debt	6,151,528,415	5,885,446,430
Current liabilities		
Accounts payable	133,941,677	120,600,278
Accrued postretirement benefits	-	3,509,648
Accrued interest	134,892,971	126,762,465
Term debt	77,042,309	77,687,412
Term debt on behalf of members	18,503,500	9,044,500
Term debt on behalf of Central Virginia Electric Cooperative	854,167	854,167
Regulatory liabilities	4,664,527	5,724,815
Other liabilities	18,404,436	29,210,298
Total current liabilities	388,303,587	373,393,583
Other noncurrent liabilities		
Deferred gain on sale of real estate	1,161,368	1,211,736
Asset retirement obligations	7,772,557	7,696,014
Regulatory liabilities	61,414,452	47,110,528
Other liabilities	69,794,719	66,642,061
Total other noncurrent liabilities	140,143,096	122,660,339
Total liabilities	6,679,975,098	6,381,500,352
Total equities and liabilities	$ 6,757,863,516	$ 6,449,127,267

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

American Municipal Power, Inc.
Consolidated Statements of Revenues and Expenses
Years Ended December 31, 2016 and 2015

	December 31, 2016	December 31, 2015
Revenues		
Electric revenue	$ 1,218,475,675	$ 1,103,886,270
Service fees	11,501,983	11,515,575
Programs and other	12,513,647	12,589,167
Total revenues	1,242,491,305	1,127,991,012
Operating expenses		
Purchased electric power	586,225,109	630,841,544
Production	189,894,065	153,816,006
Fuel	109,873,099	134,439,105
Depreciation and amortization	108,087,872	58,815,265
Administrative and general	10,932,461	4,527,526
Property and real estate taxes	9,329,282	4,236,294
Programs and other	14,257,250	16,157,022
Total operating expenses	1,028,599,138	1,002,832,762
Operating margin	213,892,167	125,158,250
Nonoperating revenues (expenses)		
Interest expense	(265,860,845)	(141,574,043)
Interest income, subsidy	45,080,516	13,541,226
Interest income, other	13,355,383	16,633,800
Other, net	3,780,331	(7,935,393)
Total nonoperating expenses	(203,644,615)	(119,334,410)
Net margin	$ 10,247,552	$ 5,823,840

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

American Municipal Power, Inc.
Consolidated Statements of Changes in Member and Patron Equities
Years Ended December 31, 2016 and 2015

	Contributed Capital	Patronage Capital	Total
Balances at December 31, 2014	$ 806,248	$ 60,990,058	$ 61,796,306
Capital contributions	6,770	-	6,770
Net margin	-	5,823,840	5,823,840
Balances at December 31, 2015	813,018	66,813,898	67,626,916
Capital contributions	13,950	-	13,950
Net margin	-	10,247,552	10,247,552
Balances at December 31, 2016	$ 826,968	$ 77,061,450	$ 77,888,418

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

American Municipal Power, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	December 31, 2016	December 31, 2015
Cash flows from operating activities		
Net margin	$ 10,247,552	$ 5,823,840
Adjustments to reconcile net margin to net cash provided by operating activities		
Depreciation and amortization	107,336,607	57,918,097
Depletion of coal reserves	751,265	756,398
Amortization of deferred financing costs	5,125,243	4,442,296
Amortization of bond premium, net of amortization of bond discount	(8,337,936)	(6,062,329)
Accretion of interest on asset retirement obligations	357,146	(39,101)
Loss on disposal of utility property and equipment	176,585	2,481,393
Unrealized (gain) loss on investments	(3,594,537)	4,643,182
Changes in assets and liabilities		
Collateral postings	(1,901,135)	(2,526,258)
Accounts receivable	287,957	(12,568,879)
Interest receivable	(12,703,615)	(8,674,908)
Inventories	(393,208)	(649,383)
Regulatory assets and liabilities, net	(70,155,002)	(12,219,649)
Prepaid expenses and other assets	2,020,849	2,092,699
Accounts payable	(3,240,099)	5,521,683
Accrued postretirement benefits	(3,509,648)	2,827,587
Accrued interest	58,913,168	12,522,147
Asset retirement obligations	(280,603)	6,696
Other liabilities	3,920,905	42,433
Net cash provided by operating activities	85,021,494	56,337,944
Cash flows from investing activities		
Purchase of utility property and equipment	(115,702,666)	(9,200,486)
Purchase of nonutility property and equipment	(562,484)	(285,959)
Proceeds due to repayments of loans made to related parties	49,796,786	8,000,726
Purchase of construction work-in-progress	(235,613,139)	(390,153,743)
Proceeds from sale of investments	892,926,205	418,334,777
Purchase of investments	(949,077,619)	(841,074,563)
Purchase of plant held for future use	563,885	(329,122)
Changes in restricted cash and cash equivalents	22,227,125	(8,319,765)
Net cash used in investing activities	(335,441,907)	(823,028,135)

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

American Municipal Power, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	December 31, 2016	December 31, 2015
Cash flows from financing activities		
Proceeds from revolving credit loan	224,200,000	129,000,000
Payments on revolving credit loan	(371,600,000)	(94,100,000)
Cost of issuance of debt	(4,169,903)	(4,517,800)
Principal payments on term debt	(77,687,412)	(64,650,843)
Principal payments on term debt on behalf of members	(9,044,500)	(12,113,000)
Proceeds from issuance of term debt	499,817,964	839,462,257
Proceeds from issuance of term debt on behalf of members	18,503,500	9,044,500
Principal payments on term debt on behalf of Central Virginia Electric Cooperative	(854,167)	(854,167)
Proceeds from financing receivables - members	7,272,170	16,439,515
Funding of financing receivables - members	(11,343,711)	(14,438,195)
Capital contributions	13,950	6,770
Net cash provided by financing activities	275,107,891	803,279,037
Net change in cash and cash equivalents	24,687,478	36,588,846
Cash and cash equivalents		
Beginning of period	107,158,983	70,570,137
End of period	$ 131,846,461	$ 107,158,983
Supplemental disclosure of cash flow information		
Cash paid during the period for interest, net of amount capitalized	$ 207,221,609	$ 129,322,406
Supplemental disclosure of noncash investing and financing activities		
Capital expenditures included in accounts payable	$ 59,865,516	$ 43,063,274
Capital expenditures included in accrued interest, net of interest receivable	17,231,335	62,265,675

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

1. Description of Business

American Municipal Power, Inc. ("AMP") is a not-for-profit Ohio corporation organized to provide electric capacity and energy and to furnish other services to its members on a cooperative basis. AMP is a tax-exempt organization for federal tax purposes under Section 501(c)(12) of the Internal Revenue Service Code ("IRC"). As AMP derives its income from the exercise of an essential government function and will accrue to a state or a political subdivision there of; AMP's income is excludable from gross income under IRC Section 115. AMP is a membership organization comprised of 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: 1, 2, 4, 5, and 6 ("OMEGA" "JV1," "JV2," "JV4," "JV5," and "JV6") (collectively, the "OMEGA Joint Ventures").

AMP is closely aligned with Ohio Municipal Electric Association ("OMEA"), the provider of legislative liaison services to AMP and 80 Ohio community-owned-and-operated municipal electric systems. In addition to the OMEGA Joint Ventures, Municipal Energy Services Agency ("MESA") has also been formed by the members. MESA provides management and technical services to AMP, its members, and the OMEGA Joint Ventures.

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

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

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

2. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of AMP and its wholly owned subsidiaries, AMPO, Inc., Meldahl LLC, and AMP 368. All intercompany transactions have been eliminated in the preparation of the consolidated financial statements.

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.

Depreciation on utility plant assets is provided for by the straight-line method over the estimated useful lives of the property. The provisions are determined primarily by the use of functional composite rates as follows:

Production, plant	5%-10%
Transmission plant	5%
General plant	5%-33%
Station equipment	4.4%-20%

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.

Depreciation on nonutility property and equipment is provided for on the straight-line method over the estimated useful lives of the property as follows:

Building	25 years
Furniture and equipment	5-10 years
Computer software	3-5 years
Vehicles	3-5 years

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 December 31, 2016, 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 December 31, 2016, AMP has a remaining regulatory asset of $33,698,059 for the recovery of these abandoned construction costs.

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

Coal Reserves
AMP has purchased coal reserves in conjunction with the construction of the PSEC. The coal reserves are recorded at cost. AMP also has a contractual right of first refusal for additional coal reserves. These reserves are valued at $23,537,987 and $24,289,252 (net of depletion) as of December 31, 2016 and 2015, respectively. Depletion occurs as the coal reserves are mined.

Trustee Funds
AMP maintains funds on deposit with the trustees ("trustee funds") under its various trust indentures securing bonds issued for its various projects. Investments of the trustee funds include money market funds and debt securities. The debt securities are classified as held-to-maturity in accordance with Accounting Standards Codification (“ASC”) 320 *Investments – Debt and Equity Securities,* and are recorded at amortized cost. The debt securities mature at various dates through 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) loss at December 31, 2016 and 2015 were $(3,815,400) and $4,345,474, respectively. Gross unrealized holding gains and losses are included in other, net in the consolidated statements of revenues and expenses.

On January 14, 2015, AMP issued, pursuant to the PSEC Master Trust Indenture ("MTI"), its Prairie State Energy Campus Project 2015 Revenue Bonds (see Note 9). A portion of the proceeds of the PSEC 2015 Bonds and other available funds under the MTI were applied to refund the PSEC 2008A Bonds and PSEC 2009A Bonds. To effect the refunding, a sufficient amount of the proceeds of the Series 2015 Bonds and certain other available funds under the MTI were deposited in an escrow account (the "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 ("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 the above-referenced bonds through their respective maturity or redemption dates, as applicable. On the date of issuance of the PSEC 2015 Bonds, the Escrow Agent was given irrevocable instructions to call the callable PSEC 2008A Bonds for redemption on February 15, 2018 and the callable 2009A Bonds for redemption on February 15, 2019, each at the redemption prices of 100%.

On October 6, 2016, AMP issued, pursuant to the Hydro MTI, its Combined Hydroelectric Project 2016A Revenue Bonds ("Hydro 2016A Bonds") (see Note 9). A portion of the proceeds of the Hydro 2016A Bonds were applied to refund a portion of the Hydro 2009C Bonds. To effect the refunding, a sufficient amount of the proceeds of the Hydro 2016A Bonds and certain other available amounts were deposited in an escrow account (the "Escrow Fund") established by AMP with the Escrow Agent and were invested in 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 the above-referenced bonds through their respective maturity or redemption dates, as applicable. On the date of issuance of the Hydro 2016A Bonds, the Escrow Agent was given irrevocable instructions to call the callable Hydro 2009C Bonds for redemption on February 15, 2020, at the redemption price of 100%.

Investments
Investments include equity securities, debt securities and alternative investments. The equity securities and debt securities are classified as trading under the ASC 320. These investments are recorded at fair value. Realized gains and losses on investment transactions are determined on the basis of specific identification. Gross unrealized holding losses at December 31, 2016 and 2015 were $220,863 and $297,708 respectively. Gross unrealized holding gains and losses on debt and equity securities are included in programs and other in the consolidated statements of revenues and expenses.

Financing Receivable–Members
Financing receivable - members is comprised of debt service obligations on AMP's limited recourse tax-exempt debt issued on behalf of its members (Note 10).

In connection with the issuance of municipal project notes, AMP has entered into loan agreements with individual member communities. The terms of these loan agreements provide that the member community will issue its note to AMP in the same amount as the related AMP project note. The member community note issued to AMP is payable solely from the net revenue of the member community's electric system. Certain of these loan agreements also provide that a portion of the proceeds from the issuance of municipal project notes shall be deposited in a project fund held for the purpose of making payments of project costs as designated by the member community. The project fund amounts are invested at the direction of the member community and are disbursed by AMP upon submission of a payment requisition satisfactory to AMP. Project fund deposits are restricted to the payment of designated project costs.

Notes Receivable
Forty-two of AMP's members are members of OMEGA JV5, the Belleville hydroelectric project, which includes backup diesel generation. In February 2004, OMEGA JV5 issued 2004 Beneficial Interest Refunding Certificates ("2004 BIRCs"). On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a note issued by AMP to OMEGA JV5. The resulting balance was $65,891,509 at February 28, 2014. Due to scheduled principal repayments, the resulting note receivable was reduced at December 31, 2015 to $49,796,786. In January 29, 2016, OMEGA JV5 issued a 2016 Beneficial Interest Refunding Certificates ("2016 BIRCs") for $49,795,000 with an interest rate of 1.60% and a maturity of February 2021. The proceeds from the 2016 BIRCs was used to pay off the note receivable with AMP in full.

Investment in The Energy Authority
On January 1, 2014 AMP entered into a membership agreement with The Energy Authority ("TEA"). As a condition of membership, AMP is subject to TEA operations and settlement procedures as AMP receives services from TEA for dispatch services and natural gas management. AMP is also subject to guaranty agreements where if TEA is unable to deliver capacity, energy or gas obligations, AMP is obligated to pay that amount to relevant counterparties the extent of the guaranty limit, which is $28,928,571 for capacity and energy and $8,200,000 for natural gas. AMP accounts for their ownership interest in TEA as a cost method investment.

Intangible and Other Assets
Included in intangible assets are two interconnections contracts for offsite facilities which were a part of the acquisition cost for the AMP Fremont Energy Center ("AFEC") project. These contracts were valued at $28,665,190, and were net of $3,822,025 and $3,057,620 of accumulated amortization as of December 31, 2016 and 2015, 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.

Cash and Cash Equivalents
For purposes of the consolidated statements of cash flows, cash equivalents consist of highly-liquid cash and short-term investments with original maturities of three months or less.

Collateral Postings
At December 31, 2016 and 2015, AMP posted collateral deposits to the bank accounts of certain of its power suppliers related to long-term power supply agreements with the suppliers and collateral deposits with insurance companies in connection with long-term construction projects. AMP also has collateral posted to Midwest Independent Transmission System Operator, Inc. ("MISO") for the ability to participate in auctions for future transmission rights ("FTRs"). AMP has recorded these collateral postings as current assets in the accompanying consolidated balance sheets. The impact of utilizing FTRs is included in the transmission cost of purchased power.

Concentration of Credit Risk and Accounts Receivable
AMP periodically maintains cash balances in excess of the federally insured limit. At December 31 2016 and 2015, 10% and 7% of accounts receivable were due from one customer, respectively, and 8% of revenues were due from one customer in each year.

Inventories
Inventories consist of fuel inventory and materials and supplies inventories. Fuel inventory is the recorded amount of unused coal inventory at PSEC. This amount is verified semi-annually by a third party and is valued at the weighted average cost. Materials and supplies inventories are recorded at average cost. These items are used primarily for maintenance and daily operational requirements.

Member and Patron Equities
Contributed capital represents initial capital contributions made by members. Should AMP cease business, these amounts, if available, will be returned to the members, and any available patronage capital will also be distributed to members and former members based on their patronage of AMP while they were members.

Asset Retirement Obligations
AMP records, at fair value initially, legal obligations associated with the retirement or removal of long-lived assets that can be reasonably estimated. The recognition of a liability is accompanied by a corresponding increase in utility plant. The liability is adjusted for any revisions to the expected value of the retirement obligation (with corresponding adjustments to utility plant) and for accretion due to the passage of time. Certain AMP assets have an indeterminate life, such as hydroelectric facilities, and thus the fair value of the retirement obligation is not reasonably estimable. A liability for these asset retirement obligations will be recorded when a fair value is determinable.

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

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

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

Accounts receivable includes $72,803,260 and $73,383,946 during the years ended December 31, 2016 and 2015, respectively, for capacity and energy delivered to members that were not billed until the subsequent year.

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

Regulatory Assets and Liabilities
In accordance with the FASB standard for accounting for regulated entities, AMP records regulatory assets (capitalized expenses to be recovered in rates in future periods) and regulatory liabilities (deferred revenues for rates collected for expenses not yet incurred). Regulatory assets include the deferral of depreciation expense, the costs associated with the abandoned AMPGS Project, funds for member rate stabilization plans, unrecognized actuarial losses associated with the pension plan, and other capital expenditures not yet recovered through rates approved by the AMP board of trustees. Regulatory liabilities include revenues collected and intended to fund future capital expenditures, funds for member rate stabilization plans, and other differences between the rates collected from members and expense recognition. As the capital expenditures are depreciated and inventories are used, regulatory assets and liabilities are amortized to match revenues with the related expenditures. Regulatory liabilities or regulatory assets are also recognized for unrealized mark-to-market gains and losses on derivative instruments that are subject to the ratemaking process when realized (Note 6).

Taxes
The IRS ruled that AMP is tax-exempt under Section 501(a) as an organization described in Section 501(c)(12) of the IRC, provided 85% of its total revenue consists of amounts collected from its members for the sole purpose of meeting losses and expenses. As AMP derives its income from the exercise of an essential government function and will accrue to a state or a political subdivision thereof; AMP's income is excludable from gross income under IRC Section 115. For the years ended December 31, 2016 and 2015, AMP complied with this requirement. Accordingly, no provision for federal or state income taxes has been made. AMP is subject to State of Ohio personal property, real estate and sales taxes. AMP has signed agreements with the taxing authorities in West Virginia and Kentucky obligating payment of agreed upon amounts in lieu of real estate taxes.

AMPO, Inc. is a for-profit entity subject to federal, state and local income taxes. Deferred taxes result from temporary differences between the book and tax basis of assets and liabilities. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Market and Credit Risk
AMP is potentially exposed to market risk associated with commodity prices for electricity and natural gas. AMP manages this risk through the use of long-term power purchase contracts and long-term natural gas supply arrangements.

AMP has credit risk associated with the ability of members to repay amounts due from power sales and other services and of counterparties to long-term power supply arrangements. AMP regularly monitors receivables from its members. AMP does not require collateral with its trade receivables.

AMP has established a risk management function that regularly monitors the credit quality of counterparties to its power purchase arrangements. The risk management function uses multiple sources of information in evaluating credit risk including credit reports, published credit ratings of the counterparty and AMP's historical experience with the counterparty. Credit limits are established depending on the risk evaluation and, when warranted, AMP requires credit protection through letters of credit or other guarantees. The inability of counterparties to deliver power under power supply arrangements could cause the cost of power to members to be in excess of prices in the power supply arrangements.

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 2026. 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 $253,616,100 and $282,605,575 at December 31, 2016 and 2015, respectively.

On the short term agreements, there was an unrealized loss of $4,306,719 and $17,503,204 at December 31, 2016 and 2015, respectively, which is included in other liabilities. On the long-term agreements, there was an unrealized loss of $60,877,705 and $66,176,438 at December 31, 2016 and 2015, respectively, which is included in other liabilities. A net gain of $18,495,218 and a net loss of $39,378,885 was recognized in fuel on AMP’s consolidated statements of revenues and expenses for the years ending December 31, 2016 and 2015, respectively. The losses from the natural gas contracts do not result from other-than- temporary declines in market value. Corresponding regulatory assets have been recorded equal to the unrealized losses.

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

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606), subsequently superseded by ASU 2015-14 which deferred the effective date. The objective of this revenue standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. This standard is effective for the Company's 2019 fiscal year however early adoption as of the Company's 2017 fiscal year is permitted. AMP management is in the process of assessing the potential impact of this standard.

In August 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which requires management to assess a company's ability to continue as a going concern and to provide related note disclosure in certain circumstances. Under the new standard, disclosures are required when conditions give rise to substantial doubt about a company's ability to continue as a going concern within one year from the financial statement issuance date. The Company adopted this update during the current year.

In April 2015, the FASB issued ASU 2015-03, Interest – Imputation of Interest (Subtopic 835-30) and ASU 2015-15 in August 2015 as an amendment. This standard simplifies the presentation of debt issuance costs by requiring debt issuance costs, other than those related to lines of credit arrangements, to be recognized as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts and premiums. Debt issuance costs related to lines of credit arrangements will continue to be presented as an asset and subsequently amortized ratably over the term of the line of credit arrangement, regardless of if there are any borrowings on the line of credit arrangement. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this standard. The Company adopted this standard during the current year with retrospective presentation. This resulted in a reduction of both intangible and other assets and term debt by $39,484,426 in the Company's consolidated balance sheets as of December 31, 2015.

In January 2016, the FASB issued ASU 2016-01 Financial Instruments-Overall (Topic 825-10). This standard addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The Company elected to early adopt this amendment in 2015, resulting in the elimination of disclosures relating to the fair value of financial instruments measured at amortized cost, namely trustee funds and long-term debt.

In February 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 is effective for the Company's 2020 fiscal year however early adoption of the standard is permitted. Based on the Company's current leases, the impact of this standard is not expected to have a significant impact on the consolidated financial statements. As events could change this impact, the Company will continue to assess the potential impact of this standard.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230). The new guidance is intended to reduce diversity in practice of how certain transactions are classified in the statement of cash flows. This standard is effective for the Company's 2019 fiscal year although early adoption is permitted, provided that all of the amendments of the standard are adopted in the same period. The impact of adopting this standard is not expected to have a material impact on the consolidated financial statements.

3. Utility Plant

Utility plant cost consists of the following:

	December 31, 2016	December 31, 2015
Land	$ 45,578,389	$ 44,664,467
Production Plant	3,512,880,573	1,596,232,898
Station Equipment	41,285,118	23,911,140
Transmission Plant	187,488,436	114,178,648
General Plant	188,909,735	182,760,839
	$ 3,976,142,251	$ 1,961,747,992

Depreciation expense for utility plant for the years ended December 31, 2016 and 2015 was $104,354,165 and $54,651,190, respectively.

Jointly-Owned Utility Plant
In April 2016, under an ownership agreement with the City of Hamilton, Ohio, AMP acquired a 48.6% undivided ownership in the Greenup Hydroelectric Power Plant ("Greenup"), a 70.2 MW hydroelectric plant located on the Ohio River near Franklin Furnace, Ohio. AMP's ownership interest in Greenup is recorded in accordance with ASC 970-810-45, Undivided Interests. Each owner is obligated to pay its share of the costs of this jointly-owned facility in the same proportion as its ownership interest. Operating costs associated with Greenup are included in AMP's consolidated statements of revenues and expenses and the assets are reflected in AMP's consolidated balance sheets under total utility plant as follows:

	December 31, 2016	December 31, 2015
Greenup		
Utility plant in service	$ 139,000,000	$ -

AMP 368 has a 23.26% undivided joint ownership interest in PSEC. Kilowatt-hour generation and variable operating expenses are divided on an owner's percentage of dispatched power and fixed operating expenses are allocated by project ownership with each owner reflecting its respective costs in its statements of revenue and expenses. AMP 368's ownership interest in PSEC includes the proportionate share of PSEC's balance sheet as provided for under ASC 970-810-45, Undivided Interests. This Accounting Standard requires the recording of undivided interests in assets and liabilities when given conditions are met.

Information relative to AMP's ownership interest in the PSEC is as follows:

	December 31, 2016	December 31, 2015
Prairie State		
Utility plant in service	$ 1,145,824,162	$ 1,140,591,607
Construction work-in-progress	8,145,197	6,037,061

4. Nonutility Property and Equipment

Nonutility property and equipment cost consists of the following:

	December 31, 2016	December 31, 2015
Land	$ 1,482,031	$ 1,482,031
Building	8,566,297	8,566,297
Furniture and equipment	499,373	499,373
Computer software	8,597,361	14,346,648
Vehicles	1,987,211	1,793,017
	$ 21,132,273	$ 26,687,366

Depreciation expense for nonutility property and equipment for the years ended December 31, 2016 and 2015 was $2,218,035 and $2,502,502, respectively.

5. Construction Work-in-Progress

Construction work-in-progress consists of the following:

	December 31, 2016	December 31, 2015
Prairie State Energy Campus	$ 8,145,197	$ 6,037,061
Hydro Plants	832,050,515	2,525,067,982
AMP Fremont Energy Center	3,248,631	4,462,422
Information Technology	3,870,150	6,665,849
Other	1,142,719	750,754
	$ 848,457,212	$ 2,542,984,068

There is $221,969 and $1,074,625 of land included in the construction work-in-progress account at December 31, 2016 and 2015, respectively. During the year ended December 31, 2016, $1,859,482,459 of Hydro Plant assets were placed into service as there were three Hydro Plants that reached commercial operation during the period: Willow Island, Cannelton, and Meldahl.

There is $199,654,076 and $562,246,303 of capitalized interest included in the construction work-in-progress account at December 31, 2016 and 2015, respectively. AMP capitalized interest costs in the amount of $48,564,936 and $124,677,640 for the years ended December 31, 2016 and 2015, respectively.

6. Regulatory Assets and Liabilities

Regulatory assets and liabilities consist of the following:

	December 31, 2016	December 31, 2015
Regulatory assets		
Asset retirement costs	$ 3,242,977	$ 2,455,164
Debt service costs (a)	248,483,624	182,163,142
Abandoned construction costs (c)	33,698,059	38,338,600
Projects on behalf of	8,575,875	7,177,482
Operating and maintenance expenditures (b)	37,008,022	6,703,592
Fair value of derivative instruments (d)	65,184,424	83,679,642
Rate stabilization programs	8,708,599	11,387,116
Pension plan and postretirement healthcare plan obligations	11,669,416	11,668,120
Closure of Gorsuch Project costs	13,480,640	13,035,468
Total regulatory assets	430,051,636	356,608,326
Current portion	(13,253,508)	(24,680,286)
Noncurrent portion	$ 416,798,128	$ 331,928,040
Regulatory liabilities		
Capital improvement expenditures	$ 984,623	$ 738,782
Debt service costs (a)	19,360,438	10,512,607
Operating and maintenance expenditures (b)	3,745,609	4,762,621
Working capital expenditures	14,944,588	14,944,588
Rate stabilization programs	19,205,119	19,567,415
Gains on early termination of power purchase contracts	756,236	1,321,992
Other	7,082,366	987,338
Total regulatory liabilities	66,078,979	52,835,343
Current portion	(4,664,527)	(5,724,815)
Noncurrent portion	$ 61,414,452	$ 47,110,528

a. Debt service costs – Represents over or under recovery of depreciation expenses principally related to power received from the AFEC and PSEC generating assets. When the project expenses recorded in the consolidated statements of revenues and expenses exceed the billings, a regulatory asset is created. When the project expenses recorded in the consolidated statements of revenues and expenses are lower than the billings, a regulatory liability is created.

b. Operating and maintenance expenditures – Represents over (under) collection of operating and maintenance expenditures principally related to power received from the AFEC and PSEC generating assets.

c. Abandoned construction costs – See Notes 2 and 16

d. Fair value of derivative instruments – See Note 11

7. Restricted Cash

Restricted cash consists of the following:

	December 31, 2016	December 31, 2015
Contractual restrictions	$ 11,360,258	$ 8,582,363
Collateral deposits	-	25,005,020
	$ 11,360,258	$ 33,587,383

Cash from members for contractual restrictions on rate stabilization plans is held in trust for the benefit of the members. Collateral deposits represent amounts held as insurance collateral for long-term construction projects which AMP maintains in its name.

8. Related Parties

AMP has entered into agreements for management and agency services ("Service Agreements") with the OMEGA Joint Ventures, MESA, and OMEA. Participants in these organizations are all members of AMP. The AMP board of trustees has established a joint venture oversight committee that is responsible for reviewing financial information and operating matters related to the OMEGA Joint Ventures. Under these Service Agreements, AMP serves as agent and provides planning, construction and financial management, operations, and other professional and technical services. AMP is compensated based on an allocation of direct expenses and overhead. Compensation for these services for the years ended December 31, 2016 and 2015 was $6,287,570 and $4,738,960, respectively.

MESA provides engineering, administrative and other services to AMP and its members. The expense related to these services for the years ended December 31, 2016 and 2015 was $18,954,175 and $17,596,371, respectively.

Certain members of AMP are also members of OMEGA: JV1, JV2, JV4, and JV6. In addition, all of OMEGA JV5 generation is delivered to OMEGA JV5 members. AMP purchases power and fuel on behalf of OMEGA JV5. Power and fuel purchases for the years ended December 31, 2016 and 2015 were $2,119,609 and $3,036,450, respectively.

For each of the years ended December 31, 2016 and 2015, AMP made contributions of $240,000 and $252,000 to OMEA, respectively.

At December 31, 2016, accounts receivable and accounts payable include $3,735,126 and $3,694,234, respectively, of amounts due from/to affiliates. At December 31, 2015, accounts receivable and accounts payable include $2,759,764 and $5,082,256, respectively, of amounts due from/to affiliates.

TEA provides various power scheduling and commodity management services to AMP as well as purchases natural gas on behalf of AMP. Expenses related to these services were $65,199,534 for 2016 and $88,455,968 for 2015, respectively.

9. Revolving Credit Loan and Term Debt

Revolving Credit Loan

AMP has a revolving credit loan facility ("Facility") with a syndicate of eight lenders. The Facility allows AMP to obtain loans with different interest rates and terms and letters of credit. The Facility expires on January 10, 2020. AMP's base borrowing capacity under the Facility is $750,000,000, with an accordion feature to expand to $1 billion. At December 31, 2016, AMP had $203,500,000 outstanding under the Facility and the effective interest rate was 1.6875%. At December 31, 2015, AMP had $350,900,000 outstanding under the Facility and the effective interest rate was 1.3125%.

The Facility contains various restrictions including a) proceeds of loans and letters of credit will be used only i) to refinance the existing revolving credit loan, ii) for general working capital purposes and iii) for transitional financing to bond financing and bond anticipation notes; b) AMP is required to give notice of certain ERISA events exceeding $500,000 in any year or $1,000,000 for all periods; c) AMP is required to give notice of events causing a material adverse effect on the business, assets or condition of AMP or the rights or benefits of the lenders under the Facility; d) AMP will not incur indebtedness or make guarantees of indebtedness except for indebtedness fully supported by commitments of AMP members and except for i) indebtedness to finance any prepayment for power supply or indebtedness or capital lease obligations for acquisition, construction or improvement of assets up to $35,000,000 or ii) other unsecured indebtedness up to $25,000,000; e) AMP will not make loans to i) AMPO, Inc. in excess of $500,000 or to ii) joint ventures in excess of $5,000,000; f) cash dividends to members are prohibited; g) annual lease payments may not exceed $1,000,000 and sale of leaseback transactions are limited to $5,000,000; h) AMP must maintain financial covenants including i) minimum consolidated tangible net worth and ii) interest coverage ratio in excess of 2.50 to 1.00 measured on a trailing four quarter basis.

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:

	December 31, 2016	December 31, 2015
AMP project note	$ 15,375,000	$ 15,263,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2008A	86,145,000	95,815,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009A	26,120,000	26,120,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009B	40,420,000	44,495,000
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	135,350,000	135,350,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2015C	95,100,000	95,100,000
AMP Prairie State Energy Campus Project Revenue Bonds, Escrow	725,775,000	734,475,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009A	-	6,135,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009B	497,005,000	497,005,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009C	90,475,000	122,405,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009D	11,964,706	13,294,118
AMP Combined Hydroelectric Project Revenue Bonds, Series 2010A	140,370,000	152,995,000
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	-
AMP Combined Hydroelectric Project Revenue Bond, Escrow	28,390,000	-
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010A	37,750,000	45,495,000
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	80,050,000	-
AMP Fremont Energy Center Project Revenue Bonds, Series 2012A	-	3,680,000
AMP Fremont Energy Center Project Revenue Bonds, Series 2012B	520,620,000	525,545,000
AMP Greenup Hydroelectric Project Revenue Bonds, Series 2016A	125,630,000	-
	5,870,344,706	5,517,447,118
Current portion	(77,042,309)	(77,687,412)
Plus: Unamortized premium and discount, net	173,170,053	112,354,483
Plus: Unamortized debt issuance costs, net	(39,506,534)	(39,484,426)
Long-term debt	$ 5,926,965,916	$ 5,512,629,764

Build America Bonds and New Clean Renewable Energy Bonds
Certain AMP bonds have been designated as Build America Bonds ("BABs") and New Clean Renewable Energy Bonds ("New CREBs") pursuant to the provisions of the American Recovery and Reinvestment Act (the "Recovery Act.") As of the date of issuance of the bonds designated as BABs, AMP expected to receive a federal cash subsidy in the amount of 35% of the interest payable on or about each interest payment date. As of the date of issuance of the bonds designated as New CREBs, AMP expected to receive a cash subsidy payment from the United States Treasury over the term of the bonds equal to 70% of interest which would have been payable on the designated bonds if the interest on such bonds were determined by reference to the applicable tax credit rate under Section 54A (b)(3) of the Internal Revenue Code. These federal subsidies do not constitute a full faith and credit guarantee of the United States, but are required to be paid by the Treasury under the Recovery Act. AMP is obligated to make all payments of principal and interest on the bonds designated as BABs and New CREBs whether or not it receives the federal subsidy pursuant to the Recovery Act. The federal government mandated budget sequestration that went into effect beginning March 1, 2013, applied to direct credit subsidy payments. The federal subsidy payment to issuers of BABs and New CREBs was reduced by 6.8% and 7.3% in fiscal years 2016 and 2015, respectively. AMP has been notified by the IRS that the subsidy will be reduced by 6.9% in 2017. The reductions in subsidies related to the sequestration have been extended through 2024.

PSEC 2008A Bonds
The Prairie State Energy Campus Project Revenue Bonds, Series 2008A ("PSEC 2008A Bonds") were issued on July 2, 2008, pursuant to the terms of the PSEC MTI, dated as of November 1, 2007, as amended and supplemented, with an aggregate par amount of $760,655,000. The PSEC 2008A Bonds were issued at an aggregate discount of $10,839,397. Interest is payable semiannually, beginning February 15, 2009.

On January 14, 2015, AMP issued, pursuant to the PSEC MTI, its Prairie State Energy Campus Project Revenue Bonds, consisting of three series: $507,875,000 Refunding Series 2015A ("PSEC 2015A Bonds"), $135,350,000 Refunding Series 2015B ("PSEC 2015B Bonds") and $95,100,000 Refunding Series 2015C ("PSEC 2015C Bonds" and, together with PSEC 2015A Bonds and PSEC 2015B Bonds, "PSEC 2015 Bonds"). The PSEC 2015 Bonds were issued at an aggregate premium of $85,874,257. The PSEC 2015 Bonds were issued to (i) refund a portion of AMP's PSEC 2008A Bonds, (ii) refund a portion of AMP's Prairie State Energy Campus Revenue Bonds, Series 2009A ("PSEC 2009A Bonds"), issued on March 31, 2009 in the aggregate principal amount of $166,565,000, (collectively "PSEC Escrow Bonds"), and (iii) pay the costs of issuance of the PSEC 2015 Bonds. Specifically, a portion of the proceeds of the PSEC 2015 Bonds and other available funds under the Indenture, were deposited in an Escrow Fund established by AMP to be used exclusively to advance refund portions of PSEC 2008A Bonds and PSEC 2009A Bonds. In the consolidated balance sheets, the funds held in escrow are presented in Trustee funds – restricted.

The maturities of the PSEC 2008A Bonds at December 31, 2016 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2017	$ 10,140,000	4.200 - 5.000 %
2018	3,915,000	4.500 - 5.000 %
2019	1,130,000	4.400 - 5.250 %
2020	1,320,000	4.500 - 5.250 %
2021	1,380,000	5.250 %
2022	1,460,000	5.250 %
2023	1,450,000	4.625 - 5.250 %
2024	660,000	5.250 %
2025	975,000	5.250 %
2026	1,205,000	5.250 %
2027	1,765,000	5.250 %
2028	1,865,000	4.875 - 5.250 %
2029	2,085,000	5.000 %
2030	2,190,000	5.000 %
2031	2,300,000	5.000 %
2032	1,980,000	5.250 %
2033	2,080,000	5.250 %
2034	8,145,000	5.000 %
2035	8,555,000	5.000 %
2036	8,975,000	5.000 %
2307	9,430,000	5.000 %
2038	9,900,000	5.000 %
2039	585,000	5.250 %
2040	615,000	5.250 %
2041	645,000	5.250 %
2042	680,000	5.250 %
2043	715,000	5.250 %
	$ 86,145,000	

PSEC 2009A Bonds

The PSEC 2009A Bonds were issued on March 31, 2009, pursuant to the PSEC MTI, in the form of serial and term bonds with an aggregate par amount of $166,565,000. The PSEC 2009A Bonds were issued with an aggregate discount of $2,750,794. The PSEC 2009A Bonds mature between 2017 and 2039 and bear interest at fixed rates between 4.00% and 5.75%. Interest is payable semiannually, beginning August 15, 2009. Assured Guaranty Corp. issued a municipal bond insurance policy to insure the payment of the principal and interest on the PSEC 2009A Bonds.

The PSEC 2009A Bonds outstanding at December 31, 2016 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2017	$ 1,820,000	4.000 %
2018	8,455,000	4.125 %
2019	11,835,000	4.250 %
2020	1,950,000	4.375 %
2021	2,060,000	4.500 %
	$ 26,120,000	

PSEC 2009B Bonds

The Prairie State Energy Campus Project Revenue Bonds, Series 2009B ("PSEC 2009B Bonds") were issued on October 15, 2009, pursuant to the PSEC MTI, in the form of serial and term bonds with an aggregate par amount of $83,745,000. Interest is payable semiannually, beginning February 15, 2010. AMP has the right to redeem the PSEC 2009B Bonds on any date, in whole or in part, at the make-whole premium.

The PSEC 2009B Bonds outstanding at December 31, 2016 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2017	$ 2,365,000	4.855 %
2018	2,470,000	4.955 %
2019	2,635,000	5.055 %
2024	16,300,000	5.355 %
2028	16,650,000	5.803 %
	$ 40,420,000	

The PSEC 2009B Bonds due on February 15, 2024 and February 15, 2028, are term bonds subject to mandatory sinking fund redemption on February 15 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:

The PSEC 2009B Bonds, maturing on February 15, 2024:

Year	Principal Amount
2020	$ 2,845,000
2021	3,055,000
2022	3,260,000
2023	3,455,000
2024	3,685,000
	$ 16,300,000

The PSEC 2009B Bonds, maturing on February 15, 2028:

Year	Principal Amount
2025	$ 3,955,000
2026	4,245,000
2027	4,550,000
2028	3,900,000
	$ 16,650,000

PSEC 2009C Bonds

The Prairie State Energy Campus Project Revenue Bonds, Series 2009C ("PSEC 2009C Bonds") were issued on October 15, 2009, pursuant to the PSEC MTI, in the form of serial and term bonds with an aggregate par amount of $385,835,000. The PSEC 2009C Bonds mature between 2034 and 2043 and bear interest at fixed rates between 5.953% and 6.553%. Interest is payable semiannually, beginning February 15, 2010.

AMP designated the PSEC 2009C Bonds as BABs. See "Build America Bonds and New Clean Renewable Energy Bonds" above.

The PSEC 2009C Bonds outstanding at December 31, 2016 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2034	$ 10,000,000	5.953 %
2034	25,885,000	6.453 %
2039	77,435,000	6.553 %
2043	272,515,000	6.053 %
	$ 385,835,000	

From any available moneys, AMP may, at its option, redeem, prior to their respective maturities, in whole or in part, the PSEC 2009C Bonds stated to mature on (i) February 15, 2034 and bearing interest at 6.453%, and (ii) February 15, 2039, on any date beginning February 15, 2020, at the redemption price of par, together with interest accrued to the date fixed for redemption. In addition, AMP has the right to redeem any or all of the PSEC 2009C Bonds on any date, in whole or in part, at the make-whole premium. The PSEC 2009C Bonds are subject to redemption from any available funds, at the option of AMP, prior to their maturity, in whole or in part upon the occurrence of certain extraordinary events, at a make-whole redemption price.

The PSEC 2009C Bonds due on February 15, 2034, February 15, 2039 and February 15, 2043, 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:

The PSEC 2009C Bonds bearing interest at 5.953% and maturing on February 15, 2034:

Year	Principal Amount
2028	$ 950,000
2029	1,330,000
2030	1,395,000
2031	1,460,000
2032	1,545,000
2033	1,625,000
2034	1,695,000
	$ 10,000,000

The PSEC 2009C Bonds bearing interest at 6.453% and maturing on February 15, 2034:

Year	Principal Amount
2029	$ 3,760,000
2030	3,960,000
2031	4,170,000
2032	4,440,000
2033	4,680,000
2034	4,875,000
	$ 25,885,000

The PSEC 2009C Bonds bearing interest at 6.553% maturing on February 15, 2039:

Year	Principal Amount
2035	$ 6,920,000
2036	7,290,000
2037	7,685,000
2038	8,090,000
2039	47,450,000
	$ 77,435,000

The PSEC 2009C Bonds bearing interest at 6.053% maturing on February 15, 2043:

Year	Principal Amount
2040	$ 64,140,000
2041	66,730,000
2042	69,425,000
2043	72,220,000
	$ 272,515,000

PSEC 2010 Bonds

The Prairie State Energy Campus Project Revenue Bonds, Series 2010 ("PSEC 2010 Bonds") were issued on September 29, 2010, pursuant to the PSEC MTI, in the form of term bonds due February 15, 2047 with an aggregate par amount of $300,000,000. The PSEC 2010 Bonds will bear interest at a fixed rate of 5.939%. Interest is payable semiannually, beginning February 15, 2011.

AMP designated the PSEC 2010 Bonds as BABs. See "Build America Bonds and New Clean Renewable Energy Bonds" above.

The PSEC 2010 Bonds are subject to mandatory sinking fund redemption on February 15 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:

Maturity Date - February 15	Principal Amount
2044	$ 87,695,000
2045	91,150,000
2046	94,735,000
2047	26,420,000
	$ 300,000,000

AMP has the right to redeem the PSEC 2010 Bonds on any date in whole or in part, at the make-whole redemption price. The PSEC 2010 Bonds are subject to redemption from any available funds at the option of AMP, prior to their maturity, in whole or in party, upon the occurrence of certain extraordinary events, at a make-whole redemption price.

The PSEC includes adjacent coal reserves and all associated mine, rail, water, coal combustion waste storage and ancillary support. The generating station consists of two supercritical units with a nominal net output capacity of 800MW each. The plant incorporates state-of-the-art emissions control technology consistent with other plants that have been successfully permitted. All permits required for the construction of the power plant have been issued. PSEC Unit 1 was declared to be in commercial operation in June 2012 and PSEC Unit 2 was declared to be in commercial operation in November 2012. AMP entered into a power sales contract dated November 1, 2007 with 68 of its members (the "PSEC Participants") for its share of the electric output of the PSEC (the "AMP Entitlement"). The PSEC Participants' obligations to make payments pursuant to the power sales contract are limited obligations payable solely out of the revenues, and, with two

exceptions, as an operating expense, of their respective electric systems. Each PSEC Participant's obligation to make payments pursuant to the power sales contract is a take-or-pay obligation. Therefore, such payments shall not be subject to any reduction, whether by offset, counterclaim, or otherwise; 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 PSEC Participants' power sales contract resources share, including step-up power. The power sales contract contains a step-up provision that requires, in the event of default by an PSEC Participant, the nondefaulting PSEC Participants to purchase a pro rata share, based upon each nondefaulting PSEC Participant's original power sales contract resources share which, together with the shares of the other nondefaulting PSEC Participants, is equal to the defaulting PSEC Participant's power sales resources share. No nondefaulting participant is obligated to accept step-up power in excess of 25% of its original power sales contract resources share.

The proceeds of the PSEC 2008A Bonds, the PSEC 2009A Bonds, the PSEC 2009B Bonds, the PSEC 2009C Bonds and the PSEC 2010 Bonds were used to fund the cost of construction of the PSEC.

PSEC 2015A Bonds
The PSEC 2015A Bonds will mature between 2020 and 2043 and will bear interest rates at fixed rates between 4.00% and 5.25%. Interest is payable semiannually, beginning August 15, 2015.

The PSEC Series 2015A Bonds outstanding at December 31, 2015 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2020	$ 18,380,000	5.000 %
2021	21,305,000	5.000 %
2022	24,760,000	5.000 %
2023	27,075,000	5.000 %
2024	29,290,000	5.000 %
2025	30,455,000	5.000 %
2026	31,785,000	5.000 %
2027	32,870,000	5.000 %
2028	34,510,000	5.000 %
2029	36,150,000	5.000 %
2030	35,195,000	5.250 %
2031	37,055,000	5.250 %
2032	31,945,000	5.250 %
2033	33,625,000	5.250 %
2039	40,890,000	5.000 %
2042	31,190,000	5.000 %
2043	11,395,000	4.000 %
	$ 507,875,000	

The PSEC 2015A Bonds due February 15, 2039 and February 15, 2042 are term bonds subject to mandatory sinking fund redemption on February 15 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:

The PSEC 2015A Bonds bearing interest of 5.000% maturing on February 15, 2039:

Year	Principal Amount
2034	$ 340,000
2035	355,000
2036	370,000
2037	7,975,000
2038	8,375,000
2039	23,475,000
	$ 40,890,000

The PSEC 2015A Bonds bearing interest of 5.000% maturing on February 15, 2042:

Year	Principal Amount
2040	$ 9,895,000
2041	10,390,000
2042	10,905,000
	$ 31,190,000

PSEC 2015B Bonds

The PSEC 2015B Bonds will mature on February 15, 2034 and 2036 and bear interest at a fixed rate of 5.00%. Interest is payable semiannually, beginning August 15, 2015.

The PSEC 2015B Bonds outstanding at December 31, 2015 are as follows:

Year	Principal Amount	Interest Rate
2034	$ 71,980,000	5.000 %
2036	63,370,000	5.000 %
	$ 135,350,000	

The PSEC 2015B Bonds due on February 15, 2034 and February 15, 2036 are term bonds subject to mandatory sinking fund redemption on February 15 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:

The PSEC 2015B Bonds bearing interest of 5.000% maturing on February 15, 2034:

Year	Principal Amount
2030	$ 3,650,000
2031	3,845,000
2032	11,530,000
2033	11,865,000
2034	41,090,000
	$ 71,980,000

The PSEC 2015B Bonds bearing interest of 5.000% maturing on February 15, 2036:

Year	Principal Amount
2030	$ 3,650,000
2031	3,845,000
2032	11,530,000

PSEC 2015C Bonds

The PSEC 2015C Bonds are $95,100,000 of privately placed bonds with Wells Fargo Municipal Capital Strategies, LLC. They were issued initially at a floating rate of interest which is based on the Securities Industry and Financial Markets Association Index, which is issued on Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day plus 0.59% per annum. The 0.59% rate is fixed until the initial mandatory tender date, which is February 15, 2019. Payments are made on February and August 15 of each year. The interest rate at December 31, 2016 was 0.600%.

The PSEC Series 2015C Bonds outstanding at December 31, 2016 are as follows:

Year	Amount	Rate
2036	$ 21,345,000	0.610 %
2037	36,285,000	0.610 %
2038	37,470,000	0.610 %
	$ 95,100,000	

The PSEC Escrow Bonds
The PSEC Escrow Bonds outstanding at December 31, 2016 are as follows:

	Principal Amount	Interest Rate
2017	$ 9,200,000	5.130 %
2018	624,150,000	5.130 %
2019	92,425,000	5.350 %
	$ 725,775,000	

Combined Hydroelectric Projects Financings
The Combined Hydroelectric Projects Revenue Bonds, Series 2009A, 2009B and 2009C ("Hydro 2009A Bonds", "Hydro 2009B Bonds" and "Hydro 2009C Bonds") were issued on December 9, 2009, pursuant to the terms of a Master Trust Indenture, dated as of November 1, 2009 (as amended and supplemented, ("Hydro MTI"), in the form of serial and term bonds with an aggregate par amount of $643,835,000. Interest is payable semiannually, beginning February 15, 2010.

AMP designated the Hydro 2009B Bonds as BABs. See "Build America Bonds and New Clean Renewable Energy Bonds" above.

Hydro 2009A Bonds
As of December 31, 2016, there were no remaining Hydro 2009A Bonds outstanding.

Hydro 2009B Bonds
The Hydro 2009B Bonds outstanding at December 31, 2016 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2020	$ 3,465,000	5.264 %
2021	10,745,000	5.514 %
2022	12,675,000	5.664 %
2023	13,155,000	5.814 %
2024	13,890,000	5.964 %
2027	45,390,000	6.000 %
2029	33,505,000	6.449 %
2032	55,810,000	6.424 %
2044	308,370,000	6.449 %
	$ 497,005,000	

From any available moneys, AMP may, at its option, redeem, prior to their respective maturities, in whole or in part, the Hydro 2009B Bonds stated to mature on February 15, 2021 through February 15, 2024, inclusive, February 15, 2027 and February 15, 2029, on any date beginning February 15, 2020 at the redemption price of par, together with interest accrued to the date fixed for redemption. AMP has the right to redeem any or all the Hydro 2009B Bonds, on any date, in whole or in part, at the make-whole redemption price.

The Hydro 2009B Bonds due on February 15, 2027, February 15, 2029, February 15, 2032 and February 15, 2044, are term bonds subject to mandatory sinking fund redemption on February 15 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:

The Hydro 2009B Bonds maturing on February 15, 2027:

Year	Principal Amount
2025	$ 14,525,000
2026	15,125,000
2027	15,740,000
	$ 45,390,000

The Hydro 2009B Bonds maturing on February 15, 2029:

Year	Principal Amount
2028	$ 16,405,000
2029	17,100,000
	$ 33,505,000

The Hydro 2009B Bonds maturing on February 15, 2032:

Year	Principal Amount
2030	$ 17,835,000
2031	18,590,000
2032	19,385,000
	$ 55,810,000

The Hydro 2009B Bonds maturing on February 15, 2044:

Year	Principal Amount
2033	$ 20,210,000
2034	21,070,000
2035	21,975,000
2036	22,910,000
2037	23,885,000
2038	24,910,000
2039	25,965,000
2040	27,080,000
2041	28,230,000
2042	29,435,000
2043	30,695,000
2044	32,005,000
	$ 308,370,000

Hydro 2009C Bonds

The Hydro 2009C Bonds outstanding at December 31, 2016 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2017	$ 15,765,000	5.000 %
2018	25,850,000	5.250 %
2019	27,250,000	5.250 %
2020	21,610,000	5.000 %
	$ 90,475,000	

From any available moneys, AMP may, at its option, redeem prior to their respective maturities, in whole or in part, the Hydro 2009C Bonds stated to mature after February 15, 2020 on any date beginning February 15, 2020, at a redemption price of par, together with interest accrued to the date fixed for redemption.

On October 6, 2016, AMP issued, pursuant to the Hydro MTI, its Combined Hydroelectric Project Revenue Bonds, Series 2016A, ("Hydro 2016A Bonds") with an aggregate par amount of $209,530,000. The Hydro 2016A Bonds were issued at an aggregate premium of $34,152,726. The Hydro 2016A Bonds were issued to in order to (i) finance construction of the Combined Hydroelectric Projects, (ii) repay draws on the line of credit used as interim financing, (iii) fund a Parity Common Reserve Account, (iv) refund a portion of the Hydro 2009C Bonds ("Hydro Escrow Bonds"), and (v) pay the cost of issuance. Specifically, a portion of the proceeds of the Hydro 2016A Bonds were deposited in an Escrow Fund established by AMP to be used exclusively to advance refund portions of Hydro 2009C Bonds. In the consolidated balance sheets, the funds held in escrow are presented in Trustee funds – restricted.

Hydro 2009D Bonds
The Combined Hydroelectric Project Revenue Bonds, Series 2009D ("Hydro 2009D Bonds") were issued on December 2, 2009, pursuant to the Hydro MTI, as clean renewable energy bonds, pursuant to the Energy Tax Incentive Act of 2005, at a par amount of $22,600,000. The Hydro 2009D Bonds were issued at a discount of $3,000,000 and do not bear interest. AMP is required to make annual debt service payments on the Hydro 2009D Bonds in the amount of $1,329,412 on December 15 of each year, beginning in 2009 and ending in 2025. The Hydro 2009D Bonds are subject to redemption in whole or in part in the case of certain extraordinary events.

Hydro 2010A, 2010B and 2010C Bonds
The Combined Hydroelectric Projects Revenue Bonds, Series 2010A, 2010B and 2010C ("Hydro 2010A Bonds", "Hydro 2010B Bonds" and "Hydro 2010C Bonds", collectively "Hydro 2010 Bonds") were issued on December 21, 2010, pursuant to the Hydro MTI, with an aggregate par amount of $1,378,990,000. Interest is payable semiannually, beginning February 15, 2011.

AMP designated the Hydro 2010B Bonds as BABs and the Hydro 2010C Bonds as New CREBs. See "Build America Bonds and New Clean Renewable Energy Bonds" above.

Hydro 2010A Bonds
The Hydro 2010A Bonds outstanding at December 31, 2016 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2017	$ 7,620,000	5.157 %
2020	2,365,000	6.123 %
2021*	8,060,000	6.223 %
2029	22,570,000	7.200 %
2030	24,265,000	7.300 %
2033	75,490,000	7.734 %
	$ 140,370,000	

* Assured Guaranty Corp issued a municipal bond insurance policy to insure the payment of the principal and interest on these Hydro 2010A Bonds.

The Hydro 2010A Bonds due on February 15, 2033 are term bonds subject to mandatory sinking fund redemption on February 15 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.

Year	Principal Amount
2031	$ 26,165,000
2032	28,270,000
2033	21,055,000
	$ 75,490,000

Hydro 2010B Bonds
The Hydro 2010B Bonds outstanding at December 31, 2016 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2041	$ 324,130,000	7.834 %
2050	785,865,000	8.084 %
	$ 1,109,995,000	

The Hydro 2010B Bonds due on February 15, 2041 and due on February 15, 2050 are term bonds subject to mandatory sinking fund redemption on February 15 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:

The Hydro 2010B Bonds maturing on February 15, 2041:

Year	Principal Amount
2033	$ 9,405,000
2034	32,420,000
2035	34,185,000
2036	36,055,000
2037	38,030,000
2038	40,100,000
2039	42,300,000
2040	44,600,000
2041	47,035,000
	$ 324,130,000

The Hydro 2010B Bonds maturing on February 15, 2050:

Year	Principal Amount
2042	$ 49,645,000
2043	52,435,000
2044	55,380,000
2045	91,900,000
2046	96,685,000
2047	101,725,000
2048	107,025,000
2049	112,600,000
2050	118,470,000
	$ 785,865,000

Hydro 2010C Bonds
The Hydro 2010C Bonds outstanding at December 31, 2016 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2022*	$ 9,735,000	6.473 %
2023*	9,500,000	6.623 %
2024	16,095,000	6.973 %
2028	80,670,000	7.334 %
	$ 116,000,000	

* Assured Guaranty Corp issued a municipal bond insurance policy to insure the payment of the principal and interest on these Hydro 2010C Bonds.

The Hydro 2010C Bonds due on February 15, 2028 are term bonds subject to mandatory sinking fund redemption on February 15 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:

Year	Principal Amount
2025	$ 18,730,000
2026	19,930,000
2027	20,640,000
2028	21,370,000
	$ 80,670,000

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 Hydro 2010 Bonds at the make whole-redemption price.

The Hydro 2010B Bonds and Hydro 2010C Bonds are subject to redemption from any available moneys, at the option of AMP, prior to their maturity, in whole or in part upon the occurrence of certain extraordinary events, at a make-whole.

The proceeds of the Hydro 2009 and 2010 Bonds were used to fund the cost of construction of the Hydro projects.

Hydro 2016A Bonds
The Hydro 2016A Bonds mature between 2020 and 2046 and bear interest at fixed rates ranging from 4.000% to 5.000%. Interest is payable semiannually, beginning February 15, 2017.

Maturity Date - February 15	Principal Amount	Interest Rate
2020	$ 835,000	4.000 %
2021	10,885,000	5.000 %
2022	8,590,000	5.000 %
2023	9,565,000	5.000 %
2024	3,490,000	5.000 %
2025	1,510,000	5.000 %
2026	5,445,000	5.000 %
2027	5,665,000	5.000 %
2028	5,895,000	5.000 %
2029	6,165,000	5.000 %
2030	6,450,000	4.000 %
2031	6,715,000	5.000 %
2032	6,985,000	5.000 %
2033	7,230,000	5.000 %
2034	7,485,000	5.000 %
2035	7,755,000	4.000 %
2036	8,040,000	5.000 %
2037	8,365,000	5.000 %
2038	8,710,000	5.000 %
2041	28,315,000	5.000 %
2046	21,935,000	4.000 %
2046	33,500,000	5.000 %
	$ 209,530,000	

The Hydro 2016A Bonds due on February 15, 2041 and February 15, 2046 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.

Hydro 2016A Bonds bearing interest at 5.00% and maturing February 15, 2041:

Year	Principal Amount
2039	$ 9,060,000
2040	9,435,000
2041	9,820,000
	$ 28,315,000

Hydro 2016A Bonds bearing interest at 4.00% and maturing at February 15, 2046:

Year	Principal Amount
2042	$ 4,085,000
2043	4,210,000
2044	4,335,000
2045	4,520,000
2046	4,785,000
	$ 21,935,000

Hydro 2016A Bonds bearing interest at 5.00% and maturing on February 15, 2046:

Year	Principal Amount
2042	$ 6,115,000
2043	6,360,000
2044	6,620,000
2045	6,975,000
2046	7,430,000
	$ 33,500,000

AMP has entered into a power sales contract dated as of November 1, 2007 with 79 of its members (the “Hydro Participants”) by the terms of which AMP agrees to sell, and the Hydro Participants agree to buy on a take-or-pay basis, the electric output of three hydroelectric facilities with an aggregate capacity of 208 MW on the Ohio River. The take-or-pay obligations of the Hydro Participants under the Hydro power sales contract are limited obligations payable solely out of the revenues, and, with two exceptions, as an operating expense, of their respective electric systems and are subject to step up to the same extent as are the obligations of the PSEC Participants under the PSEC power sales contract.

Hydro Escrow Bonds

The Hydro Escrow Bonds outstanding at December 31, 2016 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2020	$ 28,390,000	5.000 %
	$ 28,390,000	

Meldahl Financings
The Meldahl Hydroelectric Project Revenue Bonds, Series 2010A, 2010B, 2010C, and 2010D ("Meldahl 2010A Bonds", "Meldahl 2010B Bonds", "Meldahl 2010C Bonds" and "Meldahl 2010D Bonds", collectively "Meldahl A-D Bonds") were issued on December 7, 2010, pursuant to a Master Trust Indenture, dated as of October 1, 2010 (as amended and supplemented, "Meldahl MTI"), with an aggregate par amount of $330,065,000. Interest is payable semiannually, beginning February 15, 2011.

AMP designated the Meldahl 2010B Bonds and the Meldahl 2010E Bonds as BABs and the Meldahl 2010C Bonds as New CREBs. See "Build America Bonds and New Clean Renewable Energy Bonds" above.

Meldahl 2010A Bonds
The Meldahl 2010A Bonds outstanding at December 31, 2016 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2017	$ 8,090,000	4.742 %
2018	8,470,000	5.072 %
2019	8,905,000	5.272 %
2020	9,375,000	5.472 %
2021	2,910,000	5.672 %
	$ 37,750,000	

Meldahl 2010B Bonds
The Meldahl 2010B Bonds outstanding at December 31, 2016 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2035	$ 10,000,000	7.000 %
2050	250,000,000	7.499 %
	$ 260,000,000	

The Meldahl 2010B Bonds due on February 15, 2050 are term bonds subject to mandatory sinking fund redemption on February 15 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:

Year	Principal Amount
2024	$ 3,710,000
2025	3,985,000
2026	4,285,000
2027	4,600,000
2029	4,945,000
2030	5,310,000
2031	5,705,000
2032	6,130,000
2033	6,585,000
2034	7,075,000
2036	7,605,000
2037	8,170,000
2038	8,775,000
2039	9,430,000
2040	10,130,000
2041	10,885,000
2042	11,695,000
2043	12,565,000
2044	13,500,000
2045	14,505,000
2046	15,585,000
2047	16,745,000
2048	17,990,000
2049	19,325,000
2050	20,765,000
	$ 250,000,000

Meldahl 2010C Bonds
The Meldahl 2010C Bonds were issued at a par amount of $20,000,000, bearing interest at a rate of 6.849% per annum and mature on February 15, 2028. 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 Meldahl 2010A Bonds, the Meldahl 2010B Bonds and the Meldahl 2010C Bonds, at the make whole-redemption price. The Meldahl 2010B Bonds and the Meldahl 2010C Bonds are subject to redemption from any available moneys, at the option of AMP, prior to their maturity, in whole or in part upon the occurrence of certain extraordinary events, at a make-whole redemption price.

Meldahl 2010D Bonds
The Meldahl 2010D Bonds were issued at a par amount of $4,570,000, bearing interest at a rate of 5.000% per annum and mature on February 15, 2021.

Meldahl Series 2010E Bonds

The Meldahl Hydroelectric Project Revenue Bonds, Series 2010E ("Meldahl 2010E Bonds") were issued on December 17, 2010, pursuant to the Meldahl MTI, with an aggregate par amount of $355,035,000. From the date of issuance to May 23, 2011, the bonds bore interest at the three-month LIBOR rate plus a 2.95% fixed spread per annum.

On May 23, 2011, $300,000,000 of the Meldahl 2010E Bonds was remarketed. The Meldahl 2010E Bonds will mature in 2050 and bear interest at a fixed rate of 6.270%. Interest is payable semiannually, beginning August 15, 2011.

The Meldahl 2010E Bonds are term bonds with an interest rate of 6.27% per annum, subject to mandatory sinking fund redemption on February 15 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:

Year	Principal Amount
2021	$ 2,065,000
2022	8,900,000
2023	9,340,000
2024	6,665,000
2025	6,915,000
2026	7,170,000
2027	2,125,000
2028	125,000
2029	7,965,000
2030	8,250,000
2031	8,545,000
2032	8,845,000
2033	9,145,000
2034	9,455,000
2035	7,735,000
2036	10,535,000
2037	10,890,000
2038	11,260,000
2039	11,625,000
2040	11,995,000
2041	12,365,000
2042	12,745,000
2043	13,120,000
2044	13,500,000
2045	13,875,000
2046	14,245,000
2047	14,615,000
2048	14,980,000
2049	15,330,000
2050	15,675,000
	$ 300,000,000

From any available funds, AMP may, at its option, redeem, on any business day, prior to their respective maturities, in whole or in part, the Meldahl 2010E Bonds at the make whole-redemption price. The Meldahl 2010E Bonds are subject to redemption from any available funds, at the option of AMP, prior to their maturity, in whole or in part upon the occurrence of certain extraordinary events, at a make-whole redemption price.

Meldahl 2016A Bonds

The Meldahl Hydroelectric Project Revenue Bonds, Series 2016A ("Meldahl 2016A Bonds"), were issued on July 27, 2016, pursuant to the terms of Meldahl MTI, with an aggregate par amount of $80,050,000. The Meldahl 2016A Bonds were issued at an aggregate premium of $13,247,689. The Meldahl 2016A Bonds mature between 2018 and 2046 and bear interest at fixed rates ranging from 3.000% to 5.000%. Interest is payable semiannually, beginning February 15, 2017. AMP has the option to redeem the Meldahl 2016A Bonds on any date in whole or in part, at the make-whole premium on or after February 15, 2026.

The Meldahl 2016A Bonds outstanding at December 31, 2016 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2018	$ 595,000	3.000 %
2019	630,000	3.000 %
2020	675,000	4.000 %
2021	1,035,000	4.000 %
2022	2,185,000	5.000 %
2023	2,240,000	5.000 %
2024	1,735,000	5.000 %
2025	1,780,000	5.000 %
2026	2,735,000	5.000 %
2027	1,780,000	5.000 %
2028	1,305,000	2.000 %
2029	3,000,000	5.000 %
2030	3,080,000	5.000 %
2031	3,160,000	5.000 %
2032	3,235,000	5.000 %
2033	3,320,000	5.000 %
2034	3,385,000	4.000 %
2035	3,060,000	4.000 %
2036	3,550,000	3.000 %
2041	18,225,000	4.000 %
2046	19,340,000	5.000 %
	$ 80,050,000	

The Meldahl 2016A Bonds due February 15, 2041 and February 15, 2046 are term bonds subject to mandatory sinking fund redemption on the principal payment date in the following years in the following principal amounts as a redemption price equal to par, together with interest accrued to the date of redemption.

Meldahl 2016A Bonds bearing interest at 4.000% and maturing on February 15, 2041:

Year	Principal Amount
2037	$ 3,580,000
2038	3,610,000
2039	3,645,000
2040	3,680,000
2041	3,710,000
	$ 18,225,000

Meldahl 2016A Bonds bearing interest at 5.000% and maturing on February 15, 2046:

Year	Principal Amount
2042	$ 3,750,000
2043	3,815,000
2044	3,870,000
2045	3,925,000
2046	3,980,000
	$ 19,340,000

The proceeds of the Meldahl 2016A funds were used to (i) repay draws on the line of credit used as interim financing, (ii) fund a parity common reserve account, and (iii) pay the cost of issuance.

AMP has entered into a power sales contract dated as of March 1, 2009 with 48 of its members (the "Meldahl Participants") by the terms of which AMP agrees to sell, and the Meldahl Participants agree to buy on a take-or-pay basis, the electric output of a hydroelectric facility with an aggregate capacity of 105 MW on the Ohio River. The take-or-pay obligations of the Meldahl Participants under the Meldahl power sales contract are limited obligations payable solely out of the revenues, and, with two exceptions, as an operating expense, of their respective electric systems and are subject to step up to the same extent as the obligations of the PSEC Participants under the PSEC power sales contract, except that the maximum step-up percentage is 106%.

AMP Fremont Energy Center 2012A Bonds
The AMP Fremont Energy Center Revenue Bonds, Series 2012A ("AFEC 2012A Bonds") were issued on June 29, 2012, pursuant to a Master Trust Indenture, dated as of June 1, 2012, as supplemented ("AFEC MTI"), in the form of term bonds with an aggregate par amount of $20,540,000. Interest is payable semiannually beginning February 15, 2013. AMP has the right to redeem the AFEC 2012A Bonds on any date in whole or in part, at the make-whole premium.

As of December 31, 2016, there were no remaining Hydro 2009A Bonds outstanding.

AMP Fremont Energy Center 2012B Bonds

The AMP Fremont Energy Center Revenue Bonds, Series 2012B (the "AFEC 2012B Bonds") were issued June 29, 2012, pursuant to a Master Trust Indenture, dated as of June 1, 2012, as supplemented ("AFEC MTI"), in the form of serial and term bonds with an aggregate par amount of $525,545,000. Interest is payable semiannually beginning February 15, 2013. AMP has the right to redeem the AFEC 2012B Bonds maturing after February 15, 2022, prior to their respective maturities, in whole or in part, on any date beginning February 15, 2022, at a redemption price of par, plus accrued interest.

The AFEC 2012B Bonds outstanding at December 31, 2016 were as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2017	$ 8,910,000	5.000 %
2018	9,360,000	5.000 %
2019	9,825,000	5.000 %
2020	10,315,000	5.000 %
2021	10,830,000	5.000 %
2022	11,375,000	5.000 %
2023	11,940,000	5.000 %
2024	12,540,000	5.000 %
2025	13,165,000	5.000 %
2026	13,825,000	5.000 %
2027	14,550,000	5.250 %
2028	15,315,000	5.250 %
2029	16,120,000	5.250 %
2030	16,965,000	5.250 %
2031	17,645,000	4.000 %
2032	18,525,000	5.000 %
2037	107,485,000	5.000 %
2042	137,175,000	4.000 %
2044	64,755,000	4.375 %
	$ 520,620,000	

The AFEC 2012B Bonds due on February 15, 2037, February 15, 2042 and February 15, 2044 are term bonds subject to mandatory sinking fund redemption on the principal payment date in the following years in the following principal amounts at the redemption price equal to par, together with interest accrued to the date of redemption.

The AFEC 2012B Bonds maturing on February 15, 2037:

Year	Principal Amount
2033	$ 19,450,000
2034	20,425,000
2035	21,445,000
2036	22,520,000
2037	23,645,000
	$ 107,485,000

The AFEC 2012B Bonds maturing on February 15, 2042:

Year	Principal Amount
2038	$ 24,825,000
2039	26,065,000
2040	27,370,000
2041	28,740,000
2042	30,175,000
	$ 137,175,000

The AFEC 2012B Bonds maturing on February 15, 2044:

Year	Principal Amount
2043	$ 31,685,000
2044	33,070,000
	$ 64,755,000

AMP has entered into a power sales contract dated as of June 1, 2012 with 87 of its members (the "AFEC Participants") by the terms of which AMP agrees to sell, and the AFEC Participants agree to buy, on a take-or-pay basis, the electric output of an AMP 90.69% undivided ownership interest in AFEC with an aggregate capacity of 641 MW. The take-or-pay obligations of the AFEC Participants under the AFEC power sales contract are limited obligations, payable solely out of the revenues, and, with two exceptions, as an operating expense, of their respective electric systems and are subject to step up to the same extent as the obligations of the PSEC Participants under the PSEC power sales contract.

Greenup Hydroelectric Project 2016A Revenue Bonds

The Greenup Hydroelectric Project Revenue Bonds, Series 2016A ("Greenup 2016A Bonds") were issued May 11, 2016 in the form of serial and term bonds with an aggregate par amount of $125,630,000. The Greenup 2016A Bonds were issued at an aggregate premium of $21,832,548. The bonds will mature between 2018 and 2046 and bear interest at fixed rates between 3.00% and 5.00%. Interest is payable semiannually beginning August 15, 2016. AMP has the option to redeem the Greenup 2016A Bonds on any date in whole or in part, at the make-whole premium on or after February 15, 2026.

The Greenup 2016A Bonds outstanding at December 31, 2016 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2018	$ 330,000	3.000 %
2019	1,265,000	3.000 %
2020	1,685,000	4.000 %
2021	1,750,000	5.000 %
2022	1,840,000	5.000 %
2023	1,930,000	5.000 %
2024	2,030,000	5.000 %
2025	2,130,000	5.000 %
2026	3,235,000	5.000 %
2027	3,395,000	5.000 %
2028	3,565,000	5.250 %
2029	3,745,000	5.250 %
2030	3,930,000	5.250 %
2031	4,130,000	5.250 %
2032	4,335,000	4.000 %
2033	4,550,000	5.000 %
2034	4,780,000	3.000 %
2035	4,920,000	4.000 %
2036	5,120,000	4.000 %
2041	29,420,000	5.000 %
2046	37,545,000	5.000 %
	$ 125,630,000	

The Greenup 2016A Bonds due on February 15, 2041 and February 15, 2046 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.

Greenup 2016A Bonds bearing interest at 5.000% and maturing on February 15, 2041:

Year	Principal Amount
2037	$ 5,325,000
2038	5,590,000
2039	5,870,000
2040	6,165,000
2041	6,470,000
	$ 29,420,000

Greenup 2016A Bonds bearing interest at 5.000% and maturing on February 15, 2046:

Year	Principal Amount
2042	$ 6,795,000
2043	7,135,000
2044	7,490,000
2045	7,865,000
2046	8,260,000
	$ 37,545,000

The proceeds of the Greenup 2016A Bonds were used to (i) finance the purchase price of the 48.6% undivided ownership interest in the Greenup Hydroelectric facility (see Note 3), (ii) provide funds for capital construction, (iii) repay draws on the line of credit used as interim financing, (iv) fund a portion of interest due on the Greenup 2016A Bonds, and (v) pay the cost of issuance.

Project Notes
The AMP project notes are due in October 2017 with interest at 1.00% payable at maturity, at both December 31, 2016 and 2015. The municipal project notes are payable solely from revenues received by AMP pursuant to its agreements with municipal members for construction of various electric utility projects. There is no recourse to AMP regarding these notes, other than from such revenues.

Term Debt on Behalf of Central Virginia Electric Cooperative
AMP and CVEC entered into a power sales contract dated July 26, 2011 under which AMP sells and CVEC purchases on a take-or-pay basis, the output associated with the “4.15% Interest”. On June 26, 2012, to finance the cost of the 4.15% Interest, AMP obtained from the National Cooperative Services Corporation, an affiliate of the Rural Utilities Cooperative Financial Corporation (commonly known as “CFC”), a $25,000,000 term loan to be amortized over 30 years.

This loan is secured by the CVEC power sales contract, a mortgage on and security interest in the 4.15% Interest and a CVEC payment guaranty. AMP’s obligations for the term loan are nonrecourse to AMP except to the extent of AMP’s rights under the CVEC power sales contract and the mortgage on and the security interest in the 4.15% Interest.

The term loan has fixed interest rates ranging from 2.75% to 5.60% through the life of the loan and the term loan matures on February 15, 2042.

As of December 31, 2016 and 2015, 21,916,666 and $22,770,833 remained as outstanding principal, respectively.

Term Debt on Behalf of Members (Nonrecourse)
The individual municipality is the primary obligor on term debt issued on its behalf. "On behalf of" financings are nonrecourse to AMP and are presented in the consolidated balance sheets with a corresponding receivable from the project or member to which the on-behalf-of financing relates. Bonds and notes payable issued by AMP on behalf of member communities consist of the following at December 31:

	2016	2015
Municipal project notes, due on various dates through September 2017 with interest from 1.25% to 2.00% at December 31, 2016 and 2015	$ 18,503,500	$ 9,044,500
	18,503,500	9,044,500
Current portion	(18,503,500)	(9,044,500)
Noncurrent portion	$ -	$ -

At December 31, 2016 and 2015, amounts included in accrued interest in the consolidated balance sheets that related to nonrecourse notes payable issued on-behalf-of members was $0. Interest expense related to nonrecourse term debt issued on behalf of members was $22,164 and $84,825 for the years ended December 31, 2016 and 2015, respectively.

The following is a summary of financing receivables from members related to on-behalf-of debt at December 31:

	2016	2015
Financing receivable - OMEGA JV2 members	$ 4,142,633	$ 8,052,470
Financing receivable - Wadsworth	3,094,429	3,718,040
Financing receivable - Genoa	2,869,080	3,113,257
Notes receivable - members	21,217,417	12,347,038
Interest receivable	63,612	84,825
	31,387,171	27,315,630
Current portion	(26,337,558)	(17,398,543)
Noncurrent portion	$ 5,049,613	$ 9,917,087

Interest income related to financing receivables from members was $22,164 and $84,825 for the years ended December 31, 2016 and 2015, respectively. Interest income from financing receivables and interest expense on term debt issued on behalf of members are classified in program and other revenue.

Aggregate Future Maturities

The aggregate amounts of future maturities for AMP's revolving credit loan, term debt, term debt on behalf of CVEC and on behalf of financings are as follows:

Years Ending December 31	Term Debt AMP	Term Debt CVEC	Revolving Credit Line	On Behalf of Financings
2017	$ 80,614,412	$ 854,167	$ -	$ 18,503,500
2018	684,924,412	854,167	-	-
2019	157,229,412	854,167	-	-
2020	104,539,412	854,167	203,500,000	-
2021	81,979,412	854,167	-	-
2022 and Thereafter	4,894,721,165	17,645,831	-	-
	$ 6,004,008,225	$ 21,916,666	$ 203,500,000	$ 18,503,500

10. Trustee Funds

Bond proceeds and funds collected in advance of contractually scheduled principal and interest payments for certain bond offerings are held in trust. Trustee funds related to these bond offerings consist of the following at December 31:

	2016	2015
PSEC Parity Common Reserve	$ 111,268,698	$ 110,985,284
PSEC Revenue 2008A Bonds	11,343,845	10,811,957
PSEC Revenue 2009A Bonds	2,479,289	916,513
PSEC Revenue 2009B Bonds	3,426,184	4,715,055
PSEC Revenue 2009C Bonds	6,791,302	6,691,957
PSEC Revenue 2010 Bonds	17,433,139	26,241,502
PSEC Revenue 2015A Bonds	10,870,046	11,627,293
PSEC Revenue 2015B Bonds	2,951,038	3,405,494
PSEC Revenue 2015C Bonds	1,465,356	1,116,767
PSEC Escrow	765,571,809	803,118,553
Hydro Parity Common Reserve	200,482,157	122,324,960
Hydro 2009A Bonds	-	209,590
Hydro 2009B Bonds	8,383,000	9,623,258
Hydro 2009C Bonds	8,580,727	1,483,999
Hydro 2009D Bonds	150,016	173,185
Hydro 2010A Bonds	-	1,178,766
Hydro 2010B Bonds	12,418,559	46,656,691
Hydro 2010C Bonds	5,535,159	4,057,594
Hydro 2016A Bonds	17,841,836	-
Hydro Escrow	31,540,231	-
Meldahl Parity Common Reserve	51,434,521	44,301,643
Meldahl 2010A Bonds	4	517,755
Meldahl 2010B Bonds	14,365,502	9,451,450
Meldahl 2010C Bonds	1,039,134	695,662
Meldahl 2010D Bonds	76,130	103,656
Meldahl 2010E Bonds	9,624,162	9,832,233
Meldahl 2016A Bonds	657,492	-
AFEC Parity Common Reserve	35,356,296	35,245,707
AFEC 2012A Bonds	5,311,868	8,600,000
AFEC 2012B Bonds	18,532,049	14,931,874
Greenup 2016A Bonds	6,556,432	-
Rate Stabilization Plans	12,543,632	10,757,789
	1,374,029,613	1,299,776,187
Current portion	(254,441,191)	(277,049,973)
Noncurrent portion	$ 1,119,588,422	$ 1,022,726,214

Investments held in the trustee funds consist of the following at December 31:

	2016	2015
Money market funds	$ 226,532,344	$ 177,410,901
Debt securities	1,147,497,269	1,122,365,286
	$ 1,374,029,613	$ 1,299,776,187

PSEC Bonds

The PSEC MTI contains a provision, among others, that AMP will at all times fix, charge and collect rates and charges for the use of, and for the services and facilities furnished by, the PSEC. These rates and charges are to provide net revenues at least 110% of the net annual debt service requirements of the PSEC Bonds.

As supplemented by supplemental trust agreements executed in connection with each series of the PSEC Bonds, the trust agreement also provides for the creation with the trustee of the following subfunds and accounts for each such series of PSEC Bonds: (a) Acquisition and Construction Subfund (containing amounts to be paid for costs incurred by AMP in connection with the construction of the PSEC); (b) Cost of Issuance Account (containing amounts to be paid for costs incurred by AMP in connection with the issuance of the PSEC Bonds);c) Bond Subfund (consisting of the Capitalized Interest Subaccount, the Interest Subaccount, the Principal Subaccount, the Sinking Subaccount, the Redemption Subaccount, and the Parity Common Reserve Account; (d) Subordinate Obligations Subfund; and (e) Reserve and Contingency Subfund (consisting of the Overhaul Account, the Renewal and Replacement Account, the Capital Improvement Account, the Rate Stabilization Account, the Environmental Improvement Account and the Self -Insurance Account).

Certain of the supplemental trust indentures also create Tracking Interest Subaccounts for the series of BABs and tax-exempt bonds to hold capitalized funds to pay interest on such bonds subsequent to the commercial operation dates of the project units.

Hydro Bonds

The Hydro MTI contains a provision that AMP will at all times fix, charge and collect rates and charges for the use of, and for the services and facilities furnished by, the Hydro plants. These rates and charges should provide net revenues at least 110% of the net annual debt service requirements of the Hydro Bonds.

As supplemented by supplemental trust agreements executed in connection with each series of the Hydro Bonds, the trust agreement also provides for the creation with the trustee of the following subfunds and accounts for each such series of Hydro Bonds: (a) Acquisition and Construction Account (containing amounts to be paid for costs incurred by AMP in construction of the Hydro plants); (b) Cost of Issuance Account (containing amounts to be paid for costs incurred by AMP in connection with the issuance of the series of Hydro Bonds); (c) Bond Subfund (consisting of the Capitalized Interest Subaccount, the Interest Subaccount, the Derivatives Payments Subaccount, the Principal Subaccount, the Sinking Subaccount, the Redemption Subaccount and the Parity Common Reserve Account; (d) Subordinate Obligations Subfund; and (e) Reserve and Contingency Subfund (consisting of the Overhaul Account, the Renewal and Replacement Account, the Capital Improvement Account, the Rate Stabilization Account, the Environmental Improvement Account and the Self-Insurance Account).

Certain of the supplemental trust agreements also create (i) Tracking Interest Subaccounts for the series of BABs, New CREBs and tax-exempt bonds to hold capitalized funds to pay interest on such bonds subsequent to the commercial operation dates of the project units and (ii) Special Reserve Accounts to hold amounts pledged particular series of BABs and New CREBs.

Meldahl Bonds
The Meldahl MTI contains a provision that AMP will at all times fix, change and collect rates and charges for the use of, and for the services and facilities furnished by, the Meldahl Hydro plant. These rates and charges should provide net revenues at least equal to 110% of the net annual debt service requirements of the Meldahl Bonds.

As supplemented by supplemental trust agreements executed in connection with each series of the Meldahl Bonds, the trust agreement also provides for the creation with the trustee of the following subfunds and accounts for each such series of Meldahl Bonds: (a) Acquisition and Construction Account (containing amounts to be paid for costs incurred by AMP in construction of the Meldahl Hydro plant); (b) Cost of Issuance Account (containing amounts to be paid for costs incurred by AMP in connection with the issuance of the Meldahl Bonds); (c) Bond Subfund (consisting of the Capitalized Interest Subaccount, the Interest Subaccount, the Derivatives Payments Subaccount, the Principal Subaccount, the Sinking Subaccount, the Redemption Subaccount and the Parity Common Reserve Account (containing amounts to be paid for debt service and amounts to be paid should a redemption be triggered); (d) Subordinate Obligations Subfund; and (e) Reserve and Contingency Subfund (consisting of the Overhaul Account, the Renewal and Replacement Account, the Capital Improvement Account, the Rate Stabilization Account, the Environmental Improvement Account and the Self-Insurance Account).

Certain of the supplemental trust agreements also create (i) Tracking Interest Subaccounts for the series of BABs, New CREBs and tax-exempt bonds to hold capitalized funds to pay interest on such bonds subsequent to the commercial operation date of the project units and (ii) Special Reserve Accounts to hold amounts pledged to particular series of BABs and New CREBs.

AFEC Bonds
The AFEC MTI contains a provision that AMP will at all times fix, change and collect rates and charges for the use of, and for the services and facilities furnished by, the AFEC plant. These rates and charges should provide net revenues equal to at least 110% of the net annual debt service requirements of the AFEC Bonds.

As supplemented by the first and second supplemental trust indentures executed in connection with the two series of the AFEC Bonds, and a third supplemental trust agreement that secures AMP's fuel hedge agreement counterparties, the trust agreement also provides for the creation with the trustee of the following subfunds and accounts for each such series of AFEC Bonds: (a) Acquisition and Construction Account (containing amounts to be paid for costs incurred by AMP in construction of the AFEC plant); (b) Cost of Issuance Account (containing amounts to be paid for costs incurred by AMP in connection with the issuance of the series of AFEC Bonds); (c) Revenue Subfund (consisting of the Operating Subaccount, the Fuel Reserve Subaccount, the Working Capital Subaccount, the Derivative Receipt Subaccount, and the General Subaccount and the Fuel Hedge Subaccount to be held by the trustee); (d) Bond Subfund (consisting of the Capitalized Interest Subaccount, the Interest Subaccount, the Derivatives Payment Subaccount, the Principal Subaccount, the Sinking Subaccount, the Redemption Subaccount, and the Parity Common Reserve Account; containing amounts to be paid for debt service and amounts to be paid should a redemption be triggered); (e) Subordinate Obligations Subfund; (f) Reserve and Contingency Subfund (consisting of the Overhaul Account, the Renewal and Replacement Account, the Capital Improvement Account, the Environmental Improvement Account, the Rate Stabilization Account, the Self-Insurance Account and with the trustee the Fuel Hedge Reserve Account).

11. 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 equity securities, mutual funds and money market funds that are listed on active exchanges which are included in investments on the consolidated balance sheets. AMP does not have any liabilities that meet the definition of Level 1.

Level 2 Pricing inputs are either directly or indirectly observable in the market as of the reporting date, other than quoted prices in active markets included in Level 1. Level 2 includes those financial instruments that are valued using models or other valuation methodologies based on assumptions that are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. AMP's Level 2 assets consist primarily of debt securities. 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 carrying amounts of cash, accounts receivable and accounts payable approximate their fair value due to their short maturities.

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 December 31, 2016 and December 31, 2015. 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.

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Liabilities				
Natural gas swaps	$ -	$ 65,184,424	$ -	$ 65,184,424
	$ -	$ 65,184,424	$ -	$ 65,184,424

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Equity securities and mutual funds	$ 7,926,817	$ -	$ -	$ 7,926,817
Money market funds	95,131	-	-	95,131
Debt securities	-	6,521,032	-	6,521,032
Hedge funds	-	-	31,701	31,701
	$ 8,021,948	$ 6,521,032	$ 31,701	$ 14,574,681
Liabilities				
Natural gas swaps	-	83,580,871	-	83,580,871
	$ -	$ 83,580,871	$ -	$ 83,580,871

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.

12. Asset Retirement Obligations

Asset retirement obligations consist of the following:

	December 31, 2016	December 31, 2015
Asset retirement obligation, beginning of year	$ 7,696,014	$ 7,728,419
Revision to estimated cash flow	-	(1,331,406)
Accretion	357,146	199,547
Liabilities settled	(280,603)	-
New asset retirement obligation	-	1,099,454
Asset retirement obligation, end of year	$ 7,772,557	$ 7,696,014

13. Employee Benefits

Pension Plan

AMP had a defined benefit pension plan (the "Pension Plan") which covered substantially all former hourly employees of Gorsuch. Due to the closure of the Gorsuch plant in 2010, there were no active plan participants as of December 31, 2015. Benefits for eligible employees are based primarily on years of service and compensation rates. In November 2015, AMP received a favorable determination for termination of the American Municipal Power, Inc. Defined Benefit Pension Plan under section 401(a) and 501(a) of the Internal Revenue Code of 1986. In January 2016, AMP executed a non-participating single premium group annuity contract sales agreement with a third party life insurance company and the pension liability was transferred for $12,777,695.

Effective December 1, 2013, AMP adopted a qualified, defined contribution retirement plan under code section 414(h)(2), commonly referred to as a Money Purchase Pension Plan. AMP employees hired after December 1, 2013 are enrolled in this Money Purchase Pension Plan.

The following table sets forth the benefit obligations, change in plan assets, funded status, amounts recognized in the consolidated balance sheets, components of net periodic benefit cost, and weighted average assumptions for the Pension Plan at December 31:

	Pension Plan	
	2016	**2015**
Change in benefit obligation		
Benefit obligation at beginning of year	$ 12,777,695	$ 11,224,189
Interest cost	-	423,923
Actuarial gain/(loss)	-	2,285,477
Benefits paid	(12,777,695)	(1,155,894)
Benefit obligation at end of year	-	12,777,695
Change in plan assets		
Fair value of plan assets at beginning of year	9,268,047	10,542,128
Actual return on plan assets	-	(28,849)
Employer contributions	-	(89,338)
Benefits paid	(9,268,047)	(1,155,894)
Fair value of plan assets at end of year	-	9,268,047
Funded status	$ -	$ (3,509,648)
Amounts recognized in the consolidated balance sheets		
Current liabilities	$ -	$ 3,509,648
Net amount recognized	$ -	$ 3,509,648
Components of net periodic benefit cost		
Interest cost	$ -	$ 423,923
Expected return on plan assets	-	(396,641)
Recognized actuarial loss	-	56,838
Net periodic benefit cost	$ -	$ 84,120
Weighted average assumptions		
Discount rate	N/A	4.35 %
Expected return on plan assets	N/A	4.00 %

Accounting guidance 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 accounting guidance 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. Level 1 assets include equity securities, mutual funds and money market funds that are listed on active exchanges.

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. Additionally, Level 2 includes those financial instruments that are valued using models or other valuation methodologies based on assumptions that are observable in the market place 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 market place. 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. Assets in this category include investments in debt securities.

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 in addition to the use of independent appraisers' estimates of fair value on a periodic basis typically determined quarterly, but no less than annually. Assets in this category include investments in hedge funds.

As of December 31, 2015 the pension investments measured at fair value was as follows:

	December 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Money market funds	$ 9,172,563	$ -	$ -	$ 9,172,563
Hedge funds	-	-	95,484	95,484
	$ 9,172,563	$ -	$ 95,484	$ 9,268,047

14. 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, and is subject to zoning and other regulations by local authorities. All referenced legislative and regulatory comment filings can be found on AMP's website. AMP is considering, or has considered, compliance with the following environmental laws:

President's Climate Action Plan

Announced on June 25, 2013, the President's Climate Action Plan consists of a timetable and several components governing the United States Environmental Protection Agency's ("USEPA's") efforts to reduce carbon dioxide ("CO2") and other greenhouse gases ("GHGs").

USEPA first proposed Carbon Pollution Standards for fossil-fueled power plants through the New Source Performance Standards ("NSPS") in Section 111(b) of the Clean Air Act ("CAA"). The agency proposed NSPS for new fossil-fueled power plants on September 20, 2013, which were published in the Federal Register on January 8, 2014. While AMP has no units that will be impacted by the "new" unit NSPS for GHGs, the agency's decision is expected to influence future decisions about generation additions, as well as have possible implications for the agency's existing source rule (see below). Thus, AMP filed comments on May 9, 2014. Separately, the agency proposed NSPS to reduce CO2 emissions from modified and reconstructed fossil-fueled power plants on June 18, 2014. AMP has reviewed potential compliance obligations as a result of the proposed rule, and submitted comments to USEPA on December 1, 2014. Rules finalizing the NSPS for both types of fossil-fueled power plants under Section 111(b) NSPS authority were published in the Federal Register on October 23, 2015. A group of 24 states petitioned for review of the NSPS rules in a pending case before the D.C. Circuit Court of Appeals.

USEPA has also proposed its Clean Power Plan, which would limit CO2 emissions from existing fossil fuel units pursuant to NSPS Section 111(d) authority. Under the Plan, states must develop implementation plans by September 2016, with the potential for extensions until September 2018. USEPA formally published the plan on October 23, 2015. However, on February 9, 2016, the U.S. Supreme Court stayed implementation of the Plan pending judicial review by the D.C. Circuit Court of Appeals and potential appeal to the U.S. Supreme Court. On September 27, 2016, the D.C. Circuit Court of Appeals heard oral arguments en banc and a decision is expected by in spring of 2017 followed by an expected appeal to the U.S. Supreme Court.

While they may create compliance obligations for PSGC and AFEC, AMP's renewable resources and energy efficiency program are expected to provide beneficial credits for project participants. In 2014, 2015 and 2016 AMP officials met with USEPA and state agency officials to discuss AMP's key areas of interest impacted by the rule. The final rule included language supported by AMP that clarifies the eligibility of AMP's new hydroelectric projects to be used for compliance credit. AMP is participating in various stakeholder processes and will continue to work with key states when they draft implementation plans.

RICE NESHAP

USEPA originally proposed National Emission Standards for Hazardous Air Pollutants ("NESHAP") for certain reciprocating internal combustion engines ("RICE") units in February 2010. While the rule was finalized by the agency in August 2010, the rule was under reconsideration, settlement discussions, and proposal after January 2011. On January 30, 2013, the final reconsidered rule was published in the Federal Register. The RICE NESHAP Rule establishes emission limits and work practice standards for compression-ignited diesel engines and spark-ignited engines at area and major sources nationwide. The diesel engines owned by AMP are affected by this rule and have achieved compliance either through installing control equipment allowing them to operate for demand response and peak shaving purposes or adopting operational limitations which limit them to emergency use.

On May 1, 2015, the D.C. Circuit Court of Appeals vacated USEPA's regulations providing that stationary emergency Reciprocating Internal Combustion Engines may operate for up to 100 hours per calendar year for purposes of emergency demand response. USEPA moved for a stay of the issuance of the court's mandate until May 1, 2016, to allow USEPA time to promulgate a replacement rule. The court granted USEPA's motion, staying the issuance of its mandate until May 1, 2016. AMP is supporting the American Public Power Association's ("APPA's") effort on behalf of its members to oppose the challenges to the rule.

On May 4, 2016 USEPA issued a mandate preventing emergency engines from operating for emergency demand response and deviations in voltage or frequency.

New National Ambient Air Quality Standards
Every five years, the CAA requires USEPA to revise the National Ambient Air Quality Standards ("NAAQS") for criteria pollutants. Recent NAAQS revisions for ozone and particulate matter ("PM") have implications for AMP.

USEPA had revised the primary and secondary ozone NAAQS in 2008. On July 23, 2013, the D.C. Circuit Court of Appeals upheld the 2008 NAAQS revision of 0.075 parts per million ("ppm") as a primary standard but remanded it as a secondary standard. By this time, however, USEPA had begun revising the ozone standard under its 2010 deadline. On December 17, 2014 the USEPA proposed new primary and secondary NAAQS for ozone, and on October 26, 2015, the final ozone NAAQS was published in the Federal Register, effective December 28, 2015. USEPA has revised the levels of both the primary health-based standard and the secondary, welfare-based standard to 70 ppm. Many states will face an increase in areas designated non-attainment. Industrial and utility sectors may see ozone precursors such as nitrogen oxides ("NOx") and volatile organic compounds become targets for increased reductions in order to meet the new standard. As a result, the new ozone NAAQS is currently being challenged in multiple petitions by environmental and industry groups in the D.C. Circuit Court of Appeals.

USEPA also proposed new NAAQS for fine particulate matter ("PM2.5") in June 2012 and finalized the NAAQS on December 14, 2012. This action lowered the primary annual PM2.5 NAAQS from 15 micrograms per cubic meter ("µg/m3") to 12 µg/m3. The D.C. Circuit Court of Appeals upheld this revision on May 9, 2014.

Both the ozone and PM2.5 revised NAAQS may have an impact on general economic development throughout AMP's footprint states, based on the final standards. For example, metropolitan or industrialized counties could become nonattainment areas under the new ozone and PM standard. This could require local reductions of nitrogen oxides, volatile organic compounds, sulfur dioxide, and particulate matter.

Cross-State Air Pollution Rule
On April 29, 2014, the U.S. Supreme Court upheld the Cross-State Air Pollution Rule ("CSAPR"), which requires eastern states to reduce sulfur dioxide and nitrogen oxides from coal-fired power plants. In addition to requiring emissions reductions to achieve local compliance, CSAPR imposes additional reductions to achieve compliance in down-wind neighboring states. AMP-managed facilities received an appropriate amount of emission allowances based upon 2014 operations.

In late 2015, USEPA proposed an update to CSAPR to account for additional regional downwind impacts as a result of the revised 2008 ozone NAAQS. The update proposed to substantially reduce the annual and seasonal NOx emission allocations from several Midwestern states, including Ohio. The proposal also requested comment on additional controls on those few days per year when ozone impacts are severe. AMP filed comments on this proposal and met with legislative and state agency officials to discuss AMP's key areas of interest impacted by the draft rule.

On September 7, 2016, USEPA released its final CSAPR Update rule for the 2008 ozone NAAQS. Prior to finalization, USEPA made key refinements to allocation methodologies which resulted in positive changes to state budgets for both Ohio and Illinois.

New Source Performance Standards for Stationary Gas Combustion Turbines
USEPA published proposed revisions to the NSPS for natural gas combustion turbines on August 29, 2012. The agency took comments on the proposal until December 28, 2012. The proposed revised NSPS would cover combustion turbines located at power plants, pipeline compressor stations, chemical and manufacturing plants, oil fields, landfills, and institutional facilities. AMP filed comments noting that the proposed revisions could limit unit operation and add compliance costs. The timing of USEPA finalizing the NSPS revisions is unknown at this time.

Mercury and Air Toxics Standards Rule
On December 21, 2011, USEPA finalized the Mercury and Air Toxics Standards ("MATS") rule, which seeks to reduce mercury emissions from power plants through the NESHAP. On June 29, 2015, the U.S. Supreme Court ruled that USEPA interpreted the CAA unreasonably in assessing its legal authority under the statute. The D.C. Circuit Court of Appeals on December 15, 2015, remanded the rule back to USEPA without vacating it, so it remains in effect while it is undergoing revision. On April 14, 2016 USEPA issued a final finding that it is appropriate and necessary to set standards for emissions of air toxics from coal- and oil-fired power plants. This finding responds to a decision by the U.S. Supreme Court that the EPA must consider cost in the appropriate and necessary finding supporting the Mercury and Air Toxics Standards. The PSEC has demonstrated compliance with this rule.

Effluent Limitations Guidelines and Standards for the Steam Electric Power Generating Point Source Category
On June 6, 2013, USEPA proposed a rule under the Clean Water Act ("CWA") that would limit effluent discharges from steam electric generating units (including combined cycle natural gas). AMP filed comments on the proposed rule on September 19, 2013. USEPA agreed to take final action on the rulemaking by December 31, 2015 (per a consent decree), and ultimately issued the final Steam Electric Effluent Limitations Guidelines rule on that date. Impacts to AMP facilities are expected to be limited.

Clean Water Rule
In April 2014, USEPA and the U.S. Army Corps of Engineers jointly proposed the Clean Water Rule to redefine and "clarify" certain definitions and applicability of definitions to various "waters of the United States," a term used in the CWA. The rule would greatly expand the scope of the CWA to impact a variety of development and construction activities, including electric system transmission and distribution lines. Comments on the proposed rule were due on November 14, 2014; AMP worked with the APPA to provide comment.

The final Clean Water Rule was published in the Federal Register on June 29, 2015, and was set to become effective August 28, 2015. However, on August 27, a North Dakota federal judge temporarily blocked the rule's implementation, ruling that the states would likely suffer if it took effect and that they are likely to succeed when their underlying lawsuit against the rule is decided. USEPA interpreted the decision to only apply to the 13 states that requested the injunction (none of which are in AMP's footprint), and started to move forward with enforcement of the rule in remaining states. However, on October 9, 2015, the U.S. Court of Appeals for the Sixth Circuit issued a nationwide stay on the Clean Water Rule pending judicial review of the rule. On April 21, 2016, The U.S. Court of Appeals for the Sixth Circuit issued an order that challenges to the water rule belong with it, rather than to first be heard in district courts.

On November 1, 2016, opening briefs were due to the U.S. Court of Appeals for the Sixth Circuit.

FWS and NMFS Proposed Rules/Policy on Critical Habitat
Two proposed rules and a draft policy related to designations of critical habitat under the Endangered Species Act ("ESA") were issued on May 12, 2014, jointly by the U.S. Fish and Wildlife Service ("FWS") and the National Marine Fisheries Service ("NMFS").

Together, the three proposals could expand the discretion of the FWS and NMFS to designate areas as "critical habitat" under the Endangered Species Act, including actions that could change designations after certain development. AMP is monitoring the proposed changes for any potential impacts on projects and development.

Coal Combustion Residuals or Coal Combustion Waste Disposal Rule
On December 19, 2014, USEPA issued a final rule under Subtitle D of the Resource Conservation and Recovery Act that would regulate Coal Combustion Residuals ("CCR"), which includes fly ash, bottom ash, boiler slag, and flue gas desulfurization materials, as nonhazardous. On October 19, 2015, the rule became effective, six months after publication.

The final rule impacts coal-fired power plants with ash storage ponds or landfills due to heightened design criteria. Surface impoundments and landfills containing CCR face enhanced monitoring and assessments. Impacts to AMP assets are expected to be limited.

Other Commitments

Bechtel Litigation
In February 2011, AMP filed a complaint against Bechtel Power Corporation ("Bechtel") stemming from cancellation of the proposed AMPGS project as disclosed in Note 9. This litigation was settled in December 2016 and mutual releases of all claims obtained.

IHP/CJMahan Litigation
On October 20, 2015 IHP Industrial, Inc. ("IHP") filed a complaint against C.J. Mahan Construction Company, LLC ("CJMahan") and AMP in connection with AMP's Smithland Hydroelectric Project ("Smithland"). The complaint was filed in U.S. District Court, Southern District of Ohio, Eastern Division. On October 29, 2015, CJMahan filed its answer and a cross claim against AMP relating to additional construction activities and potential latent defects by CJMahan on Smithland. AMP has filed its answer to IHP's claims denying liability to IHP. AMP has also denied liability with respect to CJMahan's cross claims and has filed its own cross claims against CJMahan related to potential latent defects by CJMahan and CJMahan's claims against AMP. AMP has also filed a motion to dismiss all of CJMahan's cross claims except for those related to the potential latent defects by CJMahan at Smithland. On December 9, 2016, the Court granted in part and denied in part AMP's motion to dismiss. AMP filed a motion for summary judgment on the IHP-related claims on February 28, 2017. Dispositive motions on the remaining crossclaims between AMP and CJ Mahan are due on July 31, 2017. The trial date in this matter is November 27, 2017. AMP is unable to determine a range of potential losses that are reasonably possible of occurring, however all costs associated with the litigation are project costs recoverable from the project participants under their power sales contract with AMP. AMP management believes the claims to be without merit and intends to vigorously defend all claims.

Aldridge Litigation

On September 16, 2016, Plaintiff Aldridge Electric, Inc. filed a state mechanic's lien and public improvement mechanic's lien in Livingston County, Kentucky. On September 21, 2016, Aldridge initiated a lawsuit against AMP by filing a complaint in Kentucky state court in Livingston, Kentucky. AMP promptly removed Aldridge's state court action to the U.S. District Court for the Western District of Kentucky. Aldridge alleges the following causes of action against AMP: (1) declaratory judgment that AMP's issuance of default and termination were unjustified, that any waivers were null and void, and that AMP owes Aldridge for work performed on the Project; (2) foreclosure of a mechanic's lien on AMP's interest in and improvements to the Project property; (3) in the alternative, foreclosure of a public improvement mechanic's lien; (4) breach of contract with respect to the amounts allegedly owed Aldridge for work performed on the Project; and (5) in the alternative, unjust enrichment.

On November 7, 2016, AMP filed a motion to transfer the case to the U.S. District Court for the Southern District of Ohio pursuant to the Ohio forum-selection clause in Aldridge's contract.

On January 24, 2017, Aldridge filed an amended mechanic's lien and public improvement mechanic's lien in Livingston County for the principal amount of $5,025,656 plus interest and attorney's fees. The same day, Aldridge filed a motion for leave to file an amended complaint. The amended complaint asserts the same claims as Aldridge's original complaint and seeks the amount expressed in the amended mechanic's liens plus additional money for work allegedly performed by Aldridge for a total of $7,083,968.

On March 14, 2017, The Western District of Kentucky granted AMP's Motion to Transfer, severing and transferring Aldridge's contract-related claims to the U.S. District Court for the Southern District of Ohio, Case No. 2:17-cv-215. The Western District of Kentucky then stayed Aldridge's remaining lien claims pending resolution of Aldridge's contract-related claims by the Southern District of Ohio. A status conference has been set for May 2, 2016 in this transferred Aldridge matter, *Aldridge Electric, Inc. v. American Municipal Power, Inc.*, No. 2:17-cv-215 (S.D. Ohio).

On February 23, 2017 Aldridge filed a second lawsuit, *Aldridge Electric, Inc. v. American Municipal Power, Inc.*, Case No. 17-CI-00029 in Livingston Circuit Court in the Commonwealth of Kentucky. In the one-count complaint, Aldridge reasserted the same public improvements mechanic's lien claim that has now been stayed by the Western District of Kentucky. AMP's registered agent was not served with the complaint until February 27, 2017 and AMP did not learn of the complaint until March 17, 2017. On March 23, 2017 AMP removed Aldridge's second-filed action to the U.S. District Court for the Western District of Kentucky, Case No. 5:17-cv-48-GNS. AMP moved the Court to consolidate Aldridge's second-filed action with the first-filed action, and stay Aldridge's reasserted claim in conjunction with the presently stayed claims until Aldridge's contract-related claims are resolved by the Southern District of Ohio. On April 4, Aldridge's second-filed action was reassigned to Judge Greg N. Stivers. Judge Stivers has not ruled on AMP's motion to consolidate and stay as of the date the consolidated financial statements were available to be issued.

AMP intends to vigorously defend against Aldridge's claims. AMP has counterclaims against Aldridge for defective work that have yet to be quantified as well as potential claims of setoff and recoupment; these counterclaims will not be asserted in this litigation until after the Kentucky court has ruled on AMP's motion to transfer. AMP and its outside counsel are unable at this time to predict the outcome of this litigation. All costs associated with such a claim are project costs recoverable from the project participants under their power sales agreement with AMP.

Walsh Mechanic's Lien
On January 31, 2017, Walsh Construction Company recorded in the Hancock County, Kentucky clerk's office its Statement and Notice of Mechanic's Lien in regard to the Cannelton Hydroelectric Project, in the amount of $20,105,357, plus interest, costs and attorneys' fees. No enforcement action has been taken by Walsh with respect to this mechanic's lien. AMP and its outside counsel are unable at this time to predict the outcome of this issue. All costs associated with such a claim 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.

15. Power Purchase Commitments

AMP's general practice is to enter into long-term power purchase contracts only when such contracts are supported by corresponding sales contracts to its members. All such contracts are considered normal pursuant to the FASB's standard on derivative instruments. All such purchases are "covered" by corresponding power sales arrangements either with individual members or one of AMP's power pools.

Energy purchase commitments at December 31, 2016 are as follows:

2017	$ 222,304,919
2018	174,310,811
2019	163,386,587
2020	139,072,304
2021	91,650,372
2022-2030	196,593,089
	$ 987,318,082

AMP has certain power supply agreements that include provisions that would require collateral upon a decrease in AMP's credit rating below investment grade, or power prices below certain thresholds.

AMP has also entered into long-term natural gas purchase contracts to provide fuel for AFEC. Natural gas purchase commitments at December 31, 2016 are as follows:

2017	$ 49,254,860
2018	37,137,940
2019	34,763,280
2020	34,990,980
2021	35,206,080
2022-2026	62,262,960
	$ 253,616,100

16. Subsequent Events

Solar Power Purchase Agreement
In January 2017, the first solar facility constructed in connection with the Company's solar Power Purchase Agreement ("PPA") with a third party achieved commercial operation. The 20 MW facility is located on a member's property. In March 2017, two additional solar facilities, also part of the PPA, achieved commercial operation. As a result of commercial operation, and in accordance with the PPA, the Company made a prepayment for quantities of megawatt hours for these sites on behalf of the participating members.

The Company has evaluated subsequent events through April 19, 2017 as this was the date the consolidated financial statements were available to be issued.